

THE CITY OF PRINCE ALBERT



SANITATION FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2017

TABLE OF CONTENTS

December 31, 2017 Consolidated Budget Document

| | |
|---|----------------|
| Sanitation Fund Budget Overview | Page 3 |
| Sanitation Fund Operating Budget | Page 5 |
| Sanitation Fund Capital and Fund Projections | Page 10 |

Budget Overview



The Sanitation Utility Fund was created in 2003 and was intended to be a self-sustaining entity that would provide waste collection and recycling services, as well as operate a landfill without being dependent on the City's tax base. In order to continue to ensure its ability to be self-sufficient and to meet future capital requirements, City Council passed Waste Collection and Disposal Bylaw #40 of 2015, setting the rates and fees for a period of five years.

As part of the 2017 budgeting process, Administration is recommending an increase to the Residential Utility Surcharge of \$0.50 per month from \$17.00 in 2016 to \$17.50 in 2017.

For 2017 there are budgetary adjustments to the revenues and expenditures of this fund which include the items highlighted below.

Budgeted Revenue – Increase of \$252,760

There are two primary sources of revenue for the Sanitation Fund:

1. Landfill Fees – These are the rates charged to customers using the landfill. In 2017, the entry fees and per tonne charges at the Landfill will be increasing as set forth in Bylaw #40 of 2015. The minimum per load entry fee for residual waste below 150 kilograms is increasing from \$10.00 in 2016 to \$10.50 in 2017 and the per-tonne rate will increase from \$65.00 per tonne in 2016 to \$67.00 per tonne in 2017. Despite the increase in rates for 2017, Administration is recommending that budgeted revenue related to Landfill fees remain at 2016's budgeted amount of \$1,921,000 as 2016 revenues are projected to come in under budget for 2016. This can be attributed to the rate increases for 2016 not becoming effective until March and lower volumes of contaminated soil being received as a result of the slowdown in the oil industry.
2. Sanitation Surcharge – This represents the monthly Residential Utility Surcharge located on the utility bills of residential property owners of The City of Prince Albert. Administration is recommending a \$0.50 increase from \$17.00 per month to \$17.50 per month for 2017 which represents a 2.9% increase over the prior year. The rate increase is required to ensure sufficient funds are available to cover the operating costs for residential waste collection, the residential recycling program, the portion of landfill costs related to residential garbage processing, future capital projects and future cell expansions and cell closures. The increase in the surcharge, along with an increase in users, is projected to increase revenue by \$81,390 from \$2,310,240 in 2016 to \$2,391,630 in 2017.

In addition, budgeted revenues for 2017 have been increased by \$171,370 related to funding received from the North Central Saskatchewan Waste Management Corporation (NCSWMC) as part of the Multi Material Stewardship Initiative which was announced in 2016. The NCSWMC has long been an advocate of having the producers of the recycling packaging be responsible for its ultimate disposal. To that end, the City will be receiving quarterly payments in 2017 of just over \$42,000 per quarter.

Budgeted Expenses – Decrease of \$156,620

Some of the significant 2017 budgetary adjustments to expenses are discussed below:

- o A decrease of \$216,110 in Contracted and General Services primarily related to the following:
 - o A decrease of \$110,000 related to removal of one-time funding for 2016 projects.
 - o A decrease of \$145,000 in the amount budgeted for groundwater monitoring and regulatory items.

SANITATION FUND BUDGET OVERVIEW

For the Year Ending December 31, 2017

- An increase of \$31,300 in the budget for Household Hazardous waste days so that the Landfill can hold two collection events compared to just one in 2016.
- An increase of \$59,510 for fleet expenses related to the City fleet. The increase is a result of the 6% increase in fleet charge out rates proposed by Administration for the 2017 Budget.

For 2017, Administration is requesting \$1,603,300 in capital spending for the following items:

- \$668,300 for the completion of the Landfill Forcemain & Watermain project which began in 2016 to be funded from the Sanitation Reserve.
- \$550,000 for the replacement of Front-End Loader Unit #18 to be funded from the Equipment Fleet Reserve.
- \$385,000 for the replacement of Automated Waste Collection Truck Unit #65 to be funded from the Equipment Fleet Reserve.

Sanitation Improvement Fund Balance

In conclusion, the lifespan of any landfill is dependent on the amount of refuse that enters the landfill gates and how much can be re-used or re-cycled in other capacities. Most landfill cells have a lifespan of about 13 - 15 years and each cell, if they are to meet environmental regulatory requirements, can cost several millions of dollars to construct. In order to have financial resources available for future capital needs any remaining unspent surpluses are set aside in anticipation of these necessities.

A summary of the 2017 Budget's impact on the Sanitation Improvement Fund Balance is as follows:

- The budgeted surplus from operations to be transferred to the Sanitation Improvement Fund in 2017 is \$806,450.
- A transfer of \$668,300 to the Capital Committed Reserve is required for 2017 Capital Expenditures.
- This results in an estimated increase to the Sanitation Improvement Fund in 2017 of \$138,150 and an estimated closing surplus of \$283,276.

