

# **THE CITY OF PRINCE ALBERT**



## **SANITATION FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2020**

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December 31, 2020 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 (2016 to 2020).

As part of the 2020 budgeting process, Administration is recommending an increase to the Residential Utility Surcharge of \$0.50 per month, approximately 2.7%, from \$18.25 in 2019 to \$18.75 in 2020.

For 2020 there are budgetary adjustments to the revenues and expenditures of this fund which are highlighted below.

### **Budgeted Revenue – Increase of \$263,530**

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 2020, the entry fees and per tonne charges at the Landfill will be increasing as set forth in Waste Collection and Disposal Bylaw #8 of 2018. The minimum per load entry fee for residual waste below 150 kilograms is increasing from \$11.50 in 2019 to \$12.00 in 2020 and the per tonne rate for residual waste more than 150 kilograms will increase from \$71.00 per tonne in 2019 to \$73.00 per tonne in 2020. In 2020, revenues are projected to increase by \$67,000 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.
2. Sanitation Surcharge – This represents the monthly Residential Utility Surcharge located on the utility bills of property owners of the City. Administration is recommending a \$0.50 increase from \$18.25 per month to \$18.75 per month for 2020 which represents a 2.7% increase over the prior year. The rate increase is required to ensure sufficient funds are available to cover the operating costs for waste collection, the residential recycling program, the portion of Landfill costs related to garbage processing, future capital projects and future cell expansions and cell closures. The additional revenue generated from the increase in the Residential Utility Surcharge is offset by an adjustment of approximately \$80,000 related to correcting the budgeted number of residences that the surcharge is applicable to. Overall, budgeted revenue is decreasing by \$14,280 from \$2,479,280 in 2019 to \$2,465,000 in 2020.

In addition, budgeted revenues for 2020 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, based on the 2019-2020 agreement with the City, the Sanitation Fund will receive quarterly payments in 2020 of just over \$95,510 per quarter or \$382,040 for the year. This is an increase of \$210,670 over the amount budgeted for 2019 and offsets the City's annual member contribution of \$142,100.

**Budgeted Expenses – Increase of \$72,280**

Significant 2020 budgetary adjustments to expenses are noted below:

- An increase of \$65,910 in fleet expenses related to the 6% increase in fleet charge out rates proposed by Administration for the 2020 Budget along with adjustments to reflect the actual equipment hours and associated fleet expenses charged to the Sanitation Fund.
- A decrease of \$40,000 related to the 2020 tender results for the collection of recyclable cardboard from community drop off centers throughout the City.
- An increase of \$19,360 in salaries, wages, and benefits primarily related to the provision for CUPE 160 and out-of-scope staff as the current collective bargaining agreements expire at the end of 2019. A 2% increase has been budgeted for 2020.
- An increase of \$19,320 in maintenance, materials, and supplies primarily related to the following:
  - \$50,000 increase in the budget for landfill decommission costs. Environmental law requires closure and post-closure care of solid waste landfill sites. Administration is required to adjust the liability that reflects this future cost on its financial statements and record the associated expense on an annual basis.
  - (\$20,000) decrease in the budget for equipment rentals based on a review of historical costs and expectations for 2020.
  - (\$15,000) decrease related to the removal of one-time items budgeted in the prior year.

## **Capital and Interfund Transactions – Increase of \$816,440**

Significant 2020 budgetary adjustments to expenses are noted below:

- An increase of \$800,000 related to amortization. Amortization, or depreciation, is an accounting method of allocating the cost of a tangible or physical asset over its useful life or life expectancy. Depreciation represents how much of an asset's value has been used up. Prior to 2020 the City did not budget for amortization as it is a non-cash item (i.e. it does not represent a cash outlay in the current year but rather the annual cost of the fund's assets spread over their useful lives). The City's auditors have requested that the City budget for amortization.
- An increase of \$16,500 in the transfer to the General Fund related to the Franchise Fee paid to the General Fund as a result of increasing revenues. The 2020 budgeted transfer is based on 5% of 2019's budgeted revenue less revenue from City Facilities.

## **2020 Capital Budget**

For 2020, Administration is requesting \$720,000 in capital spending for the following items:

- \$380,000 for the replacement of Automated Waste Collection Truck Unit #62 to be funded from the Equipment and Fleet Reserve.
- \$340,000 for design and engineering services for the construction of Cell 2B at the Landfill to be funded from the Sanitation Improvement Fund Balance. It is estimated that the City will require another cell within the next four years.

## **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 2020 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 2020 is \$1,145,300, after adjusting for non-cash amortization.
- A transfer of \$340,000 to the Capital Committed Reserve is required for 2020 capital expenditures.
- This results in an estimated net increase to the Sanitation Improvement Fund Balance in 2020 of \$805,300 and an estimated closing surplus of \$936,293.

