

HOPE ON THE HORIZON

Monday, November 14, 2022
2023 Utility Rate Public Hearing and Budgets

CITY OF
BLOOMINGTON
MINNESOTA

Working Capital	Water Fund	Wastewater Fund
Storm Water Fund	Solid Waste Fund	Utility Funds: Recap
2023 Utility Fund Rates Public Hearing		



Working Capital

Working Capital

- Working Capital Balance = Current Assets less Current liabilities (i.e. cash available in a fund)
- Working Capital Goal = Funds needed based on the long-term forecast or contingencies
- Allows for major expenses such as equipment or infrastructure to be managed over time, so that large purchases or significant cost increases are less likely to cause a spike in the budget for a particular year.



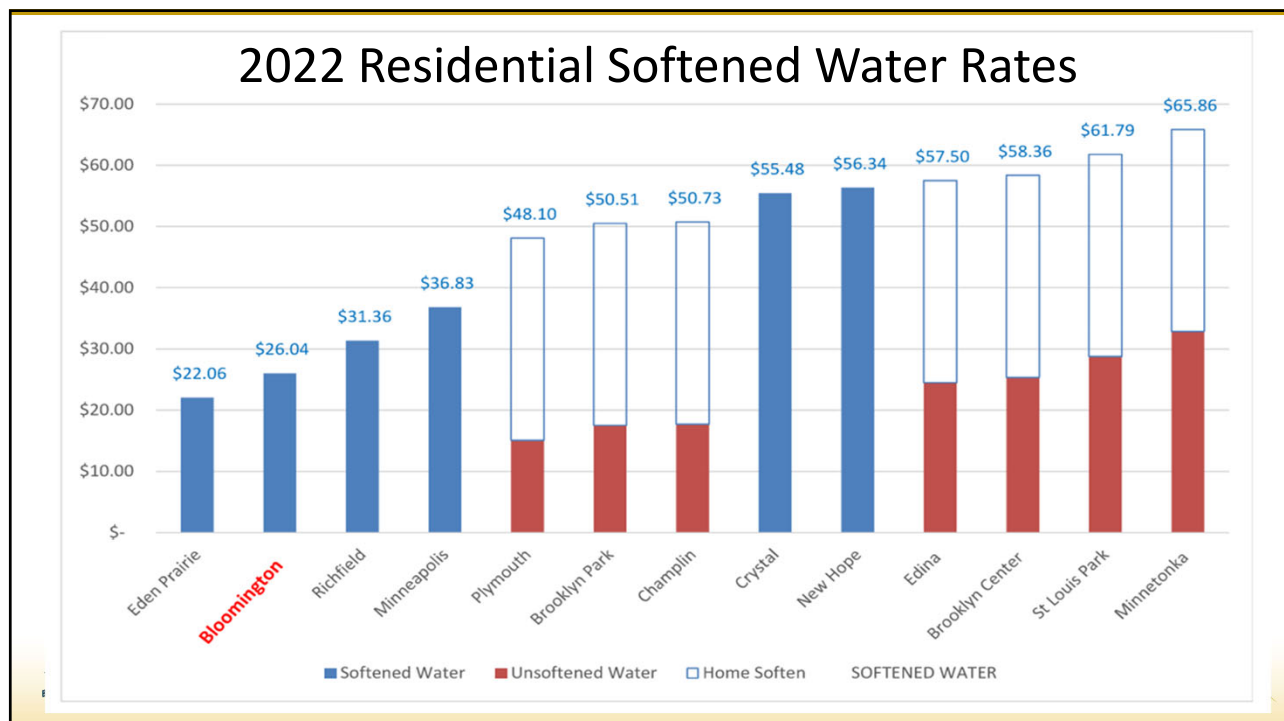
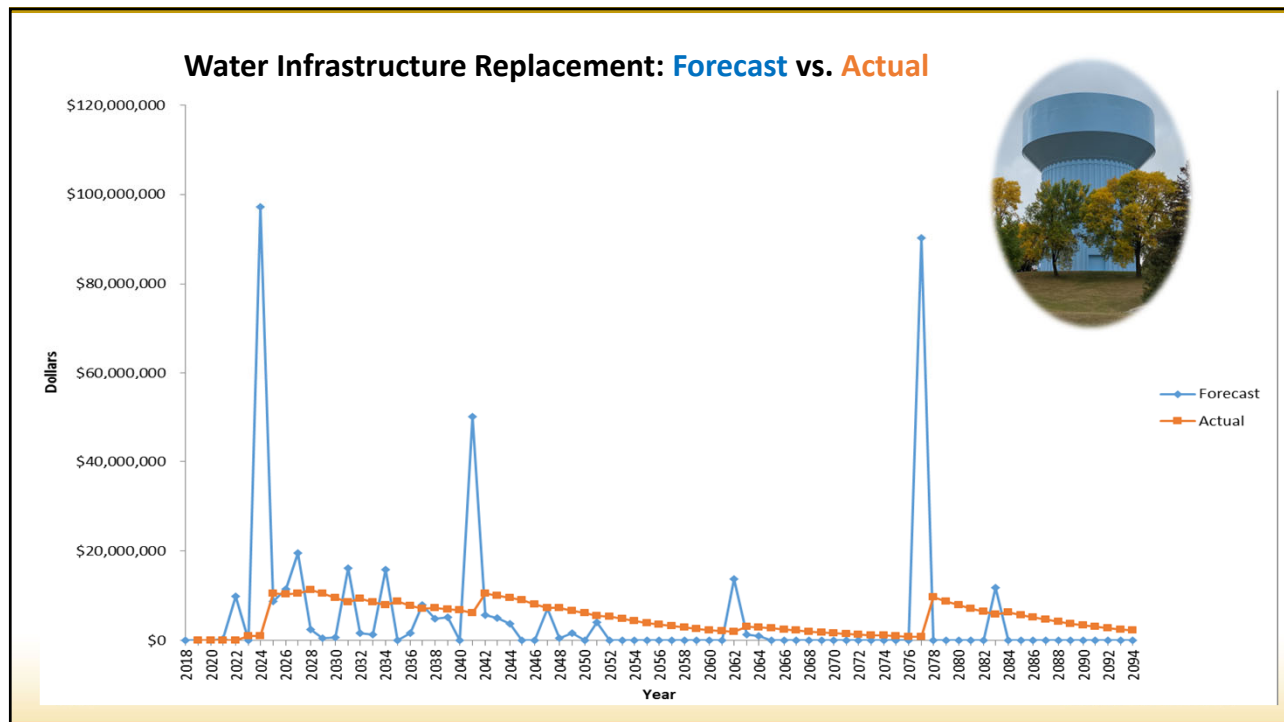
Water Fund

