



City of Blaine

Sewer Utility Enterprise Fund

2021 Proposed Budget

October 19, 2020



2021 Proposed Sewer Utility Budget

Accounts for the operations of the City's sanitary sewer system.

- *Designed to recover cost through user fees.*
- *Roughly 20,775 accounts*
 - *95% residential*
 - *Overall, provides service to 96% of Blaine*
- *Annual flow = 1.6 billion gallons*



2020 Projected Sewer Utility – Operations

Operating Revenues

➤ *2020 Budget = \$6.91 million*

➤ *2020 Projected = \$6.86 million*

Operating Expenditures

➤ *2020 Budget = \$6.94 million*

➤ *2020 Projected = \$7.15 million*



2021 Proposed Sewer Utility-Operating Budget

Funding Sources

- *Sewer Service Charges (97%)*
- *Interest Earnings*



2021 Proposed Sewer Utility-Operating Budget

Operating Revenues

- *2021 Proposed Budget = \$7.01 million*

Operating Expenses

- *2021 Proposed Budget = \$6.97 million*



2021 Proposed Sewer Utility-Operating Budget

Operating Expenditures – MCES Charges

- *2013 Actual* = \$2,927,664
- *2014 Actual* = \$3,171,480
- *2015 Actual* = \$3,120,400
- *2016 Actual* = \$3,383,250
- *2017 Actual* = \$3,666,300
- *2018 Actual* = \$3,743,434
- *2019 Actual* = \$4,041,947
- *2020 Actual* = \$4,201,106
- *2021 Proposed* = \$3,908,720
- *MCES charges are about 60% of operating costs*



2021 Proposed Sewer Utility-Operating Budget

Sewer Operations:

- 2014 = *Net operating loss, (\$342,739)*
- 2015 = *Loss, (\$386,892)*
- 2016 = *Loss, (\$506,906)*
- 2017 = *Gain, \$135,160*
- 2018 = *Loss, (\$235,383)*
- 2019 = *Gain, \$177,048*
- 2020 (projected) = *Loss, (\$287,060)*
- 2021 (projected) = *Gain, \$66,145*

5-year projected operations (w/ no increase in 2021; \$1.50/quarter 2022-25)

2021 OPERATING BUDGET SEWER UTILITY FUND - 602					
	2021 Preliminary Budget	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
<u>REVENUES</u>					
Special Assessments					
Sewer Service	6,773,700	7,026,400	7,284,100	7,547,000	7,815,200
Retained SAC Fees	20,000	3,500	3,500	3,500	3,500
Penalties	90,000	91,000	92,000	93,000	94,000
Permits	24,000	14,000	14,000	14,000	14,000
Interest Earnings	103,200	68,000	36,800	50,600	67,400
Other -Connection Charges	25,000	15,000	15,000	15,000	15,000
Other - Miscellaneous					
TOTAL REVENUES	\$ 7,035,900	\$ 7,217,900	\$ 7,445,400	\$ 7,723,100	\$ 8,009,100
<u>EXPENDITURES</u>					
Personal Services	\$ 487,520	\$ 501,390	\$ 516,290	\$ 531,930	\$ 548,750
Supplies	31,200	32,400	32,700	33,000	33,300
Contractual Services	349,700	245,210	245,440	248,670	251,930
MWCC Disposal Charges	3,908,720	4,062,700	4,222,800	4,389,200	4,562,100
Other	832,615	852,850	874,090	904,880	936,730
Depreciation	1,360,000	1,410,000	1,470,000	1,530,000	1,590,000
TOTAL EXPENDITURES	\$ 6,969,755	\$ 7,104,550	\$ 7,361,320	\$ 7,637,680	\$ 7,922,810
Net Operating Income	\$ 66,145	\$ 113,350	\$ 84,080	\$ 85,420	\$ 86,290



2021 Proposed Sewer Utility-Operating Budget

Sewer Rate

- *2016 rate increase first in 20 years*
- *Projected – small operating gains over next 5 years*
- *Adjust Recommendation – incorporate no rate increase in 2021; increase of \$1.50/qtr. in 2022 through 2025; revisit annually*



