

THE CITY OF PRINCE ALBERT



SANITATION FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2018

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December 31, 2018 Consolidated Budget Document

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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 2018 budgeting process, Administration is recommending an increase to the Residential Utility Surcharge of \$0.50 per month from \$17.50 in 2017 to \$18.00 in 2018.

For 2018 there are budgetary adjustments to the revenues and expenditures of this fund which include the items highlighted below.

Budgeted Revenue – Increase of \$47,020

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 2018, 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 \$10.50 in 2017 to \$11.00 in 2018 and the per-tonne rate for residual waste more than 150 kilograms will increase from \$67.00 per tonne in 2017 to \$69.00 per tonne in 2018. These rates are applicable to North Central Waste Management Corporation members with the rates for non-members being twice this amount. Despite the increase in rates for 2018, Administration is recommending that budgeted revenue related to Landfill Fees remain at 2017's budgeted amount of \$1,921,000 as 2017 revenues are projected to come in under budget for 2017. This can be attributed to lower volumes than expected being received including 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 \$17.50 per month to \$18.00 per month for 2018 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 is projected to increase revenue by \$49,530 from \$2,391,630 in 2017 to \$2,441,160 in 2018.

In addition, budgeted revenues for 2018 include 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 expects it will continue to receive quarterly payments in 2018 of just over \$42,000 per quarter or \$171,370 for the year.

Budgeted Expenses – Decrease of \$68,970

Some of the significant 2018 budgetary adjustments to expenses are discussed below:

- A decrease of \$141,200 in Contracted and General Services primarily related to the following:
 - A decrease of \$45,000 related to removal of one-time funding for 2017 projects.

SANITATION FUND BUDGET OVERVIEW

For the Year Ending December 31, 2018

- A decrease of \$45,000 related to the budget required for concrete crushing in 2018.
- A decrease of \$35,000 related to the budget required for environmental monitoring at the Bioreactor for 2018.
- A decrease of \$20,000 in the budget required for Household Hazardous waste days as the City will be holding one collection event in 2018 versus two in 2017.
- An increase of \$83,990 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 2018 Budget along with an increase in the budgeted fleet charges for the Landfill Compactor associated with its budgeted replacement in 2018.
- An increase of \$26,790 in Maintenance Materials and Supplies primarily related to the following:
 - \$50,000 increase for the replacement of 300 gallon bins to 95 and 65 gallon rollouts. This replacement will take up to 5 years.
 - \$20,000 decrease in the budget for granular materials required for maintenance of the 4 kilometers of roadway from the highway to the Landfill.

For 2018, Administration is requesting \$1,750,000 in capital spending for the following items:

- \$1,000,000 for the replacement of Landfill Compactor Unit #27 to be funded from the Equipment and Fleet Reserve.
- \$750,000 for a new Landfill Kiosk Building and two new Landfill weigh scales to be funded from the Sanitation Improvement Fund.

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 2018 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 2018 is \$909,810.
- A transfer of \$750,000 to the Capital Committed Reserve is required for 2018 Capital Expenditures.
- This results in an estimated net increase to the Sanitation Improvement Fund in 2018 of \$159,810 and an estimated closing surplus of \$91,940.

**SANITATION FUND
OPERATING BUDGET**

For the Year Ending December 31, 2018

	2018 Budget	2017 Budget	(Favourable) Unfavourable Change
REVENUES			
Landfill Operations Fees	(\$1,921,000)	(\$1,921,000)	\$-
Sanitation Surcharge	(2,441,160)	(2,391,630)	(49,530)
Sanitation Surcharge - City Facilities	(47,040)	(47,040)	-
Bioreactor Building Rental Revenue	(16,990)	(19,500)	2,510
Operating Grants and Donations	(171,370)	(171,370)	-
Sundry	(1,000)	(1,000)	-
Total Revenues	(4,598,560)	(4,551,540)	(47,020)
EXPENSES			
Salaries Wages and Benefits	1,210,460	1,237,420	(26,960)
Contracted and General Services	415,400	556,600	(141,200)
Financial Charges	5,750	5,550	200
Grants and Donations	142,100	142,100	-
Utilities	29,200	43,290	(14,090)
Fleet Expenses	1,135,310	1,051,320	83,990
Maintenance Materials and Supplies	471,170	444,380	26,790
Insurance	5,090	2,790	2,300
Bad Debt Expense	2,000	2,000	-
Total Expenses	3,416,480	3,485,450	(68,970)
Operating (Surplus) Deficit	(1,182,080)	(1,066,090)	(115,990)
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund - Franchise Fee	225,230	212,600	12,630
Transfer to General Fund - Sanitation Fees	44,880	44,880	-
Transfer to Utility Fund	2,160	2,160	-
Capital and Interfund Transactions	272,270	259,640	12,630
TOTAL (SURPLUS) DEFICIT	(909,810)	(806,450)	(103,360)
Allocated as Follows:			
Transfer to Sanitation Improvement Fund	159,810	138,150	21,660
Transfer to Capital Committed Reseve	750,000	668,300	81,700
	909,810	806,450	103,360

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION
For the Year Ending December 31, 2018

