

Proposed 2024 Utility Fund Budgets and Rates

Monday, October 16, 2023



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Water Utility – Fund 6100



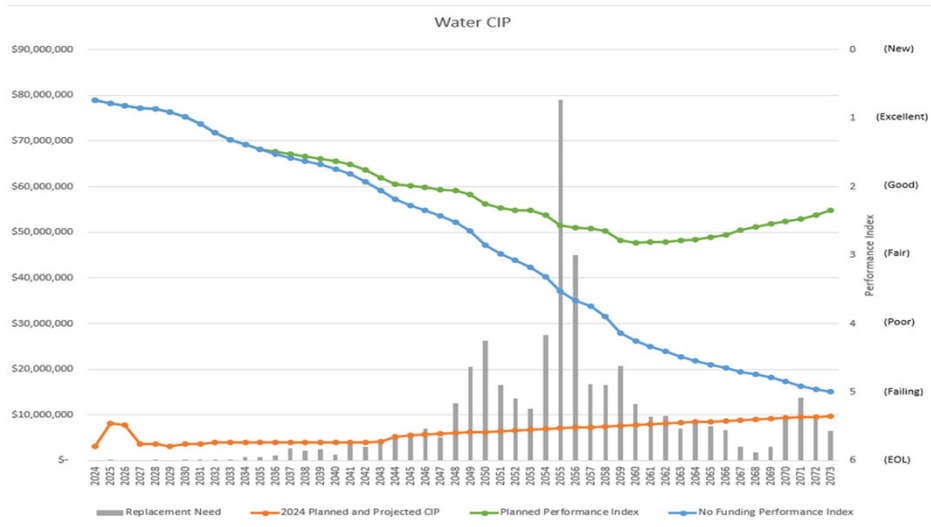
This fund accounts for the costs related to the operation, maintenance and renewal of the City-owned water system. The City strives to provide an uninterrupted supply of high-quality drinking water, which meets or exceeds all federal and state quality standards, at an affordable and equitable rate that ensures long-term sustainability of the water system.

Revenues and expense activities within the fund include the following: administration, customer service, laboratory, supply and treatment, and distribution and storage.

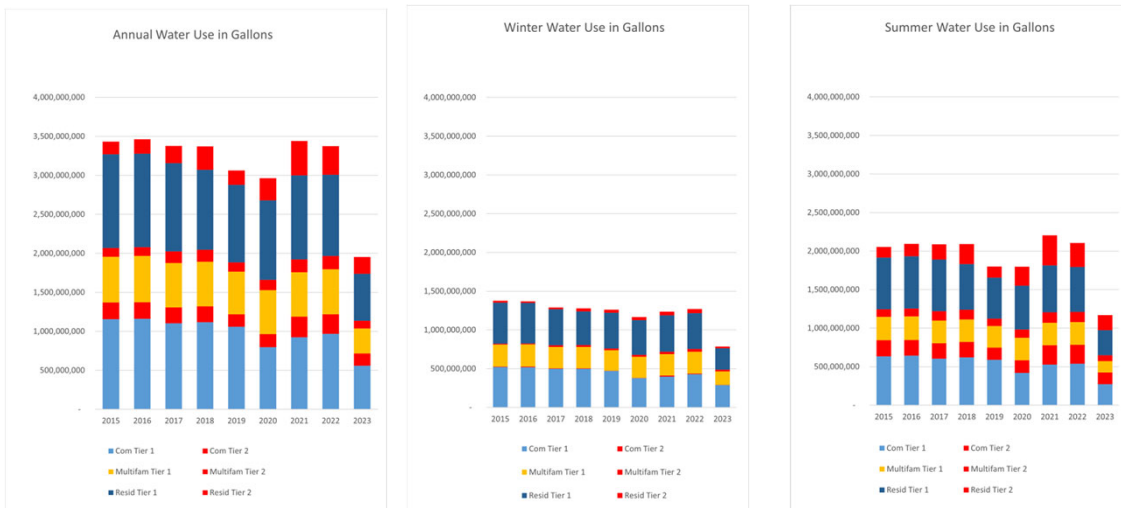


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Water Infrastructure Asset Renewal Model

