



City of Blaine Anoka County, Minnesota

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Legislation Details (With Text)

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Title: ADOPT THE 2019 WATER AND SEWER UTILITY ENTERPRISE FUND BUDGETS
Sponsors: Joe Huss
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Date	Ver.	Action By	Action	Result
12/20/2018	1	City Council	Adopted	Pass

ADMINISTRATION - *Joe Huss, Finance Director*

ADOPT THE 2019 WATER AND SEWER UTILITY ENTERPRISE FUND BUDGETS

Council has reviewed the 2019 proposed budgets for the Water and Sanitary Sewer Funds at a previous Workshop and per the following summaries, has directed staff to bring forth the budgets as presented for formal adoption.

- Water Utility Fund
 - Operations - The fund is expected to generate positive net operating income of roughly \$300,000 for 2018. With the anticipated capital and infrastructure improvements over the next three years, including the construction of a water treatment plant, operating expenses are expected to increase significantly. Hence, staff is recommending to continue the implementation of water fee increases that Council first approved for 2018.
 - Revenues
 - For 2019, budgeted revenue from water sales is 5.7% above projected 2018 revenue and aligns with what would be expected in a typical year with typical rainfall and water usage.
 - Other operating revenues are expected to remain flat over the next five years.
 - Expenditures
 - Operating expenditures are projected to see increases of 4.3% in 2019 and 3.7% in 2020. In 2021, with the water treatment plant in full operation, operating expenses are projected to increase 22%.

Projections for 2022 and 2023 indicate expected increases of 2.4% annually.

- Capital Activity
 - Major capital activity includes:
 - \$20 million for the construction of a new water treatment plant
 - \$1.9 million in well houses rehabilitation
 - \$1.2 million for water tower improvements
 - \$2.8 million in SCADA system updates
 - The Water Access Charge (WAC) will increase from \$1,765 to \$1,800 for residential property and from \$4,457 per acre to \$4,546 per acre for commercial property pursuant to the fund's 20-year capital improvement plan.
- 5-year Outlook - Stable operations, with annual rate increases of 10¢ per 1,000 gallons over the next five years. Capital improvements totaling \$10 million are anticipated for 2020-2023.

- Sewer Utility Fund

- Operations - The operation is expected to end 2018 with an operating loss of \$120,000. An operating loss of \$100,000 is anticipated for 2019 as MCES charges will increase 8% in 2019 and a rate increase of \$1/month is implemented for 2019. The current 5-year outlook indicates an annual increase of \$1/month over the next three years.
- Capital Activity
 - About \$3 million is budgeted for 2018, with nearly \$2 million in lift station upgrades planned and \$400,000 set aside for slip lining.
- 5-year Outlook - With the implementation of the proposed fee increase, the Sewer utility Fund's outlook begins to stabilize in 2019 as operating losses are reduced. For capital improvements, in addition to an additional \$2 million in lift station upgrades over the succeeding four years, continuation of the slip-lining program in those same years totaling \$1.6 million is planned.

By motion, adopt the following resolution approving the 2019 Water and Sanitary Sewer Utilities Funds budgets.

WHEREAS, the proposed Utility Enterprise Funds Budgets for the fiscal year commencing January 1, 2019 have been prepared by the City Manager; and

WHEREAS, the City Council has examined, studied, and reviewed said proposed Utility Enterprise Funds Budgets; and

WHEREAS, the City Council has, after due consideration and deliberation, made such

amendments and adjustments in the proposed Utility Enterprise Funds Budgets as they consider necessary, desirable, or expedient.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Blaine as follows:

1. That the proposed Budgets for the Water and Sewer Utility Funds attached hereto are approved.
2. That the 2019 appropriations attached hereto are approved.
3. That the 2019 funding sources and fee adjustments identified and attached hereto are approved.
4. That the City Manager is authorized and directed to implement and to administer, within the budgetary funding limits and within adopted City policy and relevant State and City laws and regulations, said approved Utility Enterprise Fund Budgets.

PASSED by the City Council of the City of Blaine this 20th day of December, 2018.