

MAYOR AND COUNCIL COMMUNICATION

DATE: December 6, 2016

CONSENT

ITEM #11

MOTION

AGENDA ITEM: Approve 2017 Enterprise Funds Budgets

SUBMITTED BY: Cathy Bendel, Finance Director

REVIEWED BY: Kristina Handt, City Administrator

SUMMARY AND ACTION REQUESTED: On November 9, 2016 the 2017 Enterprise Funds Budgets were discussed at the Finance Committee meeting. It was their recommendation that the 2017 Enterprise Funds budgets be presented to the City Council. Due to the level of detail, the budgets were presented at the November 22, 2016 City Council workshop. The City Council is being asked to approve the 2017 Enterprise Funds budgets as presented.

BACKGROUND INFORMATION/STAFF REPORT: Earlier in the year, TKDA was hired to make recommendations related to the operational needs for the Enterprise Funds for the next 10 years. That information was then provided to Northland Securities who was hired to use that information in preparing an updated Utility Study. The attached 2017 budgets reflect the recommended results.

The City Council is being asked to approve the 2017 Enterprise Funds Budgets as presented.

ATTACHMENTS:

1. 2017 Enterprise Funds Budgets

11/15/2016

Account Number	Description	2013 Actual	2014 Actual	2015 Budget	2015 Actual	2016 Budget	2016 Projected Actual	2017 Budget	2016 to 2017 Change
WATER		310444	7101001	Dadgot	7101001	Duagot	7101001	Daagot	Change
WATER	Operating Revenues								
	O Special Assessments	\$34,403	\$107,647	\$158,547	\$163,405	\$158,547	\$163,405	\$16,950	-89.6% Majority of Section 34 SA's have been paid off
601-000-0000-3710		\$0 \$536,438	\$0 \$663,994	\$0 \$783,744	\$0 \$440,322	\$0 \$725,000	\$0 \$475,487	\$0 \$543,689	0.0% 14.3% 2013, 2014 very dry; residential water rate decrease eff 1/1/16
601-000-0000-3712 601-000-0000-3717		\$2,843 \$10,634	\$2,834 \$10,150	\$2,000 \$15,000	\$1,241 \$55,435	\$2,500 \$32,000	\$2,000 \$150,000	\$2,000 \$68,000	0.0% -54.7% Meter sales spike due to new developments and IRR meters
	Total Operating Revenues	\$584,317	\$784,625	\$959,291	\$660,403	\$918,047	\$790,892	\$630,639	-20.3%
	Operating Expenses								
Personnel Services									
601-494-9400-4121 601-494-9400-4122 601-494-9400-4123 601-494-9400-4130	0 Full-time Salaries 0 PERA Contributions 0 FICA Contributions 0 Medicare Contributions 0 Health\Dental Insurance	\$78,073 \$5,609 \$4,619 \$1,080 \$15,241	\$78,893 \$5,686 \$4,757 \$1,114 \$17,836	\$140,000 \$10,000 \$8,000 \$1,600 \$14,400	\$92,578 \$8,615 \$5,498 \$1,286 \$18,199	\$140,000 \$10,500 \$8,750 \$2,030 \$20,066	\$120,000 \$9,000 \$7,500 \$1,740 \$24,000	\$144,184 \$10,814 \$9,012 \$2,091 \$28,837	20.2% Staff not added until 2016 due to lack of connections 20.2% 20.2% 20.2% 20.2% 20.2%
	0 Unemployment Benefits 0 Workers Compensation	\$0 \$1,067	\$0 \$3,155	\$0 \$4,000	\$0 \$2,471	\$0 \$4,000	\$0 \$3,500	\$0 \$5,767	0.0% 64.8%
Total Personnel Ser	vices -	\$105,689	\$111,440	\$178,000	\$128,647	\$185,346	\$165,740	\$200,704	21.1%
Supplies									
601-494-9400-4230	0 Printed Forms	\$691 \$0 \$13,932 \$1,088 \$18,716 \$5,893	\$360 \$375 \$10,713 \$5,282 \$21,242 \$714	\$500 \$1,000 \$13,000 \$3,500 \$50,000 \$5,500	\$1,933 \$239 \$1,473 \$25,257 \$82,344 \$5,016	\$500 \$750 \$13,000 \$11,500 \$50,000 \$3,500	\$500 \$750 \$11,000 \$15,000 \$175,000 \$3,500	\$700 \$750 \$13,000 \$25,000 \$85,000	40.0% 0.0% 18.2% 66.7% Includes \$5,500 for annual SCADA maintenance -51.4% 42.9%
