

**City of Minneapolis
2011 Budget
Financial Plan**

Solid Waste and Recycling Fund

Background

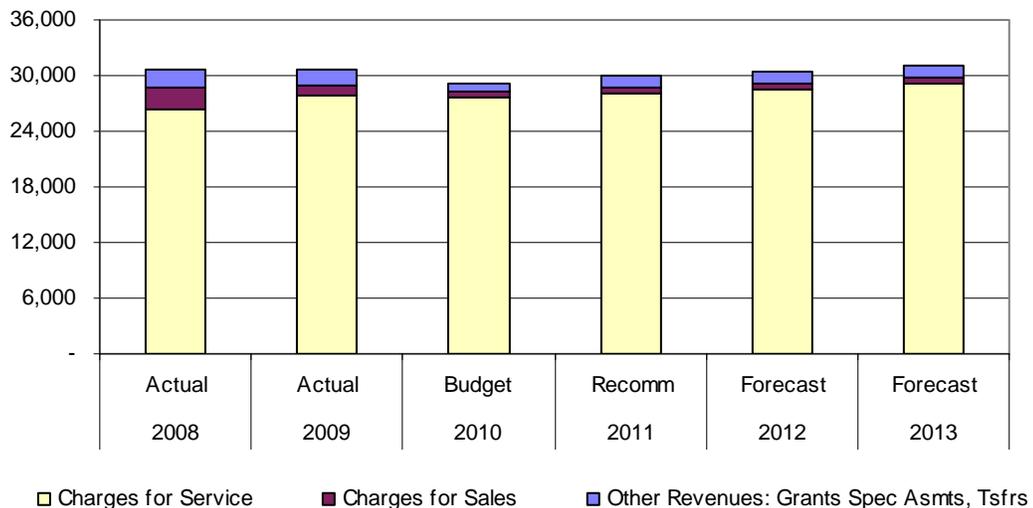
The Solid Waste and Recycling Fund account for solid waste collection, graffiti removal, disposal, recycling activities and organic programs of the City. The Solid Waste Division of Public Works provides weekly and bi-weekly trash, yard-waste, and recycling pickups. It also operates a solid waste transfer station providing service to over 105,000 households. City crews provide approximately one-half of the solid waste collection service with the other half of the service 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, and organic programs.

Historical Financial Performance

The overall financial condition of the Solid Waste and Recycling Fund has remained stable over the years. Total revenues for year 2009 were at \$30.6 million. The year-end cash balance for this fund ended at \$20.6 million compared to \$20.7 million in 2008.

**Solid Waste Fund Revenues
(in thousands of dollars)**

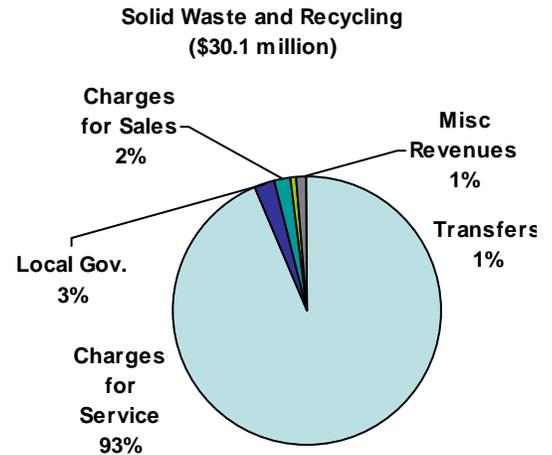


Revenue Assumptions (2011)	
Number of dwelling units	105,429
Number of recycling customers	101,434

2011 Budget

Revenues

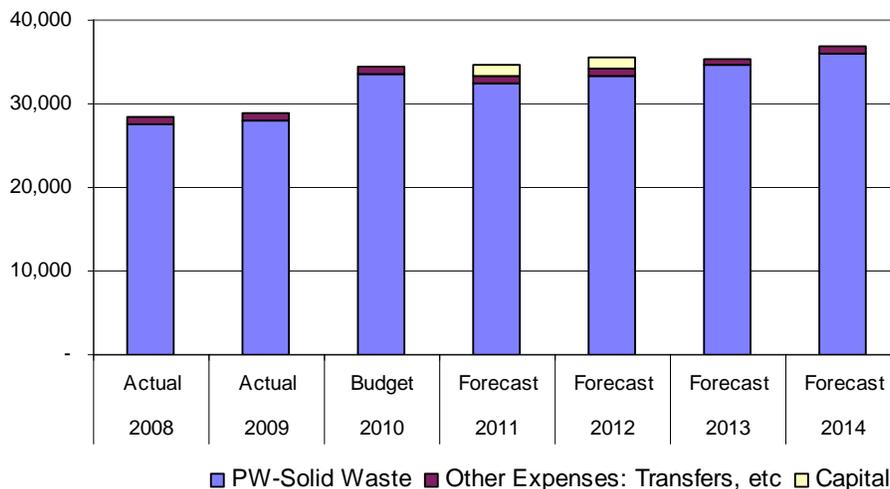
The total revenue budget for the Fund for 2011 amounts to \$30.1 million compared to \$29.2 million for 2010. This is an increase of \$900,000 or 3.2% in estimated revenue. Service revenue has been estimated at \$28 million compared to \$27.6 million for 2010. For 2011, base unit charge has been set at \$24 per dwelling unit with adjustments of \$7 made to recycling credits. Monthly charges for large and small disposal carts are set at \$5 and \$2, respectively. Increase in service revenue is due to anticipated revenues from large cart to small cart conversions. Due to decreasing market for scrap metals, recyclable sales for 2011 are expected to decrease resulting in estimated revenue of \$600,000. Funds from local government include a Hennepin County recycling grant of \$800,000 and reimbursement of \$10,000 from State for graffiti. Revenues generated from debris removals, special district maintenance, and various miscellaneous sources are estimated at \$350,000.