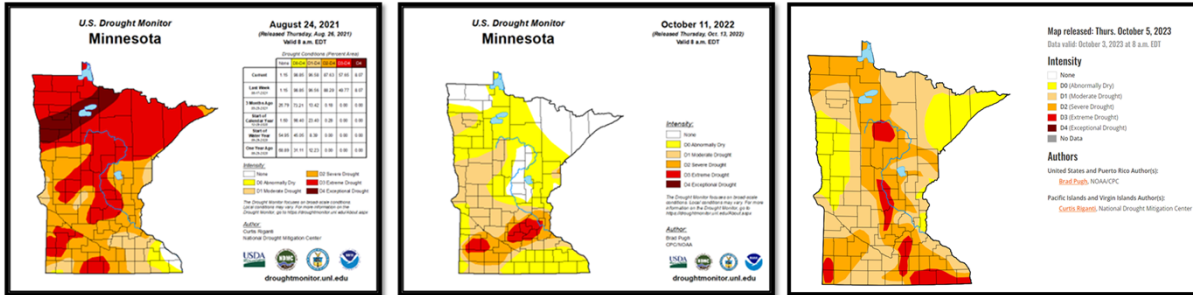


Comparison of Annual/Winter/Summer Water Use

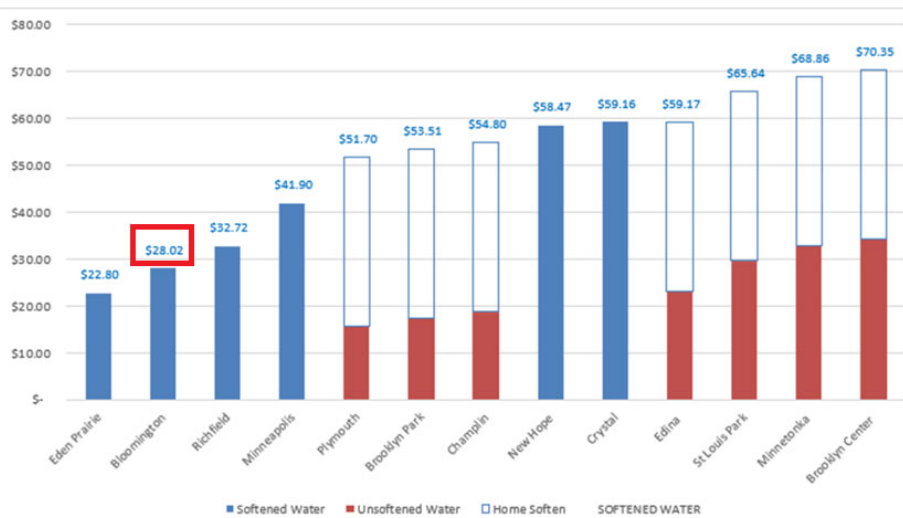


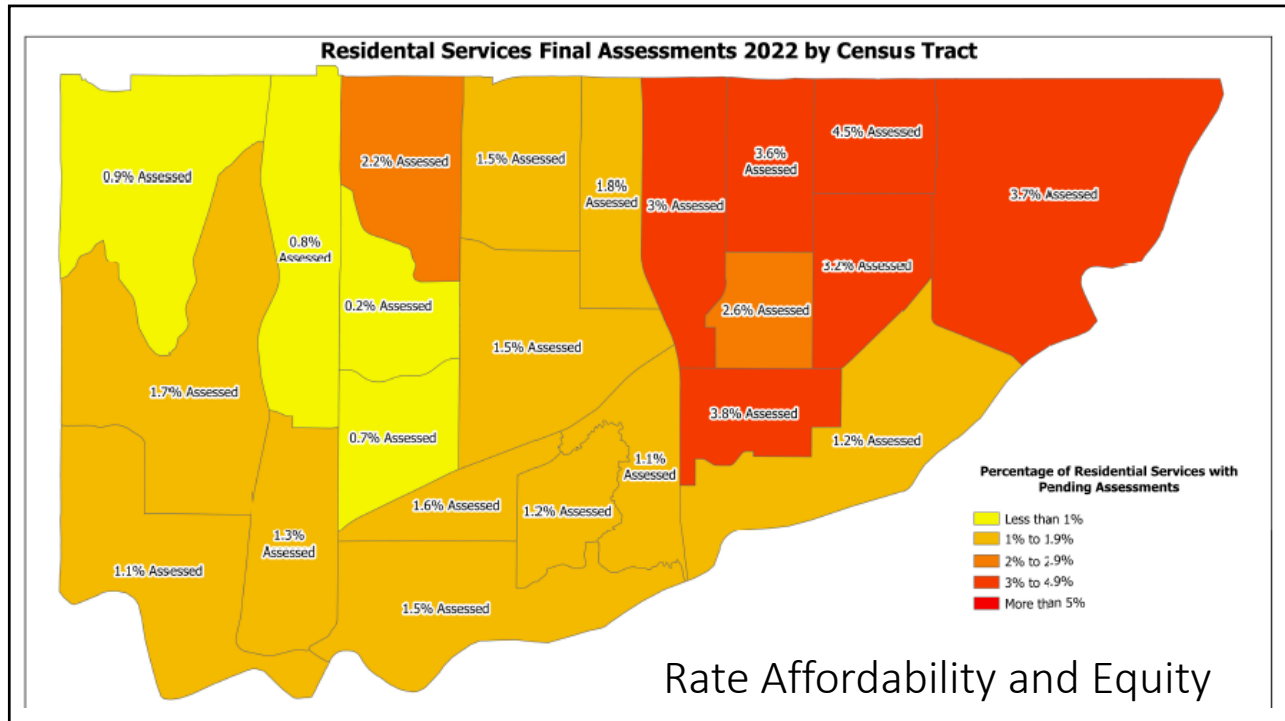
Climate Impacts

Drought Comparison 2021, 2022, & 2023



2023 Residential Softened Water Rates





Water Affordability Snapshot

SFR Income Comparison		SFR Drinking Water Rate Impact
Median Household Income (2021)	\$80,582 ¹	0.42%
Per Capita Income (2021)	\$44,164 ¹	0.76%
Federal Poverty Guideline 2023	\$30,000 ²	1.12%
Federal Poverty Guideline 2023	\$14,580 ²	2.31%

¹<https://www.census.gov/quickfacts/fact/table/bloomingtoncityminnesota,hennepincountyminnesota/PST045222>

²<https://www.projusticemn.org/fedpovertyguidelines/>

History of Water Rate Increases 2018-2023

	% Rate Increase from previous year
2018	9.50%
2019	9.00%
2020	8.50%
2021	3.00%
2022	5.00%
2023	7.50%



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Proposed 2024 Water Rates

	2023 Rate (per 1,000 gallons)	2024 Proposed Rate (per 1,000 Gallons)	Rate Change	% Increase
Tier 1	\$4.67	\$5.02	\$0.35	7.50%
Tier 2	\$8.22	\$8.84	\$0.62	7.50%

Tier 1 Rate applies to the first 12,000 gallons of water consumed (bi-monthly).
Tier 2 Rate applies to the additional gallons over 12,000 (bi-monthly)



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WATER UTILITY - FUND 6100

	2021	2022	2023	2024	2025	2026	2027
DESCRIPTION	ACTUAL	ACTUAL	ESTIMATED	BUDGET REQUEST	PROJECTED	PROJECTED	PROJECTED
REVENUE S:							
TIER ONE WATER SALES	11,209,841	11,745,257	12,626,151	13,573,113	14,523,231	15,249,392	15,859,368
TIER TWO WATER SALES	6,428,550	6,137,033	6,597,310	7,092,109	7,588,556	7,967,984	8,286,704
CELL TOWER REVENUE	167,123	203,000	200,000	200,000	165,000	165,000	165,000
AMERICAN RESCUE PLAN FUNDS	386,000	1,852,080	1,761,920	-	-	-	-