Total Supplies		\$40,320	\$38,686	\$73,500	\$116,262	\$79,250	\$205,750	\$129,450	-37.1%
Other Services and	Charges								
601-494-9400-4303 601-494-9400-4304 601-494-9400-4315 601-494-9400-4318 601-494-9400-4321	0 Contract Services 0 Software Support 0 Telephone	\$108,430 \$0 \$4,662 \$884 \$855 \$550	\$3,162 \$0 \$179 \$9,674 \$17,541 \$523	\$100,000 \$30,000 \$5,000 \$10,000 \$3,200 \$600	\$14,725 \$0 \$388 \$16,305 \$4,774 \$775	\$50,000 \$30,000 \$5,000 \$13,500 \$3,200 \$600	\$50,000 \$0 \$1,000 \$13,500 \$2,500 \$550	\$20,000 \$0 \$5,000 \$14,000 \$9,600 \$800	-60.0% 100.0% Water system master planning budgeted; cannot be done by FOCUS Eng. 400.0% 3.7% Includes SCADA (\$3.5k), Pump Motor (\$800) and lift station (\$3k) inspections annually 284.0% 45.5%
601-494-9400-4322 601-494-9400-4332	Postage Depreciation Expense	\$2,500 \$317,759	\$1,506 \$416,864	\$3,000 \$375,000	\$2,500 \$557,627	\$3,000 \$450,000	\$2,000 \$570,966	\$1,880 \$598,971	-6.0% 4.9% Capitalization of Phase I DT SW project
601-494-9400-4361 601-494-9400-4381		\$6,408 \$27,063	\$5,432 \$21,008	\$9,000 \$27,000	\$6,799 \$33,410	\$9,500 \$27,000	\$8,975 \$30,000	\$10,000 \$30,000	11.4% 0.0%
601-494-9400-4382		\$94,457 \$0	\$81,096 \$0	\$100,000 \$12,000	\$107,029 \$0	\$40,000 \$0	\$175,000 \$12,000	\$0 \$0	-100.0% Able to switch off Oakdale water supply at the end of 2016 100.0% Repairs needed to Wellhouse #2 Roof budgeted in 2015; completed in 2016
	0 Repairs\Maint Imp Not Bldgs	\$13,376	\$29,791	\$32,000	\$7,116	\$10,000	\$10,000	\$10,000	0.0% For pump R&M
	0 Conferences & Training	\$1,623 \$3,264	\$1,245 \$1,468	\$4,000 \$1,500	\$1,835 \$460	\$4,000 \$1,500	\$2,000 \$500	\$2,000 \$1,500	0.0% 200.0%
	0 Fiscal Agent Fees	\$1,921	\$445	\$425	\$1,189	\$425	\$425	\$800	88.2%
Total Other Services	s and Charges	\$583,752	\$589,935	\$712,725	\$754,932	\$647,725	\$879,416	\$704,551	-19.9%
	Total Operating Expenses	\$729,761	\$740,062	\$964,225	\$999,841	\$912,321	\$1,250,906	\$1,034,705	-17.3%
	Operating Income (Loss)	(\$145,444)	\$44,563	(\$4,934)	(\$339,438)	\$5,726	(\$460,014)	(\$404,066)	-12.2%
601-000-0000-37xx		\$2,586 \$0 \$106,900 \$46,506 \$0	\$16,645 \$788,900 \$50,500 \$46,935 \$0	\$7,000 \$1,029,000 \$205,000 \$46,000 \$0	\$26,925 \$1,237,500 \$66,000 \$49,742 \$0	\$18,000 \$775,000 \$117,500 \$46,000 \$0	\$19,788 \$963,000 \$231,000 \$46,000 \$0	\$20,000 \$1,509,000 \$369,000 \$0 \$0	 1.1% 56.7% \$3k per + PPD WAC Includes PPD WAC fees on I-94 and Developer Phased Build outs 59.7% \$1k per less Oakdale; will no longer pay in 2017 since switching off water system -100.0% Effective 2017 Tower Antenna rental fees to be recognized in General Fund 0.0%
	Total Nonoperating Revenues New OP Homes	\$155,992	\$902,980 24	\$1,287,000 25	\$1,380,167 12	\$956,500 0	\$1,259,788 7	\$1,898,000 0	50.7%
	New Development Homes		17	180	128	130	237	244	
	Nonoperating Expenses Bond Interest Bond Issuance Costs Deferred Charges Amort.	\$189,130 \$0	\$306,888 \$0	\$270,481 \$0	\$356,613 \$11,460 \$0	\$289,781 \$0	\$209,330 \$46,457 \$0	\$273,321 \$53,811 \$0	30.6% 15.8% 0.0%
	Total Nonoperating Expenses	\$189,130	\$306,888	\$270,481	\$368,073	\$289,781	\$255,787	\$327,132	27.9%
	Change in Net Assets	(\$178,582)	\$640,655	\$1,011,585	\$672,656	\$672,445	\$543,987	\$1,166,802	114.5%
USE OF NE	ET ASSETS TO BALANCE BUDGET	\$178,582	\$0	\$0	\$0	\$0	\$0	\$0	0.0%

