



City of Blaine

Water Utility Enterprise Fund

2021 Proposed Budget

*October 5, 2020*

2021

# Proposed Water Utility Budget

*Accounts for the operations of the City's water utility system.*

- Designed to recover cost through user fees.*
- Roughly 20,865 accounts*
  - 95% residential*
  - Overall, provides service to > 96% of Blaine*
- Annual consumption = 2.35 billion gallons*
- Average daily usage = 6.4 million gallons*
- Peak daily usage (3<sup>rd</sup> Q) = 13.7 million gallons*

2021

# Proposed Water Utility Budget

*#1 Priority on Water System:  
Address infrastructure needs*

- New treatment plant*
- Well-house rehabilitation*
- Technology Improvements*
  - Radio/SCADA*
  - Security*

2021

# Proposed Water Utility Budget

## *Funding Infrastructure Priorities:*

*\$30MM revenue bond issue (2018)*

### *Operational impacts*

- Additional staffing*
- Increase debt service payments*
- Increase depreciation expense*
- Increase chemical/treatment costs*
- Rate increase*
  - 10¢/1,000 gallons in 2018*
  - 10¢/1,000 gallons in 2019*
  - 10¢/1,000 gallons in 2020*
  - 10¢/1,000 gallons in 2021 (Recommended)*

# 2020 Projected Water Utility - Operations

## *Operating Revenues*

- *2020 Budget = \$4.79 million*
- *2020 Projected = \$5.07 million*

## *Operating Expenditures*

- *2020 Budget = \$4.70 million*
- *2020 Projected = \$4.32 million*



# 2021 Proposed Water Utility Operating Budget

## *Operating Revenues*

➤ *2021 Budget = \$5.11 million*

## *Operating Expenditures*

➤ *2021 Budget = \$5.16 million*

# 2021 Proposed Water Utility Operating Budget

## *Operating Revenues*

- *Increase 6.7%*
- *10¢ per gallon rate increase*

## *Operating Expenditures*

- *WTP Operations (4<sup>th</sup> quarter opening)*
  - *Staffing*
  - *Treatment chemicals*
  - *Depreciation*

# 5-year Summary Projection - Operating

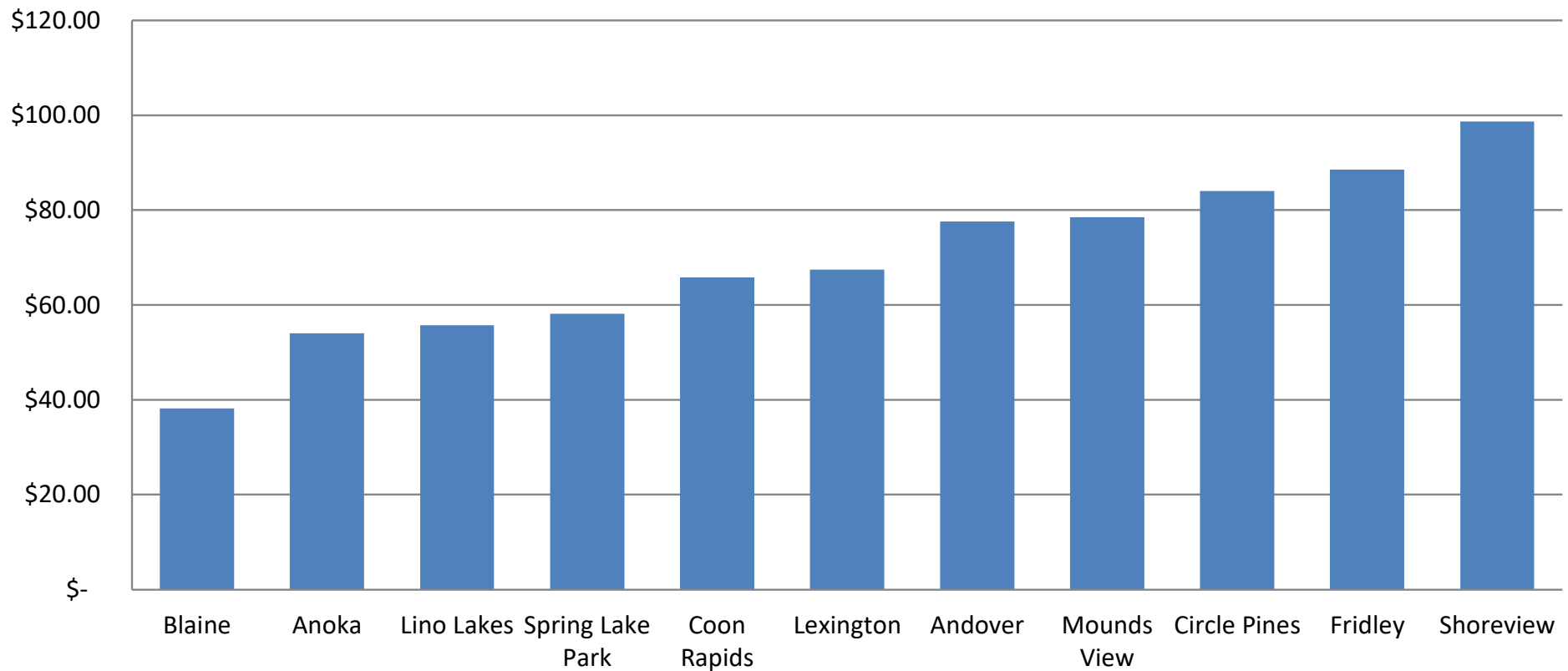
## 2021 OPERATING BUDGET WATER UTILITY FUND - 601