**SANITATION FUND  
OPERATING BUDGET**

For the Year Ending December 31, 2020

	2020 Budget	2019 Budget	(Favourable) Unfavourable Change
<b>REVENUES</b>			
Landfill Operations Fees	(\$2,280,000)	(\$2,213,000)	\$ (67,000)
Sanitation Surcharge	(2,465,000)	(2,479,280)	14,280
Sanitation Surcharge - City Facilities	(42,720)	(42,580)	(140)
Bioreactor Building Rental Revenue	(16,990)	(16,990)	-
Operating Grants and Donations	(382,040)	(171,370)	(210,670)
Sundry	(1,000)	(1,000)	-
<b>Total Revenues</b>	<b>(5,187,750)</b>	<b>(4,924,220)</b>	<b>(263,530)</b>
<b>EXPENSES</b>			
Salaries Wages and Benefits	1,245,090	1,225,730	19,360
Contracted and General Services	187,000	233,000	(46,000)
Financial Charges	5,750	5,750	-
Grants and Donations	142,100	142,100	-
Utilities	33,400	30,100	3,300
Fleet Expenses	1,660,000	1,594,090	65,910
Maintenance Materials and Supplies	467,540	448,220	19,320
Insurance	10,470	5,080	5,390
Bad Debt Expense	7,000	2,000	5,000
<b>Total Expenses</b>	<b>3,758,350</b>	<b>3,686,070</b>	<b>72,280</b>
<b>Operating (Surplus) Deficit</b>	<b>(1,429,400)</b>	<b>(1,238,150)</b>	<b>(191,250)</b>
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
Amortization	800,000	-	800,000
Transfer to General Fund - Franchise Fee	244,080	227,580	16,500
Transfer to General Fund - Sanitation Fees	39,020	39,020	-
Transfer to Utility Fund - Sanitation Fees	3,700	3,560	140
Transfer from Utility Fund - Utility Fees	(2,700)	(2,500)	(200)
<b>Capital and Interfund Transactions</b>	<b>1,084,100</b>	<b>267,660</b>	<b>816,440</b>
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>(345,300)</b>	<b>(970,490)</b>	<b>625,190</b>
<b>Allocated as Follows:</b>			
Total (Surplus) Deficit	(345,300)	(970,490)	625,190
Non-Cash Adjustment - Amortization	(800,000)	-	(800,000)
<b>Total (Surplus) Deficit - Adjusted for Amortization</b>	<b>(1,145,300)</b>	<b>(970,490)</b>	<b>(174,810)</b>
<b>Transfer to Sanitation Improvement Fund</b>	<b>1,145,300</b>	<b>970,490</b>	<b>174,810</b>
	-	-	-

**SANITATION FUND**  
**OPERATING BUDGET SEGMENTED BY DIVISION**

For the Year Ending December 31, 2020

**ADMINISTRATION & BILLING**

	<b>2020</b>	2019	(Favourable) Unfavourable Change
	<b>Budget</b>	Budget	
<b>REVENUES</b>			
Landfill Operations Fees	(\$2,280,000)	(\$2,213,000)	\$ (67,000)
Sanitation Surcharge	(2,465,000)	(2,479,280)	14,280
Sanitation Surcharge - City Facilities	(42,720)	(42,580)	(140)
Bioreactor Building Rental Revenue	(16,990)	(16,990)	-
Operating Grants and Donations	(382,040)	(171,370)	(210,670)
Sundry	(1,000)	(1,000)	-
<b>Total Revenues</b>	<b>(5,187,750)</b>	(4,924,220)	(263,530)
<b>EXPENSES</b>			
Salaries Wages and Benefits	20,000	-	20,000
Fleet Expenses	-	-	-
Bad Debt Expense	7,000	2,000	5,000
<b>Total Expenses</b>	<b>27,000</b>	2,000	25,000
<b>Operating (Surplus) Deficit</b>	<b>(5,160,750)</b>	(4,922,220)	(238,530)
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
Amortization	800,000	-	800,000
Transfer to General Fund - Franchise Fee	244,080	227,580	16,500
Transfer to General Fund - Sanitation Fees	39,020	39,020	-
Transfer to Utility Fund - Sanitation Fees	3,700	3,560	140
Transfer from Utility Fund - Utility Fees	(2,700)	(2,500)	(200)
<b>Capital and Interfund Transactions</b>	<b>1,084,100</b>	267,660	816,440
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>(4,076,650)</b>	(4,654,560)	577,910

