



MEMORANDUM

DATE: October 27, 2020

TO: Eric Holmes, City Manager

FROM: Dan Swensen, Interim Public Works Director

RE: Request for information from Councilor Stober from 10/26 workshop – a graphical representation of the projected year-end fund balances for each utility

During the 10/26 workshop relating to the 21/22 recommended budgets for our utilities, Councilor Stober asked for a graphical representation for the year-end fund balances projected for each of our utilities. Below, please find charts responsive to that request. Each utility has two fund balances that are considered – operating fund and capital fund. The operating and capital funds are related in that revenues are collected in the operating funds, and then, leaving an appropriate operating fund balance, revenues are transferred to the capital funds for use in our capital programs. We work to make sure our operating funds are adequately resourced before we use funds for capital expenditures.

It is important to note that the vertical scales of each chart are different, so looking at them side by side like this is a bit deceiving. You have to look at them individually.

We anticipate the Water capital and operating funds to dip in 2025 associated with the construction of the new Operations Center. Years beyond these charts show us building our reserves back to appropriate levels.

Also, we have been under target balance in the Storm Operating fund for a few years now. We have been using those dollars as matching for the construction grants.

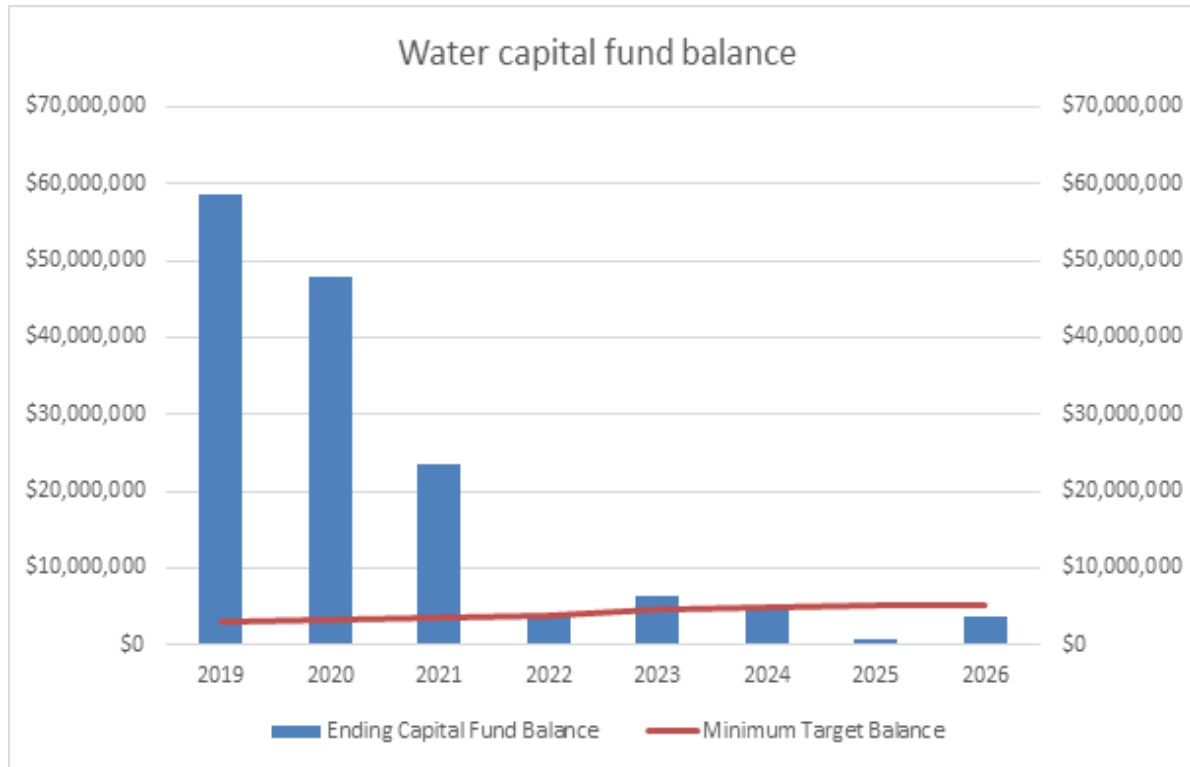
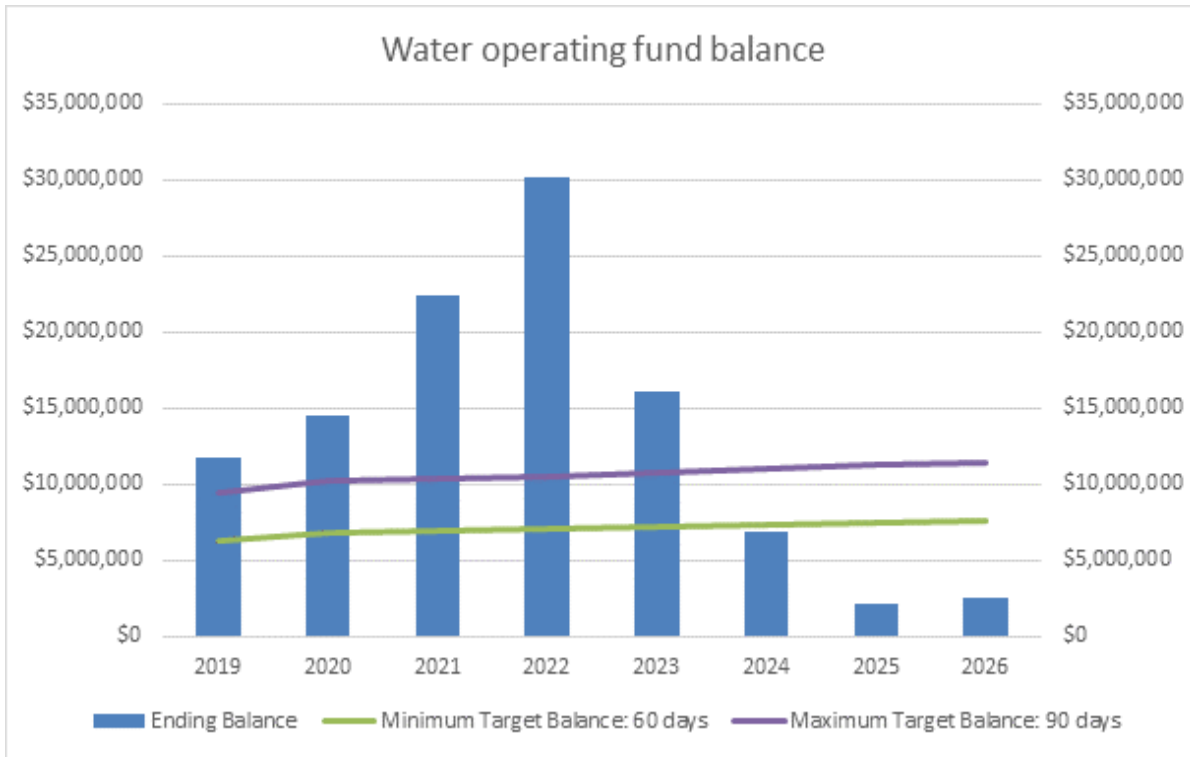
We look forward to the proposed rate increases in the Storm to help us create the target fund balances, and also to fund our capital needs.