Water Utility – Fund 6100



This fund accounts for the costs related to the operation, maintenance and renewal of the City-owned water system. The City strives to provide an uninterrupted supply of water, which meets or exceeds all federal and state quality standards, at an affordable rate that ensures long-term sustainability of the water system.

Revenues and expense activities within the fund include the following: administration, customer service, supply and treatment, and distribution and storage.



History of Water Rate Increases 2018-2022

	% Rate Increase from previous year
2018	9.50%
2019	9.00%
2020	8.50%
2021	3.00%
2022	5.00%



Proposed 2023 Water Rates 7.5% Increase

	2022 Rate (per 1,000 gallons)	2022 Proposed Rate (per 1,000 Gallons)	Rate Change	% Increase
Tier 1	\$4.34	\$4.67	\$0.33	7.50%
Tier 2	\$7.65	\$8.22	\$0.57	7.50%

Tier 1 Rate applies to the first 12,000 gallons of water consumed (bi-monthly).
Tier 2 Rate applies to the additional gallons over 12,000 (bi-monthly)



WATER UTILITY - FUND 6100							
	2020	2021	2022	2023	2024	2025	2026
DESCRIPTION	ACTUAL	ACTUAL	ESTIMATED	BUDGET REQUEST	CONCEPTUAL BUDGET	PROJECTED	PROJECTED
REVENUES:							
TIER ONE WATER SALES	10,187,422	11,209,841	12,281,270	13,202,365	14,192,542	15,186,020	15,945,321
TIER TWO WATER SALES	4,307,521	6,428,550	5,250,000	5,643,750	6,067,031	6,491,723	6,816,309
CELL TOWER REVENUE	178,827	167,123	167,123	165,000	165,000	165,000	165,000
AMERICAN RESCUE PLAN FUNDS		386,000	1,975,000	1,639,000	-	-	
OTHER REVENUES	860,330	814,099	709,997	740,000	740,000	809,950	778,108
TOTAL REVENUES	15,534,100	19,005,613	20,383,390	21,390,115	21,164,573	22,652,693	23,704,739
EXPENSES:							