2021 Proposed Sewer Utility Budget

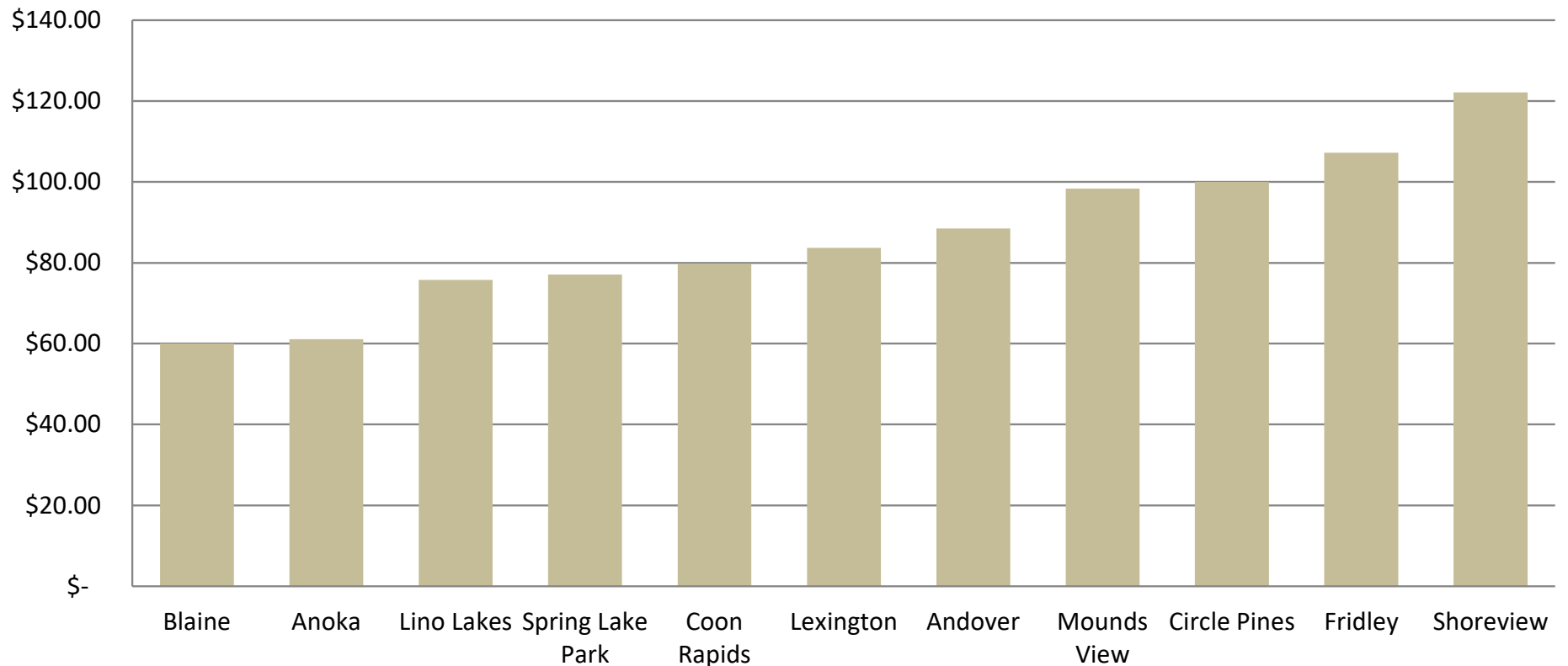
5-Year Projection

➤ *Operations*

- *No additional staffing requests*
- *Rate increase of 50 cents/month (to be reviewed annually)*
- *MCES Disposal charges increase 4% annually*
- *Depreciation increases 4% annually as system expands*

