

**City of Minneapolis
2012 Budget
Financial Plan**

Solid Waste and Recycling Fund

Background

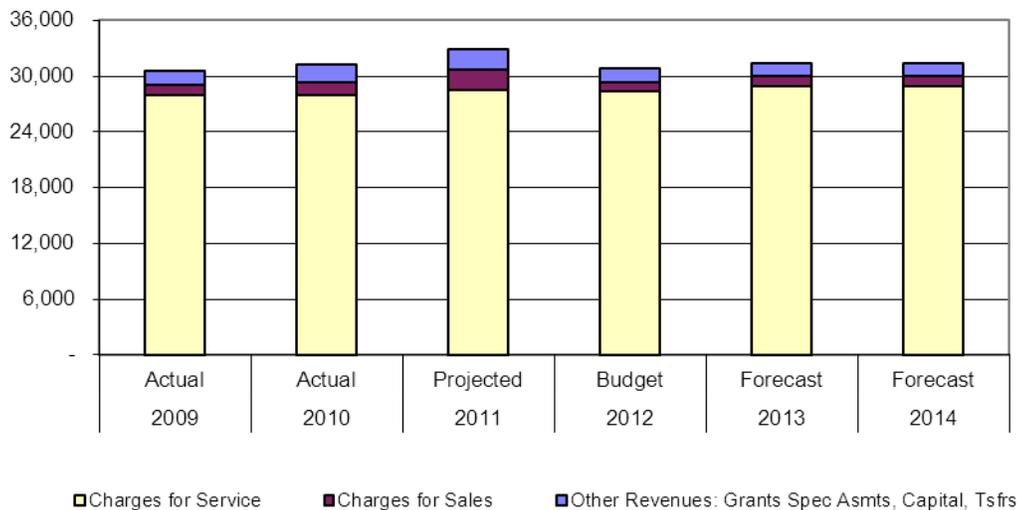
The Solid Waste and Recycling Fund account for solid waste collection, graffiti removal, disposal, recycling activities and organic programs of the City. In all, there are nine programs that are budgeted for 2012 under Solid Waste fund. The Solid Waste Division of Public Works provides weekly and bi-weekly pickups for trash, yard-waste, and recycling materials. It also operates a solid waste transfer station providing service to over 105,000 households. City crews provide approximately one-half of the solid waste collection service with the other half of the service provided through a contract with a consortium of companies specializing in waste collection.

Funding for Solid Waste and Recycling activities is primarily generated from solid waste collection fees. The Fund also receives grants from Hennepin County. Additional revenue is generated through recyclable sales, miscellaneous services, and organic programs.

Historical Financial Performance

The overall financial condition of the Solid Waste and Recycling Fund has remained stable over the years. Total revenues for year 2010 were at \$31.2 million compared to the 2009 amount of \$30.6 million. Total expenditures for 2010 came to \$30.8 million compared to \$28.8 million for 2009, an increase of \$2 million. \$1.6 million of this increase is due to higher cost of contractual services regarding waste collection, higher labor costs, and replacement of solid waste carts and bins. Lease-hold improvement work and purchase of land within Transfer Station division has also contributed to increase in expenditures by \$400,000. The year-end cash balance for this fund ended 2010 at \$21.9 million compared to \$20.6 million in 2009.

Solid Waste Fund Revenues
(in thousands of dollars)



Revenue Assumptions (2012)	
Number of dwelling units	105,259
Number of recycling customers	101,689

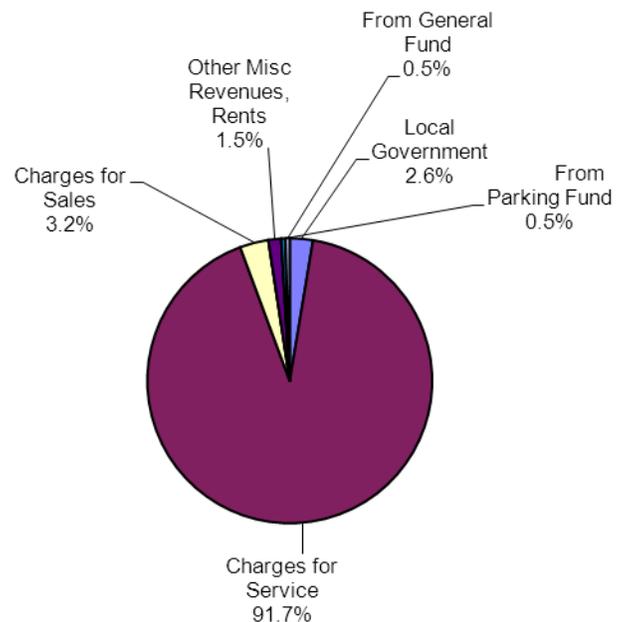
For 2011, year-end revenues from collection are projected to reach \$28.6 million and the total revenues for the fund are projected at \$32.9 million. Expenses for the Solid Waste and Recycling are projected at \$33.1 million. This projected deficit of \$463K is mainly due to the capital outlay scheduled for 2011 relating to Transfer Station, land and equipment purchases, and related construction works. With a fund balance in excess of \$21 million, the Solid Waste and Recycling Fund will be able to absorb these costs.