SALARIES AND BENEFITS	3,973,026	3,895,407	4,142,410	4,497,228	4,702,913	4,844,000	4,989,320
MATERIALS, SUPPLIES, SERVICES	9,285,235	9,156,262	12,451,865	12,049,728	12,702,288	13,464,425	14,272,291
CAPITAL OUTLAY	1,444,077	1,859,611	3,390,811	3,879,000	3,580,000	8,025,000	3,435,000
DEBT SERVICE	131,681	133,394	131,469	131,944	131,069	136,769	134,169
TOTAL EXPENSES	14,834,019	15,044,674	20,116,555	20,557,900	21,116,270	26,470,194	22,830,780
TOTAL GAIN (LOSS)	700,082	3,960,939	266,835	832,215	48,303	(3,817,501)	873,959
	76%	118%	116%	116%	78%	74%	76%
TOTAL WORKING CAPITAL BALANCE	6,314,815	10,275,754	10,542,588	11,374,804	11,423,107	7,605,606	8,479,564
TOTAL WORKING CAPITAL GOAL	8,265,009	8,675,459	9,069,532	9,785,859	14,580,102	10,345,007	11,130,857
Operations: Cash flow 2 months	2,416,000	2,574,000	2,703,000	3,141,000	3,377,000	3,613,000	3,794,000
Emergency Repairs	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Unscheduled System alterations	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Infrastructure							
Capital Projects	3,029,514	3,390,000	3,390,000	3,580,000	8,025,000	3,435,000	3,915,000
Reserve for Future Asset Renewal	2,019,495	1,911,459	2,176,532	2,264,859	2,378,102	2,497,007	2,621,857
Total Infrastructure	5,049,009	5,301,459	5,566,532	5,844,859	10,403,102	5,932,007	6,536,857



Wastewater Utility – Fund 6150

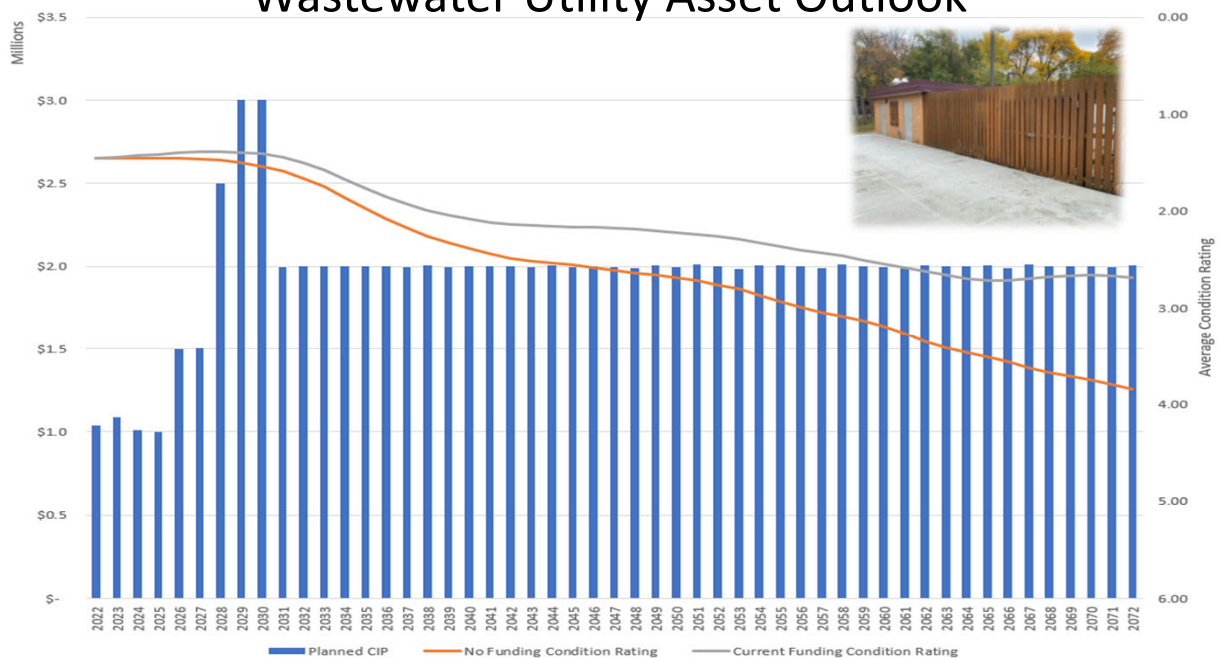
This fund accounts for the City-owned wastewater collection system and the interceptor and treatment charges from the Metropolitan Council Environmental Services (MCES).

The objective of the Wastewater Utility is to provide sanitary service capacity and sufficient maintenance to minimize system blockages and infiltration/inflow.

