

# **THE CITY OF PRINCE ALBERT**



## **SANITATION FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2022**

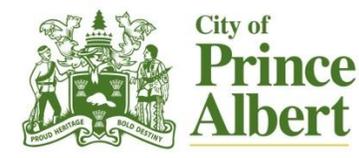
## **SANITATION FUND BUDGET OVERVIEW**

For the Year Ending December 31, 2022

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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 #21 of 2021, setting the rates and fees for a period of five years (2022 to 2026).

As part of the 2022 budgeting process, Administration is recommending an increase to the residential utility surcharge of \$0.25 per month, approximately 1.3%, from \$19.25 in 2021 to \$19.50 in 2022.

### **COVID-19 Financial Impact and the 2022 Budget**

Currently Administration is not estimating any losses for 2022. Administration will continue to monitor the impact of COVID-19 on the Sanitation Fund for 2022.

For 2022 there are budgetary adjustments to the revenues and expenditures of this fund which are highlighted below.

### **Budgeted Revenue – Increase of (\$120,150)**

Budgeted revenues for 2022 increased by \$120,150 from \$5,260,610 in 2021 to \$5,380,760 in 2022.

The most significant budgetary adjustments to revenue are discussed below:

- Land Fill Fees - (\$120,000) increase  
These are the rates charged to customers using the landfill. For 2022 to 2026, the entry fees and per tonne charges was set forth in Waste Collection and Disposal Bylaw #21 of 2021. In 2022 the minimum per load entry fee for residual waste below 150 kilograms is \$13 and the per tonne rate for residual waste more than 150 kilograms is \$77.00 per tonne. 2022 revenues are projected to increase by \$120,000.

### **Budgeted Expenses – Increase of \$590,620**

Budgeted expenses for 2022 increased by \$590,620 from \$3,959,400 in 2021 to 4,550,020 in 2022.

**Capital and Interfund Transactions – Increase of \$65,240**

Significant 2022 budgetary adjustments to expenses are noted below:

- An increase of \$60,000 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. The budget has been increased based on updated forecasts.

**2022 Capital Budget**

For 2022, Administration is requesting \$566,500 in capital spending for the repayment of principal payment for long term debt required for the construction of a new waste cell and expansion of existing cells.

**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 2022 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 2022 is \$521,630, after adjusting for non-cash amortization.
- A transfer of \$566,500 to the Capital Committed Reserve is required for 2022 capital expenditures.
- This results in an estimated net decrease to the Sanitation Improvement Fund Balance in 2022 of \$44,870 and an estimated closing surplus of \$1,689,251.

