

# **THE CITY OF PRINCE ALBERT**



## **SANITATION FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2021**

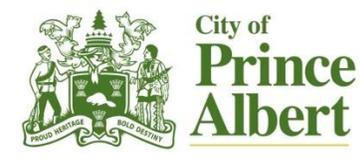
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December 31, 2021 Consolidated Budget Document

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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).

Administration will present a new bylaw, for Council's approval, setting the rates and fees for landfill fees for 2021 to 2026. This new bylaw will be presented in early 2021. Therefore the 2021 budget as presented does not include an increase for landfill fees. Any increase approved by a new bylaw will increase the Sanitation Fund surplus.

As part of the 2021 budgeting process, Administration is recommending an increase to the residential utility surcharge of \$0.50 per month, approximately 2.7%, from \$18.75 in 2020 to \$19.25 in 2021.

### **COVID-19 Financial Impact and the 2021 Budget**

Currently Administration is not estimating any losses for 2021. Administration will continue to monitor the impact of COVID-19 on the Sanitation Fund for 2021. The City received funding from the Saskatchewan Government Municipal Economic Enhancement Program and funding from the Federal Government Safe Restart Program. The 2020 remaining funds from these sources is estimated at \$2.9 million depending on the final year-end financial impact due to the pandemic. If any additional losses are identified, there will be sufficient remaining funding available.

For 2021 there are budgetary adjustments to the revenues and expenditures of this fund which are highlighted below.

### **Budgeted Revenue – Increase of \$72,860**

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

1. Land Fill Fees - \$0 increase

These are the rates charged to customers using the landfill. For 2016 to 2020, the entry fees and per tonne charges were set forth in Waste Collection and Disposal Bylaw #8 of 2018. Bylaw #34 of 2020 has set the landfill fees for 2021. In 2021 the minimum per load entry fee for residual waste below 150 kilograms is \$12.50 and the per tonne rate for residual waste more than 150 kilograms is \$75.00 per tonne.

**2. Sanitation Surcharge – \$35,000 increase**

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 \$18.75 per month to \$19.25 per month for 2021 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. Budgeted revenue is increasing by \$35,000 from \$2,465,000 in 2020 to \$2,500,000 in 2021.

**3. Operating Grants and Donations - (\$30,130) increase**

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. Based on the 2021 agreement with the City, the Sanitation Fund will receive quarterly payments in 2021 of \$103,042 per quarter or \$412,170 for the year. This is an increase of \$30,130 over the amount budgeted for 2020 and offsets the City's annual member contribution of \$142,100.

**Budgeted Expenses – Increase of \$201,050**

Significant 2021 budgetary adjustments to expenses are noted below:

**1. Fleet Expense - \$25,000 increase**

- \$15,000 increase offset by a reduction in rented equipment.
- \$10,000 increase due to additional early pickup of yard waste for spring 2021.

**2. Contracted and General Services - \$89,000 increase**

- \$73,000 increase due to following one-time expenditures:
  - \$60,000 increase for concrete crushing.
  - \$12,000 increase for the purchase of a generator to provide kiosk backup power to prevent closure of scales and potential loss of revenue due to estimating load weights.
  - \$8,000 increase for scrap tire pickup.
  - \$6,000 increase to remove and relocate the old scale to the Municipal Service Centre (MSC).
  - \$2,000 increase for scale cleaning.
  - \$15,000 decrease related to removal of one-time expenditures from the prior year.