	2019 Actual	2020 Budget	2020 Projected	2021 Preliminary Budget	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
<b>REVENUES</b>								
Water Sales	\$ 3,858,455	\$ 4,354,100	\$ 4,725,000	\$ 4,672,600	\$ 4,977,500	\$ 5,290,500	\$ 5,611,600	\$ 5,941,300
Meter Sales	155,408	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Penalties	94,202	90,000	11,200	90,000	90,000	90,000	90,000	90,000
Permits	250	200	50	200	200	200	200	200
Interest Earnings	240,337	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Sale of Fixed Assets	35,315							
Miscellaneous	26,162	15,000	3,600					
Other	948			15,000	20,000	20,000	20,000	20,000
<b>TOTAL REVENUES</b>	<b>\$ 4,411,077</b>	<b>\$ 4,789,300</b>	<b>\$ 5,069,850</b>	<b>\$ 5,107,800</b>	<b>\$ 5,417,700</b>	<b>\$ 5,730,700</b>	<b>\$ 6,051,800</b>	<b>\$ 6,381,500</b>
<b>EXPENDITURES</b>		0.0916						
Personal Services	\$ 912,188	\$ 1,048,560	\$ 840,400	\$ 1,144,900	\$ 1,179,100	\$ 1,212,600	\$ 1,247,000	\$ 1,285,300
Supplies	534,980	439,000	273,700	339,500	425,300	594,300	608,300	622,300
Contractual Services	758,878	943,600	949,510	1,013,000	1,018,000	1,042,200	1,066,600	1,092,200
Admin. & Other Charges	774,111	819,405	811,255	911,311	929,220	952,070	975,970	999,920
Depreciation	1,409,604	1,450,000	1,450,000	1,750,000	2,150,000	2,300,000	2,450,000	2,600,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,389,761</b>	<b>\$ 4,700,565</b>	<b>\$ 4,324,865</b>	<b>\$ 5,158,711</b>	<b>\$ 5,701,620</b>	<b>\$ 6,101,170</b>	<b>\$ 6,347,870</b>	<b>\$ 6,599,720</b>
<b>Net Operating Income</b>		<b>\$ 88,735</b>	<b>\$ 744,985</b>	<b>\$ (50,911)</b>	<b>\$ (283,920)</b>	<b>\$ (370,470)</b>	<b>\$ (296,070)</b>	<b>\$ (218,220)</b>