Account Number	Description	2013 Actual	2014 Actual	2015 Budget	2015 Actual	2016 Budget	2016 Projected Actual	2017 Budget	2016 to 2017 Change	
SEWER										
	Operating Revenues									
	Special Assessments Special Assessments-100% Proj Sewer Sales	\$870 \$870 \$53,142	\$0 \$155,481 \$31,054	\$1,000 \$99,884 \$100,000	\$0 \$1,189,663 \$65,147	\$1,000 \$99,884 \$75,000	\$0 \$63,870 \$89,424	\$0 \$62,133 \$177,228	0.0% -2.7% S 98.2%	ection 34 Project
	Total Operating Revenues	\$54,882	\$186,535	\$200,884	\$1,254,810	\$175,884	\$153,294	\$239,361	56.1%	
	Operating Expenses									
Personnel Services										
602-495-9450-41220 602-495-9450-41230 602-495-9450-41300 602-495-9450-41420	PERA Contributions	\$34,216 \$2,481 \$2,022 \$473 \$6,567 \$0 \$800	\$33,585 \$2,472 \$2,034 \$477 \$6,984 \$0 \$1,484	\$41,981 \$3,044 \$2,603 \$609 \$8,730 \$0 \$1,855	\$37,161 \$3,453 \$2,254 \$527 \$6,217 \$0 \$1,663	\$43,090 \$3,124 \$2,672 \$625 \$8,730 \$0 \$625	\$45,874 \$3,441 \$2,844 \$665 \$7,882 \$0 \$243	\$65,606 \$4,920 \$4,068 \$951 \$13,121 \$0 \$2,625	-43.0% -43.0% -43.0% -43.0% -66.5% 0.0%	
Total Personnel Serv					200 200 200 200 200 200 200 200 200 200			INCOMPRESSOR A SERVINOR	-980.2%	
	_	\$46,558	\$47,036	\$58,821	\$51,275	\$58,866	\$60,949	\$91,291	-49.8%	
	Utility System Maint Supplies Small Tools & Minor Equipment	\$0 \$0	\$858 \$117	\$1,000 \$500	\$1,910 \$200	\$1,000 \$500	\$1,000 \$500	\$1,000 \$500	0.0% N 0.0%	ew requirement for chemicals (\$1k)
Total Supplies	_	\$0	\$975	\$1,500	\$2,110	\$1,500	\$1,500	\$1,500	0.0%	
Other Services and C	Charges									
	Software Support Telephone	\$40,802 \$0 \$15,344 \$0 \$1,572 \$0	\$26,677 \$0 \$1,875 \$0 \$1,184 \$0	\$20,000 \$10,000 \$9,500 \$0 \$1,500 \$0	\$14,921 \$0 \$3,085 \$4,069 \$992 \$0	\$20,000 \$10,000 \$9,500 \$0 \$1,500	\$20,000 \$0 \$9,500 \$0 \$1,500 \$0	\$20,000 \$0 \$5,000 \$6,000 \$1,500 \$1,175		ewer System Master Planning to be done by Focus Eng. icludes SCADA (\$1.5k), lift pump (\$3k) annual inspections
