

City of Minneapolis

2013 Budget Financial Plan

Storm Water Fund

Background

The Storm Water Collection and Street Cleaning programs make up the budget for the Storm Water Fund. The Fund accounts for street cleaning, design, construction, and maintenance of the City's storm drain system. A portion of the Storm Water Fund is used for sanitary water interceptor and treatment services, a program carried out through Metropolitan Council Environmental Services (MCES). The Fund also accounts for the Combined Sewer Overflow (CSO) program, which separates storm water from the sanitary sewer lines.

Historical Financial Performance

In 2011 total revenues increased to \$53.7 million compared to \$46.1 million in 2010. This increase amounts to \$7.6 million, or 17%. Bond revenues from capital programs increased by \$4.2 million. Design revenues account for \$900K of this increase, and revenues from maintenance agreements with Hennepin County and the State along with Storm Eleven reimbursements account for \$1.3 million. A rate increase of \$0.33 per Equivalent Storm Water Unit (ESU) in utility billings accounted for \$1.1 million of the increase in the Fund's 2011 revenues. The expenditure of \$50.4 million in 2011 is an increase of \$12.5 million, or 33%, compared to \$37.9 million in 2010. Of this increase, \$9.1 million comes from Capital programs and \$6.2 million debt service payments. These increases were offset by a decrease in operating expenditures and transfers of \$2.9 million.

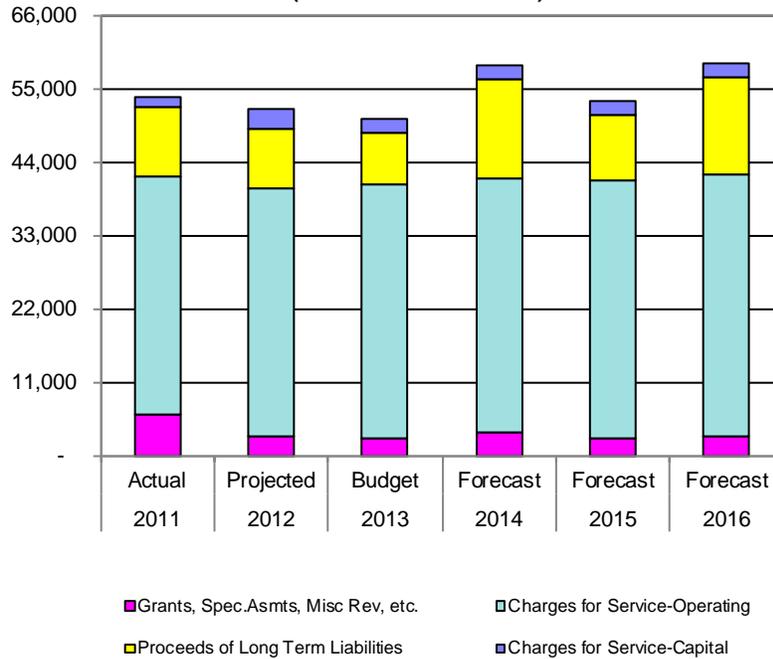
2013 Budget

Revenues

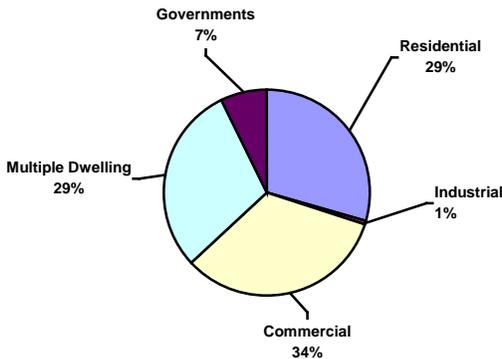
The 2013 revenue budget totals \$50.4 million, compared to \$51.8 million projected for 2012, a decrease of \$1.4 million, or 2.7%. The increase in revenue of \$600K from operations and design work, has been off-set by the decrease in revenues of \$1.0 million in Capital programs. The Storm Water rate or the rate per ESU for 2013 has been set at \$11.82. This rate increase of \$0.12 in storm water billings is estimated to put service revenue at \$37.8 million, \$1 million more than the 2012 projected revenue of \$36.9 million. Revenues from the maintenance agreement with the County/State are expected to remain at \$915K which is \$550K less than 2012 projections; meanwhile, design revenues are estimated at \$1.6 million, an increase of \$400 K over 2012 projection.

Year	Rate per ESU (Equivalent Storm Water Unit)	% Increase	Total Planned Revenue from Utility Fee
2013	\$11.82	1%	\$37.8 million
2014	\$11.94	1%	\$38.2 million
2015	\$12.06	1%	\$38.6 million
2016	\$12.22	1.3%	\$39.1 million
2017	\$12.38	1.3%	\$39.6 million

Stormwater Fund Revenues
(in thousands of dollars)