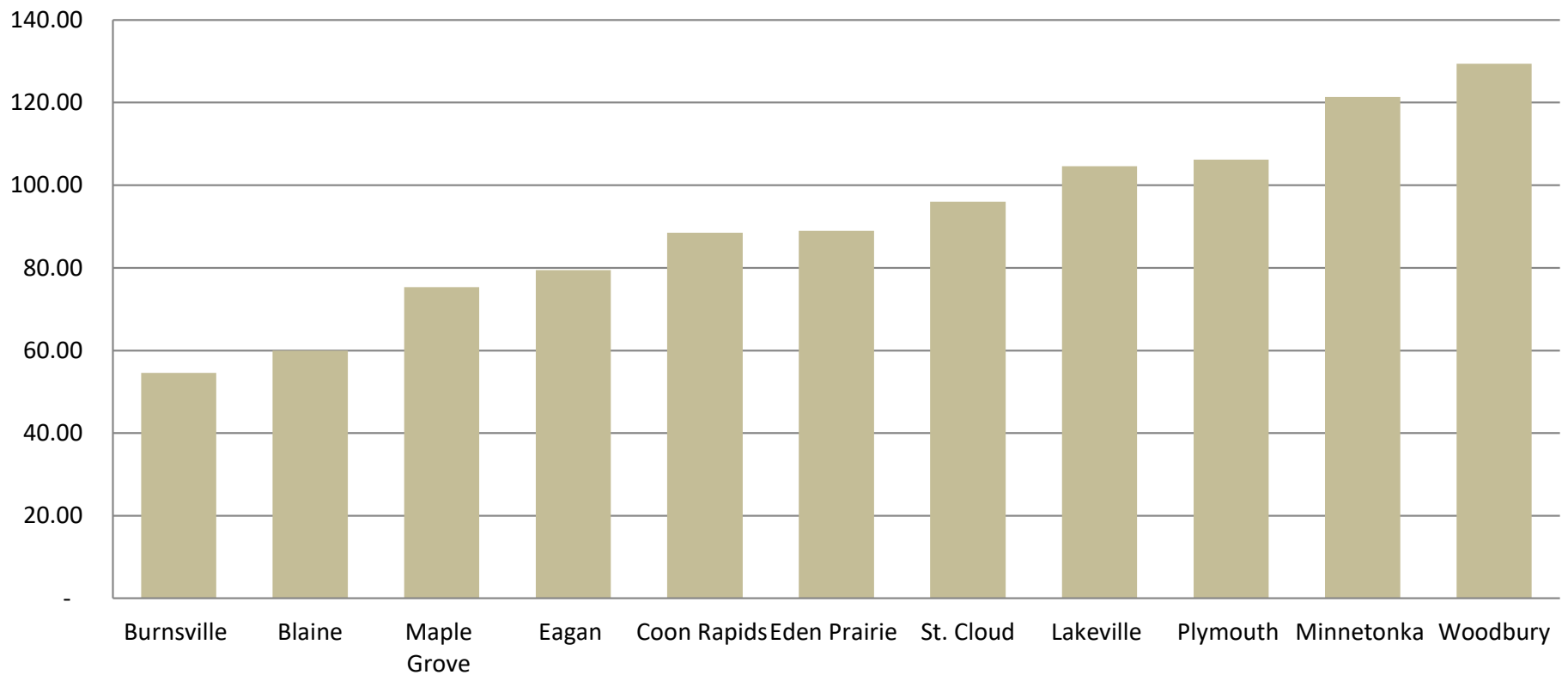
2021 Proposed Sewer Utility-Operating Budget

Surrounding Cities-Sewer Utility Average Quarterly Bill



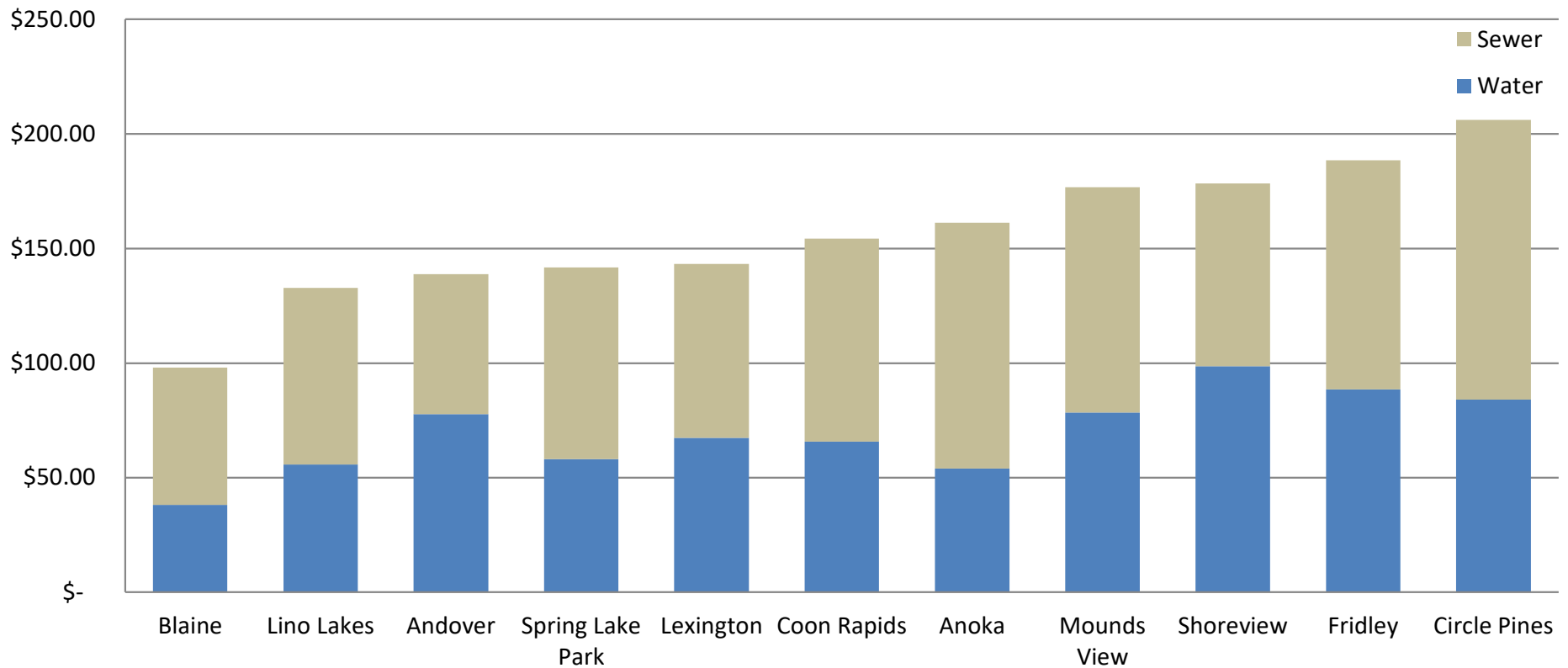
2021 Proposed Sewer Utility-Operating Budget