INTEREST AND OTHER REVENUES	814,099	519,171	785,000	900,000	887,950	858,108	875,482
TOTAL REVENUE S	19,005,613	20,456,541	21,970,382	21,765,221	23,164,737	24,240,484	25,186,553
EXPENSE S:							
SALARIES AND BENEFITS	3,895,407	4,180,987	4,593,544	4,721,540	4,863,186	5,009,082	5,159,354
MATERIALS, SUPPLIES, SERVICES	9,138,798	10,647,604	13,151,715	12,936,173	13,712,343	14,535,084	14,971,137
CAPITAL OUTLAY	1,859,611	2,442,194	4,564,066	4,179,000	8,025,000	3,435,000	3,915,000
DEBT SERVICE	133,394	135,094	136,944	131,069	136,769	134,169	-
TOTAL EXPENSE S	15,027,210	17,405,879	22,446,269	21,967,782	26,737,298	23,113,335	24,045,491
TOTAL GAIN (LOSS)	3,978,403	3,050,662	(475,887)	(202,560)	(3,572,561)	1,127,150	1,141,063
	119%	147%	131%	90%	93%	97%	104%
TOTAL WORKING CAPITAL BALANCE	10,280,754	13,331,416	12,855,529	12,652,968	9,080,407	10,207,557	11,348,619
TOTAL WORKING CAPITAL GOAL	8,675,459	9,069,532	9,848,859	14,018,152	9,756,610	10,513,440	10,959,612
<i>Operations: Cash flow 2 months</i>	<i>2,574,000</i>	<i>2,703,000</i>	<i>3,204,000</i>	<i>3,444,000</i>	<i>3,685,000</i>	<i>3,870,000</i>	<i>4,024,000</i>
<i>Emergency Repairs</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>
<i>Unscheduled System alterations</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>
<i>Infrastructure</i>							
<i>Capital Projects</i>	<i>3,390,000</i>	<i>3,390,000</i>	<i>4,179,000</i>	<i>8,025,000</i>	<i>3,435,000</i>	<i>3,915,000</i>	<i>3,840,000</i>
<i>Reserve for Future Asset Renewal</i>	<i>1,911,459</i>	<i>2,176,532</i>	<i>1,665,859</i>	<i>1,749,152</i>	<i>1,836,610</i>	<i>1,928,440</i>	<i>2,295,612</i>
<i>Total Infrastructure</i>	<i>5,301,459</i>	<i>5,566,532</i>	<i>5,844,859</i>	<i>9,774,152</i>	<i>5,271,610</i>	<i>5,843,440</i>	<i>6,135,612</i>



