

**City of Minneapolis
2014 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 additional activities. There are nine programs that are budgeted for 2014 within the Solid Waste fund. The Solid Waste Division provides weekly and bi-weekly services for trash, yard-waste, and recycling materials pickups. 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 in the City with the other half being 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, graffiti, and organic programs.

Historical Financial Performance

The overall financial condition of the Solid Waste and Recycling Fund has remained stable over the years despite a planned decrease in net position for 2013. Total revenues for year 2012 were at \$32.5 million compared to \$33.0 million in 2011, a decrease of \$500,000, or 2%. The increase in revenues of \$400,000 from monthly collection services and micro-grants was off-set by a decrease in revenues of \$900,000 in scrap metal sales, local government grants, miscellaneous services and special assessments. Total expenditures for 2012 were \$33.6 million compared to \$32.1 million for 2011, an increase of \$1.5 million or 5%. Approximately \$1 million of this increase is due to purchases related to the one-sort recycling program. The additional increase of \$500,000 is due to the mattress recycling program, fringe benefits, and the MERF pension plan. The 2012 year-end cash balance for this fund was \$23.9 million compared to \$22.4 million at the end of 2011.

For 2013, year-end revenues from collections are projected to reach \$28.9 million, and the total revenues for the fund are projected to exceed \$31.6 million. Expenses for the Solid Waste and Recycling Fund are projected at \$36.3 million. This projected deficit of \$(4.8) million is mainly due to the planned capital outlay in 2013 for the purchase of carts and containers relating to the one-sort recycling program. With a cash balance in excess of \$23.8 million at the end of 2012, the Solid Waste and Recycling Fund is able to absorb these costs.

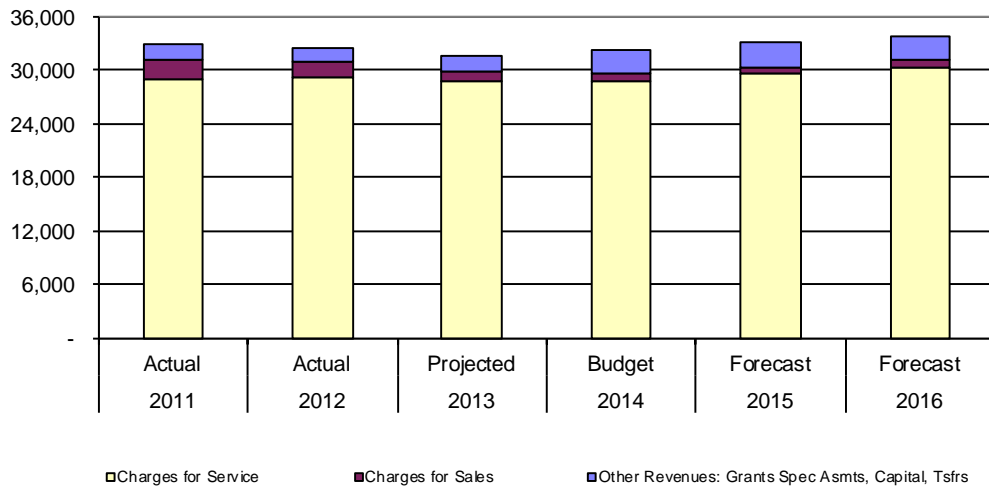
2014 Budget

Revenues

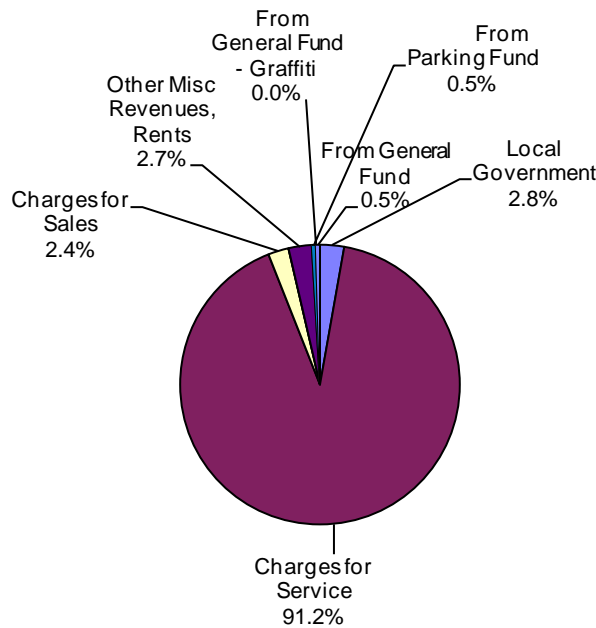
The total revenue budget for the Fund for 2014 amounts to \$32.3 million compared to \$31.6 million projected for 2013. This is an increase of about \$800,000 over the 2013 projection. Service revenue has been estimated at \$28.9 million which is the same as the projection for 2013. For 2014, the collection fee has been proposed at \$17.60 per dwelling unit. Monthly charges for large and small disposal carts are set at \$5 and \$2, respectively. Due to the decreasing market for scrap metals, recyclable sales for 2014 are expected to be \$750,000, which is approximately \$150,000 less than the projected amount of \$892,000 for 2013. Funds

from local governments include a Hennepin County recycling grant of \$880,000. Revenues generated from debris removal, special district maintenance, and various miscellaneous sources are estimated at \$500,000. An additional \$852,000 is expected to be generated from other sources and City departments for graffiti related work done on streets, bridges and other City properties.

