

THE CITY OF PRINCE ALBERT



SANITATION FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2019

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December 31, 2019 Consolidated Budget Document

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Budget Overview



The Sanitation Utility Fund was created in 2003 and was intended to be self-sustaining providing 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 the 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 2019 budgeting process, Administration is recommending an increase to the Residential Utility Surcharge of \$0.25 per month, approximately 1.4 percent, from \$18.00 in 2018 to \$18.25 in 2019.

For 2019 there are budgetary adjustments to the revenues and expenditures of this fund which are highlighted below.

Budgeted Revenue – Increase of \$325,660

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 2019, the entry fees and per tonne charges at the Landfill will be increasing as set forth in Bylaw #8 of 2018. The minimum per load entry fee for residual waste below 150 kilograms is increasing from \$11.00 in 2018 to \$11.50 in 2019 and the per-tonne rate for residual waste more than 150 kilograms will increase from \$69.00 per tonne in 2018 to \$71.00 per tonne in 2019. In 2019, revenues are projected to increase by \$292,000 based on expanded utilization of Landfill services and the annual increase in the entrance fee and per tonnage rates set forth in the Waste Collection and Disposal Bylaw. In addition, the Landfill has seen an increase in revenues related the implementation of new processes to identify and charge non-NCWMC members the higher non-member rate. In addition, the Landfill has a new process in place to divert scrap metal from the active working face of the Landfill to a designated collection area allowing them to sell it for additional revenue.
2. Sanitation Surcharge – This represents the monthly Residential Utility Surcharge located on the utility bills of residential property owners of the City. Administration is recommending a \$0.25 increase from \$18.00 per month to \$18.25 per month for 2019 which represents a 1.4 percent 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 \$38,120 from \$2,441,160 in 2018 to \$2,479,280 in 2019.

In addition, budgeted revenues for 2019 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 2019 of just over \$42,000 per quarter or \$171,370 for the year. This offsets the City's member contribution of \$142,100.

SANITATION FUND BUDGET OVERVIEW

For the Year Ending December 31, 2019

Budgeted Expenses – Increase of \$269,590

Significant 2019 budgetary adjustments to expenses are noted below:

- An increase of \$15,270 in Salaries Wages and Benefits related to base adjustments and an additional recycling pick-up over Christmas for 2019.
- A decrease of \$182,400 in Contracted and General Services primarily related to the following:
 - \$147,400 decrease in the budget for Landfill groundwater monitoring and regulatory items.
 - \$40,000 decrease in the budget for environmental monitoring at the Bioreactor.
 - \$5,000 increase in the budget required for Household Hazardous waste days.
- An increase of \$458,780 for Fleet Expenses primarily related to the 6% increase in fleet charge out rates proposed for the 2019 Budget, an additional recycling pick-up over Christmas, increased Landfill utilization and the associated increase in equipment hours, and an increase to the budget to reflect the actual fleet expenses charged to the Sanitation Fund.
- A decrease of \$22,950 in Maintenance Materials and Supplies primarily related to the following:
 - \$32,800 decrease in the budget for operating expenses based on a review of actual costs and expectations for 2019. The budget amount remaining for 2019 includes funds for Year 2 of the 5 year program to replace the 300 gallon bins with 95 and 65 gallon rollouts.
 - \$15,000 increase related to the purchase of two 20 yard roll off bins for the Landfill in 2019. These bins, allow citizens with a small amount of garbage and recycling to offload close to the entrance for convenience.

2019 Capital Budget

For 2019, Administration is requesting \$725,000 in capital spending for the following items:

- \$385,000 for the replacement of Automated Waste Collection Truck Unit #67 to be funded from the Equipment and Fleet Reserve.
- \$340,000 for a new Landfill Kiosk Building and two new Landfill weigh scales to be funded from the Sanitation Improvement Fund. The 2018 Budget previously approved \$750,000 for this capital project therefore the total project cost is \$1,090,000.