Wastewater Utility – Fund 6150

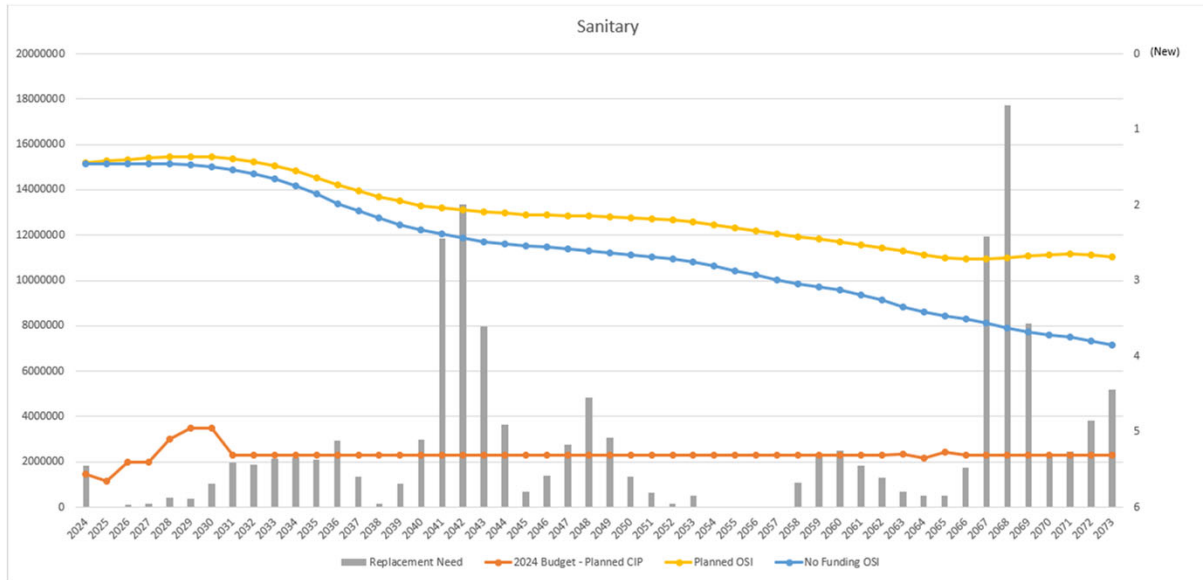
This fund accounts for the City-owned wastewater collection system and the interceptor and treatment charges from the Metropolitan Council Environmental Services (MCES).

The objective of the Wastewater Utility is to provide sanitary service capacity and sufficient maintenance to minimize system blockages and infiltration/inflow.

The sanitary sewer infrastructure spans 359 miles of pipes, with 28 lift stations, thousands of manholes and serves over 25,000 customers.



Wastewater Utility Asset Outlook



2023 Residential Wastewater Rates



History of Wastewater Rate Increases 2018-2023

	% Rate Increase from previous year
2018	9.00%
2019	4.00%
2020	3.50%
2021	0.00%
2022	3.00%
2023	4.00%



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Proposed 2024 Wastewater Rates

	2023 Rate (per 1,000 gallons)	2024 Proposed Rate (per 1,000 Gallons)	Rate Change	% Increase
Wastewater Rate	\$5.29	\$5.50	\$0.21	4.00%



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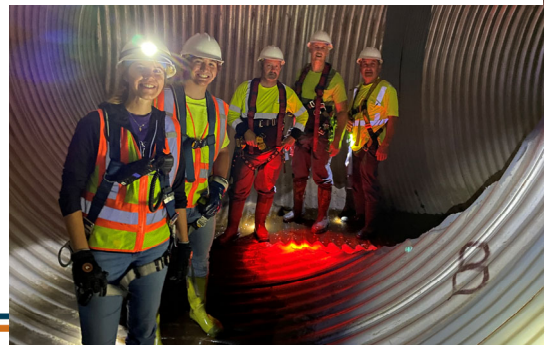
WASTEWATER UTILITY - FUND 6150