The sanitary sewer infrastructure spans 359 miles of pipes, with 28 lift stations, thousands of manholes and serves over 25,000 customers.



Wastewater Utility Asset Outlook





History of Wastewater Rate Increases 2018-2022

	% Rate Increase from previous year
2018	9.00%
2019	4.00%
2020	3.50%
2021	0.00%
2022	3.00%

Proposed 2023 Wastewater Rates 3% Increase

	2022 Rate (per 1,000 gallons)	2023 Proposed Rate (per 1,000 Gallons)	Rate Change	% Increase
Wastewater Rate	\$5.14	\$5.29	\$0.15	3.00%



WASTEWATER UTILITY - FUND 6150

	2020	2021	2022	2023	2024	2025	2026
DESCRIPTION	ACTUAL	ACTUAL	ESTIMATED	BUDGET REQUEST	CONCEPTUAL BUDGET	PROJECTED	PROJECTED
REVENUES:							
PERMITS - ROW AND SEWER	398,276	399,891	286,000	320,000	320,000	286,000	286,000
GRANT REVENUE							
CUSTOMER UTILITIES	12,167,033	12,945,954	13,050,611	13,442,129	13,979,814	14,818,603	15,707,719
CELL TOWER	32,079	33,499	32,000	32,000	32,000	32,000	32,000
TRANSFER IN - SOLID WASTE LOAN REPAYMENT	326,443	309,000	-	-	-	-	-
OTHER REVENUES	239,350	112,296	158,000	199,000	199,000	211,000	216,000
TOTAL REVENUES	13,163,181	13,800,640	13,526,611	13,993,129	14,530,814	15,347,603	16,241,719
EXPENSES:							
SALARIES AND BENEFITS	1,926,391	1,754,696	2,115,349	2,146,683	2,245,507	2,312,872	2,382,258
MATERIALS, SUPPLIES, SERVICES	1,956,695	1,808,688	2,080,985	2,197,713	2,291,032	2,428,494	2,574,204
MET COUNCIL SEWER CONTRACT	7,710,539	7,315,820	7,700,000	8,244,953	8,489,250	8,913,713	9,359,398
CAPITAL OUTLAY	1,276,583	903,569	1,764,413	1,650,000	1,200,000	1,170,000	2,050,000
TOTAL EXPENSES	12,870,207	11,782,773	13,660,747	14,239,349	14,225,789	14,825,079	16,365,860
TOTAL GAIN (LOSS)	292,974	2,017,867	(134,136)	(246,220)	305,025	522,525	(124,141)
	119%	135%	127%	118%	115%	113%	105%
TOTAL WORKING CAPITAL BALANCE	9,145,649	11,163,516	11,029,380	10,783,160	11,088,186	11,610,710	11,486,570
TOTAL WORKING CAPITAL GOAL	7,665,839	8,248,988	8,685,577	9,150,317	9,668,040	10,265,702	10,903,402
Operations: Cash flow 2 months	2,028,000	2,112,000	2,175,000	2,240,000	2,330,000	2,470,000	2,618,000
Emergency Repairs	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Unscheduled System Alterations	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Infrastructure							
Capital	1,650,000	1,200,000	1,800,000	1,200,000	1,170,000	2,050,000	2,000,000
Reserve for Future Asset Renewal	3,187,839	4,136,988	3,910,577	4,910,317	5,368,040	4,945,702	5,485,402
Total Infrastructure	4,837,839	5,336,988	5,710,577	6,110,317	6,538,040	6,995,702	7,485,402