**Comparable Cities-Sewer Utility
Average Quarterly Bill**



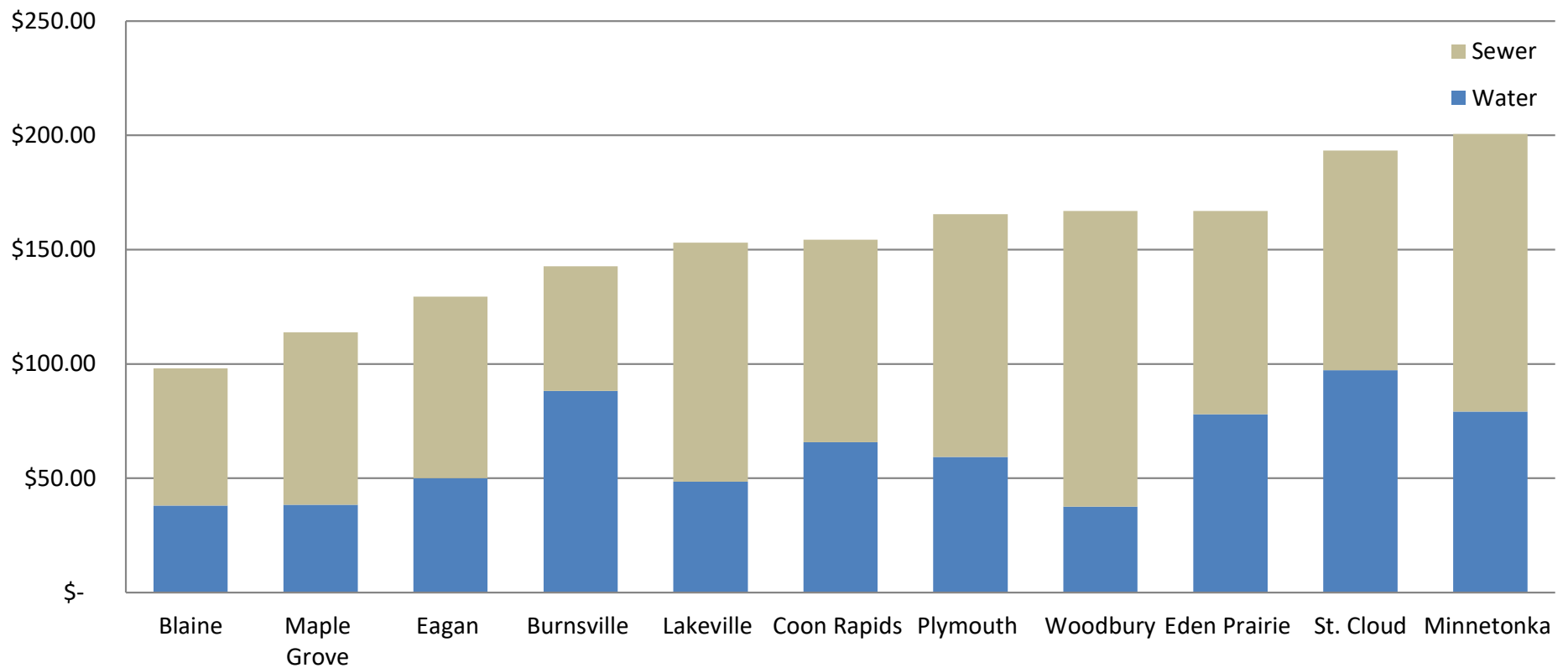
2021 Proposed Sewer Utility-Operating Budget