2012 Budget

Revenues

The total revenue budget for the Fund for 2012 amounts to \$30.8 million compared to \$32.9 million for projected 2011. This is a decrease of 6.2% over 2011 projection. Service revenue has been estimated at \$28.3 million compared to \$28.6 million for projected 2011. For 2012, collection fee has been set at \$24 per dwelling unit with adjustments of \$7 made to recycling credits. Monthly charges for large and small disposal carts are set at \$5 and \$2, respectively. Due to increasing market for scrap metals, recyclable sales for 2012 are expected to increase resulting in estimated revenue of \$1 million compared to \$600,000 for 2011. Funds from local government include a Hennepin County recycling grant of \$800,000 and reimbursement of \$8,000 from State for graffiti. Revenues generated from debris removals, special district maintenance, and various miscellaneous sources are estimated at \$450,000.

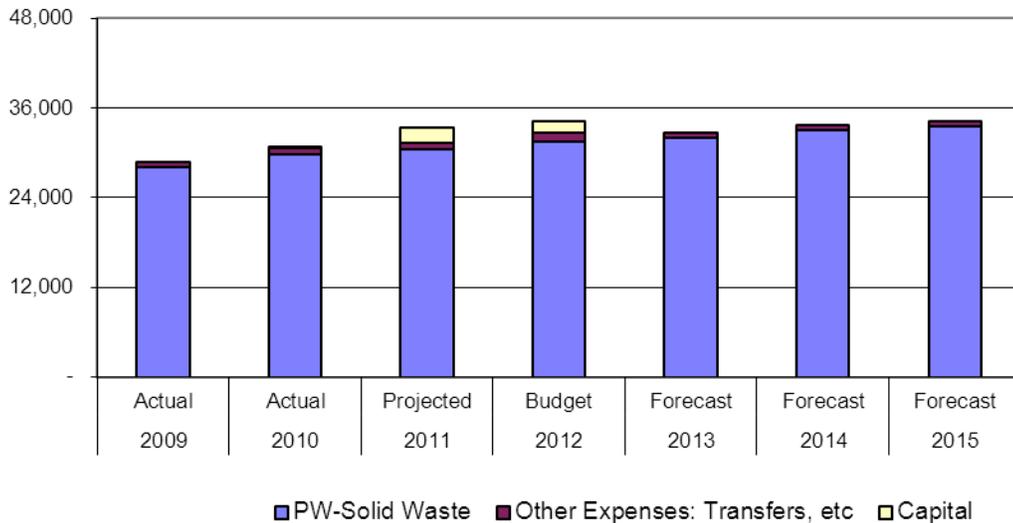
Source of Funds (\$30.9 million)



Expenditures

The total expenditure budget for 2012 amounts to \$34.1 million compared to \$33.4 million for projected 2011, an increase of 2.3%. The reductions for 2012 were made in salaries, contractual services, and in operating materials to bring the budget more in line with actual expenditures and major contracts.

Solid Waste Fund Expenditures (in thousands of dollars)



Transfers

The 2012 budget includes a \$700,000 transfer from Solid Waste and Recycling to the General Fund to pay for snow plowing that will ensure delivery of solid waste and recycling services in the alleys. This transfer is projected to continue at \$700,000 in coming years.

The budget also includes a transfer of \$571,000 to the Debt Service Fund for pension obligations related to the Minneapolis Employees Retirement Fund (MERF). This obligation is to be paid from fund balance.

The Solid Waste and Recycling Fund will continue to receive \$146,000 from the Parking Fund for litter container pick-ups in downtown area. Since 2004, the Fund has been receiving \$50,000 as an annual transfer from General Fund for graffiti removal.

Debt Service

This fund does not have any capital debt service payments.

Cash Balance

The Solid Waste and Recycling Fund is projected to have a \$18.3 million cash balance at the end of 2012.

Mayor's Recommended Budget

The Mayor recommended a one-time increase of \$100,000 to the graffiti transfer (totaling \$150,000) in 2012 for graffiti microgrants.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

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Solid Waste Fund - 7700

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Sources of Funds:									
Local Government	861	888	810	953	808	-15.2%	800	800	800
Charges for Service	27,892	27,945	28,145	28,562	28,337	-0.8%	28,966	28,966	28,966
Charges for Sales	1,095	1,445	600	2,200	1,000	-54.5%	1,000	1,000	600
Special Assessments	563	244		460		-100.0%			
Other Misc Revenues, Rents	-	515	350	529	450	-14.9%	450	450	450
Operating Transfers In:									
From Parking Fund	146	146	146	146	146		146	146	146
From General Fund	50	50	50	50	150	200.0%	50	50	50
Total	30,607	31,233	30,101	32,900	30,891	-6.1%	31,412	31,412	31,012
Use of Funds:									
PW-Solid Waste	28,021	29,827	32,378	30,440	31,500	3.5%	32,015	32,997	33,571
Transfers									
To General Fund	700	700	700	700	700		700	700	700
To MERF Fund	121	151	236	236	571	141.9%	-	-	-
General Services Capital									
Capital		167	1,380	1,988	1,380	-30.6%	-	-	-
Human Resources									
Total	28,842	30,845	34,694	33,364	34,151	2.4%	32,715	33,697	34,271
Change in Net Assets	1,765	388	(4,592)	(463)	(3,259)		(1,303)	(2,285)	(3,259)
Net Asset Balance	27,948	28,006	23,414	27,543	24,284		22,981	20,696	17,437
Cash Balance	20,560	21,924	17,332	21,461	18,259		16,956	14,671	11,412