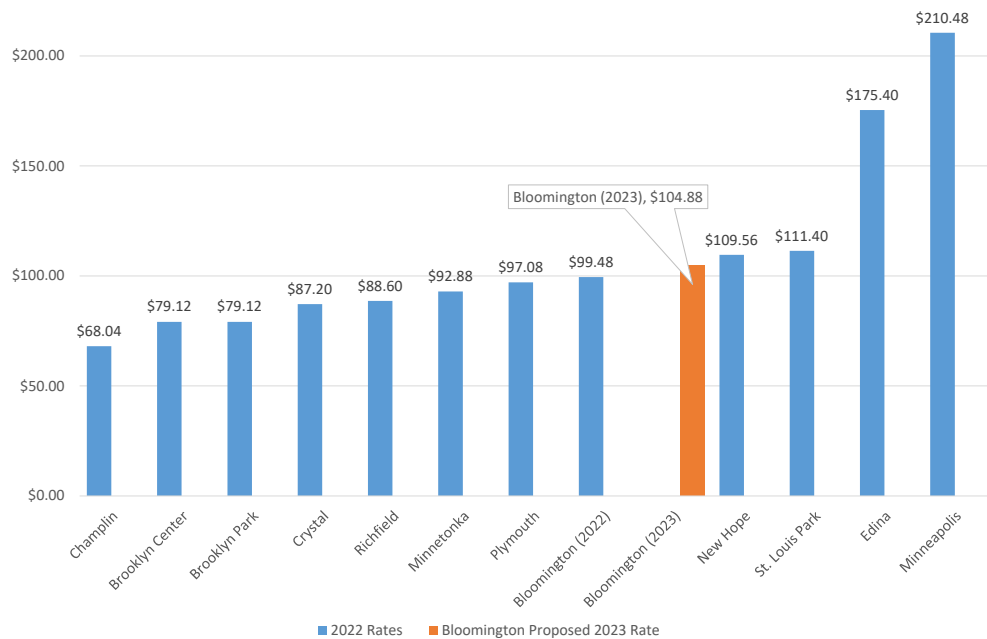
Storm Water Fund

Storm Water Utility – Fund 6200

The Storm Water Utility Fund provides for the operations, maintenance and improvements to the storm sewer system through a storm utility fee charged to property owners. The fee is intended to recover costs associated with providing storm water utility service to residents and commercial establishments in a fair and equitable manner.



2022 Single Family Annual Stormwater Utility Rates



Proposed 2023 Storm Water Rates 5.5% Increase

	2022 Rate	2023 Proposed Rate	Rate Change	% Increase
Cemeteries, Parks, Golf Courses	\$10.90	\$11.50	\$0.60	5.50%
Single Family Residential (1/3 acre)	\$8.29	\$8.75	\$0.46	5.50%
School, Institution	\$41.44	\$43.72	\$2.28	5.50%
Church, Multi-family residential	\$58.84	\$62.08	\$3.24	5.50%
Commercial, Industrial	\$104.74	\$110.50	\$5.76	5.50%

STORM WATER UTILITY - FUND 6200

	2020	2021	2022	2023	2024	2025	2026
DESCRIPTION	ACTUAL	ACTUAL	ESTIMATED	BUDGET REQUEST	CONCEPTUAL BUDGET	PROJECTED	PROJECTED
REVENUES:							
OPERATING UTILITIES	6,832,964	6,958,718	7,009,841	7,395,382	7,802,128	8,270,256	8,766,471
BOND PROCEEDS	52,507	52,507	-	-	-	-	-
GRANT REVENUES	10,000	45,491	-	-	-	-	-
OTHER REVENUES	529,922	175,172	282,722	284,105	270,489	262,873	252,256
TOTAL REVENUES	7,425,393	7,231,888	7,292,563	7,679,487	8,072,617	8,533,129	9,018,727
EXPENSES:							
SALARIES AND BENEFITS	1,554,386	1,653,946	1,486,647	1,679,799	1,757,380	1,810,101	1,864,405
MATERIALS, SUPPLIES, SERVICES	1,524,089	1,569,647	1,921,272	2,019,250	2,047,353	2,186,274	2,251,862
CAPITAL OUTLAY	2,620,728	2,069,712	6,429,639	4,703,000	5,073,000	4,229,000	4,301,000
DEBT SERVICE	1,007,521	980,125	1,018,313	1,013,563	1,012,438	1,004,938	1,006,063
TOTAL EXPENSE \$	6,706,724	6,273,430	10,855,871	9,415,612	9,890,171	9,230,312	9,423,329
TOTAL GAIN (LOSS)	718,669	958,458	(3,563,308)	(1,736,124)	(1,817,553)	(697,184)	(404,601)
	150%	156%	147%	121%	96%	96%	88%
TOTAL WORKING CAPITAL BALANCE	13,952,080	14,910,538	11,347,231	9,611,107	7,793,553	7,096,370	6,691,768
TOTAL WORKING CAPITAL GOAL	9,315,323	9,554,113	7,713,887	7,919,763	8,131,866	7,409,322	7,646,262
CASH FLOW (2 MONTHS REVENUES)	1,139,000	1,145,000	1,168,000	1,233,000	1,300,000	1,378,000	1,461,000
EMERGENCY REPAIRS	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911	1,791,078
OXBORO LAKE PROJECT	3,000,000	3,000,000					
494 MNDOT WORK			1,000,000	1,000,000	1,000,000		
PMP	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155	1,957,160	2,015,875
STORM WATER MAINTENANCE	624,657	643,397	662,699	682,580	703,057	724,149	745,874
CSWMP/WPMP	613,403	631,805	650,759	670,282	690,390	711,102	732,435
UNSCHED STORM SEWER IMPROVEMENTS	250,000	250,000	250,000	250,000	250,000	250,000	250,000
FLOOD CONTROL IMPROVEMENTS	200,000	300,000	300,000	300,000	300,000	350,000	350,000
NPDES REQUIREMENTS	300,000	300,000	300,000	300,000	300,000	300,000	300,000