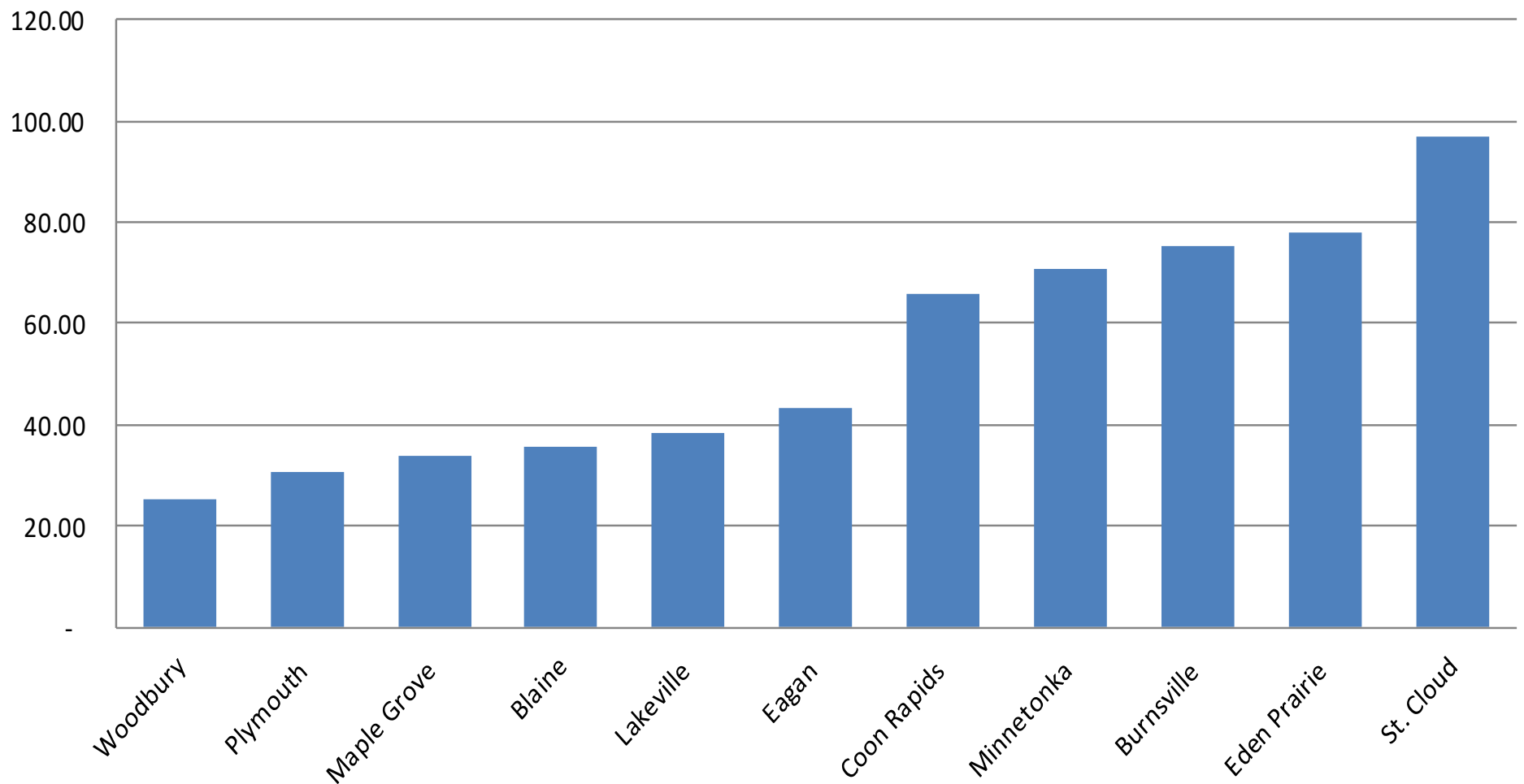
# 2021 Proposed Water Utility Operating Budget

