

## City of Minneapolis

### 2014 Budget Financial Plan

#### Storm Water Fund

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#### Background

The Storm Water Fund is comprised of the Storm Water Collection and Street Cleaning programs. The Fund accounts for street cleaning and the 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 function carried out by 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

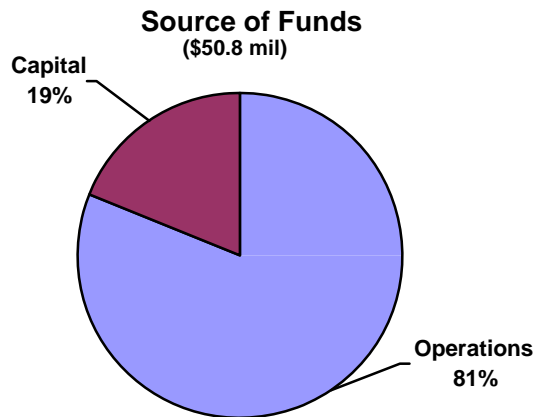
In 2012 total revenues decreased to \$45.9 million compared to \$53.7 million in 2011. This decrease amounts to \$7.8 million, or 15%. Most of this decrease is the result of a reduction in bond revenues from capital programs which decreased by \$7.1 million between 2011 and 2012. Design revenues, along with revenues from maintenance agreements, and capital reimbursements account for an additional \$1.9 million of the decrease. These were off-set by an increase in service revenue of \$1.3 million resulting from a rate increase of \$0.28 per Equivalent Storm water Unit (ESU) in utility billings. The \$37.8 million in expenditures in 2012 represents a decrease of \$12.6 million, or 25%, compared to \$50.4 million in 2011. Of this decrease, \$9.6 million is attributable to Capital programs, \$5.2 million from debt service payments, and \$500K from design activities. These decreases were off-set by increases in maintenance expenditures and MCES processing costs, as well as transfers of \$2.7 million.

#### 2014 Budget

##### *Revenues*

The 2014 revenue budget totals \$50.8 million, compared to \$50.9 million projected for 2013, reflecting a decrease of less than 1%. An increase of \$400K in 2014 operating revenues from 2013 are off-set by decreases in revenues of \$500K associated with design works and Capital programs. The Storm water utility rate or the rate per ESU for 2014 is proposed at \$11.94. This rate increase of \$0.12 in storm water billings is estimated result in service revenue of \$38.3 million, \$400K more than the projected \$37.9 million for 2013. Revenues from County/State maintenance agreements are increased to \$1.6 million, which is \$600K more than the 2013 budgeted amount of \$900K; conversely, design revenues are estimated at \$1.2 million which reflects a decrease of \$400K as compared to 2013.

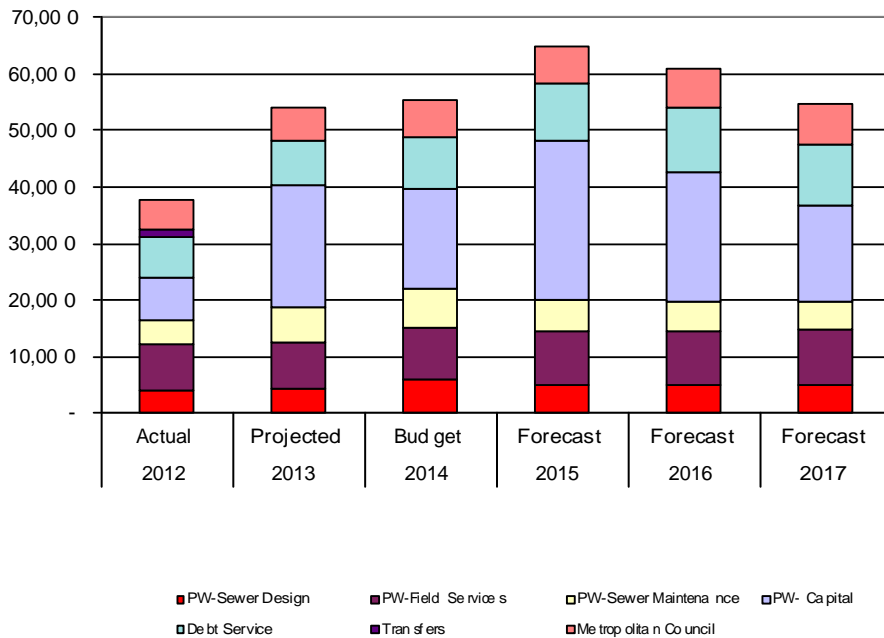
Year	Rate per ESU (Equivalent Storm Water Unit)	% Increase	Total Planned Revenue from Utility Fee
2014	\$11.94	1.0%	\$38.3 million
2015	\$12.06	1.0%	\$38.7 million
2016	\$12.18	1.0%	\$39.1 million
2017	\$12.30	1.0%	\$39.5 million
2018	\$12.52	1.8%	\$40.2 million



### Expenditures

The 2014 total expenditure budget for the Storm Water Fund amounts to \$54.0 million compared to \$54.1 million projected for 2013, a marginal decrease of 0.2%. The fund's operating budget is used for design, maintenance, overflow programs, Met Council payments, and street cleaning. The operating budget for 2014 totals \$28.7 million which is \$3.9 million more than the \$24.8 million projected for 2013. The increase is the result of expenditures related to televised upgrades, relocation to the Hiawatha facility, the Linden Yard clean up, pond dredging activities, and an increase in street sweep contracts. Capital programs are estimated at \$16.0 million compared to \$21.4 million projected for 2013. For 2014, \$7.7 million of capital projects are bond funded, \$6.3 million of capital projects are Storm revenue funded and the remaining \$2.0 million are pay as you go. The 2014 budget contemplates a reduction in net position of \$3.5 million as part of the funding plan.