SOLID WASTE UTILITY– FUND 6250

This fund accounts for the City-wide garbage, recycling, organics recycling service and yard waste program; the Bulky Item Management Program: forestry and removal of diseased trees (such as Emerald Ash Borer infested trees); clean-ups after major storm events, and private property Environmental Health abatements.



GARBAGE RATES

Including Taxes and Fees

	2022 Rate	2023 Proposed Rate	Rate Change	% Increase
Small garbage cart	\$12.44	\$13.03	\$0.59	4.71%
Medium garbage cart	\$16.67	\$17.44	\$0.76	4.59%
Large garbage cart	\$20.90	\$21.85	\$0.94	4.51%

Rate Drivers:

- Price escalator set in contract for collection, 3% increase in 2023
- Disposal cost at Hennepin Energy Recovery Center
- Administrative charge, increasing 10%
- MN State Solid Waste Tax and Hennepin County Solid Waste Fee



RECYCLING RATES

2022 Rate	2023 Proposed Rate	Rate Change	% Increase
\$6.11	\$6.29	\$0.18	3.00%

Rate Drivers:

- Price escalator set in contract for collection, 3% increase
- Recycling Commodity Adjustment Offset Fee (RCAO): Established annually in October based on previous 12 months published commodity indices, composition of recycling as determined through annual recycling sorts and recycling tonnages.
- Strong recycling markets and commodity sorts



2022 recycling sort at Waste Management's recycling facility



Bloomington resident, recycling at home



A common contaminant found during the sort was recyclables contained in plastic bags



ORGANICS RECYCLING RATES

2022 Rate	2023 Proposed Rate	Rate Change	% Increase
\$5.50	\$5.50	No change	No change

- Service began March 2022
- Like regular recycling, rate is paid by all residents with City garbage and recycling service
- Residents will need to sign up for a cart
- To keep the rate steady for this year, we have proposed a slight decreased administrative fee included in rate for education and outreach
- Currently, 25.3% of households are signed up for a cart.



Bloomington residents, recycling organics at home



Bloomington residents, recycling organics at home



BULKY ITEM MANAGEMENT RATE

2022 Rate	2023 Proposed Rate	Rate Change	% Increase
\$4.42	\$3.71	-\$0.71	-16.06%

- Updated program proposal includes:
 - Reimagined every other year curbside cleanup
 - Annual community drop-off event
 - One to two community swap events per year for reusable items
 - Regular curbside collection of reusable and recyclable bulky items
- Portion of rate goes towards cleanup after major storm events
- Residents will notice change on the fee name on Utility Bill from Curbside Cleanup Fee to Bulky Item Management Fee



