

THE CITY OF PRINCE ALBERT



SANITATION FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2016

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December 31, 2016 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 #5 of 2011, setting the rates and fees for a period of five years.

As part of the 2016 budgeting process, Administration is recommending an amendment to the Waste Collection and Disposal Bylaw that proposes an increase to entry fees at the landfill from \$9.50 in 2015 to \$10.00 in 2016 for any residual waste below 150 kilograms and the per-tonne rate will increase from \$54 in 2015 to \$65 in 2016. In addition, Administration is recommending an increase to the Residential Utility Surcharge of \$1.80 per month from \$15.20 in 2015 to \$17.00 in 2016.

For 2016 there are budgetary adjustments to the revenues and expenditures of this fund. They include the following:

Budgeted Revenue

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 2016, due to the proposed fee increases, revenues are expected to grow by an additional \$320,000. This along with expanded utilization of the landfill services are contributing to the growth of this revenue source, which is projected to total \$1,921,000 for 2016.
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 \$1.80 increase from \$15.20 per month to \$17.00 per month for 2016. 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 \$240,000 in 2016 to a total of \$2,310,240.

Budgeted Expenses

Sanitation Fund expenditures include management continuing to track the cost of water, sewer and sanitation costs for City facilities, as well as the cost of offering the Landfill Pass program for residents of Prince Albert to take residual waste to the landfill, without charge, four times over the course of a year.

For 2016, the largest increase in budgeted expenses relate to environmental monitoring, an increase in rental rates for the City fleet, and salaries, wages and benefits. These areas are discussed briefly below:

- o Environmental Monitoring - In 2016, the City is required to complete a significant amount of environmental monitoring at its Landfill Site. This is required in order to meet regulatory requirements as well as to allow the City to keep its operating license. As a result, budgeted expenses in this area are increasing by \$200,000.

SANITATION FUND BUDGET OVERVIEW

For the Year Ending December 31, 2016

- City Fleet Rental Expenses - A review of the hourly fleet charge for the Sanitation Fund fleet indicated that hourly rates need to be increased so that Sanitation is contributing a sufficient of level funding to cover the operating costs of the fleet as well as reserve funding for their eventual replacement. As a result, the budgeted expenses in this area are increasing by \$200,000.
- Salaries, Wages and Benefits - Salaries wages and benefits are being increased by \$59,520 as a result of annual base adjustments which include annual increases and step adjustments.

For 2016, Administration is requesting \$775,000 in capital spending for the following items:

- \$400,000 for Force Main and Water Lines to be funded from the Sanitation Reserve.
- \$375,000 for the Replacement of an Automatic Waste Collection Truck to be funded from the Equipment Fleet Reserve. The Unit to be replaced is Unit #59. This Unit was approved for replacement in 2015 but was over budget and postponed until 2016.

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.

At the beginning of 2015, the Sanitation Improvement Fund had a surplus of \$1,176,609. The budgeted surplus from operations for 2015 was \$259,340 with \$200,000 to be transferred to the Capital Committed Reserve for 2015 Capital Expenditures. This resulted in an estimated increase to the Sanitation Improvement Fund in the 2015 Budget of \$59,340 and would have resulted in an estimated closing surplus of \$1,235,949.

At the August 17, 2015 City Council Meeting, City Council approved the completion of Cell 1B at the Prince Albert Landfill at a total amount of \$1,804,615 for the acceptance and treatment of contaminated soils. The funding was to be provided by the existing Sanitation Improvement Fund balance and future operating surpluses. After incorporating this into the 2015 Budgeted amounts, the Sanitation Improvement Fund is estimated to have a deficit of \$568,666 at the end of 2015.

The budgeted surplus from operations in 2016 is \$422,820 with \$400,000 to be transferred to the Capital Committed Reserve for 2016 Capital Expenditures. This results in an estimated increase to the Sanitation Improvement Fund in 2016 of \$22,820 and an estimated closing deficit of \$545,846.