Sanitation Improvement Fund Balance

In conclusion, the lifespan of any Landfill is dependent on the amount of refuse that enters the Landfill 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 2019 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 Balance in 2019 is \$970,490.
- A transfer of \$340,000 to the Capital Committed Reserve is required for 2019 Capital Expenditures.
- This results in an estimated net increase to the Sanitation Improvement Fund Balance in 2019 of \$630,490 and an estimated closing surplus of \$803,381.

**SANITATION FUND
OPERATING BUDGET**

For the Year Ending December 31, 2019

	2019 Budget	2018 Budget	(Favourable) Unfavourable Change
REVENUES			
Landfill Operations Fees	(\$2,213,000)	(\$1,921,000)	\$ (292,000)
Sanitation Surcharge	(2,479,280)	(2,441,160)	(38,120)
Sanitation Surcharge - City Facilities	(42,580)	(47,040)	4,460
Bioreactor Building Rental Revenue	(16,990)	(16,990)	-
Operating Grants and Donations	(171,370)	(171,370)	-
Sundry	(1,000)	(1,000)	-
Total Revenues	(4,924,220)	(4,598,560)	(325,660)
EXPENSES			
Salaries Wages and Benefits	1,225,730	1,210,460	15,270
Contracted and General Services	233,000	415,400	(182,400)
Financial Charges	5,750	5,750	-
Grants and Donations	142,100	142,100	-
Utilities	30,100	29,200	900
Fleet Expenses	1,594,090	1,135,310	458,780
Maintenance Materials and Supplies	448,220	471,170	(22,950)
Insurance	5,080	5,090	(10)
Bad Debt Expense	2,000	2,000	-
Total Expenses	3,686,070	3,416,480	269,590
Operating (Surplus) Deficit	(1,238,150)	(1,182,080)	(56,070)
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund - Franchise Fee	227,580	225,230	2,350
Transfer to General Fund - Sanitation Fees	39,020	44,880	(5,860)
Transfer to Utility Fund - Sanitation Fees	3,560	2,160	1,400
Transfer from Utility Fund - Utility Fees	(2,500)	-	(2,500)
Capital and Interfund Transactions	267,660	272,270	(4,610)
TOTAL (SURPLUS) DEFICIT	(970,490)	(909,810)	(60,680)
Allocated as Follows:			
Transfer to Sanitation Improvement Fund	970,490	909,810	60,680

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2019

ADMINISTRATION & BILLING

	2019	2018	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
Landfill Operations Fees	(\$2,213,000)	(\$1,921,000)	\$ (292,000)
Sanitation Surcharge	(2,479,280)	(2,441,160)	(38,120)
Sanitation Surcharge - City Facilities	(42,580)	(47,040)	4,460
Bioreactor Building Rental Revenue	(16,990)	(16,990)	-
Operating Grants and Donations	(171,370)	(171,370)	-
Sundry	(1,000)	(1,000)	-
Total Revenues	(4,924,220)	(4,598,560)	(325,660)
EXPENSES			
Salaries Wages and Benefits	-	28,250	(28,250)
Fleet Expenses	-	(16,600)	16,600
Bad Debt Expense	2,000	2,000	-
Total Expenses	2,000	13,650	(11,650)
Operating (Surplus) Deficit	(4,922,220)	(4,584,910)	(337,310)
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund - Franchise Fee	227,580	225,230	2,350
Transfer to General Fund - Sanitation Fees	39,020	44,880	(5,860)
Transfer to Utility Fund - Sanitation Fees	3,560	2,160	1,400
Transfer from Utility Fund - Utility Fees	(2,500)	-	(2,500)
Capital and Interfund Transactions	267,660	272,270	(4,610)
TOTAL (SURPLUS) DEFICIT	(4,654,560)	(4,312,640)	(341,920)

