



# City of Blaine Anoka County, Minnesota

Blaine City Hall  
10801 Town Sq Dr NE  
Blaine MN 55449

## Legislation Text

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File #: WS 19-87, Version: 1

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### **WORKSHOP ITEM - Joe Huss, Finance Director**

#### **PROPOSED 2020 STORM DRAINAGE FUND BUDGET**

Staff has prepared a proposed 2020 Storm Drainage Fund Budget for Council review and discussion. Current projections point to an operating gain of about \$315,000 before depreciation, but an operating loss of about \$164,000 for 2019 with depreciation included. While this indicates that fees are inadequate to fund ongoing infrastructure repair and replacement, 2019 results are consistent with Budget expectations and the five-year outlook. For 2019, Council approved a fee increase of \$1/quarter (\$4/year) for this utility. The five-year outlook included annual increases of the same amount for each of the five years of the plan and that increase is included in the 2020 proposed budget.

A review of the updated five-year plan does show that operating losses will be eliminated in 2022 and that fund reserves could be restored to targeted levels at that time. If that is the case the need for future rate increases will be minimized.

#### **Revenue**

As mentioned above, to maintain and fully fund current programs, a fee increase of \$1/quarter would be necessary for 2020. In the succeeding four years, to maintain operations and provide funding for all requested capital projects. Continued development does allow for modest revenue growth between 1.5% and 2% annually.

#### **Expenses**

Total operating expense for the 2020 Proposed Budget equals \$1.9 million. The proposed budget includes continuing contractual work for overall system assessment and pond inspections and maintenance.

#### **Capital Projects**

The fund is projected to end 2019 with just under \$1.3 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 2020 work-plan include work on Anoka County Ditch 17

(\$200,000) as well as some slip-lining work at both 132<sup>nd</sup> and Jackson (\$75,000) and 87<sup>th</sup> Street and Jefferson(\$100,000) as well as additional work on the City-wide park BMP implementation study (\$50,000).

### **Fund Reserve**

Under the proposed budget, the fund's reserve would fall to \$734,000 in 2020. This would be almost \$250,000 short of the fund's reserve goal and reinforces the need to adjust fees to such a time when operating costs are covered and the fund's reserves are restored to targeted levels.

Staff is seeking Council direction on proceeding with the 2020 Storm Water Utility Fund Budget.