

**City of Minneapolis
2013 Budget
Financial Plan**

Solid Waste and Recycling Fund

Background

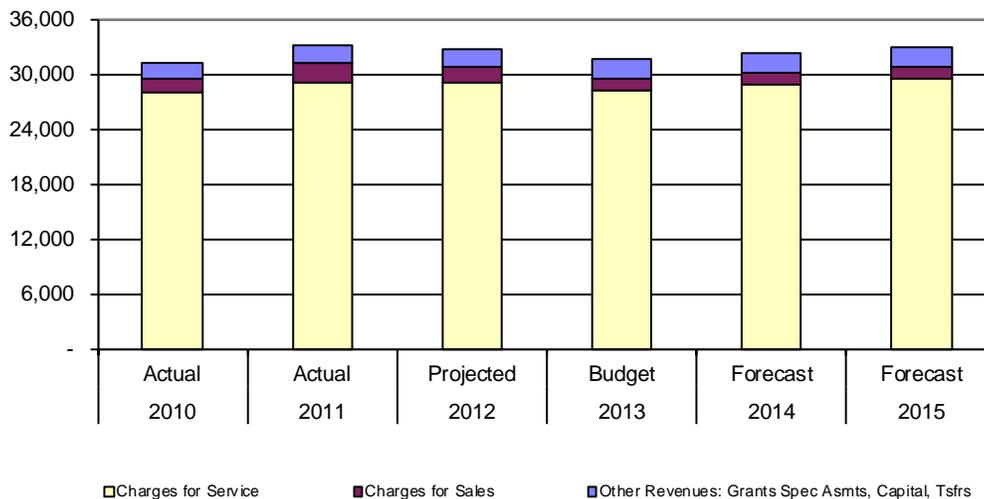
The Solid Waste and Recycling Fund provides services related to collection, disposal, and recycling of household waste, yard waste, and problem materials. Graffiti removal and the organics program are also part of its activities. There are nine programs that are budgeted for 2013 under the Solid Waste fund. The Solid Waste Division provides weekly and bi-weekly pickups of 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 2011 were at \$33.0 million compared to \$31.2 million, an increase of \$1.8 million, or 6% over 2010. Revenues from monthly collection services increased by \$1 million due to increase in rates. An additional \$700K increase was generated through sales of scrap metals and recyclables. Total expenditures for 2011 came to \$32.1 million compared to \$30.8 million for 2010, an increase of \$1.3 million or 4%. \$1.7 million of this increase is due to capital purchase of land. This increase was slightly off-set by a decrease in operations of \$400K. The 2011 year-end cash balance for this fund was \$22.4 million compared to \$21.9 million in 2010.

**Solid Waste Fund Revenues
(in thousands of dollars)**



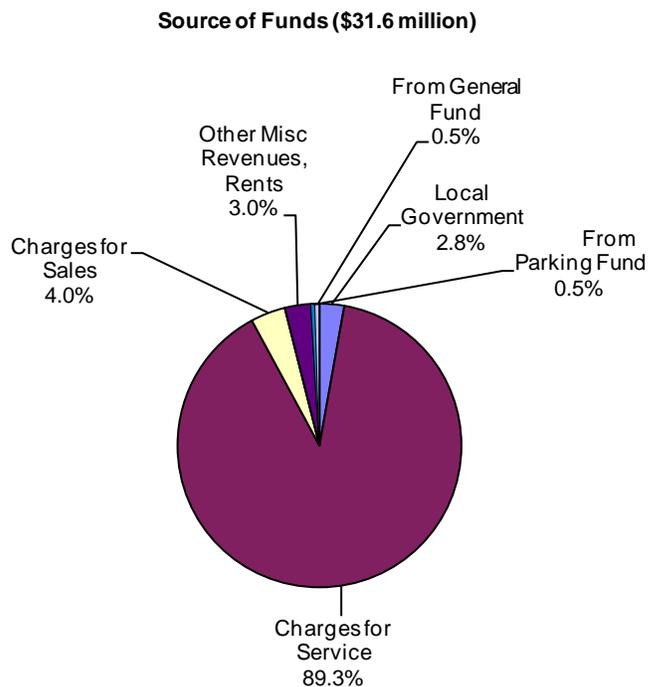
Revenue Assumptions (2013)	
Number of dwelling units	105,429

For 2012, year-end revenues from collection are projected to reach \$29.1 million, and the total revenues for the fund are projected at \$32.8 million. Expenses for the Solid Waste and Recycling Fund are projected at \$35.4 million. This projected deficit of \$(2.6) million is mainly due to the capital outlay scheduled for 2012 relating to the purchase of 30,000 carts. With a fund balance in excess of \$22 million, the Solid Waste and Recycling Fund will be able to absorb these costs.

