



City of Blaine Anoka County, Minnesota

Blaine City Hall
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Legislation Text

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WORKSHOP ITEM - *Joe Huss, Finance Director*

PROPOSED 2019 STORM DRAINAGE FUND BUDGET

Staff has prepared a proposed 2019 Storm Drainage Fund Budget for Council review and discussion. Current projections point to an operating gain of about \$215,000 before depreciation, but an operating loss of about \$235,000 for 2018 with depreciation included. This indicates that fees are inadequate to fund ongoing infrastructure repair and replacement. This is consistent with staff's report to Council during the 2018 Budget process, when it was indicated that fees will need to increase in order to support additional work in the storm drainage system. Without an increase in fees, needed system improvements will be deferred until such time that adequate reserves are in place to fund the improvements.

The 2019 draft budget proposes a fee increase of \$1/quarter (to \$8/quarter) on residential parcels and a 3% increase on commercial fees. The five-year model indicates a need for future increases as staff is proposing \$2.75 million in capital projects over the next five years. The decision before the Council will be to balance the amount spent on capital projects and system maintenance with gradual rate increases over the next five years.

Revenue

As mentioned above, to maintain and fully fund current programs, a fee increase of \$1/quarter would be necessary for 2019. In the succeeding four years, to maintain operations and provide funding for all requested capital projects, Council would have to approve annual fee adjustments ranging from \$2 to \$4 per year. Continued development does allow for modest revenue growth between 1.5% and 2% annually.

Expenses

Total operating expense for the 2019 Proposed Budget equals \$1,646,660. The proposed budget includes continuing contractual work for overall system assessment and pond inspections and maintenance.

Capital Projects

The fund is projected to end 2018 with just over \$1.4 million in working capital reserve. A portion of this reserve is intended to fund capital projects. Capital projects would include infrastructure maintenance and replacement, as well as system expansion. Capital Projects included at this point in the 2018 work-plan include work on Anoka County Ditch 17 (\$375,000) as well as work on Centennial Green ponds (\$50,000) and a City-wide park BMP implementation study (\$50,000). Also proposed is \$50,000 to conduct a study on improving City Hall parking lot drainage.

Fund Reserve

Under the proposed budget, the fund's reserve would fall to \$271,000 in 2019. This would be well short of the fund's reserve goal and again calls upon the necessity to review 2019 projects and adjust the five year model to provide for level expenditures of capital funds over the next five years.

Staff is seeking Council direction on proceeding with the 2019 Storm Water Utility Fund Budget.