**SANITATION FUND**  
**OPERATING BUDGET SEGMENTED BY DIVISION**

For the Year Ending December 31, 2020

**LANDFILL OPERATIONS**

	<b>2020</b>	2019	(Favourable) Unfavourable
	<b>Budget</b>	Budget	Change
<b>REVENUES</b>			
<b>EXPENSES</b>			
Salaries Wages and Benefits	<b>\$564,350</b>	\$557,490	\$6,860
Contracted and General Services	<b>122,500</b>	128,500	(6,000)
Financial Charges	<b>5,750</b>	5,750	-
Utilities	<b>33,400</b>	30,100	3,300
Fleet Expenses	<b>650,000</b>	630,000	20,000
Maintenance Materials and Supplies	<b>347,370</b>	313,380	33,990
Insurance	<b>10,240</b>	4,840	5,400
<b>Total Expenses</b>	<b>1,733,610</b>	1,670,060	63,550
<b>Operating (Surplus) Deficit</b>	<b>1,733,610</b>	1,670,060	63,550
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>1,733,610</b>	1,670,060	63,550



**SANITATION FUND**  
**OPERATING BUDGET SEGMENTED BY DIVISION**

For the Year Ending December 31, 2020

**RESIDENTIAL WASTE COLLECTION**

	<b>2020</b>	2019	(Favourable)
	<b>Budget</b>	Budget	Unfavourable
			Change
<b>REVENUES</b>			
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<b>EXPENSES</b>			
Salaries Wages and Benefits	<b>\$486,200</b>	\$486,200	\$0
Fleet Expenses	<b>750,000</b>	730,000	20,000
Maintenance Materials and Supplies	<b>102,170</b>	102,840	(670)
Insurance	<b>230</b>	240	(10)
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Total Expenses	<b>1,338,600</b>	1,319,280	19,320
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Operating (Surplus) Deficit	<b>1,338,600</b>	1,319,280	19,320
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<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
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TOTAL (SURPLUS) DEFICIT	<b>1,338,600</b>	1,319,280	19,320
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**SANITATION FUND**  
**OPERATING BUDGET SEGMENTED BY DIVISION**

For the Year Ending December 31, 2020

**RESIDENTIAL RECYCLING**

	<b>2020</b>	2019	(Favourable)
	<b>Budget</b>	Budget	Unfavourable
			Change
<b>REVENUES</b>			
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<b>EXPENSES</b>			
Salaries Wages and Benefits	<b>\$174,540</b>	\$182,040	(\$7,500)
Contracted and General Services	<b>64,500</b>	104,500	(40,000)
Grants and Donations	<b>142,100</b>	142,100	-
Fleet Expenses	<b>260,000</b>	234,090	25,910
Maintenance Materials and Supplies	<b>18,000</b>	32,000	(14,000)
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Total Expenses	<b>659,140</b>	694,730	(35,590)
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Operating (Surplus) Deficit	<b>659,140</b>	694,730	(35,590)
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<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
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<b>TOTAL (SURPLUS) DEFICIT</b>	<b>659,140</b>	694,730	(35,590)
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**SANITATION FUND**  
**CAPITAL EXPENDITURES AND FUND PROJECTIONS**

For the Year Ending December 31, 2020

<b>CAPITAL COMMITTED RESERVE</b>	<b>2020</b>	2019
	<u>Budget</u>	<u>Budget</u>
 <b>Budgeted Transactions</b>		
 <b>Funding:</b>		
Funding for Capital: via transfer from Sanitation Improvement Fund (Uncommitted)	( <b>\$340,000</b> )	(\$340,000)
Funding for Capital - via Transfer from Equipment Reserve	( <b>380,000</b> )	(385,000)
Total Funding	<u>(720,000)</u>	<u>(725,000)</u>
 <b>Expenditures:</b>		
Automated Waste Collection Truck - Replacement of Unit #62	<b>380,000</b>	
Landfill Expansion - Cell 2B Design and Project Services	<b>340,000</b>	
Automated Waste Collection Truck - Replacement of Unit #67	-	385,000
New Kiosk Building and Weigh Scales	-	340,000
Total Expenditures	<u>720,000</u>	<u>725,000</u>
 Budgeted (Increase) Decrease to Reserve	 -	 -
 Reserve Balance, beginning of year (estimated)	 -	 664,625
Capital Carryforward - Outstanding from Prior Years	<u>-</u>	<u>(664,625)</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, 2020

<b>SANITATION IMPROVEMENT FUND BALANCE (UNCOMMITTED EQUITY)</b>	<b>2020</b>	2019
	<b>Budget</b>	Budget
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Contribution from Operations	<b>(\$1,145,300)</b>	(\$970,490)
<b>Expenditures:</b>		
Transfer to Capital Committed Reserve	<b>340,000</b>	340,000
Budgeted (Increase) Decrease	<b>(805,300)</b>	(630,490)
Fund (Surplus) Deficit, beginning of year (estimated)	<b>(130,993)</b>	499,497
Fund (Surplus) Deficit , end of year (estimated)	<b>(936,293)</b>	(130,993)