Total Active Sewer Property Types

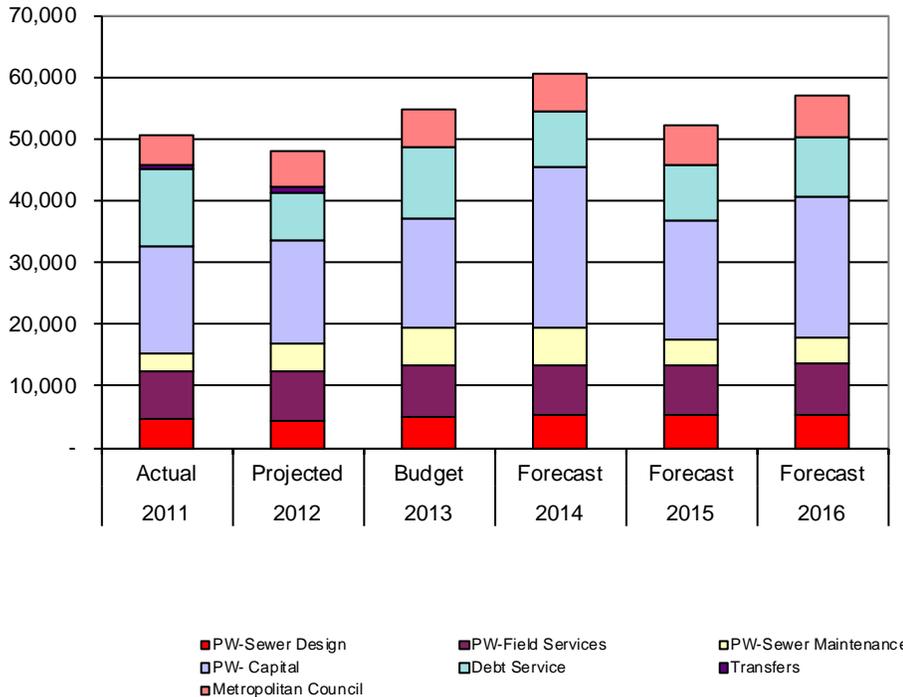


Total Usage Units (in thousands)	
Property Type	Count
Residential	4,387
Commercial	4,911
Government	1,079
Industrial	69
Multiple Dwelling	4,395
Total	14,840

Expenditures

The 2013 total expenditure budget for the Storm Water Fund amounts to \$54.6 million compared to \$48.0 million projected for 2012, an increase of \$6.6 million, or 13.8%. The fund's operating budget is used for design, maintenance, overflow programs, Met Council payments, and street cleaning. The operating budget for 2013 totals \$25.4 million which is \$2.7 million more than the \$22.7 million projected for 2012. Capital programs are estimated at \$17.7 million compared to \$16.5 million projected for 2012. Capital programs are funded by operating revenue and bonds. For 2013, \$9.7 million of capital projects are Storm revenue funded and the remaining \$8 million are bond funded.

Stormwater Fund Expenditures (in thousands of dollars)



Combined Sewer Overflow (CSO)

The Combined Sewer Overflow project started in 2004. Working with property owners, this project aims to identify and disconnect roof drain overflow from the sanitary system. This is an on-going program and \$875 K has been allocated for 2013 from the operating budget with additional funding coming from the Capital programs.

Debt Service & Transfers

The debt service payments are primarily for bonds that were sold previously to finance the Combined Sewer Overflow (CSO) and flood mitigation programs. For 2013, debt service payments are estimated at \$11.6 million compared to \$7.7 million projected for 2012.

Transfers related to the MERF pension plan are now part of the operating budget. For 2012, these transfers were estimated at \$1.1 million. For 2013 and future years, MERF will be paid out of the fund's operating budget; the current estimate for 2013 is \$300K. Both the debt service and transfers are funded through fund balance generated by Storm Water revenues.

Mayor's Recommended Budget

The Mayor recommended no changes to the proposed budget. Also, the Mayor recommended a rate of \$11.82 per ESU in 2013.

Council Adopted Budget

Council approved the Mayor's recommendations.

**City of Minneapolis
2013 Budget
Financial Plan (in thousands of dollars)**

Storm Water Sewer Fund - 7300

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget	% Chg From 2012 Projected	2014 Forecast	2015 Forecast	2016 Forecast
Source of Funds:									
Federal Government		421							
State Government	1,148	1,938	670	1,068	670	-37.3%	670	670	670
Local Government	266	400	246	400	245	-38.8%	245	245	246
Charges for Service-Operating	34,543	35,621	36,322	36,878	37,835	2.6%	38,222	38,609	39,125
Design & Misc Revenues	1,650	2,580	1,392	1,200	1,629	35.8%	2,417	1,553	1,989
Charges for Sales	35	-	-	-	-		-	-	-
Special Assessments	686	744	60	300	60	-80.0%	60	60	60
Interest	-	-	-	-	-		-	-	-
Charges for Service-Capital	1,557	1,581	3,000	3,000	2,000	-33.3%	2,000	2,000	2,000
Proceeds of Long Term Liabilities	6,191	10,415	9,000	9,000	8,000	-11.1%	14,830	9,888	14,480
Total	46,075	53,700	50,690	51,846	50,439	-2.7%	58,444	53,025	58,570
Use of Funds:									
PW-Sewer Design	4,434	4,615	5,114	4,433	5,034	13.6%	5,138	5,246	5,405
PW-Field Services	6,994	7,798	8,056	8,056	8,158	1.3%	8,303	7,987	8,130
PW-Sewer Maintenance	3,651	2,811	4,265	4,490	6,081	35.4%	6,020	4,118	4,206
Metropolitan Council	5,121	4,707	6,089	5,794	6,174	6.6%	6,322	6,474	6,630
Debt Service	6,208	12,443	7,400	7,691	7,927	3.1%	4,085	3,030	2,600
Future Debt Service	-	-	3,111	-	3,604		4,724	5,815	7,118
Transfers	3,311	700	1,112	1,112		-100.0%			
PW- Capital	8,214	17,363	14,850	16,461	17,700	7.5%	26,090	19,448	22,800
Total	37,933	50,437	49,997	48,036	54,678	13.8%	60,682	52,118	56,889
Change in Net Assets	8,142	3,264	692	3,809	(4,239)		(2,239)	908	1,681
Net Asset Balance	267,781	284,557	285,249	288,366	284,127		281,889	282,797	284,478
Cash Balances									
	22,676	24,531	25,223	28,339	22,539		20,300	21,208	22,889
Construction Cash	3,484	2,057							
Total Cash Balance	26,160	26,588	25,223	28,339	22,539		20,300	21,208	22,889