2013 Budget

Revenues

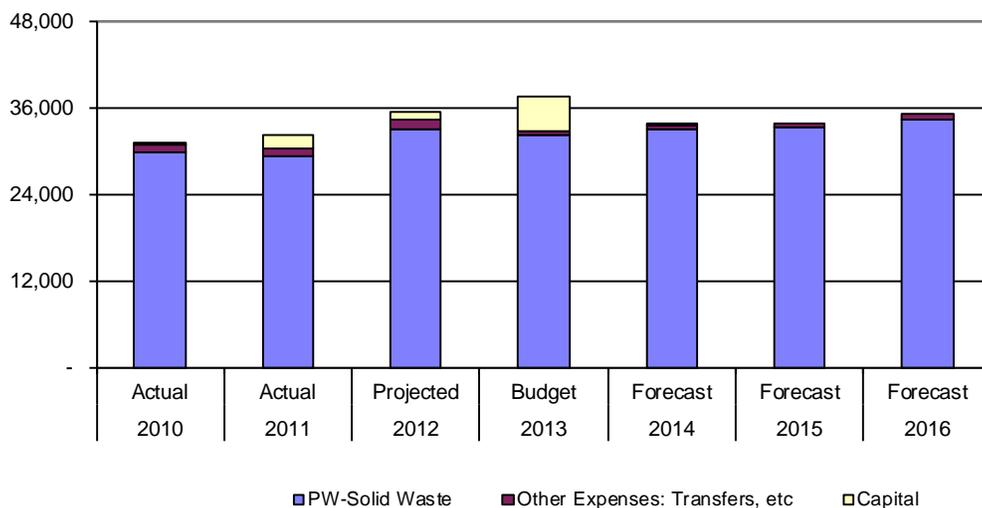
The total revenue budget for the Fund for 2013 amounts to \$31.6 million compared to \$32.8 million projected for 2012. This is a decrease of \$1.2 million or 3.5% over the 2012 projection. Service revenue has been estimated at \$28.2 million compared to \$29.1 million projected for 2012. For 2013, the collection fee has been set at \$17 per dwelling unit. Monthly charges for large and small disposal carts are set at \$5 and \$2, respectively. Due to the increasing market for scrap metals, recyclable sales for 2013 are expected to increase to \$1.3 million, \$300 K less than projected estimate of \$1.6 million for 2012. Funds from local government include a Hennepin County recycling grant of \$880,000 and reimbursement of \$11,000 from the State for graffiti removal. Revenues generated from debris removal, special district maintenance, and various miscellaneous sources are estimated at \$625,000. For 2013 and future years, an additional \$320K is expected to be generated from other City departments for graffiti related work done on streets, bridges and other City properties.



Expenditures

The total expenditure budget for 2013 amounts to \$37.5 million compared to \$35.4 million projected for 2012, an increase of \$2.1 million or 5.9%. Cart purchases planned for 2013 amount to \$1 million of this increase. A mattress recycling program scheduled to start in 2013 with a yearly estimate of \$650,000 is an additional cost to the Fund which will continue in future years. The shared cost of the billing system, Enquesta, and additional equipment purchases are expected to increase by \$500,000.

Solid Waste Fund Expenditures
(in thousands of dollars)



Transfers

The 2013 budget includes a \$700,000 transfer from Solid Waste and Recycling to the General Fund to pay for snow plowing, which enables delivery of solid waste and recycling services in the alleys. This transfer is projected to continue at \$700,000 in coming years.

The 2012 budget included a transfer of \$571,000 to the Debt Service Fund for pension obligations related to the Minneapolis Employees Retirement Fund (MERF). This obligation for 2013 and for futures years will be included and paid out of the operating budget

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 the General Fund for graffiti removal. The Fund also anticipates an additional \$100,000 for micro grants.

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 \$13.8 million cash balance at the end of 2013.

Mayor's Recommended Budget

Mayor's Recommended Budget: The Mayor recommended no changes to the proposed budget. Also, the Mayor recommends a rate of \$24.70 for 2013.

Council Adopted Budget

Council approved the Mayor's recommendations and reduced the Mayor's recommended 2013 Solid Waste and Recycling rate by \$7.70. The Mayor's recommended rate of \$24.70 included a recycling credit and the program will no longer have a recycling credit. The new rate is set at \$17.00. In addition, the Council amended the Mayor's Recommended 2013 Budget for Public Works by decreasing the revenue appropriation in the Solid Waste and Recycling Fund (07700) by \$885,604. The rate was changed to make the removal of the recycling credit cost-neutral to customers.

**City of Minneapolis
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Financial Plan (in thousands of dollars)**

Solid Waste Fund - 7700

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget	% Chg From 2012 Projected	2014 Forecast	2015 Forecast	2016 Forecast
Sources of Funds:									
Local Government	888	890	808	864	891	3.1%	880	880	880
Charges for Service	27,945	28,938	28,337	29,051	28,226	-2.8%	28,872	29,536	30,221
Charges for Sales	1,445	2,173	1,000	1,629	1,251	-23.2%	1,251	1,251	1,251
Special Assessments	244	256		460	-	-100.0%			
Other Misc Revenues, Rents	515	585	450	460	945	105.4%	945	945	945
Operating Transfers In:									
From Parking Fund	146	146	146	146	146		146	146	146
From General Fund	50	50	150	150	150		150	150	150
Total	31,233	33,038	30,891	32,760	31,608	-3.5%	32,244	32,908	33,593
Use of Funds:									
PW-Solid Waste	29,824	29,282	31,500	32,889	32,055	-2.5%	32,838	33,137	34,344
Transfers									
To General Fund	700	700	700	700	700		700	700	700
To MERF Fund	151	236	571	571		-100.0%			
General Services Capital									
Capital	167	1,908	1,380	1,287	4,775	271.0%	-	-	-
Human Resources									
Total	30,842	32,126	34,151	35,447	37,530	5.9%	33,538	33,837	35,044
Change in Net Assets	392	912	(3,202)	(2,629)	(5,922)		(1,295)	(929)	(1,452)
Net Asset Balance	27,919	30,539	27,337	27,910	21,988		20,693	19,765	18,313
Cash Balance	21,924	22,372	19,170	19,743	13,822		12,527	11,599	10,148