## SANITATION FUND BUDGET OVERVIEW

For the Year Ending December 31, 2021

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- \$21,500 increase related to annual landfill monitoring and 3D groundwater modeling which is a requirement from the Ministry of Environment.
  - \$10,000 increase for consulting services when unforeseen incidents may require assessment by a qualified professional certified in landfill environmental design.
  - \$1,000 increase related to a significant increase in the amount of material being dropped off at the cardboard recycling locations around the City which require additional bins and more frequent pickup.
  - \$10,000 decrease due to no longer accepting propane tanks for special recycling programs.
  - \$4,500 decrease due to reallocation of budget to landfill operations.
  - \$2,000 decrease related to annual monitoring at the bioreactor facility for the encapsulated cell that was constructed in 2016.
3. Salaries Wages and Benefits - \$60,310 increase
- \$18,940 increase due to accrued retro pay for OOS and Local 160.
  - \$15,000 increase due to adjustment to actuals based on prior year activity and projects.
  - \$5,000 increase due to additional early pickup of yard waste for spring 2021.
  - \$21,370 increase due to base adjustments and step increases.
4. Interest on Long Term Debt - \$52,930 increase required for the construction of a new waste cell and expansion of existing cell. Based on an interest rate of 1.75% and a disbursement date of July 1, 2021.
5. Maintenance, Materials, and Supplies - \$21,370 decrease
- \$6,000 increase due to upgrades required to kiosk surveillance system.
  - \$1,200 increase due to improvements to landfill signage.
  - \$15,000 decrease in rented equipment, this reduction is offset by an increase in fleet expense.
  - \$10,000 decrease due to the purchase of 20 cubic yard roll off bins to be used at the transfer station within the landfill.
  - \$1,500 decrease due to septic service no longer required at kiosk.
  - \$2,070 decrease as a result of overall reduced fiscal need for 2021 related to other smaller changes.
6. Insurance Costs - \$4,950 decrease based on 2021 estimates.

### **Capital and Interfund Transactions – Increase of \$19,770**

Significant 2021 budgetary adjustments to expenses are noted below:

- An increase of \$13,170 in the transfer to the General Fund related to the franchise fee paid to the General Fund as a result of increasing revenues. The 2021 budgeted transfer is based on 5% of the 2020 budgeted revenue less revenue from City facilities.

### **2021 Capital Budget**

For 2021, Administration is requesting \$6,350,000 in capital spending for the following items:

- \$6,000,000 for the construction of a new waste cell and expansion of existing waste cell to be funded from debt financing.
- \$350,000 for the replacement of automated waste collection truck Unit #68 to be funded from the Equipment and Fleet Reserve.

### **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 2021 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 2021 is \$997,340, after adjusting for non-cash amortization.
- A transfer of \$0 to the Capital Committed Reserve is required for 2021 capital expenditures.
- This results in an estimated net increase to the Sanitation Improvement Fund Balance in 2021 of \$997,340 and an estimated closing surplus of \$1,822,865.

**SANITATION FUND  
OPERATING BUDGET**

For the Year Ending December 31, 2021

	2021 Budget	2020 Budget	(Favourable) Unfavourable Change
<b>REVENUES</b>			
Landfill Operations Fees	(\$2,280,000)	(\$2,280,000)	\$ -
Sanitation Surcharge	(2,500,000)	(2,465,000)	(35,000)
Sanitation Surcharge - City Facilities	(50,450)	(42,720)	(7,730)
Bioreactor Building Rental Revenue	(16,990)	(16,990)	-
Operating Grants and Donations	(412,170)	(382,040)	(30,130)
Sundry	(1,000)	(1,000)	-
<b>Total Revenues</b>	<b>(5,260,610)</b>	<b>(5,187,750)</b>	<b>(72,860)</b>
<b>EXPENSES</b>			
Salaries Wages and Benefits	1,305,400	1,245,090	60,310
Contracted and General Services	276,000	187,000	89,000
Financial Charges	5,750	5,750	-
Grants and Donations	142,100	142,100	-
Utilities	33,530	33,400	130
Interest on Long Term Debt	52,930	-	52,930
Fleet Expenses	1,685,000	1,660,000	25,000
Maintenance Materials and Supplies	446,170	467,540	(21,370)
Insurance	5,520	10,470	(4,950)
Bad Debt Expense	7,000	7,000	-
<b>Total Expenses</b>	<b>3,959,400</b>	<b>3,758,350</b>	<b>201,050</b>
<b>Operating (Surplus) Deficit</b>	<b>(1,301,210)</b>	<b>(1,429,400)</b>	<b>128,190</b>
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
Amortization	800,000	800,000	-
Transfer to General Fund - Franchise Fee	257,250	244,080	13,170
Transfer to General Fund - Sanitation Fees	46,880	39,020	7,860
Transfer to Utility Fund - Sanitation Fees	3,570	3,700	(130)
Transfer from Utility Fund - Utility Fees	(3,830)	(2,700)	(1,130)
<b>Capital and Interfund Transactions</b>	<b>1,103,870</b>	<b>1,084,100</b>	<b>19,770</b>
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>(197,340)</b>	<b>(345,300)</b>	<b>147,960</b>
<b>Allocated as Follows:</b>			
Total (Surplus) Deficit	(197,340)	(345,300)	147,960
Non-Cash Adjustment - Amortization	(800,000)	(800,000)	-
<b>Total (Surplus) Deficit - Adjusted for Amortization</b>	<b>(997,340)</b>	<b>(1,145,300)</b>	<b>147,960</b>
<b>Transfer to Sanitation Improvement Fund</b>	<b>997,340</b>	<b>1,145,300</b>	<b>(147,960)</b>
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**SANITATION FUND**  
**OPERATING BUDGET SEGMENTED BY FUNCTIONAL AREA**