**Surrounding Cities-Water Utility  
Average Quarterly Bill**



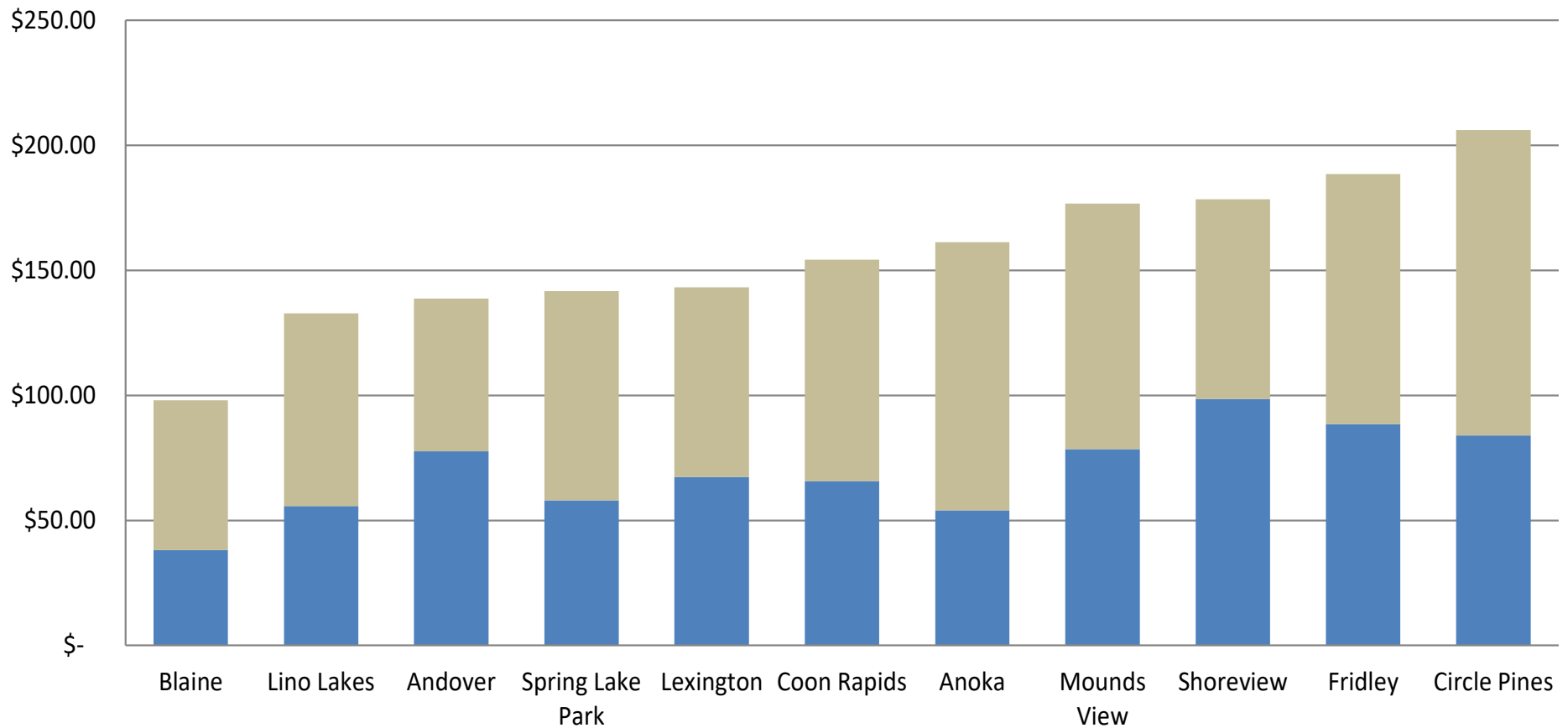
# 2021 Proposed Water Utility Operating Budget