These charts will likely generate questions, but rather than trying to anticipate possible questions in this memo, I will stand by to answer any questions that might come.

Utilities Year-End Fund Balances

10/26/20

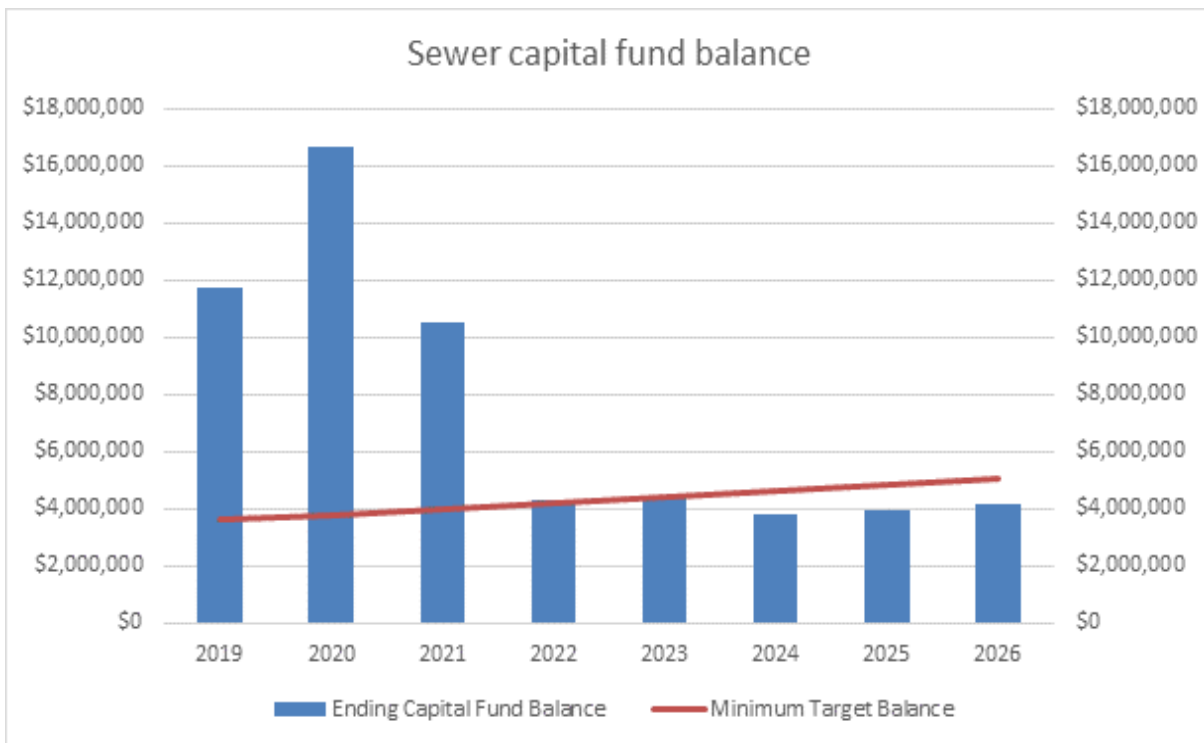