SOLID WASTE RATE SUMMARY

Monthly Cost for Garbage, Recycling, Organics and Bulky Item Management Fee

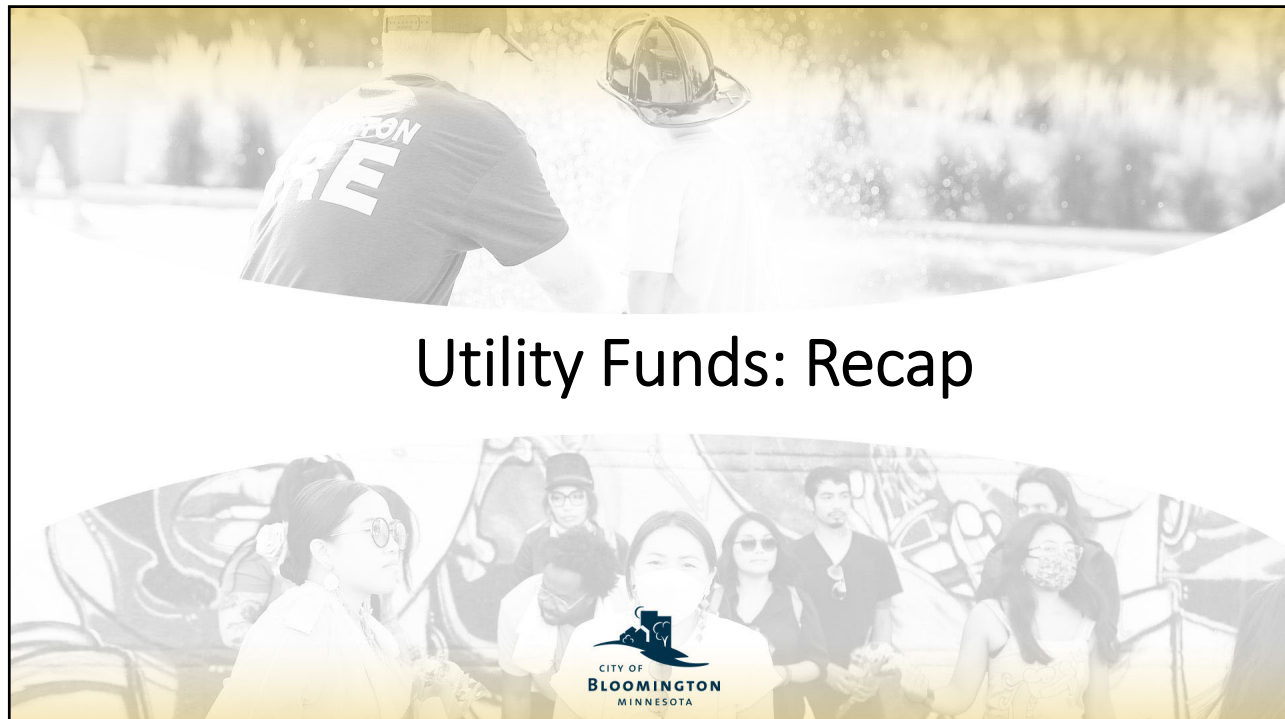
Including State Solid Waste Management Tax and Hennepin County Solid Waste Fee

	2022	2023	Rate Change	% Increase
Small Garbage Cart + Recycling + Organics + Bulky Item Mgmt Fee	\$28.47	\$28.53	\$0.06	0.20%
Medium Garbage Cart + Recycling + Organics + Bulky Item Mgmt Fee	\$32.69	\$32.93	\$0.23	0.72%
Large Garbage Cart + Recycling + Organics + Bulky Item Mgmt Fee	\$36.93	\$37.34	\$0.41	1.12%
Weighted Average Garbage + Recycling + Organics + Bulky Item Mgmt Fee	\$33.24	\$33.51	\$0.27	0.81%



SOLID WASTE - FUND 6250

	2020	2021	2022	2023	2024	2025	2026
DESCRIPTION	ACTUAL	ACTUAL	ESTIMATED	BUDGET REQUEST	CONCEPTUAL BUDGET	PROJECTED	PROJECTED
REVENUE S:							
BULKY ITEM MGMT. AND STORM EVENT CLEAN-UP	1,365,138	1,385,056	1,366,205	1,094,200	1,127,026	1,160,837	1,195,662
GARBAGE BILLINGS	3,531,253	3,607,844	3,594,797	3,795,059	3,916,397	4,190,545	4,379,119
RECYCLING BILLINGS	1,536,083	1,610,659	1,598,376	1,645,464	1,694,828	1,813,466	1,867,870
ORGANICS RECYCLING BILLINGS	-	-	1,268,800	1,480,656	1,525,128	1,631,887	1,680,844
YARD WASTE SUBSCRIPTIONS / STICKERS	1,242,495	1,271,062	1,273,503	1,357,439	1,396,985	1,466,834	1,510,839
PROPERTY TAXES	185,000	185,000	185,000	185,000	185,000	235,000	235,000
OTHER REVENUES	283,339	349,049	1,126,871	1,168,485	1,169,864	821,495	772,681
TOTAL REVENUES	8,143,308	8,408,671	10,413,552	10,726,302	11,015,228	11,320,063	11,642,015
EXPENSES:							
SALARIES AND BENEFITS	227,591	279,584	259,676	429,090	440,962	454,191	467,817
MATERIALS & SUPPLIES	6,814,800	6,997,800	9,138,622	9,472,076	10,057,437	10,314,235	10,454,836
CURBSIDE CLEANUP	1,004,520	961,174	1,145,156	-	1,466,400	-	1,569,048
CAPITAL OUTLAY	-	3,150	-	-	-	-	-
TRANSFERS OUT TO WASTEWATER FOR LOAN	309,000	309,000	-	-	-	-	-
TOTAL EXPENSES	8,355,911	8,550,708	10,543,454	9,901,166	11,964,799	10,768,426	12,491,700
TOTAL GAIN (LOSS)	(212,603)	(142,036)	(129,902)	825,137	(949,571)	551,638	(849,685)
	117%	115%	94%	101%	81%	88%	78%
TOTAL WORKING CAPITAL BALANCE	1,945,466	1,803,430	1,673,528	2,498,664	1,549,094	2,100,731	1,251,046
TOTAL WORKING CAPITAL GOAL	1,659,893	1,571,266	1,788,843	2,463,025	1,901,722	2,376,297	1,607,480