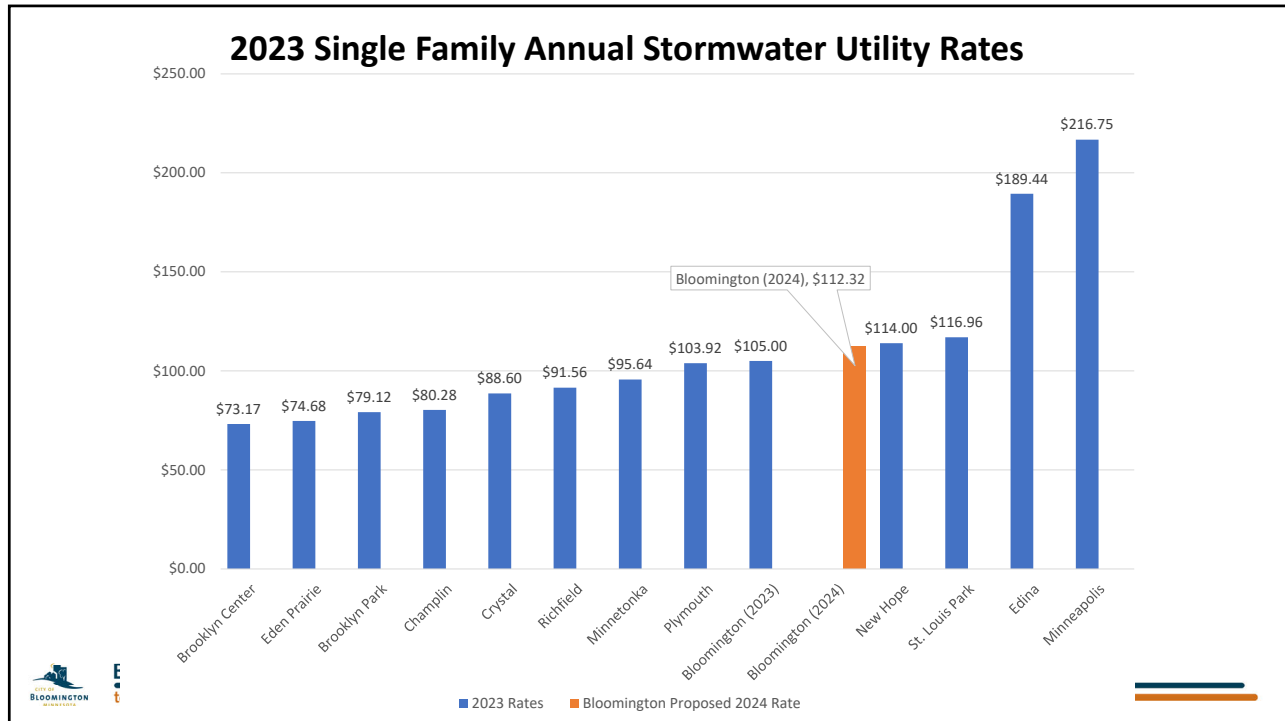
	2021	2022	2023	2024	2025	2026	2027
DESCRIPTION	ACTUAL	ACTUAL	ESTIMATED	BUDGET REQUEST	PROJECTED	PROJECTED	PROJECTED
REVENUE S:							
PERMITS - ROW AND SEWER	399,891	443,191	320,000	320,000	286,000	286,000	286,000
GRANT REVENUE	-	50,000	-	-	-	-	-
CUSTOMER UTILITIES	12,945,954	13,418,937	13,821,505	14,374,365	15,236,827	16,303,405	17,444,643
CELL TOWER	33,499	51,866	32,000	32,000	32,000	32,000	32,000
TRANSFER IN - SOLID WASTE LOAN REPAYMENT	309,000	-	-	-	-	-	-
OTHER REVENUES	112,296	(201,181)	199,000	199,000	228,000	230,000	227,000
TOTAL REVENUE S	13,800,640	13,762,813	14,372,505	14,925,365	15,782,827	16,851,405	17,989,643
EXPENSE S:							
SALARIES AND BENEFITS	1,754,696	1,866,848	2,146,683	2,217,567	2,284,094	2,352,617	2,423,195
MATERIALS, SUPPLIES, SERVICES	1,794,015	1,927,226	2,197,714	2,405,800	2,550,148	2,703,157	2,865,346
MET COUNCIL SEWER CONTRACT	7,315,820	7,608,169	8,244,953	9,100,000	9,555,000	10,032,750	10,534,388
CAPITAL OUTLAY	903,569	832,158	1,650,000	1,250,000	1,170,000	2,050,000	2,000,000
TOTAL EXPENSE S	11,768,100	12,234,401	14,239,350	14,973,367	15,559,242	17,138,524	17,822,929
TOTAL GAIN (LOSS)	2,032,540	1,528,412	133,155	(48,002)	223,585	(287,119)	166,714
	135%	146%	139%	130%	124%	114%	109%
TOTAL WORKING CAPITAL BALANCE	11,163,512	12,691,924	12,825,079	12,777,078	13,000,663	12,713,544	12,880,259
TOTAL WORKING CAPITAL GOAL	8,248,988	8,685,577	9,214,317	9,856,246	10,465,463	11,142,316	11,866,088
<i>Operations: Cash flow 2 months</i>	<i>2,112,000</i>	<i>2,175,000</i>	<i>2,304,000</i>	<i>2,396,000</i>	<i>2,539,000</i>	<i>2,717,000</i>	<i>2,907,000</i>
<i>Emergency Repairs</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>
<i>Unscheduled System Alterations</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>
<i>Infrastructure</i>							
<i>Capital</i>	<i>1,200,000</i>	<i>1,800,000</i>	<i>1,250,000</i>	<i>1,170,000</i>	<i>2,050,000</i>	<i>2,000,000</i>	<i>3,000,000</i>
<i>Reserve for Future Asset Renewal</i>	<i>4,136,988</i>	<i>3,910,577</i>	<i>4,860,317</i>	<i>5,490,246</i>	<i>5,076,463</i>	<i>5,625,316</i>	<i>5,159,088</i>
<i>Total Infrastructure</i>	<i>5,336,988</i>	<i>5,710,577</i>	<i>6,110,317</i>	<i>6,660,246</i>	<i>7,126,463</i>	<i>7,625,316</i>	<i>8,159,088</i>