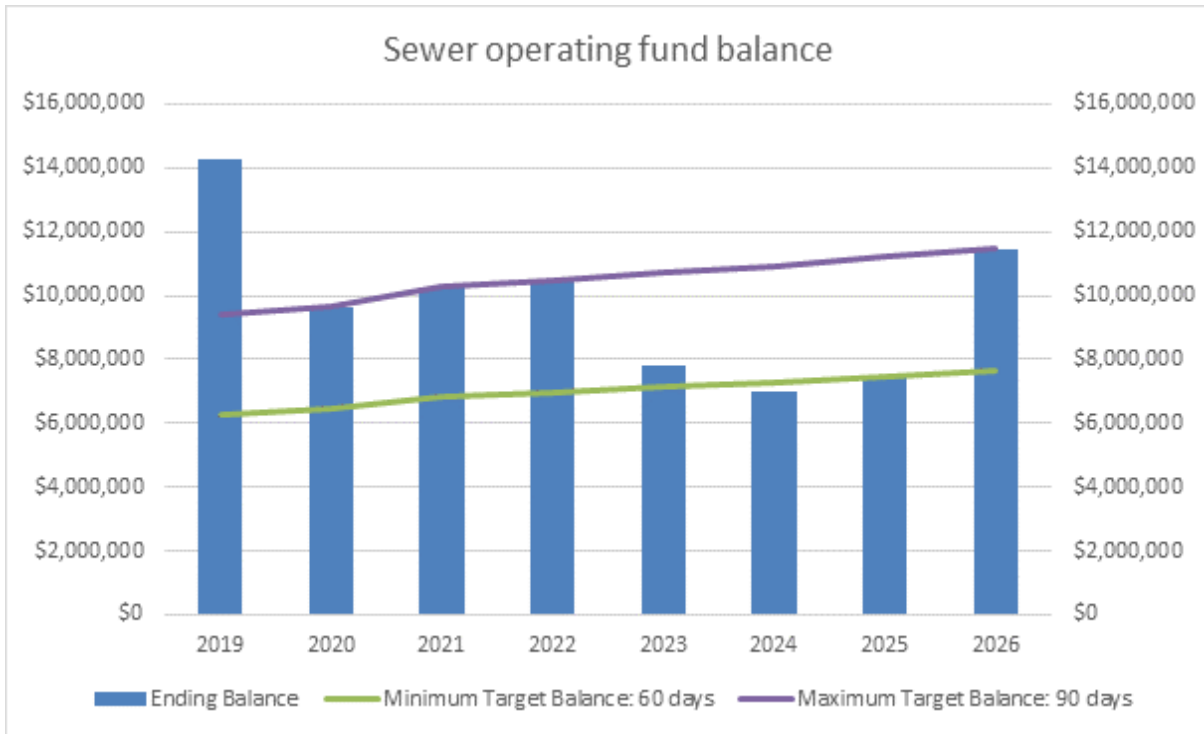
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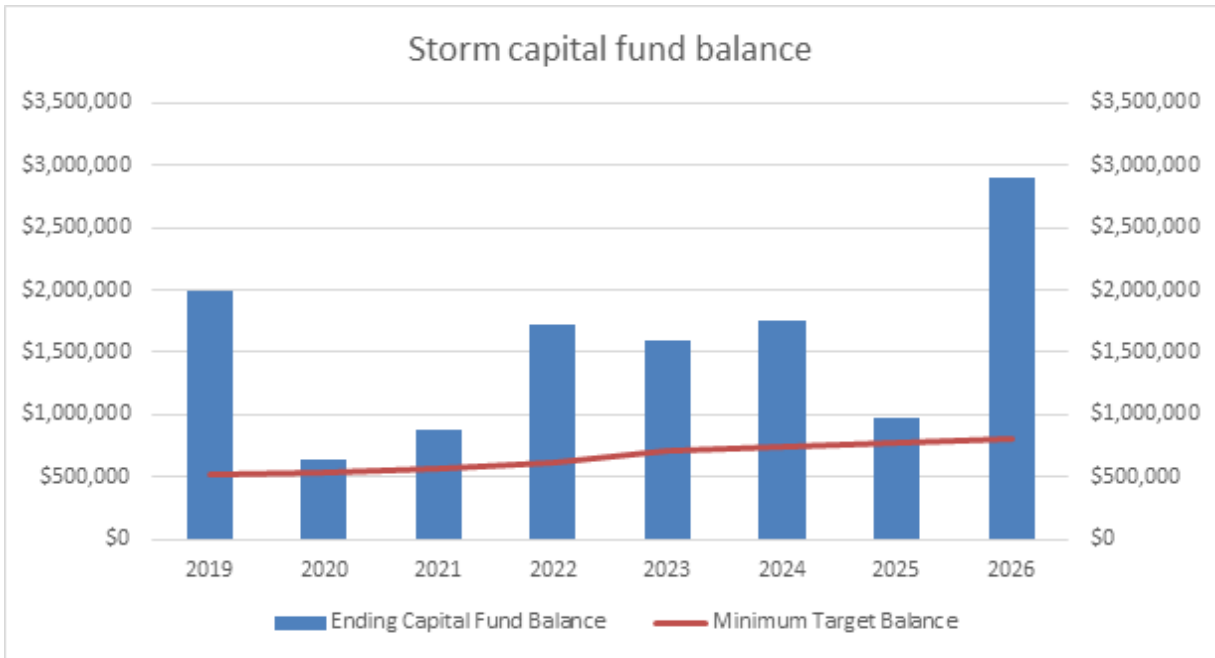
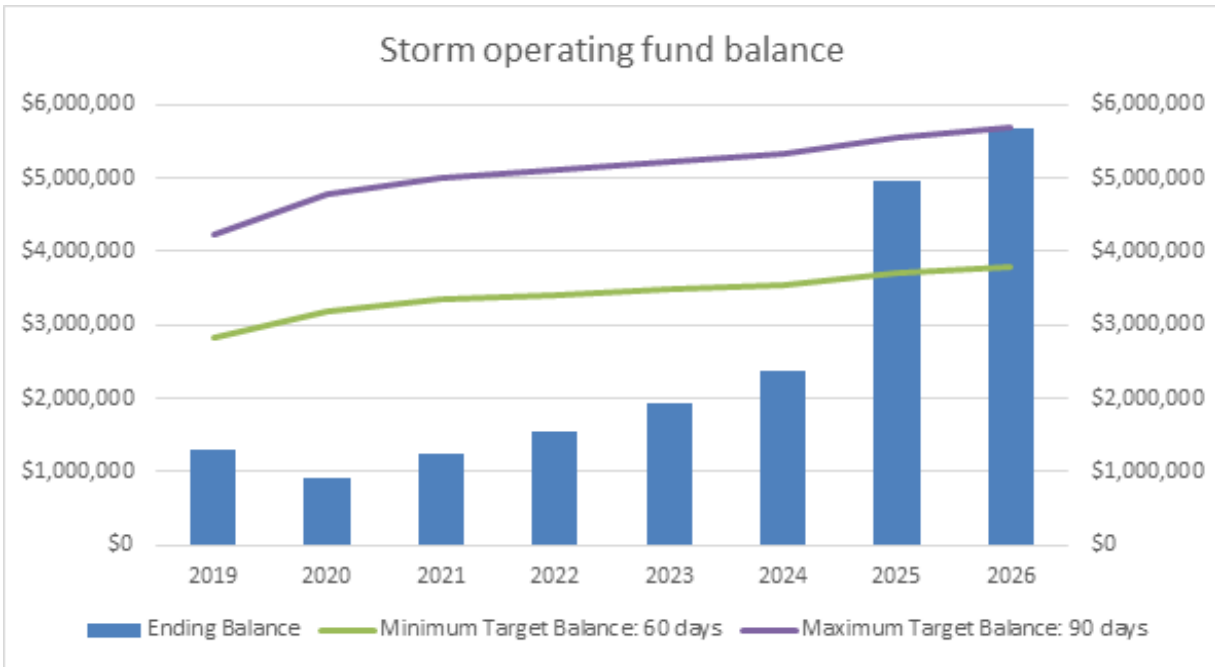
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