602-495-9450-43310	Mileage Depreciation Expense Insurance	\$0 \$8,740 \$115	\$0 \$11,815 \$120	\$100 \$84,200 \$2,000	\$0 \$42,224 \$185	\$100 \$84,200 \$2,000	\$100 \$59,718 \$2,000	\$100 \$86,561 \$2,000	-100.0% -44.9% Ir 0.0%	crease due to Capitalization of sewer projects
602-495-9450-43820 602-495-9450-44030 602-495-9450-44300	Sewer Utility - Met Council Repairs\Maint Imp Not Bldgs Miscellaneous Expenses Conferences & Training	\$1,088 \$14,912 \$13,018 \$0 \$0	\$3,343 \$18,546 \$837 \$0 \$572	\$1,500 \$16,500 \$1,000 \$300 \$1,500	\$4,621 \$17,592 \$1,131 \$0 \$23	\$1,500 \$16,500 \$1,000 \$300 \$1,500	\$1,500 \$16,500 \$1,000 \$300 \$1,500	\$5,000 \$44,514 \$1,200 \$300 \$1,500	-233.3% -169.8% -20.0% -100.0% 0.0% Li	icense training and pump/control classes
Total Other Services	and Charges	\$95,590	\$64,969	\$148,100	\$88,843	\$148,100	\$113,618	\$174,850	-53.9%	
	Total Operating Expenses	\$142,148	\$112,980	\$208,421	\$142,228	\$208,466	\$176,067	\$267,641	-52.0%	
	Operating Income (Loss)	(\$87,266)	\$73,555	(\$7,537)	\$1,112,582	(\$32,582)	(\$22,773)	(\$28,280)	-24.2%	
	Nonoperating Revenues									
	Interest on Investments Lateral Benefit Fees Sewer Availability Fees Connection Fees Municipal	\$9,395 \$0	\$1,430 \$2,900 \$693,000 \$17,000	\$100 \$29,000 \$1,206,000 \$180,000	\$9,929 \$2,900 \$1,394,920 \$63,000	\$5,000 \$14,500 \$590,000 \$130,000	\$19,788 \$2,900 \$1,122,000 \$301,000	\$12,699 \$14,500 \$1,447,500 \$466,500		deflects impact of 75 connections qualifying for connection incentive discount deflects impact of 75 connections qualifying for connection incentive discount
	Total Nonoperating Revenues	\$9,395	\$714,330	\$1,415,100	\$1,470,749	\$739,500	\$1,445,688	\$1,941,199	-34.3%	
	New OP Homes New Development Homes		24 17	25 180	12 128	0 130	7 237	0 244		
602-495-9450-46110 602-495-9450-46xxx		\$0	\$116,403	\$135,372	\$107,089 \$3,363	\$105,469	\$68,378 \$46,457	\$85,337 \$42,313	-24.8% 8.9%	
	Total Nonoperating Expenses	\$0	\$116,403	\$135,372	\$110,452	\$105,469	\$114,835	\$127,650	-11.2%	
	Change in Net Assets	(\$77,871)	\$671,482	\$1,272,191	\$2,472,879	\$601,449	\$1,308,080	\$1,827,582	-39.7%	
USE OF NE	ET ASSETS TO BALANCE BUDGET	\$77,871	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	

