

**City of Minneapolis
2012 Budget
Financial Plan**

Storm Water Fund

Background

The Storm Water Conveyance & Treatment and Street Cleaning programs make up the budget for Storm Water Fund. The Fund accounts for street cleaning, design, construction, and maintenance of 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 sewer from the sanitary sewer lines.

Historical Financial Performance

In 2010, total revenues increased to \$46.1 million compared to \$45.8 million in 2009. This increase amounts to \$200,000, or 1%. While design and bond revenues from capital activities decreased by \$2.9 million compared to 2009, revenues from storm utility charges and maintenance agreements were up by \$3.1 million. A rate increase of \$0.32 per Equivalent Stormwater Unit (ESU) in utility billings accounted for \$2.8 million increase in the Fund's 2010 revenues. The expenditure of \$37.9 million in 2010 is an increase of \$5.1 million, or 16%, compared to \$32.8 million in 2009. \$2.3 million of this increase comes from operations with another \$2.9 million from Capital, and \$2.4 million in transfers. These increases have been slightly off-set by decrease in debt service by \$2.5 million.

2012 Budget

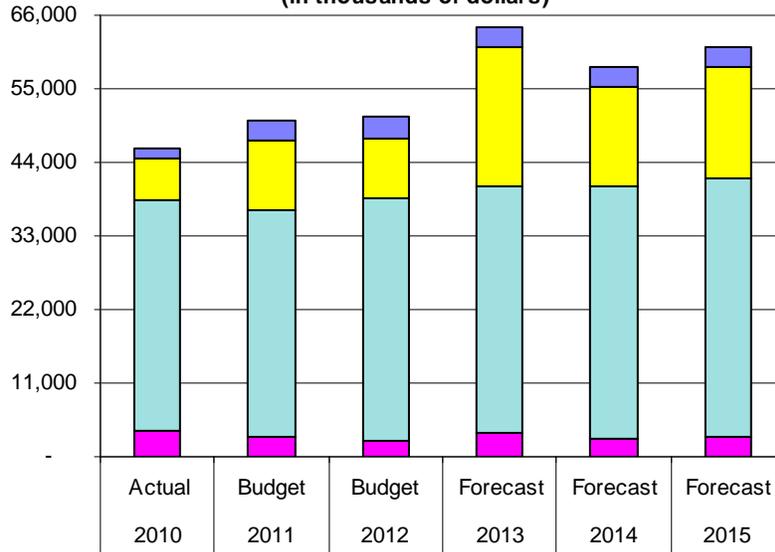
Revenues

The 2012 revenue budget totals \$50.7 million, compared to \$46.6 million projected for 2011, an increase of 0.6%. The capital program is estimated to generate \$9 million from bond sales in 2012. The Storm water rate or the rate per ESU for 2012 has been proposed at \$11.70. This rate increase of \$0.28 in storm water billings is estimated to put service revenue at \$36.3 million, \$900,000 more than the projected \$35.4 million for 2011. Revenues from maintenance agreement with County/State are expected to decrease to \$916,000 compared to \$1.4 million for 2011.

Year	Rate per ESU (Equivalent Storm Water Unit)	% Increase	Total Planned Revenue from Utility Fee
2012	\$11.70	2.5%	\$36.3 million
2013	\$11.93	2%	\$37.0 million
2014	\$12.17	2%	\$37.8 million
2015	\$12.41	2%	\$38.5 million
2016	\$12.65	2%	\$39.3 million

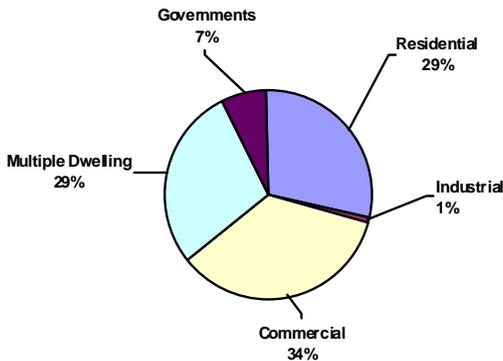
Note: Total revenue from charges for services in the financial plan exceeds the amount generated by the utility fee because revenue deposited in the Storm Water Fund also include sources other than utility fees, such as capital work for others billings.

Stormwater Fund Revenues
(in thousands of dollars)



■ Grants, Spec. Asmts, Misc Rev, etc. ■ Charges for Service-Operating
■ Proceeds of Long Term Liabilities ■ Charges for Service-Capital

