



City of Blaine Anoka County, Minnesota

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WORKSHOP ITEM - Joe Huss, Finance Director

PROPOSED 2018 SANITATION UTILITY FUND BUDGET

As part of the City’s comprehensive budgeting process, staff will be presenting a preliminary budget for the City’s Sanitation Utility Fund.

The presentation will provide Council with the opportunity to review and comment on the proposed budget before it is presented to Council for formal adoption at a subsequent Council meeting.

January 1, 2016 marked the beginning of a new contract with a new refuse hauler, Walter’s. The contract will extend for 5½ years. The change in service provider coincided with a hefty increase in disposal fees, which increased by \$11/ton - from \$64 to \$75 per ton in 2016. Since that point, disposal fees have not been adjusted and are expected to remain at \$75/ton for 2018.

For 2017, Council adopted a revised fee structure with a focus on limiting the amount of non-typical household waste that can be collected at no additional cost. Specifically, the Council directed the following changes to the fee schedule:

- Rename the current unlimited tier to “Premium Service”
- Maintain the current three tier fee schedule
- Allow Premium Service customers to dispose of six (6) non-construction material, bulk items annually at no additional cost
- Assist Premium Service customers who experience the death or incapacity of the

homeowner with the rental of a large roll-off dumpster with a payment of \$300 toward the rent of the dumpster.

Consistent with direction provided by the Council, the following restructured sanitation utility fee schedule was adopted for 2017:

<u>Service</u>		<u>2016</u>		<u>2017</u>
32 Gallon		\$31.50/QTR		\$31.50/QTR
64 Gallon		\$42.00/QTR		\$42.00/QTR
96 Gallon		\$54.00/QTR		\$57.00/QTR

The attached 2018 Proposed Sanitation Utility Fund Budget includes an across-the-board increase of \$0.50 (fifty cents) per month (\$1.50/quarter) for each level of service. Projections indicate an operating loss for 2018 and a small operating gain in 2019 as rates are gradually increased to eliminate operating deficits. The intent is to draw down the reserves in the fund to an adequate level without imposing a large one-time increase. There are adequate reserves in the fund to accommodate this plan.

Attached is a summary for the budget. As the five-year model indicates, the plan implemented in 2016 to stabilize the fund with small fee increases would continue in 2018 and extend through 2022 under the current three-tier fee schedule.

Review the 2018 Proposed Sanitation Utility Fund Budget and provide further direction for adopting a final 2018 Budget.