FUNCTIONAL AREA: ADMINISTRATION & BILLING

	2018	2017	(Favourable) Unfavourable Change
	Budget	Budget	
REVENUES			
Landfill Operations Fees	(\$1,921,000)	(\$1,921,000)	\$-
Sanitation Surcharge	(2,441,160)	(2,391,630)	(49,530)
Sanitation Surcharge - City Facilities	(47,040)	(47,040)	-
Bioreactor Building Rental Revenue	(16,990)	(19,500)	2,510
Operating Grants and Donations	(171,370)	(171,370)	-
Sundry	(1,000)	(1,000)	-
Total Revenues	(4,598,560)	(4,551,540)	(47,020)
EXPENSES			
Salaries Wages and Benefits	28,250	20,900	7,350
Fleet Expenses	(16,600)	-	(16,600)
Bad Debt Expense	2,000	2,000	-
Total Expenses	13,650	22,900	(9,250)
Operating (Surplus) Deficit	(4,584,910)	(4,528,640)	(56,270)
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund - Franchise Fee	225,230	212,600	12,630
Transfer to General Fund - Sanitation Fees	44,880	44,880	-
Transfer to Utility Fund	2,160	2,160	-
Capital and Interfund Transactions	272,270	259,640	12,630
TOTAL (SURPLUS) DEFICIT	(4,312,640)	(4,269,000)	(43,640)

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2018

FUNCTIONAL AREA: LANDFILL OPERATIONS

	2018	2017	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
EXPENSES			
Salaries Wages and Benefits	\$500,800	\$534,820	(\$34,020)
Contracted and General Services	315,900	442,100	(126,200)
Financial Charges	5,750	5,550	200
Utilities	29,200	43,290	(14,090)
Fleet Expenses	431,360	371,560	59,800
Maintenance Materials and Supplies	311,850	316,700	(4,850)
Insurance	4,840	2,510	2,330
Total Expenses	1,599,700	1,716,530	(116,830)
Operating (Surplus) Deficit	1,599,700	1,716,530	(116,830)
CAPITAL AND INTERFUND TRANSACTIONS			
TOTAL (SURPLUS) DEFICIT	1,599,700	1,716,530	(116,830)

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2018

FUNCTIONAL AREA: RESIDENTIAL WASTE COLLECTION

	2018	2017	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
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EXPENSES			
Salaries Wages and Benefits	\$512,370	\$501,620	\$10,750
Fleet Expenses	520,260	490,810	29,450
Maintenance Materials and Supplies	141,760	92,740	49,020
Insurance	250	280	(30)
Total Expenses	1,174,640	1,085,450	89,190
Operating (Surplus) Deficit	1,174,640	1,085,450	89,190
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CAPITAL AND INTERFUND TRANSACTIONS			
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TOTAL (SURPLUS) DEFICIT	1,174,640	1,085,450	89,190

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2018

FUNCTIONAL AREA: RESIDENTIAL RECYCLING

	2018	2017	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
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EXPENSES			
Salaries Wages and Benefits	\$169,040	\$180,080	(\$11,040)
Contracted and General Services	99,500	114,500	(15,000)
Grants and Donations	142,100	142,100	-
Fleet Expenses	200,290	188,950	11,340
Maintenance Materials and Supplies	17,560	34,940	(17,380)
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Total Expenses	628,490	660,570	(32,080)
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Operating (Surplus) Deficit	628,490	660,570	(32,080)
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CAPITAL AND INTERFUND TRANSACTIONS			
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TOTAL (SURPLUS) DEFICIT	628,490	660,570	(32,080)
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SANITATION FUND
CAPITAL EXPENDITURES AND FUND PROJECTIONS

For the Year Ending December 31, 2018

CAPITAL COMMITTED RESERVE	2018	2017
	<u>Budget</u>	<u>Budget</u>
 Budgeted Transactions		
 Funding:		
Funding for Capital: via transfer from Sanitation Improvement Fund (Uncommitted)	(\$750,000)	(\$668,300)
Funding for Capital - via Transfer from Equipment Reserve	(1,000,000)	(935,000)
Total Funding	<u>(1,750,000)</u>	<u>(1,603,300)</u>
 Expenditures:		
Force Main and Water Lines	-	668,300
Replacement of Unit 65: Automated Waste Collection Truck	-	385,000
Replacement of Unit 18 - Front-End Loader	-	550,000
Replacement of Unit 27 - Landfill Compactor	1,000,000	-
New Kiosk Building and Weigh Scales	<u>750,000</u>	-
Total Expenditures	<u>1,750,000</u>	1,603,300
 Budgeted (Increase) Decrease to Reserve	 -	 -
 Reserve Balance, beginning of year (estimated)	 -	 (36,194)
Capital Carryforward - Outstanding from Prior Years	<u>-</u>	<u>36,194</u>
 Reserve Balance, end of year (estimated)	 <u>-</u>	 <u>-</u>

SANITATION FUND
CAPITAL EXPENDITURES AND FUND PROJECTIONS (Continued)

For the Year Ending December 31, 2018

SANITATION IMPROVEMENT FUND BALANCE (UNCOMMITTED EQUITY)	2018	2017
	Budget	Budget
Budgeted Transactions		
Funding:		
Contribution from Operations	(\$909,810)	(\$806,450)
Expenditures:		
Transfer to Capital Committed Reserve	750,000	668,300
Budgeted (Increase) Decrease	(159,810)	(138,150)
Fund Deficit (Surplus), beginning of year (estimated)	67,870	206,020
Fund Deficit (Surplus), end of year (estimated)	(91,940)	67,870