

**City of Minneapolis
FY 2005
Financial Plan**

Solid Waste and Recycling Fund

Background

This fund accounts for solid waste collection and disposal/recycling activities for the City. The Solid Waste Division of the Public Works Department provides weekly trash and yard-waste pickup, bi-weekly recycling pickup and operates a solid waste transfer station for over 100,000 households.

Funding for solid waste and recycling activities are provided mainly from sanitation fees and partly from sources such as Hennepin County Grants, recyclable sales, and charges for other services. City crews provide approximately one-half of the solid waste collection service and the other half of the service is provided through a contract with a consortium of companies specializing in waste collection.

Historical Financial Performance

The overall financial condition of the Solid Waste Fund is positive as a result of management practices and scheduled annual rate increases for the sanitation fee. The net assets for this fund at the end of year 2003 were \$16.4 million, as compared to \$13.2 million at year-end 2002.

The Solid Waste fund has been partially updating its fleet on a yearly basis. In 2002, two recycling units, one side loader for litter containers, and three sanitation trucks were purchased.

2004 Financial Performance

In 2004 revenues from charges for services are projected to be \$26.8 million or \$700,000 more than the budgeted \$26.1 million.

Expenses for the Public Works cost center are projected to be slightly under the \$25.8 million budget at \$25.7 million.

2005 Budget

Revenues

For 2005, no Solid Waste and Recycling rate increase is recommended. The monthly rate will remain at \$19.25 per month per dwelling unit. For planning purposes an annual rate increase of 3% is assumed for years 2006 through 2008. A 3% increase would

result in a \$19.83 and \$20.42 per month per dwelling unit for years 2006 and 2007, respectively.

The Hennepin County Recycling Grant is estimated to total \$544,000 in 2005, a decrease of \$260,000 from 2004. It is anticipated that the amount will decrease by approximately \$100,000 annually in future years.

Expenditures

Overall operating expenditures are budgeted to increase by .7% from \$27.1 million in 2005 to \$27.3 million in 2005 for the Public Works Solid Waste cost center. Transfers to Internal Service funds have been replaced with a rate model which charges the individual costs centers, rather than being funded by a transfer at the fund level.

Transfers

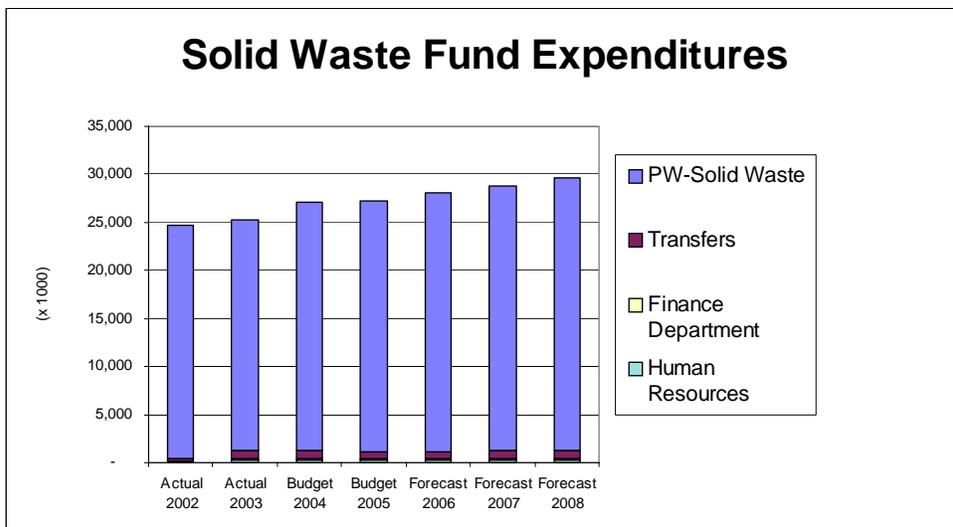
The 2005 budget includes the continuation of a \$700,000 transfer from Solid Waste and Recycling to the General Fund to pay for snow alley plowing to ensure delivery of solid waste and recycling services in the alleys and is projected to remain at \$700,000 thereafter.

A transfer of \$58,000 to the Debt Service fund for pension obligations related to the Minneapolis Employees Retirement Fund (MERF) is also reflected.

The Solid Waste and Recycling Fund receives a transfer of \$146,000 from the Parking Fund to pay for litter container pick-up (downtown). In 2004, a permanent transfer of \$50,000 was established for graffiti removal.

Debt Service

This fund does not have any associated capital debt service payments.



**City of Minneapolis
FY 2005 Budget
Financial Plan (in thousands of dollars)**

Solid Waste Fund 7700

	2002 Actual	2003 Actual	2004 Budget	2004 Projected	2005 Budget	% Chg from 2004	2006 Forecast	2007 Forecast	2008 Forecast
Sources of Funds:									
Local Government	936	844	804	804	544	-32.3%	444	344	244
Charges for Service	24,906	26,241	26,099	26,803	26,099		26,882	27,688	28,519
Charges for Sales	617	943	640	640	900	40.6%	900	900	900
Special Assessments	128	93		54			-	-	-
Operating Transfers In:									
From Parking Fund	146	146	146	146	146		146	146	146
From General Fund			50	50	50		50	50	50
Total	26,733	28,267	27,739	28,497	27,739		28,422	29,128	29,859
Use of Funds:									
PW-Solid Waste	24,271	23,940	25,830	25,658	26,548	2.8%	27,344	28,165	29,010
Transfers									
To General Fund	170	762	700	700	700		700	700	700
To BIS Fund	12	70	70	70	-		-	-	-
To Self Insurance Fund	11	11	11	11	-		-	-	-
To MERF Fund			90	90	58	-35.6%	60	60	60
Finance Department	183	195	196	196	1	-99.5%	1	1	1
Human Resources		225	228	228	-		228	235	242
Total	24,647	25,203	27,125	26,953	27,307	0.7%	28,333	29,161	30,013
Fund Margin	2,086	3,064	614	1,544	432	-29.6%	89	(32)	(154)
Fund Balance	13,212	16,353	16,967	17,897	18,329	8.0%	18,417	18,385	18,232
Cash Balance	8,005	10,675	11,289	12,219	12,651	12.1%	12,739	12,707	12,554