



CITY OF TONKA BAY
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WORK SESSION ENTERPRISE BUDGETS

Memo

To: Mayor and City Council
From: Lindy Crawford, City Administrator
Date: November 10, 2015
Re: Enterprise Budgets

Staff has outlined a narrative to the proposed enterprise funds below. The narrative will guide you through each fund and the proposed changes for 2016.

Water Operating

Comments from the 2014 Audit state that the Water Fund incurred a loss from operations of \$65,011 for the year. One of the main reasons for the decline in operations is that operating revenues of the Water Fund decreased by approximately \$39,000. Included in the operating expenses are depreciation charges of \$69,390. This amount is transferred to the Water CIP (Reserve) to provide resources to finance future improvement projects.

Approximately \$22,000 of the loss can be attributed to repairs and maintenance that came in higher than anticipated. However, we saved in other areas totaling roughly \$19,000.

Staff has decreased the Water Tower Expenses and Heat and Natural Gas to reflect actual numbers. Staff has increased the Supplies/ Postage for state water sample fees, Safety Equipment for fire extinguishers, Lime Pit Expenses for increased contractor fees, and Meter Purchases.

On the revenue side staff has proposed an increase in Penalties and Miscellaneous Revenue to reflect more accurate numbers.

To compensate for the constant decrease in this Fund, staff is proposing a *one-time* transfer in from the Sewer Reserve Fund of \$80,000 to help offset the negative balance. Staff is also proposing a 3% increase to each tier water rate as well as a \$0.50 increase to the base rate.

Proposed Water Fee Breakdown

Tier	2015	2016	% / \$ Change
1-18	4.44	4.57	+3% / +\$0.13
19-36	4.65	4.79	+3% / +\$0.14
37-71	5.13	5.28	+3% / +\$0.15
72-999999999	6.41	6.60	+3% / +\$0.19

	2015	2016	% / \$ Change
Base Rate	\$15.75	\$16.25	+3.2% / +\$0.50

Sewer Operating

The Sewer Fund is overall in good shape. The depreciation charge of \$60,473 is transferred to the Sewer CIP (Reserve) to provide resources to finance future improvement projects. Staff increased the Safety Equipment, Supplies/ Postage (expenses), Commercial Charges (revenues), and Penalties to reflect actual numbers.

The 2015 Fee Schedule indicated that there are 656 households with sewer hookups whereas the budget narrative showed there were 665. There are actually 656 hookups. To compensate for this error, Staff is proposing an increase to sewer rates of \$2. *This will look like a decrease in the line item, but is actually an increase.*

Proposed Sewer Fee Breakdown

	2015 Fee Schedule	2015 Budget	2016 Fee & Budget	% / \$ Change
Sewer Rate (per quarter)	\$130.50	134.42	\$132.50	+1.5% / +\$2.00

Garbage

The Garbage Fund is in healthy shape; therefore staff is proposing a decrease in the garbage collection rates of \$7.81 per quarter, per resident. This would also decrease the State and County tax rates by \$0.76 and \$0.70 respectively. Staff is proposing a *one-time* transfer out to the Recycling Fund of \$60,000 to help offset the negative balance. Staff has increased the Billing Supplies/Postage (expenses) and Penalties (revenues) to reflect accurate numbers.

Recycling/ Yard Waste

The Recycling Fund has seen a significant decrease over the past year due to the fact that yard waste expenses continued to hit the Recycling Fund even though they were actually budgeted for in the Garbage Fund. To compensate for this, Staff is proposing a *one-time* transfer in from the Garbage Fund as well as an increase of \$9.46 in recycling rates per quarter, per resident. Staff has also increased the Penalties (revenues) to reflect accurate numbers.

Proposed Recycling/ Garbage Fee Breakdown

	2015	2016	% / \$ Change
Garbage	45.01	37.20	-17.4% / -\$7.81
Hennepin Cty. Tax	4.05	3.35	-17.3% / -\$0.70
MN Tax	4.39	3.63	+17.3% / -\$0.76
Recycling	26.54	36.00	+35.6% / +\$9.46
TOTAL (per quarter)	\$79.99	\$80.18	+0.24% / +\$0.19

Proposed Senior Recycling/ Garbage Fee Breakdown

	2015	2016	% / \$ Change
Garbage	42.57	34.75	-18.4% / -\$7.82
Hennepin Cty. Tax	3.83	3.13	-18.3% / -\$0.70
MN Tax	4.15	3.39	+18.3% / -\$0.76
Recycling	26.54	36.00	+35.6% / +\$9.46
TOTAL (per quarter)	\$77.09	\$77.27	+0.23% / +\$0.18

Dock

Staff broke out the milfoil from Repairs, Supplies & Maint. and that is why you are seeing a 50% decrease for that line item. The new milfoil item is under Miscellaneous. We will collect \$2,542 in interest for revenue in 2016.

Stormwater Drainage

Staff broke out the Engineering, MS4 Services and SafeAssure Services into the appropriate categories to represent more accurate numbers. We have been understating the Penalties and Utility Charges under revenue so staff has increased those line items to reflect accurate numbers.

PEG

Staff budgeted \$4,300 for the Franchise Revenue to reflect real numbers. This revenue should be anticipated based on franchise fees paid by customers since 2014. Since this is a newer fund this has previously not been budgeted for.

Other Funds

There are no proposed changes to the following funds: Antenna, Parks, Manitou Seawall, and Southshore Center.

Water/ Sewer CIP (Reserve)

Staff revised the layout of this spreadsheet to match the Capital Improvement Plan. The new layout also includes fund availability balances based on actual dollars spent in previous years and an anticipated amount for the 2015 year end. This budget is funded through Sewer Operating and Water Operating depreciation (see above).

All of the projects in both sections are based on a strict schedule that the City has been following for years. Staff has revised the dollar amounts for each project to reflect more

accurate and tighter numbers (see below). These projects must happen in order to maintain the efficiency and effectiveness of our water and sanitary sewer.

Water/ Sewer CIP Project Changes

	Project	2015	2016
Water	Comprehensive Plan Update	-	1,000
	Water Plant Skylight Repair	60,000	7,750
Sewer	Comprehensive Plan Update	-	1,000
	Manhole Covers	3,349	6,500
	Lining	35,250	40,000
	Lift Station Pumps	4,700	4,784
	Infiltration & Inflow	15,000	19,250
TOTAL		\$118,299	\$80,284

Attachments

Fee Schedule

July 28, 2015 Staff Report

2016 Enterprise Fund Budgets

2016 Enterprise Fund Narratives

2016 Water/ Sewer Reserve CIP Schedule