**SANITATION FUND
OPERATING BUDGET**

For the Year Ending December 31, 2016

	2016	2015	(Favourable) Unfavourable
	Budget	Budget	Change
REVENUES			
User Charges and Fees	(\$4,297,780)	(\$3,737,780)	(\$560,000)
Sundry	(1,000)	(1,000)	-
Total Revenues	(4,298,780)	(3,738,780)	(560,000)
EXPENSES			
Salaries Wages and Benefits	1,234,270	1,174,750	59,520
Contracted and General Services	772,710	533,710	239,000
Financial Charges	4,520	4,520	-
Grants and Donations	142,100	142,100	-
Utilities	59,610	59,610	-
Fleet Expenses	991,810	791,810	200,000
Maintenance Materials and Supplies	424,650	526,650	(102,000)
Insurance	10,400	10,400	-
Bad Debt Expense	2,000	2,000	-
Total Expenses	3,642,070	3,245,550	396,520
Operating (Surplus) Deficit	(656,710)	(493,230)	(163,480)
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund - Franchise Fee	186,850	186,850	-
Transfer to General Fund - Sanitation Fees	44,880	44,880	-
Transfer to Utility Fund	2,160	2,160	-
Capital and Interfund Transactions	233,890	233,890	-
TOTAL (SURPLUS) DEFICIT	(422,820)	(259,340)	(163,480)

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2016

FUNCTIONAL AREA: ADMINISTRATION & BILLING

	2016	2015	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
User Charges and Fees	(\$4,297,780)	(\$3,737,780)	(\$560,000)
Sundry	(1,000)	(1,000)	-
Total Revenues	(4,298,780)	(3,738,780)	(560,000)
EXPENSES			
Salaries Wages and Benefits	-	40,340	(40,340)
Bad Debt Expense	2,000	2,000	-
Total Expenses	2,000	42,340	(40,340)
Operating (Surplus) Deficit	(4,296,780)	(3,696,440)	(600,340)
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund - Franchise Fee	186,850	186,850	-
Transfer to General Fund - Sanitation Fees	44,880	44,880	-
Transfer to Utility Fund	2,160	2,160	-
Capital and Interfund Transactions	233,890	233,890	-
TOTAL (SURPLUS) DEFICIT	(4,062,890)	(3,462,550)	(600,340)

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2016

FUNCTIONAL AREA: LANDFILL OPERATIONS

	2016	2015	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
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EXPENSES			
Salaries Wages and Benefits	\$613,890	\$561,320	\$52,570
Contracted and General Services	666,610	491,610	175,000
Financial Charges	4,500	4,500	-
Utilities	59,610	59,610	-
Fleet Expenses	392,490	317,490	75,000
Maintenance Materials and Supplies	296,780	383,780	(87,000)
Insurance	9,800	9,800	-
Total Expenses	2,043,680	1,828,110	215,570
Operating (Surplus) Deficit	2,043,680	1,828,110	215,570
CAPITAL AND INTERFUND TRANSACTIONS			
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TOTAL (SURPLUS) DEFICIT	2,043,680	1,828,110	215,570

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION

For the Year Ending December 31, 2016

FUNCTIONAL AREA: RESIDENTIAL WASTE COLLECTION

	2016	2015	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
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EXPENSES			
Salaries Wages and Benefits	\$442,290	\$408,580	\$33,710
Contracted and General Services	56,100	6,100	50,000
Financial Charges	20	20	-
Fleet Expenses	405,870	310,870	95,000
Maintenance Materials and Supplies	91,330	106,330	(15,000)
Insurance	500	500	-
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Total Expenses	996,110	832,400	163,710
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Operating (Surplus) Deficit	996,110	832,400	163,710
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CAPITAL AND INTERFUND TRANSACTIONS			
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TOTAL (SURPLUS) DEFICIT	996,110	832,400	163,710