## Similar Population



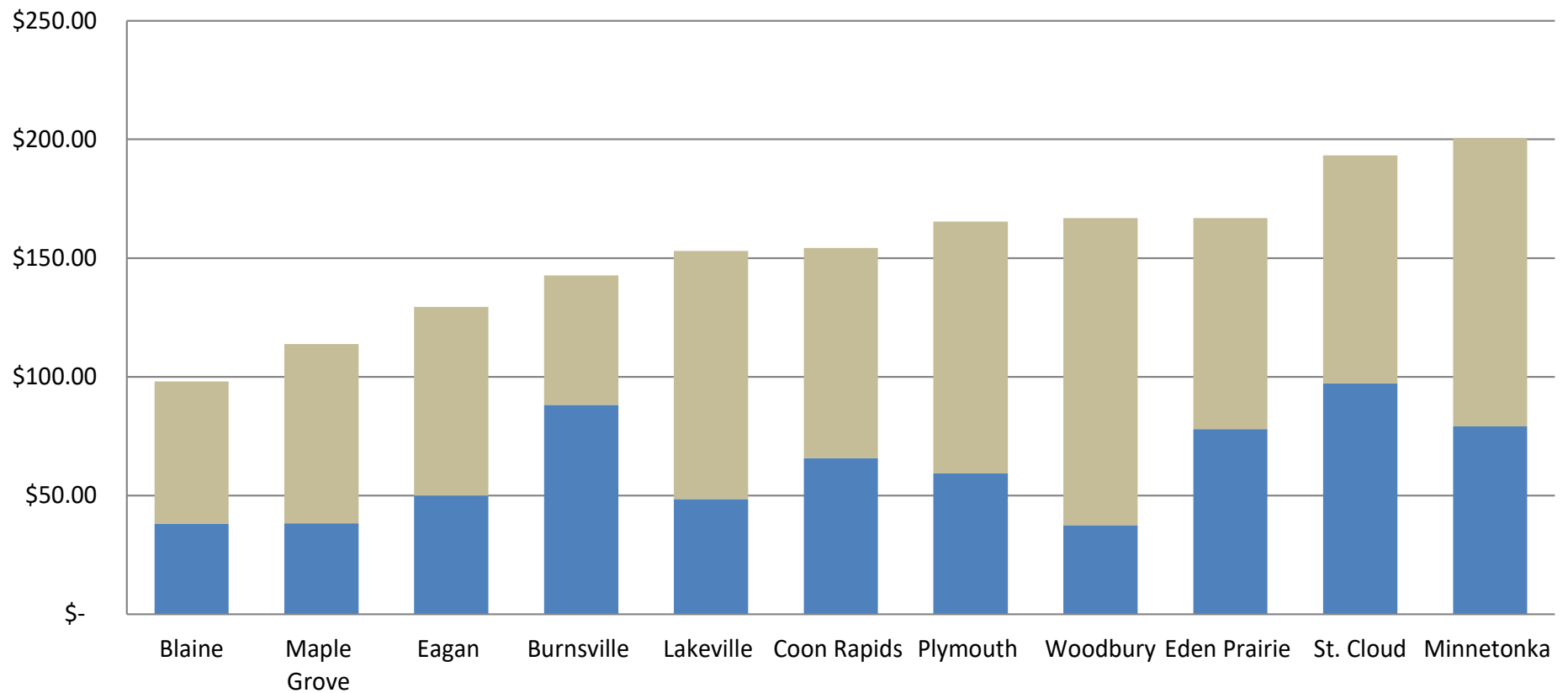
# 2021 Proposed Water Utility Operating Budget

**Surrounding Cities-Combined Water, Sewer Utilities  
Average Quarterly Bill**



# 2021 Proposed Water Utility Operating Budget

**Comparable Cities-Combined Water, Sewer Utilities  
Average Quarterly Bill**





# 2021

## Proposed Water Utility Budget

### *5-Year Projection*

- *Operations - impacted by treatment plant*
  - *Additional staffing - 1 PSW in 2020; Asst. PW Director in 2021 (25%)*
  - *Treatment chemicals increase significantly*
  - *Rates increase over next 5-years (2021-25)*
  - *Net operating losses projected beginning in 2021*

# 5-year Summary Projection - Operating

## 2021 OPERATING BUDGET WATER UTILITY FUND - 601

	2019 Actual	2020 Budget	2020 Projected	2021 Preliminary Budget	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
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Interest Earnings	240,337	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Sale of Fixed Assets	35,315							
Miscellaneous	26,162	15,000	3,600					
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<b>EXPENDITURES</b>		0.0916						
Personal Services	\$ 912,188	\$ 1,048,560	\$ 840,400	\$ 1,144,900	\$ 1,179,100	\$ 1,212,600	\$ 1,247,000	\$ 1,285,300
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Admin. & Other Charges	774,111	819,405	811,255	911,311	929,220	952,070	975,970	999,920
Depreciation	1,409,604	1,450,000	1,450,000	1,750,000	2,150,000	2,300,000	2,450,000	2,600,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,389,761</b>	<b>\$ 4,700,565</b>	<b>\$ 4,324,865</b>	<b>\$ 5,158,711</b>	<b>\$ 5,701,620</b>	<b>\$ 6,101,170</b>	<b>\$ 6,347,870</b>	<b>\$ 6,599,720</b>
<b>Net Operating Income</b>		<b>\$ 88,735</b>	<b>\$ 744,985</b>	<b>\$ (50,911)</b>	<b>\$ (283,920)</b>	<b>\$ (370,470)</b>	<b>\$ (296,070)</b>	<b>\$ (218,220)</b>



# 2021 Proposed Water Utility Capital Improvements Budget

## *Capital Improvement Plan*

- *Two primary funding sources*
  - *Replacement component of fees (depreciation recovery)*
  - *WAC fee*
- *Plus a third funding source for new improvements (e.g., a water treatment plant): Bonding/Borrowing*