For the Year Ending December 31, 2021

**ADMINISTRATION & BILLING**

	<b>2021</b>	2020	(Favourable)
	<b>Budget</b>	Budget	Unfavourable
			Change
<b>REVENUES</b>			
Landfill Operations Fees	(\$2,280,000)	(\$2,280,000)	\$ -
Sanitation Surcharge	(2,500,000)	(2,465,000)	(35,000)
Sanitation Surcharge - City Facilities	(50,450)	(42,720)	(7,730)
Bioreactor Building Rental Revenue	(16,990)	(16,990)	-
Operating Grants and Donations	(412,170)	(382,040)	(30,130)
Sundry	(1,000)	(1,000)	-
<b>Total Revenues</b>	<b>(5,260,610)</b>	<b>(5,187,750)</b>	<b>(72,860)</b>
<b>EXPENSES</b>			
Salaries Wages and Benefits	38,940	20,000	18,940
Fleet Expenses	-	-	-
Bad Debt Expense	7,000	7,000	-
<b>Total Expenses</b>	<b>45,940</b>	<b>27,000</b>	<b>18,940</b>
<b>Operating (Surplus) Deficit</b>	<b>(5,214,670)</b>	<b>(5,160,750)</b>	<b>(53,920)</b>
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
Amortization	800,000	800,000	-
Transfer to General Fund - Franchise Fee	257,250	244,080	13,170
Transfer to General Fund - Sanitation Fees	46,880	39,020	7,860
Transfer to Utility Fund - Sanitation Fees	3,570	3,700	(130)
Transfer from Utility Fund - Utility Fees	(3,830)	(2,700)	(1,130)
<b>Capital and Interfund Transactions</b>	<b>1,103,870</b>	<b>1,084,100</b>	<b>19,770</b>
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>(4,110,800)</b>	<b>(4,076,650)</b>	<b>(34,150)</b>

**SANITATION FUND**  
**OPERATING BUDGET SEGMENTED BY FUNCTIONAL AREA**

For the Year Ending December 31, 2021

**LANDFILL OPERATIONS**

	<b>2021</b>	2020	(Favourable)
	<b>Budget</b>	Budget	Unfavourable
			Change
<b>REVENUES</b>			
<hr/>			
<b>EXPENSES</b>			
Salaries Wages and Benefits	<b>\$600,720</b>	\$564,350	\$36,370
Contracted and General Services	<b>225,000</b>	122,500	102,500
Financial Charges	<b>5,750</b>	5,750	-
Utilities	<b>33,530</b>	33,400	130
Interest on Long Term Debt	<b>52,930</b>	-	52,930
Fleet Expenses	<b>665,000</b>	650,000	15,000
Maintenance Materials and Supplies	<b>340,930</b>	347,370	(6,440)
Insurance	<b>5,270</b>	10,240	(4,970)
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Total Expenses	<b>1,929,130</b>	1,733,610	195,520
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Operating (Surplus) Deficit	<b>1,929,130</b>	1,733,610	195,520
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<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
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TOTAL (SURPLUS) DEFICIT	<b>1,929,130</b>	1,733,610	195,520
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**SANITATION FUND**  
**OPERATING BUDGET SEGMENTED BY FUNCTIONAL AREA**