Storm Water Utility – Fund 6200

The Storm Water Utility Fund provides for the operations, maintenance and improvements to the storm sewer system through a storm utility fee charged to property owners. The fee is intended to recover costs associated with providing storm water utility service to residents and commercial establishments in a fair and equitable manner.





History of Stormwater Rate Increases 2018-2023

	% Rate Increase from previous year
2018	7.00%
2019	5.00%
2020	4.00%
2021	2.00%
2022	2.00%
2023	5.50%

Proposed 2024 Storm Water Rates

	2023 Rate	2024 Proposed Rate	Rate Change	% Increase
Cemeteries, Parks, Golf Courses	\$11.50	\$12.31	\$0.81	7.00%
Single Family Residential (1/3 acre)	\$8.75	\$9.36	\$0.61	7.00%
School, Institution	\$43.72	\$46.78	\$3.06	7.00%
Church, Multi-family residential	\$62.08	\$66.43	\$4.35	7.00%
Commercial, Industrial	\$110.50	\$118.24	\$7.74	7.00%



STORM WATER UTILITY - FUND 6200

	2021	2022	2023	2024	2025	2026	2027
DESCRIPTION	ACTUAL	ACTUAL	ESTIMATED	BUDGET	PROJECTED	PROJECTED	PROJECTED
REVENUES:							
OPERATING UTILITIES	6,958,718	7,027,798	7,414,327	7,933,330	8,409,330	8,913,889	9,359,584
BOND PROCEEDS	52,507	52,507	-	-	-	-	-
GRANT REVENUES	45,491	12,000	-	-	-	-	-
OTHER REVENUES	175,172	(209,300)	284,105	280,489	272,873	262,256	239,640
TOTAL REVENUES	7,231,888	6,883,005	7,698,432	8,213,819	8,682,203	9,176,145	9,599,224
EXPENSES:							
SALARIES AND BENEFITS	1,653,946	1,601,435	1,686,606	1,765,238	1,818,195	1,872,741	1,928,923
MATERIALS, SUPPLIES, SERVICES	1,569,647	1,762,229	2,022,193	1,987,042	2,124,153	2,187,878	2,253,514
CAPITAL OUTLAY	2,069,712	5,581,856	4,703,000	4,823,000	4,450,000	5,950,000	4,213,000
DEBT SERVICE	980,125	1,006,229	1,013,563	1,012,438	1,004,938	1,008,063	1,000,688
TOTAL EXPENSES	6,273,430	9,951,749	9,425,362	9,587,718	9,397,286	11,016,681	9,396,125
TOTAL GAIN (LOSS)	958,458	(3,068,744)	(1,726,930)	(1,373,899)	(715,083)	(1,840,536)	203,099
	157%	149%	124%	97%	90%	80%	90%
TOTAL WORKING CAPITAL BALANCE	14,960,454	11,891,710	10,164,781	8,790,882	8,075,799	6,235,263	6,438,362
TOTAL WORKING CAPITAL GOAL	9,554,113	7,963,887	8,180,263	9,083,500	8,997,000	7,752,350	7,143,091
CASH FLOW (2 MONTHS REVENUES)	1,145,000	1,168,000	1,236,000	1,322,000	1,402,000	1,486,000	1,560,000
EMERGENCY/UNSCHEDULED REPAIRS	1,545,000	1,841,350	1,896,591	1,500,000	1,545,000	1,591,350	1,639,091
OXBORO LAKE PROJECT	3,000,000						
CSWMP/WPMP (902) (1/2 of CIP Cost)	631,805	650,759	670,282	335,000	325,000	325,000	335,000
494 MNDOT WORK		1,000,000	1,000,000	-	-	1,000,000	1,000,000
PMP (1/2 of PMP CIP Cost)	1,738,911	1,791,078	1,844,811	1,200,000	975,000	1,000,000	1,000,000
STORM WATER MAINTENANCE (901) (1/2 of CIP	643,397	662,699	682,580	276,500	300,000	300,000	309,000
UNSCHEM STORM SEWER IMPROVEMENTS	250,000	250,000	250,000				
FLOOD CONTROL IMPROVEMENTS	300,000	300,000	300,000				
NPDES REQUIREMENTS	300,000	300,000	300,000				
TMDL (PENN LAKE)				2,700,000	2,700,000	1,000,000	
SALT SHED & WASHOUT STATION IMP				750,000	750,000	750,000	
LYNDALE AVE CORRIDOR STORM IMP							1,000,000
ADAPTIVE LEVEL CONTROL SYSTEMS PROJECTS				1,000,000	1,000,000	300,000	300,000