Solid Waste Fund Revenues (in thousands of dollars)



Source of Funds (\$31.7 million)

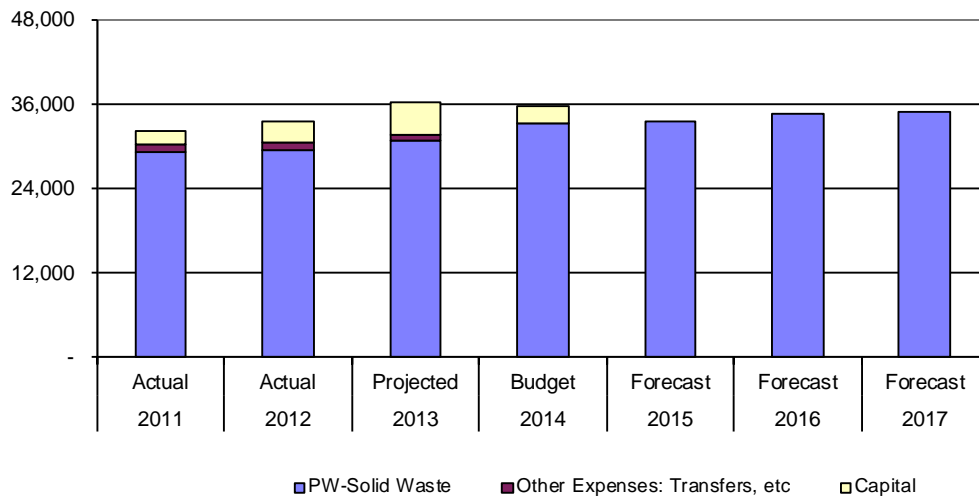


Revenue Assumptions (2014)	
Number of dwelling units	105,529

Expenditures

The total expenditure budget for 2014 amounts to \$33.4 million compared to \$36.3 million projected for 2013, a decrease of \$2.9 million. The operating budget at \$33.4 million accounts for 93% of the total budget. For facility maintenance, \$2.5 million has been proposed under capital improvement works. An increase of \$2.5 million in the operating budget has been off-set by a decrease in the capital budget of \$2.3 million. For 2013, the capital budget included \$4.8 million for the one-sort program. The Department's 2014 expenditures and changes include: (i) reclassification of the public service worker position and increase in the personnel budget of approximately \$500,000; (ii) an additional increase of \$300,000 in new vendor contracts for collection and yard waste for 2014; (iii) \$600,000 in higher costs for internal transfers required by the 2014 rate model plan; and (iv) facility improvement program replacing the 2013 one-sort recycling program.

Solid Waste Fund Expenditures
(in thousands of dollars)



Transfers

Prior year budgets included a \$700,000 transfer from Solid Waste and Recycling to the General Fund to pay for snow plowing, which enabled delivery of solid waste and recycling services in the alleys. This transfer is discontinued starting 2014. Pension obligations related to the Minneapolis Employees Retirement Fund (MERF) have been eliminated from the Transfers Out category. Starting in 2013, this obligation is 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 the downtown area. Since 2004, the Fund has been receiving an annual transfer from the General Fund for graffiti removal and micro grants. For 2014, this amount is \$125,000. An additional transfer of \$695K for graffiti is scheduled to go into effect for 2014 and similar amounts are anticipated for coming years.

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 \$ \$15.6 million cash balance at the end of 2014.

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

Solid Waste Fund - 7700

	2011 Actual	2012 Actual	2013 Budget	2013 Projected	2014 Budget	% Chg From 2013 Projected	2015 Forecast	2016 Forecast	2017 Forecast
Sources of Funds:									
Local Government	890	864	891	891	880	-1.2%	880	880	880
Charges for Service	28,938	29,251	28,226	28,877	28,890	0.0%	29,604	30,363	31,147
Charges for Sales	2,173	1,611	1,251	892	750	-15.9%	750	750	750
Special Assessments	256	98	-	-	-		-	-	-
Other Misc Revenues, Rents	585	335	945	650	852	31.1%	852	852	852
Operating Transfers In:									
From Parking Fund	146	146	146	146	146		146	146	146
From General Fund - Graffiti					695		661	678	695
From General Fund	50	150	150	150	125	-16.7%	150	150	150
Total	33,038	32,455	31,608	31,606	32,338	2.3%	33,043	33,819	34,620
Use of Funds:									
PW-Solid Waste	29,282	29,440	32,055	30,869	33,378	8.1%	33,556	34,691	34,860
Transfers									
To General Fund	700	700	700	700	-	-100.0%	-	-	-
To MERF Fund	236	571	-	-					
General Services Capital									
Capital	1,908	2,938	4,775	4,775	2,500	-47.6%	-	-	-
Human Resources									
Total	32,126	33,649	37,530	36,344	35,878	-1.3%	33,556	34,691	34,860
Change in Net Position	912	(1,193)	(5,922)	(4,738)	(3,540)		(513)	(872)	(240)
Net Position Balance	30,539	30,319	24,397	25,581	22,041		21,529	20,657	20,417
Cash Balance	22,372	23,856	17,934	19,118	15,578		15,066	14,194	13,954