Utility Funds: Recap



Samples of Residential Utility Bills 2022 vs 2023

	2022 Minimum 4,000 gal. wtr Small Garbage	2023 Minimum 4,000 gal. wtr Small Garbage	2022 Medium 11,000 gal. wtr Medium Garbage	2023 Medium 11,000 gal. wtr Medium Garbage	2022 Large 22,000 gal. wtr Large Garbage	2023 Large 22,000 gal. wtr Large Garbage
Storm Drain	\$16.58	\$17.50	\$16.58	\$17.50	\$16.58	\$17.50
Citywide Curbside Cleanup	\$8.84	\$0.00	\$8.84	\$0.00	\$8.84	\$0.00
Bulky Item Mgmt Fee	\$0.00	\$7.42	\$0.00	\$7.42	\$0.00	\$7.42
Recycling	\$12.22	\$12.58	\$12.22	\$12.58	\$12.22	\$12.58
Garbage	\$19.86	\$20.80	\$26.62	\$27.84	\$33.36	\$34.88
Henn. Co. SW Fee	\$3.08	\$3.22	\$4.13	\$4.32	\$5.17	\$5.41
Organics	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
Water Tier 1 <12K	\$17.36	\$18.68	\$47.74	\$51.37	\$52.08	\$56.04
Water Tier 2 >12K	\$0.00	\$0.00	\$0.00	\$0.00	\$76.50	\$82.20
State Test Fee	\$1.62	\$1.62	\$1.62	\$1.62	\$1.62	\$1.62
Sewer (base charges)	\$20.56	\$21.16	\$56.54	\$58.19	\$113.08	\$116.38
MN Solid Waste Mgmt Tax	\$1.94	\$2.03	\$2.60	\$2.72	\$3.26	\$3.41
Total:	\$113.06	\$116.01	\$187.89	\$194.56	\$333.71	\$348.44
	increase of \$2.95 bi-monthly x 6 bills a year \$17.70 increase/yr		increase of \$6.67 bi-monthly x 6 bills a year \$40.02 increase/yr		increase of \$14.73 bi-monthly x 6 bills a year \$88.38 increase/yr	



Residential utilities are billed bi-monthly, 6 times a year.



Utility	Proposed 2023 Rate Increase
Water	7.50%
Wastewater	3.00%
Stormwater	5.50%
Garbage (weighted avg. of small, medium, & large carts)	4.62%
Recycling	3.00%
Bulky Rate	-16.00%
Organics	0%





Ordinance to Increase Water and Wastewater Rates

Motion by _____, seconded by _____ to adopt Ordinance No. 2022- ____ amending Appendix A of the Bloomington City Code to increase water and wastewater rates as indicated in Chapter 11.

Motion by _____, seconded by _____ to adopt Resolution No. 2022- ____ Resolution Directing Summary Publication of Ordinance No. 2022- ____ Ordinance increase water and wastewater rates.



Ordinance to Increase Solid Waste and Refuse Collection Fees

Motion by _____, seconded by _____ to adopt Ordinance No. 2022-____ amending Appendix A of the Bloomington City Code to increase solid waste and refuse collection fees indicated in Chapter 11.

Motion by _____, seconded by _____ to adopt Resolution No. 2022-____ Resolution Directing Summary Publication of Ordinance No. 2022-____ Ordinance to increase solid waste and refuse collection fees.



Resolution to Change Storm Water Charges

Motion by _____, seconded by _____ to adopt Resolution No. 2022-____ establishing a basic system rate for the purpose of calculating storm water drainage charges pursuant to Section 16.15 of the City Code.



Resolution Approving 2023 Utility Fund Budgets

Motion made by _____, seconded by _____ to adopt Resolution No. 2022 - _____, Resolution Adopting 2023 Water, Wastewater, Storm Water and Solid Waste Enterprise Fund Budgets.

- Fund 6100 - Water
- Fund 6150 – Wastewater
- Fund 6200 – Storm Water
- Fund 6250 – Solid Waste