Expenditures

The total expenditure budget for 2011 amounts to \$34.7 million compared to \$34.4 million for 2010, an increase of \$300,000 over 2010. A decrease of \$1.1 million in the 2011 operating budget was offset by an increase in capital outlay for 2011 estimated at \$1.4 million. Capital outlays include purchases and major improvements for the South Transfer Station which is scheduled to continue through 2012. The operating expenditures for 2011 total \$32.4 million compared to \$33.5 million for 2010, a decrease of \$1.1 million, or 3.5%. The reduction was made in contractual services to bring the budget more in line with actual expenditures and major contracts.

Solid Waste Fund Expenditures (in thousands of dollars)

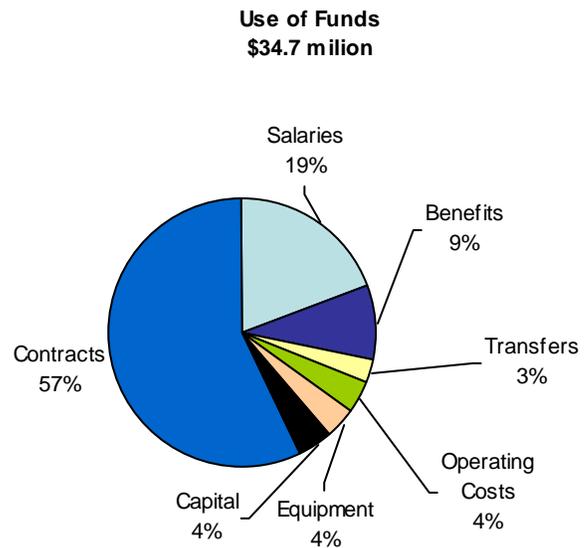


Transfers

The 2011 budget includes a \$700,000 transfer from Solid Waste and Recycling to the General Fund to pay for snow plowing that will ensure delivery of solid waste and recycling services in the alleys. This transfer is projected to continue at \$700,000 in coming years.

The budget also includes a transfer of \$236,000 to the Debt Service Fund for pension obligations related to the Minneapolis Employees Retirement Fund (MERF).

The Solid Waste and Recycling Fund will continue to receive \$146,000 from the Parking Fund for litter container pick-ups in downtown area. Since 2004, the Fund has been receiving \$50,000 as an annual transfer from General Fund for graffiti removal.



Debt Service

This fund does not have any capital debt service payments.

Cash Balance

The \$1.4 million capital outlay and improvement in 2011 for the South Transfer Stations is being paid for with the Fund's revenue. Even with this additional expenditure, the Solid Waste and Recycling Fund is projected to have a \$11.7 million cash balance at the end of 2011.

Mayor's Recommended Budget

The Mayor recommended a one-time appropriation of \$150,000 for graffiti microgrants and a one-time appropriation of \$300,000 for organic waste reduction. The Mayor included a wireless commitment of \$42,367 which is offset by healthcare savings.

Council Adopted Budget

The Council adopted Mayor's recommendations.

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Solid Waste Fund - 7700

	2008 Actual	2009 Actual	2010 Budget	2010 Projected	2011 Budget	% Chg From 2010 Budget	2012 Forecast	2013 Forecast	2014 Forecast
Sources of Funds:									
Local Government	872	861	800	888	810	1.3%	800	800	800
Charges for Service	26,385	27,892	27,582	27,791	28,145	2.0%	28,511	29,081	29,081
Charges for Sales	2,284	1,095	600	1,437	600		600	600	600
Special Assessments	573	563							
Other Misc Revenues, Rents	85	-		452	350		350	350	350
Operating Transfers In:									
From Grants									
From Parking Fund	146	146	146	146	146		146	146	146
From General Fund	200	50	50	50	50		50	50	50
Total	30,545	30,607	29,178	30,764	30,101	3.2%	30,457	31,027	31,027
Use of Funds:									
PW-Solid Waste	27,594	28,021	33,546	30,012	32,378	-3.5%	33,271	34,602	35,986
Transfers									
To General Fund	700	700	700	700	700		700	700	700
To BIS Fund									
To Self Insurance Fund									
To MERF Fund	109	121	151	151	236	56.3%	164	136	136
Capital				4,195	1,380		1,380	-	-
Human Resources									
Total	28,403	28,842	34,397	35,058	34,694	0.9%	35,515	35,438	36,822
Change in Net Assets	2,143	1,765	(5,219)	(4,294)	(4,592)	-12.0%	(5,058)	(4,411)	(5,795)
Net Asset Balance	26,878	27,948	22,729	23,654	19,062	-16.1%	14,004	9,593	3,798
Cash Balance	20,667	20,560	15,341	16,266	11,674	-23.9%	6,616	2,205	(3,590)