### 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. For 2014, \$700,000 has been allotted from the operating budget with additional funding available from the Capital programs.

### *Debt Service & Transfers*

The 2014 budget includes funding for debt service payments that are primarily for bonds that have been previously sold to finance the Combined Sewer Overflow (CSO) and flood mitigation programs. For 2014, debt service payments are estimated at \$9.4 million compared to \$7.9 million projected for 2013.

Transfers relating to the MERF pension plan are now part of the operating budget. Starting in 2013 and future years, MERF will be paid out of the fund's operating budget. The current estimate for 2014 is approximately \$300k. Both the debt service and transfers are funded through fund balance generated by Storm Water revenues.

### **Mayor's Recommended Budget**

The Storm Water Division has proposed a rate of \$11.94 ESU in 2014, an increase of \$0.12 over 2013.

**City of Minneapolis  
2014 Budget  
Financial Plan (in thousands of dollars)**

**Storm Water Sewer Fund - 7300**

	2011 Actual	2012 Actual	2013 Budget	2013 Projected	2014 Budget	% Chg From 2013 Projected	2015 Forecast	2016 Forecast	2017 Forecast
<b>Source of Funds:</b>									
Federal Government	421	210							
State Government	1,938	1,115	670	1,158	1,158		1,158	1,158	1,158
Local Government	400	400	245	400	400		400	400	400
Charges for Service-Operating	35,621	36,694	37,835	37,931	38,319	1.0%	38,707	39,096	39,484
Design & Misc Revenues	2,580	1,834	1,629	1,426	898	-37.1%	2,221	1,505	962
Charges for Sales	-	-	-	-	-		-	-	-
Special Assessments	744	966	60	-	-		-	-	-
Interest	-	-	-	-	-		-	-	-
Charges for Service-Capital	1,581	1,382	2,000	2,000	2,000		2,000	2,000	2,000
Proceeds of Long Term Liabilities	10,415	3,272	8,000	8,000	7,700	-3.8%	17,018	14,480	8,600
<b>Total</b>	<b>53,700</b>	<b>45,873</b>	<b>50,439</b>	<b>50,915</b>	<b>50,474</b>	<b>-0.9%</b>	<b>61,505</b>	<b>58,639</b>	<b>52,604</b>
<b>Use of Funds:</b>									
PW-Sewer Design	4,615	4,076	5,034	4,444	5,859	31.9%	4,875	4,977	5,112
PW-Field Services	7,798	7,994	8,158	8,149	9,264	13.7%	9,440	9,620	9,803
PW-Sewer Maintenance	2,811	4,191	6,081	6,171	7,009	13.6%	5,793	5,175	4,760
Metropolitan Council	4,707	5,329	6,174	6,054	6,536	8.0%	6,692	6,851	7,014
Debt Service	12,443	7,265	7,927	7,888	4,085	-48.2%	3,030	2,600	-
Future Debt Service	-	-	(3,604)	-	5,288		6,926	8,881	10,759
Transfers	700	1,245	-	-	-		-	-	-
PW- Capital	17,363	7,734	17,700	21,413	15,950	-25.5%	28,188	22,980	17,190
<b>Total</b>	<b>50,437</b>	<b>37,834</b>	<b>47,470</b>	<b>54,117</b>	<b>53,992</b>	<b>-0.2%</b>	<b>64,943</b>	<b>61,085</b>	<b>54,638</b>
<b>Change in Net Position</b>	<b>3,264</b>	<b>8,039</b>	<b>2,969</b>	<b>(3,203)</b>	<b>(3,517)</b>		<b>(3,440)</b>	<b>(2,446)</b>	<b>(2,034)</b>
<b>Net Position Balance</b>	<b>284,557</b>	<b>299,594</b>	<b>302,563</b>	<b>296,391</b>	<b>292,874</b>		<b>289,435</b>	<b>286,989</b>	<b>284,955</b>
<b>Cash Balances</b>	<b>24,531</b>	<b>33,223</b>	<b>36,192</b>	<b>30,019</b>	<b>25,502</b>		<b>22,064</b>	<b>19,617</b>	<b>17,583</b>
Construction Cash	2,057	4,185							
<b>Total Cash Balance</b>	<b>26,588</b>	<b>37,409</b>	<b>36,192</b>	<b>30,019</b>	<b>25,502</b>		<b>22,064</b>	<b>19,617</b>	<b>17,583</b>