Total Active Sewer Property Types

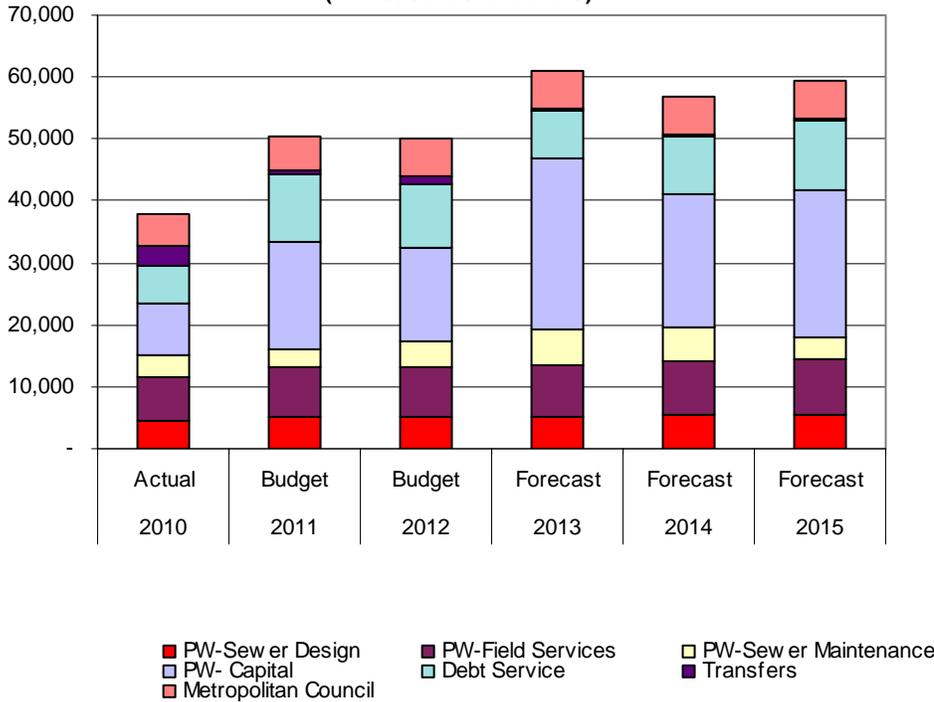


Total Usage Units (in millions)	
Property Type	Count
Residential	4,447
Commercial	5,277
Government	1,106
Industrial	80
Multiple Dwelling	4,413
Total	15,352

Expenditures

The 2012 total expenditure budget for the Storm Water Fund amounts to \$49.9 million compared to \$52.6 million projected for 2011, a decrease of 5%. This amount funds operations, capital programs, debt services and the pension fund. The fund's operating budget is used for design, maintenance, overflow programs, Met Council payments, and street cleaning. The operating budget for 2012 totals \$23.5 million which is \$3 million higher than the \$20.7 million projected for 2011. Capital programs are estimated at \$14.3 million compared to \$18.5 million projected for 2011. Capital programs are funded by operating revenue and bonds and for 2012, \$5.8 million of capital projects are based on Storm revenue and the remaining \$9 million are bond funded.

Stormwater Fund Expenditures
(in thousands of dollars)



Combined Sewer Overflow (CSO)

Combined Sewer Overflow project started in 2004. Working with property owners, this project aims to identify and disconnect roof drain system from the sanitary system. This is an on-going program and \$921,000 has been allotted for 2012 from operating budget with additional funding coming from the Capital programs.

Debt Service & Transfers

The debt service payments are primarily for bonds that have already been sold to finance the Combined Sewer Overflow (CSO) program and flood mitigation programs. For 2012, debt service payments are estimated at \$10.5 million compared to \$13.1 million projected for 2011. Transfers relating to MERF pension plan are made to the pension fund, and for 2012, these transfers are estimated at \$1.1 million compared to \$478,000 for 2011. Both the debt service and transfers are funded through fund balance generated by Storm Water revenues.

Mayor’s Recommended Budget

The Mayor recommends no changes.

**City of Minneapolis
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Stormwater Sewer Fund - 7300

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Federal Government									
State Government	731	1,148	1,022	1,022	670	-34.5%	670	670	670
Local Government	297	266	442	442	246	-44.5%	246	246	246
Charges for Service-Operating	32,011	34,543	33,971	35,448	36,323	2.5%	37,043	37,794	38,545
Design & Misc Revenues	3,460	1,650	1,376	1,376	1,394	1.3%	2,470	1,695	1,990
Charges for Sales	-	-	10	10	-		-	-	-
Special Assessments	498	686	60	634	60	-90.5%	60	60	60
Interest	-	-	-	-	-		-	-	-
Charges for Service-Capital	1,375	1,557	3,000	1,403	3,000	113.8%	3,000	3,000	3,000
Proceeds of Long Term Liabilities	7,473	6,191	10,500	6,238	9,000	44.3%	20,750	14,888	16,880
Total	45,843	46,075	50,381	46,573	50,692	0.6%	64,238	58,352	61,391
Use of Funds:									
PW-Sewer Design	3,874	4,434	5,186	4,615	5,114	10.8%	5,150	5,309	5,474
PW-Field Services	7,242	6,994	8,040	7,779	8,056	3.6%	8,373	8,672	8,982
PW-Sewer Maintenance	2,242	3,651	2,933	2,842	4,265	50.1%	5,860	5,454	3,552
Metropolitan Council	4,577	5,121	5,581	5,285	6,089	15.2%	5,924	6,067	6,215
Debt Service	8,805	6,208	6,024	13,114	7,400	-43.6%	3,154	3,065	3,029
Future Debt Service	-	-	4,890	-	3,111		4,671	6,468	8,124
Transfers	837	3,311	478	478	1,112	132.6%	286	286	286
PW- Capital	5,235	8,214	17,270	18,525	14,850	-19.8%	27,500	21,538	23,810
Total	32,812	37,933	50,402	52,637	49,997	-5.0%	60,918	56,859	59,472
Change in Net Assets	13,032	8,142	(22)	(6,065)	694		3,320	1,492	1,919
Net Asset Balance	257,057	267,781	267,759	261,716	262,410		265,731	267,223	269,142
Cash Balances									
Operating Cash	14,445	22,676	22,655	16,610	15,353		18,674	20,166	22,085
Construction Cash	7,235	3,484							
Total Cash Balance	21,680	26,160	22,655	16,610	15,353		18,674	20,166	22,085