SANITATION FUND
OPERATING BUDGET SEGMENTED BY DIVISION
For the Year Ending December 31, 2016

FUNCTIONAL AREA: RESIDENTIAL RECYCLING

	2016	2015	(Favourable)
	Budget	Budget	Unfavourable
			Change
REVENUES			
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EXPENSES			
Salaries Wages and Benefits	\$178,090	\$164,510	\$13,580
Contracted and General Services	50,000	36,000	14,000
Grants and Donations	142,100	142,100	-
Fleet Expenses	193,450	163,450	30,000
Maintenance Materials and Supplies	36,540	36,540	-
Insurance	100	100	-
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Total Expenses	600,280	542,700	57,580
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Operating (Surplus) Deficit	600,280	542,700	57,580
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CAPITAL AND INTERFUND TRANSACTIONS			
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TOTAL (SURPLUS) DEFICIT	600,280	542,700	57,580

SANITATION FUND
CAPITAL EXPENDITURES AND FUND PROJECTIONS

For the Year Ending December 31, 2016

CAPITAL COMMITTED RESERVE	2016	2015
	<u>Budget</u>	<u>Budget</u>
 Budgeted Transactions		
 Funding:		
Funding for Capital: via transfer from Sanitation Improvement Fund (Uncommitted)	(\$400,000)	(\$200,000)
Funding for Capital: via transfer from Sanitation Improvement Fund (Uncommitted) - Note 1	-	(1,804,615)
Funding for Capital - via Transfer from Equipment Reserve	(375,000)	(380,000)
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Total Funding	(775,000)	(2,384,615)
 Expenditures:		
Replacement of Unit 59: Automated Waste Removal Truck - Note 2	-	240,000
Purchase of 4 x 4 Truck	-	30,000
Replacement of Unit 61 - Waste Removal Truck	-	140,000
Development - Prep Work for Landfill Cells 1B and 2B	-	100,000
Leachate Aerator/Bioreactor Treatment Installation	-	70,000
Construction of Cell 1B for Acceptance and Treatment of Contaminated Soil - Note 1	-	1,804,615
Force Main and Water Lines	400,000	-
Replacement of Unit 59: Automated Waste Removal Truck - Note 2	375,000	-
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Total Expenditures	775,000	2,384,615
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	-	-

Notes:

1) At the August 17, 2015 City Council Meeting, City Council approved the completion of Cell 1B at the Prince Albert Landfill at a total amount of \$1,804,614.71 for the acceptance and treatment of contaminated soils. The funding was to be provided by the existing Sanitation Improvement Fund balance and future operating surpluses.

2) Unit 59 was approved for replacement in 2015 but was postponed till 2016 because it was over budget. Unit #59 has been re-budgeted for 2016.

SANITATION FUND
CAPITAL EXPENDITURES AND FUND PROJECTIONS (Continued)

For the Year Ending December 31, 2016

SANITATION IMPROVEMENT FUND BALANCE (UNCOMMITTED EQUITY)	2016 Budget	2015 Budget
Budgeted Transactions		
Funding:		
Contribution from Operations	<u>(\$422,820)</u>	<u>(\$259,340)</u>
Expenditures:		
Transfer to Capital Committed Reserve	400,000	200,000
Transfer to Capital Committed Reserve - Note 1	<u>-</u>	<u>1,804,615</u>
Budgeted (Increase) Decrease	(22,820)	1,745,275
Fund Deficit (Surplus), beginning of year (estimated)	<u>568,666</u>	<u>(1,176,609)</u>
Fund Deficit (Surplus), end of year (estimated)	<u>545,846</u>	<u>568,666</u>

Notes:

1) At the August 17, 2015 City Council Meeting, City Council approved the completion of Cell 1B at the Prince Albert Landfill at a total amount of \$1,804,614.71 for the acceptance and treatment of contaminated soils. The funding was to be provided by the existing Sanitation Improvement Fund balance and future operating surpluses.