11/15/2016

Account Number	Description	2013 Actual	2014 Actual	2015 Budget	2015 Actual	2016 Budget	2016 Projected Actual	2017 Budget	2016 to 2017 Change	
SURFACE WATER										
	Operating Revenues									
603-000-0000-36100	Special Assessment Revenue	\$20,168	\$837	\$5,000	\$10,125	\$5,000	\$7,500	\$5,000	33.3%	Actively assess all delinquencies each year
603-000-0000-37100	Miscellaneous Revenue Surface Water Utility Sales Storm Water Review Fee Revenue	\$0 \$191,087 \$0	\$0 \$214,915 \$0	\$0 \$215,000 \$0	\$0 \$219,127 \$0	\$0 \$221,500 \$0	\$0 \$225,000 \$29,375	\$0 \$282,360 \$29,375	0.0% -25.5%	New fee initiated by new Building Official
	Total Operating Revenues	\$211,255	\$215,752	\$220,000	\$229,252	\$226,500	\$261,875	\$316,735	-20.9%	(\$125 per building permit)
	Operating Expenses									
Personnel Services										
603-496-9500-41220 603-496-9500-41230 603-496-9500-41300 603-496-9500-41420	PERA Contributions	\$34,681 \$2,514 \$2,028 \$474 \$6,942 \$0 \$848	\$31,708 \$2,290 \$1,857 \$436 \$7,641 \$0 \$1,312	\$34,879 \$2,519 \$2,042 \$479 \$8,405 \$0 \$1,443	\$23,599 \$2,179 \$1,378 \$322 \$8,209 \$0 \$221	\$35,733 \$2,591 \$2,215 \$518 \$6,387 \$0 \$170	\$32,485 \$2,436 \$2,014 \$471 \$8,209 \$0 \$276	\$36,630 \$2,747 \$2,271 \$531 \$7,326 \$0 \$1,465	-12.8% -12.8% -12.8% -12.8% 10.8% 0.0% -430.8%	
Total Personnel Serv	ices	\$47,486	\$45,243	\$49,767	\$35,908	\$47,614	\$45,891	\$50,970	-11.1%	
Supplies										
	Utility System Maint Supplies Small Tools & Minor Equipment	\$238 \$0 \$452 \$0	\$375 \$411 \$299 \$8,422	\$200 \$500 \$1,000 \$0	\$2,172 \$551 \$200 \$0	\$375 \$500 \$1,000 \$0	\$375 \$500 \$1,000 \$0	\$500 \$1,000 \$1,000 \$0	-33.3% -100.0% 0.0% 0.0%	
Total Supplies	,	\$690	\$9,507	\$1,700	\$2,923	\$1,875	\$1,875	\$2,500	-33.3%	_
Other Services and C	Charges									
603-496-9500-43030 603-496-9500-43150 603-496-9500-43180 603-496-9500-43220 603-496-9500-43220 603-496-9500-43610 603-496-9500-44010 603-496-9500-44030 603-496-9500-44300 603-496-9500-44300	Software Support Postage Depreciation Expense Insurance Street Sweeping Repairs/Maint Not Bldg Miscellaneous Expenses Conferences & Training Improvements Other Than Bldgs	\$0 \$27,893 \$0 \$7,504 \$442 \$1,973 \$15,187 \$0 \$11,498 \$0 \$119 \$3,483 \$0 \$0	\$0 \$21,009 \$0 \$9,711 \$3,268 \$1,700 \$15,963 \$0 \$12,403 \$5,304 \$459 \$2,225 \$18,190 \$5,743	\$3,000 \$30,000 \$15,000 \$5,000 \$1,700 \$17,000 \$0 \$22,000 \$1,500 \$400 \$1,800 \$30,000	\$0 \$20,332 \$0 \$10,590 \$3,617 \$1,500 \$15,963 \$0 \$10,438 \$0 \$0 \$2,265 \$0 \$0	\$3,000 \$30,000 \$15,000 \$7,500 \$1,500 \$1,700 \$17,000 \$22,000 \$1,500 \$400 \$1,800 \$30,000	\$3,000 \$13,639 \$0 \$7,500 \$1,500 \$1,700 \$74,505 \$0 \$22,000 \$1,500 \$400 \$1,800 \$30,000	\$0 \$20,000 \$0 \$10,000 \$8,400 \$1,645 \$85,090 \$1,500 \$20,000 \$400 \$2,500 \$20,000 \$20,000	-33.3% -460.0% 3.2% -14.2% 100.0% 9.1%	SW System Master Planning to be done by Focus Eng Annual bills plus delinquency mailer cost Capitalization of Phase I DT SW project Street sweeping soon to be mandated Excavator rental
Total Other Services	and Charges	\$68,100	\$95,974	\$128,400	\$64,705	\$131,400	\$157,544	\$172,535	-9.5%	<u>.</u>
	Operating Expenses	\$116,275	\$150,723	\$179,867	\$103,536	\$180,889	\$205,310	\$226,005	-10.1%	<u>i</u>
	Operating Income (Loss)	\$94,980	\$65,029	\$40,133	\$125,716	\$45,611	\$56,565	\$90,730	-60.4%	<u>.</u>
	Nonoperating Revenues									
603-000-0000-36210	Refunds and Reimbursements Interest on Investment Developer Contributions	\$0 \$1,098 \$0	\$0 \$1,239 \$0	\$0 \$1,100 \$0	\$0 \$2,844 \$0	\$0 \$5,000 \$0	\$0 \$2,500 \$0	\$0 \$2,603 \$0	0.0% 0.0% 0.0%	
	Total Nonoperating Revenues	\$1,098	\$1,239	\$1,100	\$2,844	\$5,000	\$2,500	\$2,603	0.0%	<u>.</u>
603-496-9450-46110 603-496-9450-46xxx		\$0 \$0	\$459 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$43,893	\$62,171 \$0	100.0% -100.0%	
	Total Nonoperating Expenses	\$0	\$459	\$0	\$0	\$0	\$43,893	\$62,171	100.0%	<u>.</u>
	Change in Net Assets	\$96,077	\$65,809	\$41,233	\$128,560	\$50,611	\$15,172	\$31,162	-105.4%	=
USE OF NE	ET ASSETS TO BALANCE BUDGET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%) =