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2019

LANDFILL OPERATIONS

	2019	2018	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
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EXPENSES			
Salaries Wages and Benefits	\$557,490	\$500,800	\$56,690
Contracted and General Services	128,500	315,900	(187,400)
Financial Charges	5,750	5,750	-
Utilities	30,100	29,200	900
Fleet Expenses	630,000	431,360	198,640
Maintenance Materials and Supplies	313,380	311,850	1,530
Insurance	4,840	4,840	-
Total Expenses	1,670,060	1,599,700	70,360
Operating (Surplus) Deficit	1,670,060	1,599,700	70,360
CAPITAL AND INTERFUND TRANSACTIONS			
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TOTAL (SURPLUS) DEFICIT	1,670,060	1,599,700	70,360

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2019

RESIDENTIAL WASTE COLLECTION

	2019	2018	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
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EXPENSES			
Salaries Wages and Benefits	\$486,200	\$512,370	(\$26,170)
Fleet Expenses	730,000	520,260	209,740
Maintenance Materials and Supplies	102,840	141,760	(38,920)
Insurance	240	250	(10)
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Total Expenses	1,319,280	1,174,640	144,640
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Operating (Surplus) Deficit	1,319,280	1,174,640	144,640
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CAPITAL AND INTERFUND TRANSACTIONS			
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TOTAL (SURPLUS) DEFICIT	1,319,280	1,174,640	144,640
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SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2019

RESIDENTIAL RECYCLING

	2019	2018	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
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EXPENSES			
Salaries Wages and Benefits	\$182,040	\$169,040	\$13,000
Contracted and General Services	104,500	99,500	5,000
Grants and Donations	142,100	142,100	-
Fleet Expenses	234,090	200,290	33,800
Maintenance Materials and Supplies	32,000	17,560	14,440
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Total Expenses	694,730	628,490	66,240
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Operating (Surplus) Deficit	694,730	628,490	66,240
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CAPITAL AND INTERFUND TRANSACTIONS			
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TOTAL (SURPLUS) DEFICIT	694,730	628,490	66,240
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SANITATION FUND
CAPITAL EXPENDITURES AND FUND PROJECTIONS

For the Year Ending December 31, 2019

CAPITAL COMMITTED RESERVE	2019	2018
	Budget	Budget
Budgeted Transactions		
Funding:		
Funding for Capital: via transfer from Sanitation Improvement Fund (Uncommitted)	(\$340,000)	(\$750,000)
Funding for Capital - via Transfer from Equipment Reserve	(385,000)	(1,000,000)
Total Funding	(725,000)	(1,750,000)
Expenditures:		
Automated Waste Collection Truck - Replacement of Unit #67	385,000	
New Kiosk Building and Weigh Scales	340,000	750,000
Replacement of Unit #27 - Landfill Compactor	-	1,000,000
Total Expenditures	725,000	1,750,000
Budgeted (Increase) Decrease to Reserve	-	-
Reserve Balance, beginning of year (estimated)		-
Capital Carryforward - Outstanding from Prior Years	-	
Reserve Balance, end of year (estimated)	-	-

SANITATION FUND
CAPITAL EXPENDITURES AND FUND PROJECTIONS (Continued)

For the Year Ending December 31, 2019

SANITATION IMPROVEMENT FUND BALANCE (UNCOMMITTED EQUITY)	2019 Budget	2018 Budget
Budgeted Transactions		
Funding:		
Contribution from Operations	<u>(\$970,490)</u>	<u>(\$909,810)</u>
Expenditures:		
Transfer to Capital Committed Reserve	<u>340,000</u>	<u>750,000</u>
Budgeted (Increase) Decrease	(630,490)	(159,810)
Fund (Surplus) Deficit, beginning of year (estimated)	<u>(172,891)</u>	<u>(13,081)</u>
Fund (Surplus) Deficit , end of year (estimated)	<u>(803,381)</u>	<u>(172,891)</u>