For the Year Ending December 31, 2021

**RESIDENTIAL WASTE COLLECTION**

	<b>2021</b>	2020	(Favourable)
	<b>Budget</b>	Budget	Unfavourable
			Change
<b>REVENUES</b>			
<hr/>			
<b>EXPENSES</b>			
Salaries Wages and Benefits	<b>\$486,200</b>	\$486,200	\$0
Fleet Expenses	<b>750,000</b>	750,000	-
Maintenance Materials and Supplies	<b>100,840</b>	102,170	(1,330)
Insurance	<b>250</b>	230	20
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Total Expenses	<b>1,337,290</b>	1,338,600	(1,310)
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Operating (Surplus) Deficit	<b>1,337,290</b>	1,338,600	(1,310)
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<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
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TOTAL (SURPLUS) DEFICIT	<b>1,337,290</b>	1,338,600	(1,310)
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**SANITATION FUND**  
**OPERATING BUDGET SEGMENTED BY FUNCTIONAL AREA**

For the Year Ending December 31, 2021

**RESIDENTIAL RECYCLING**

	<b>2021</b>	2020	(Favourable)
	<b>Budget</b>	Budget	Unfavourable
			Change
<b>REVENUES</b>			
<hr/>			
<b>EXPENSES</b>			
Salaries Wages and Benefits	<b>\$179,540</b>	\$174,540	\$5,000
Contracted and General Services	<b>51,000</b>	64,500	(13,500)
Grants and Donations	<b>142,100</b>	142,100	-
Fleet Expenses	<b>270,000</b>	260,000	10,000
Maintenance Materials and Supplies	<b>4,400</b>	18,000	(13,600)
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Total Expenses	<b>647,040</b>	659,140	(12,100)
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Operating (Surplus) Deficit	<b>647,040</b>	659,140	(12,100)
<hr/>			
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
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TOTAL (SURPLUS) DEFICIT	<b>647,040</b>	659,140	(12,100)
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**SANITATION FUND**  
**CAPITAL EXPENDITURES AND FUND PROJECTIONS**

For the Year Ending December 31, 2021

<b>CAPITAL COMMITTED RESERVE</b>	<b>2021</b>	2020
	<u>Budget</u>	<u>Budget</u>
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Funding for Capital: via transfer from Sanitation Improvement Fund (Uncommitted)	\$0	(\$340,000)
Funding for Capital - via Transfer from Equipment Reserve	<b>(350,000)</b>	(380,000)
Debt Financing	<b>(6,000,000)</b>	-
Total Funding	<b>(6,350,000)</b>	(720,000)
<b>Expenditures:</b>		
Landfill Expansion - Waste Cell Construction	<b>6,000,000</b>	-
Automated Waste Collection Truck - Replacement of Unit # 68	<b>350,000</b>	-
Automated Waste Collection Truck - Replacement of Unit #62	-	380,000
Landfill Expansion - Cell 2B Design and Project Services	-	340,000
Total Expenditures	<b>6,350,000</b>	720,000
Budgeted (Increase) Decrease to Reserve	-	-
Reserve Balance, beginning of year (estimated)	-	363,645
Capital Carryforward - Outstanding from Prior Years	-	(363,645)
Reserve Balance, end of year (estimated)	-	-

**SANITATION IMPROVEMENT FUND BALANCE  
(UNCOMMITTED EQUITY)**

	<b>2021</b>	2020
	<u>Budget</u>	<u>Budget</u>
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Contribution from Operations	<b>(\$997,340)</b>	(\$1,145,300)
<b>Expenditures:</b>		
Transfer to Capital Committed Reserve	-	340,000
Budgeted (Increase) Decrease	<b>(997,340)</b>	(805,300)
Fund (Surplus) Deficit, beginning of year (estimated)	<b>(825,525)</b>	(20,225)
Fund (Surplus) Deficit , end of year (estimated)	<b>(1,822,865)</b>	(825,525)