Surrounding Cities-Combined Water, Sewer Utilities Average Quarterly Bill



2021 Proposed Sewer Utility-Operating Budget

Comparable Cities-Combined Water, Sewer Utilities Average Quarterly Bill





2021 Proposed Sewer Utility – Capital Improvements Budget

Capital Improvement Plan

- *Two primary funding sources*
 - *Replacement component of fees (depreciation recovery)*
 - *Assessments for improvements*



2021 Proposed Sewer Utility – Capital Improvements Budget *Capital Improvement Plan*

- *2021 Budget - \$1.7 million*
 - *\$1,275,000 – Lift station improvements*
 - *\$400,000 – Sewer lining*
 - *\$36,000 – Back-up generator – LS1*



2021 Proposed Sewer Utility – Capital Improvements Budget

5-Year Projection

➤ *Capital Improvements*

➤ *Plan amended annually*

➤ *2021 = \$1.7 million*

➤ *2021-24 = \$4.27 million*

➤ *Mainline rehabilitation/lining – \$1.6 million*

➤ *Lift Station improvements – \$1.7 million*

➤ *Trunk oversizing – \$700,000*

➤ *Capital equipment – \$300,000*

	2021 Proposed Budget	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
BEGINNING FUND RESERVE	\$ 5,033,700	\$ 4,784,845	\$ 5,033,195	\$ 5,283,275	\$ 5,898,695
<u>REVENUES</u>					
Operating Revenues	\$ 7,010,900	\$ 7,202,900	\$ 7,430,400	\$ 7,708,100	\$ 7,994,100
Capital Financing					
Sewer Connection Charges	25,000	15,000	15,000	15,000	15,000
TOTAL REVENUES	\$ 7,035,900	\$ 7,217,900	\$ 7,445,400	\$ 7,723,100	\$ 8,009,100
<u>EXPENDITURES</u>					
Operating					
Personal Services	\$ 487,520	\$ 501,390	\$ 516,290	\$ 531,930	\$ 548,750
Supplies	31,200	32,400	32,700	33,000	33,300
Contractual Services	349,700	245,210	245,440	248,670	251,930
MCES Disposal Charges	3,908,720	4,062,700	4,222,800	4,389,200	4,562,100
Other	832,615	852,850	874,090	904,880	936,730
Depreciation	1,360,000	1,410,000	1,470,000	1,530,000	1,590,000
	\$ 6,969,755	\$ 7,104,550	\$ 7,361,320	\$ 7,637,680	\$ 7,922,810
Capital & Infrastructure					
Capital Equipment	36,000	65,000	75,000	75,000	75,000
Capital Projects	1,675,000	1,275,000	1,304,000	1,000,000	400,000
TOTAL EXPENDITURES	\$ 8,644,755	\$ 8,379,550	\$ 8,665,320	\$ 8,637,680	\$ 8,322,810
Net Addition Fund Balance	\$ (1,608,855)	\$ (1,161,650)	\$ (1,219,920)	\$ (914,580)	\$ (313,710)
<u>FUND BALANCE RESERVE</u>					
Beginning	\$ 5,033,700	\$ 4,784,845	\$ 5,033,195	\$ 5,283,275	\$ 5,898,695
Add Net Income	(1,608,855)	(1,161,650)	(1,219,920)	(914,580)	(313,710)
Add Depreciation	1,360,000	1,410,000	1,470,000	1,530,000	1,590,000
Y/E Fund Balance Reserve	4,784,845	5,033,195	5,283,275	5,898,695	7,174,985
Recommended Reserve:					
Cash Flow	\$ 1,821,000	\$ 1,742,000	\$ 1,799,000	\$ 1,777,000	\$ 1,683,000
Capital Reserve	3,860,000	3,910,000	3,970,000	4,030,000	4,090,000
	\$ 5,681,000	\$ 5,652,000	\$ 5,769,000	\$ 5,807,000	\$ 5,773,000



2021 Proposed Sewer Utility Budget

Moving Forward

- ~~*Amend fee schedule*~~
- *Approve 2021 Budget*
- *Approve 2021-25 Sewer Utility CIP*