# 2021 Proposed Water Utility Capital Improvement Budget

## *Capital Improvement Plan*

- 2018-20: \$32.5 million spent*
- WTP 4*
- SCADA upgrades*

# 2021 Proposed Water Utility Capital Improvement Budget

## *Capital Improvement Plan*

### *– 2021 Budget -*

*– Completion of WTP 4*

*– \$1.8 million - Well house rehabilitation*

*– \$750,000 - Treatment plants Elec/Mech*

*– \$400,000 - Main replacements w/ street projects*

*– \$375,000 - Capital equipment*

# 2021 Proposed Water Utility Budget

## *5-Year Projection*

### ➤ *Capital Improvements*

#### ➤ *Plan reviewed annually*

#### ➤ *\$9.1 million projected 2021-25*

#### ➤ *2022-25 - \$5.8 million*

➤ *Well house, WTP improvements \$1.4 million*

➤ *Street projects \$2.2 million*

➤ *Tower Improvements \$1.44 million*

➤ *Capital Equipment \$800,000*

# 5-year Summary Projection

## 2021 SUMMARY BUDGET WATER UTILITY FUND - 601

	2020 Budget	2020 Projected	2021 Proposed Budget	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
<b>BEGINNING FUND RESERVE ESTIMATE</b>	\$ 20,921,198	\$ 20,921,198	\$ 10,437,243	\$ 6,879,332	\$ 3,547,412	\$ 2,910,242	\$ 2,537,972
<b><u>REVENUES</u></b>							
Operating Revenues	\$ 4,789,300	\$ 5,069,850	\$ 5,107,800	\$ 5,417,700	\$ 5,730,700	\$ 6,051,800	\$ 6,381,500
Capital Financing							
WAC Fees	738,000	700,000	\$ 630,000	567,000	510,300	484,800	436,300
Debt Proceeds	-	-	-			-	-
Miscellaneous Reimbursement		406,000					
Other Financing Sources	2,500	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 5,529,800</b>	<b>\$ 6,175,850</b>	<b>\$ 5,737,800</b>	<b>\$ 5,984,700</b>	<b>\$ 6,241,000</b>	<b>\$ 6,536,600</b>	<b>\$ 6,817,800</b>
<b><u>EXPENDITURES</u></b>							
Operating							
Personal Services	\$ 1,048,560	\$ 840,400	\$ 1,144,900	\$ 1,179,100	\$ 1,212,600	\$ 1,247,000	\$ 1,285,300
Supplies	439,000	273,700	339,500	425,300	594,300	608,300	622,300
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Depreciation	1,450,000	1,450,000	1,750,000	2,150,000	2,300,000	2,450,000	2,600,000
	<b>\$ 4,700,565</b>	<b>\$ 4,324,865</b>	<b>\$ 5,158,711</b>	<b>\$ 5,701,620</b>	<b>\$ 6,101,170</b>	<b>\$ 6,347,870</b>	<b>\$ 6,599,720</b>
Capital & Infrastructure							
Capital Equipment	148,800	625,400	375,000	265,000	355,000	260,000	165,000
Capital Projects	18,877,000	11,319,310	3,130,000	3,390,000	700,000	640,000	490,000
Debt Service	1,840,230	1,840,230	2,382,000	2,375,000	2,377,000	2,371,000	2,368,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 25,566,595</b>	<b>\$ 18,109,805</b>	<b>\$ 11,045,711</b>	<b>\$ 11,466,620</b>	<b>\$ 9,178,170</b>	<b>\$ 9,358,870</b>	<b>\$ 9,457,720</b>
<b>Net Addition Fund Balance</b>	<b>\$ (20,036,795)</b>	<b>\$ (11,933,955)</b>	<b>\$ (5,307,911)</b>	<b>\$ (5,481,920)</b>	<b>\$ (2,937,170)</b>	<b>\$ (2,822,270)</b>	<b>\$ (2,639,920)</b>



# 2021

## Proposed Water Utility Budget

### *Moving Forward*

- *Approve 2021 Budget*
- *Approve 2021-25 Water Utility CIP*
- *Adjust Rates*
  - *10¢ increase per 1,000 gallons*
  - *Increase WAC 2% per 2004 Water CIP*
    - *Residential \$1,836 to \$1,873*
    - *Commercial \$4,5637/acre to \$4,730/acre*