SOLID WASTE UTILITY– FUND 6250

This fund accounts for the City-wide garbage, recycling, organics recycling service and yard waste program; the Bulky Item Management Program: forestry and removal of diseased trees (such as Emerald Ash Borer infested trees); clean-ups after major storm events, and private property Environmental Health abatements.

GARBAGE RATES

Including Taxes and Fees

	2023 Rate	2024 Proposed Rate	Rate Change	% Increase
Small garbage cart	\$13.03	\$13.56	\$0.53	3.96%
Medium garbage cart	\$17.44	\$18.29	\$0.84	4.61%
Large garbage cart	\$21.85	\$23.02	\$1.15	4.98%

Rate Drivers:

- Price escalator set in contract for collection, 3% increase in 2024
- Disposal cost at Hennepin Energy Recovery Center
- Administrative charge, increasing 3%
- MN State Solid Waste Tax and Hennepin County Solid Waste Fee

RECYCLING RATES

2023 Rate	2024 Proposed Rate	Rate Change	% Increase
\$6.29	\$6.48	\$0.19	3.00%



Rate Drivers:

- Price escalator set in contract for collection, 3% increase
- Recycling Commodity Adjustment Offset Fee (RCAO): Established annually in October based on previous 12 months published commodity indices, composition of recycling as determined through annual recycling sorts and recycling tonnages.



ORGANICS RECYCLING RATES

2023 Rate	2024 Proposed Rate	Rate Change	% Increase
\$5.50	\$5.67	\$0.17	3.00%

VOUCHER



One free box of 130 3-gallon kitchen compostable bags

Bags are provided by the City of Bloomington.

Pick up at:

Frattallone's Hardware & Garden
5135 W 98th St, Bloomington

- Service began March 2022
- Like regular recycling, rate is paid by all residents with City garbage and recycling service
- Residents need to sign up for a cart
- **27.9%** of households participating



BULKY ITEM MANAGEMENT RATE

2023 Rate	2024 Proposed Rate	Rate Change	% Increase
\$3.71	\$3.82	\$0.11	3.00%

- **Updated program includes:**
 - Reimagined every other year curbside cleanup
 - Annual community drop-off event
 - One to two community swap events per year for reusable items
 - Regular curbside collection of reusable and recyclable bulky items



SOLID WASTE RATE SUMMARY

Monthly Cost for Garbage, Recycling, Organics and Bulky Item Management Fee

Including State Solid Waste Management Tax and Hennepin County Solid Waste Fee

	2023	2024	Rate Change	% Increase
Small Garbage Cart + Recycling + Organics + Bulky Item Mgmt Fee	\$28.53	\$29.53	\$0.98	3.44%
Medium Garbage Cart + Recycling + Organics + Bulky Item Mgmt Fee	\$32.93	\$34.26	\$1.27	3.85%
Large Garbage Cart + Recycling + Organics + Bulky Item Mgmt Fee	\$37.34	\$38.99	\$1.55	4.16%
Weighted Average Garbage + Recycling + Organics + Bulky Item Mgmt Fee	\$33.53	\$34.88	\$1.31	3.89%

FUTURE RATE CONSIDERATIONS

- Ongoing price escalators set in contract
- Ongoing increases in disposal costs for garbage
- Ongoing changes in recycling markets
- Ongoing grant funding from Hennepin County helps support education, supplies and staffing for recycling, organics and bulky item management programs
- Current term of contract with Bloomington Haulers' to expire June 2026
- Solid Waste Rate Study