**SANITATION FUND
OPERATING BUDGET**

For the Year Ending December 31, 2017

| | 2017 Budget | 2016 Budget | (Favourable) Unfavourable Change |
|--|------------------------|--------------------|--|
| REVENUES | | | |
| Landfill Operations Fees | (\$1,921,000) | (\$1,921,000) | \$- |
| Sanitation Surcharge | (2,391,630) | (2,310,240) | (81,390) |
| Sanitation Surcharge - City Facilities | (47,040) | (47,040) | - |
| Bioreactor Building Rental Revenue | (19,500) | (19,500) | - |
| Operating Grants and Donations | (171,370) | - | (171,370) |
| Sundry | (1,000) | (1,000) | - |
| Total Revenues | (4,551,540) | (4,298,780) | (252,760) |
| EXPENSES | | | |
| Salaries Wages and Benefits | 1,237,420 | 1,234,270 | 3,150 |
| Contracted and General Services | 556,600 | 772,710 | (216,110) |
| Financial Charges | 5,550 | 4,520 | 1,030 |
| Grants and Donations | 142,100 | 142,100 | - |
| Utilities | 43,290 | 59,610 | (16,320) |
| Fleet Expenses | 1,051,320 | 991,810 | 59,510 |
| Maintenance Materials and Supplies | 444,380 | 424,650 | 19,730 |
| Insurance | 2,790 | 10,400 | (7,610) |
| Bad Debt Expense | 2,000 | 2,000 | - |
| Total Expenses | 3,485,450 | 3,642,070 | (156,620) |
| Operating (Surplus) Deficit | (1,066,090) | (656,710) | (409,380) |
| CAPITAL AND INTERFUND TRANSACTIONS | | | |
| Transfer to General Fund - Franchise Fee | 212,600 | 186,850 | 25,750 |
| Transfer to General Fund - Sanitation Fees | 44,880 | 44,880 | - |
| Transfer to Utility Fund | 2,160 | 2,160 | - |
| Capital and Interfund Transactions | 259,640 | 233,890 | 25,750 |
| TOTAL (SURPLUS) DEFICIT | (806,450) | (422,820) | (383,630) |

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2017

FUNCTIONAL AREA: ADMINISTRATION & BILLING

| | 2017 | 2016 | (Favourable) |
|--|--------------------|--------------------|------------------|
| | Budget | Budget | Unfavourable |
| | | | Change |
| REVENUES | | | |
| Landfill Operations Fees | (\$1,921,000) | (\$1,921,000) | \$- |
| Sanitation Surcharge | (2,391,630) | (2,310,240) | (81,390) |
| Sanitation Surcharge - City Facilities | (47,040) | (47,040) | - |
| Bioreactor Building Rental Revenue | (19,500) | (19,500) | - |
| Operating Grants and Donations | (171,370) | - | (171,370) |
| Sundry | (1,000) | (1,000) | - |
| Total Revenues | (4,551,540) | (4,298,780) | (252,760) |
| EXPENSES | | | |
| Salaries Wages and Benefits | 20,900 | - | 20,900 |
| Bad Debt Expense | 2,000 | 2,000 | - |
| Total Expenses | 22,900 | 2,000 | 20,900 |
| Operating (Surplus) Deficit | (4,528,640) | (4,296,780) | (231,860) |
| CAPITAL AND INTERFUND TRANSACTIONS | | | |
| Transfer to General Fund - Franchise Fee | 212,600 | 186,850 | 25,750 |
| Transfer to General Fund - Sanitation Fees | 44,880 | 44,880 | - |
| Transfer to Utility Fund | 2,160 | 2,160 | - |
| Capital and Interfund Transactions | 259,640 | 233,890 | 25,750 |
| TOTAL (SURPLUS) DEFICIT | (4,269,000) | (4,062,890) | (206,110) |

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2017

FUNCTIONAL AREA: LANDFILL OPERATIONS

| | 2017 | 2016 | (Favourable) |
|---|------------------|-----------|--------------|
| | Budget | Budget | Unfavourable |
| | | | Change |
| REVENUES | | | |
| <hr/> | | | |
| EXPENSES | | | |
| Salaries Wages and Benefits | \$534,820 | \$613,890 | (\$79,070) |
| Contracted and General Services | 442,100 | 666,610 | (224,510) |
| Financial Charges | 5,550 | 4,500 | 1,050 |
| Utilities | 43,290 | 59,610 | (16,320) |
| Fleet Expenses | 371,560 | 392,490 | (20,930) |
| Maintenance Materials and Supplies | 316,700 | 296,780 | 19,920 |
| Insurance | 2,510 | 9,800 | (7,290) |
| Total Expenses | 1,716,530 | 2,043,680 | (327,150) |
| Operating (Surplus) Deficit | 1,716,530 | 2,043,680 | (327,150) |
| CAPITAL AND INTERFUND TRANSACTIONS | | | |
| <hr/> | | | |
| TOTAL (SURPLUS) DEFICIT | 1,716,530 | 2,043,680 | (327,150) |