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SOLID WASTE - FUND 6250

	2021	2022	2023	2024	2025	2026	2027
DESCRIPTION	ACTUAL	ACTUAL	ESTIMATED	BUDGET REQUEST	PROJECTED	PROJECTED	PROJECTED
REVENUES:							
BULKY ITEM MGMT. AND STORM EVENT CLEAN-UP	1,385,056	1,339,412	1,094,200	1,180,747	1,216,169	1,252,654	1,290,234
GARBAGE BILLINGS	3,607,844	3,609,066	3,795,059	3,970,660	4,248,606	4,439,793	4,639,584
RECYCLING BILLINGS	1,610,659	1,588,313	1,645,464	1,695,168	1,813,830	1,868,245	1,924,292
ORGANICS RECYCLING BILLINGS	-	1,212,481	1,480,656	1,483,272	1,587,101	1,634,714	1,683,755
YARD WASTE SUBSCRIPTIONS / STICKERS	1,271,062	1,324,523	1,357,439	1,417,535	1,488,412	1,533,064	1,579,056
PROPERTY TAXES	185,000	185,000	185,000	200,000	250,000	250,000	250,000
OTHER REVENUES	349,049	694,257	1,168,485	1,468,709	1,157,169	758,243	759,344
TOTAL REVENUES	8,408,671	9,953,052	10,726,303	11,416,091	11,761,287	11,736,714	12,126,266
EXPENSES:							
SALARIES AND BENEFITS	279,584	212,888	329,915	385,260	396,818	408,722	420,984
MATERIALS & SUPPLIES	6,997,800	8,896,955	9,546,251	10,363,287	10,477,257	10,622,749	10,777,099
CURBSIDE CLEANUP	961,174	1,145,156	-	1,466,400	-	1,569,048	-
CAPITAL OUTLAY	3,150	-	-	-	-	-	-
TRANSFERS OUT TO WASTEWATER FOR LOAN	309,000	-	-	-	-	-	-
TOTAL EXPENSES	8,550,708	10,254,999	9,876,166	12,214,947	10,874,075	12,600,519	11,198,083
TOTAL GAIN (LOSS)	(142,036)	(301,947)	850,137	(798,856)	887,212	(863,805)	928,183
	115%	84%	95%	81%	102%	97%	113%
TOTAL WORKING CAPITAL BALANCE	1,803,430	1,501,483	2,351,620	1,552,764	2,439,976	1,576,170	2,504,353
TOTAL WORKING CAPITAL GOAL	1,571,266	1,779,345	2,463,025	1,912,324	2,387,725	1,619,251	2,213,993



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Samples of Residential Utility Bills 2023 vs 2024

	2023 Minimum 4,000 gal. wtr Small Garbage	2024 Minimum 4,000 gal. wtr Small Garbage	2023 Medium 11,000 gal. wtr Medium Garbage	2024 Medium 11,000 gal. wtr Medium Garbage	2023 Large 22,000 gal. wtr Large Garbage	2024 Large 22,000 gal. wtr Large Garbage
Storm Drain	\$17.50	\$18.73	\$17.50	\$18.73	\$17.50	\$18.73
Bulky Item Mgmt Fee	\$7.42	\$7.64	\$7.42	\$7.64	\$7.42	\$7.64
Recycling	\$12.58	\$12.96	\$12.58	\$12.96	\$12.58	\$12.96
Garbage	\$20.80	\$21.66	\$27.84	\$29.22	\$34.88	\$36.76
Henn. Co. SWM Fee (15.5%)	\$3.22	\$3.36	\$4.32	\$4.53	\$5.41	\$5.70
Organics	\$11.00	\$11.34	\$11.00	\$11.34	\$11.00	\$11.34
Water Tier 1 <12K	\$18.68	\$20.08	\$51.37	\$55.22	\$56.04	\$60.24
Water Tier 2 >12K	\$0.00	\$0.00	\$0.00	\$0.00	\$82.20	\$88.40
State Test Fee	\$1.62	\$1.62	\$1.62	\$1.62	\$1.62	\$1.62
Sewer (base charges)	\$21.16	\$22.00	\$58.19	\$60.50	\$116.38	\$121.00
MN Solid Waste Mgmt Tax (9.75%)	\$2.03	\$2.12	\$2.72	\$2.85	\$3.41	\$3.59
Total:	\$116.01	\$121.51	\$194.56	\$204.61	\$348.44	\$367.98
	increase of \$5.50 bi-monthly x 6 bills a year \$33.00 increase/yr		increase of \$10.05 bi-monthly x 6 bills a year \$60.30 increase/yr		increase of \$19.54 bi-monthly x 6 bills a year \$117.24 increase/yr	

Residential utilities are billed bi-monthly, 6 times a year.



Recap of Proposed 2024 Utility Rate Increases

Utility	Proposed 2024 Rate Increase
Water	7.50%
Wastewater	4.00%
Stormwater	7.00%
Garbage (weighted avg. of small, medium, & large carts)	4.66%
Recycling	3.00%
Bulky Item Management	3.00%
Organics	3.00%



Utility Rate Public Hearing – Nov. 13

These four utility fund budgets will be presented to the Council for approval after the 2024 Utility Rate Public Hearing scheduled for November 13, 2023.



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