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2017

FUNCTIONAL AREA: RESIDENTIAL WASTE COLLECTION

| | 2017 | 2016 | (Favourable) |
|---|------------------|-----------|--------------|
| | Budget | Budget | Unfavourable |
| | | | Change |
| REVENUES | | | |
| <hr/> | | | |
| EXPENSES | | | |
| Salaries Wages and Benefits | \$501,620 | \$442,290 | \$59,330 |
| Contracted and General Services | - | 56,100 | (56,100) |
| Financial Charges | - | 20 | (20) |
| Fleet Expenses | 490,810 | 405,870 | 84,940 |
| Maintenance Materials and Supplies | 92,740 | 91,330 | 1,410 |
| Insurance | 280 | 500 | (220) |
| <hr/> | | | |
| Total Expenses | 1,085,450 | 996,110 | 89,340 |
| <hr/> | | | |
| Operating (Surplus) Deficit | 1,085,450 | 996,110 | 89,340 |
| <hr/> | | | |
| CAPITAL AND INTERFUND TRANSACTIONS | | | |
| <hr/> | | | |
| TOTAL (SURPLUS) DEFICIT | 1,085,450 | 996,110 | 89,340 |
| <hr/> | | | |

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2017

FUNCTIONAL AREA: RESIDENTIAL RECYCLING

| | 2017 | 2016 | (Favourable) |
|---|------------------|-----------|--------------|
| | Budget | Budget | Unfavourable |
| | | | Change |
| REVENUES | | | |
| <hr/> | | | |
| EXPENSES | | | |
| Salaries Wages and Benefits | \$180,080 | \$178,090 | \$1,990 |
| Contracted and General Services | 114,500 | 50,000 | 64,500 |
| Grants and Donations | 142,100 | 142,100 | - |
| Fleet Expenses | 188,950 | 193,450 | (4,500) |
| Maintenance Materials and Supplies | 34,940 | 36,540 | (1,600) |
| Insurance | 0 | 100 | (100) |
| <hr/> | | | |
| Total Expenses | 660,570 | 600,280 | 60,290 |
| <hr/> | | | |
| Operating (Surplus) Deficit | 660,570 | 600,280 | 60,290 |
| <hr/> | | | |
| CAPITAL AND INTERFUND TRANSACTIONS | | | |
| <hr/> | | | |
| TOTAL (SURPLUS) DEFICIT | 660,570 | 600,280 | 60,290 |
| <hr/> | | | |

SANITATION FUND
CAPITAL EXPENDITURES AND FUND PROJECTIONS

For the Year Ending December 31, 2017

| CAPITAL COMMITTED RESERVE | 2017 | 2016 |
|--|---------------|-------------|
| | Budget | Budget |
| Budgeted Transactions | | |
| Funding: | | |
| Funding for Capital: via transfer from Sanitation Improvement Fund (Uncommitted) | (\$668,300) | (\$400,000) |
| Funding for Capital - via Transfer from Equipment Reserve | (935,000) | (375,000) |
| Total Funding | (1,603,300) | (775,000) |
| Expenditures: | | |
| Force Main and Water Lines | 668,300 | 400,000 |
| Replacement of Unit 59: Automated Waste Removal Truck | | 375,000 |
| Replacement of Unit 65: Automated Waste Collection Truck | 385,000 | |
| Replacement of Unit 18 - Front-End Loader | 550,000 | |
| Total Expenditures | 1,603,300 | 775,000 |
| Budgeted (Increase) Decrease to Reserve | - | - |
| Reserve Balance, beginning of year (estimated) | - | (283,448) |
| Capital Carryforward - Outstanding from Prior Years | - | 283,448 |
| Reserve Balance, end of year (estimated) | - | - |

SANITATION FUND
CAPITAL EXPENDITURES AND FUND PROJECTIONS (Continued)

For the Year Ending December 31, 2017

| SANITATION IMPROVEMENT FUND BALANCE (UNCOMMITTED EQUITY) | 2017 | 2016 |
|---|--------------------|-------------|
| | Budget | Budget |
| Budgeted Transactions | | |
| Funding: | | |
| Contribution from Operations | (\$806,450) | (\$422,820) |
| Expenditures: | | |
| Transfer to Capital Committed Reserve | 668,300 | 400,000 |
| Budgeted (Increase) Decrease | (138,150) | (22,820) |
| Fund Deficit (Surplus), beginning of year (estimated) | (145,126) | (122,306) |
| Fund Deficit (Surplus), end of year (estimated) | (283,276) | (145,126) |