**SANITATION FUND  
OPERATING BUDGET**

For the Year Ending December 31, 2022

|  | <b>2022<br/>Budget</b> | 2021<br>Budget | (Favourable)<br>Unfavourable<br>Change |
|--|------------------------|----------------|--|
| <b>REVENUES</b>  |                        |                |  |
| Landfill Operations Fees                                   | (\$2,400,000)          | (\$2,280,000)  | \$ (120,000)                           |
| Sanitation Surcharge                                       | (2,500,000)            | (2,500,000)    | -                                      |
| Sanitation Surcharge - City Facilities                     | (50,600)               | (50,450)       | (150)                                  |
| Bioreactor Building Rental Revenue                         | (16,990)               | (16,990)       | -                                      |
| Operating Grants and Donations                             | (412,170)              | (412,170)      | -                                      |
| Sundry   | (1,000)                | (1,000)        | -                                      |
| <b>Total Revenues</b>                                      | <b>(5,380,760)</b>     | (5,260,610)    | (120,150)                              |
| <b>EXPENSES</b>  |                        |                |  |
| Salaries Wages and Benefits                                | 1,578,090              | 1,305,400      | 272,690                                |
| Contracted and General Services                            | 402,200                | 276,000        | 126,200                                |
| Financial Charges  | 6,250                  | 5,750          | 500                                    |
| Grants and Donations                                       | 142,100                | 142,100        | -                                      |
| Utilities  | 31,800                 | 33,530         | (1,730)                                |
| Interest on Long Term Debt                                 | 137,720                | 52,930         | 84,790                                 |
| Fleet Expenses   | 1,790,000              | 1,685,000      | 105,000                                |
| Maintenance Materials and Supplies                         | 449,280                | 446,170        | 3,110                                  |
| Insurance  | 5,580                  | 5,520          | 60                                     |
| Bad Debt Expense   | 7,000                  | 7,000          | -                                      |
| <b>Total Expenses</b>                                      | <b>4,550,020</b>       | 3,959,400      | 590,620                                |
| <b>Operating (Surplus) Deficit</b>                         | <b>(830,740)</b>       | (1,301,210)    | 470,470                                |
| <b>CAPITAL AND INTERFUND TRANSACTIONS</b>                  |                        |                |  |
| Amortization   | 860,000                | 800,000        | 60,000                                 |
| Transfer to General Fund - Franchise Fee                   | 260,510                | 257,250        | 3,260                                  |
| Transfer to General Fund - Sanitation Fees                 | 47,030                 | 46,880         | 150                                    |
| Transfer to Utility Fund - Sanitation Fees                 | 3,570                  | 3,570          | -                                      |
| Transfer from Utility Fund - Utility Fees                  | (2,000)                | (3,830)        | 1,830                                  |
| <b>Capital and Interfund Transactions</b>                  | <b>1,169,110</b>       | 1,103,870      | 65,240                                 |
| <b>TOTAL (SURPLUS) DEFICIT</b>                             | <b>338,370</b>         | (197,340)      | 535,710                                |
| <b>Allocated as Follows:</b>                               |                        |                |  |
| Total (Surplus) Deficit                                    | 338,370                | (197,340)      | 535,710                                |
| Non-Cash Adjustment - Amortization                         | (860,000)              | (800,000)      | (60,000)                               |
| <b>Total (Surplus) Deficit - Adjusted for Amortization</b> | <b>(521,630)</b>       | (997,340)      | 475,710                                |
| <b>Transfer to Sanitation Improvement Fund</b>             | <b>521,630</b>         | 997,340        | (475,710)                              |
|  | -                      | -              | -                                      |

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

For the Year Ending December 31, 2022

**ADMINISTRATION & BILLING**

|  | <b>2022</b>        | 2021          | (Favourable)<br>Unfavourable<br>Change |
|--|--------------------|---------------|--|
|  | <b>Budget</b>      | Budget        |  |
| <b>REVENUES</b>                            |                    |               |  |
| Landfill Operations Fees                   | (\$2,400,000)      | (\$2,280,000) | \$ (120,000)                           |
| Sanitation Surcharge                       | (2,500,000)        | (2,500,000)   | -                                      |
| Sanitation Surcharge - City Facilities     | (50,600)           | (50,450)      | (150)                                  |
| Bioreactor Building Rental Revenue         | (16,990)           | (16,990)      | -                                      |
| Operating Grants and Donations             | (412,170)          | (412,170)     | -                                      |
| Sundry                                     | (1,000)            | (1,000)       | -                                      |
| <b>Total Revenues</b>                      | <b>(5,380,760)</b> | (5,260,610)   | (120,150)                              |
| <b>EXPENSES</b>                            |                    |               |  |
| Salaries Wages and Benefits                | 57,840             | 38,940        | 18,900                                 |
| Fleet Expenses                             | -                  | -             | -                                      |
| Bad Debt Expense                           | 7,000              | 7,000         | -                                      |
| <b>Total Expenses</b>                      | <b>64,840</b>      | 45,940        | 18,900                                 |
| <b>Operating (Surplus) Deficit</b>         | <b>(5,315,920)</b> | (5,214,670)   | (101,250)                              |
| <b>CAPITAL AND INTERFUND TRANSACTIONS</b>  |                    |               |  |
| Amortization                               | 860,000            | 800,000       | 60,000                                 |
| Transfer to General Fund - Franchise Fee   | 260,510            | 257,250       | 3,260                                  |
| Transfer to General Fund - Sanitation Fees | 47,030             | 46,880        | 150                                    |
| Transfer to Utility Fund - Sanitation Fees | 3,570              | 3,570         | -                                      |
| Transfer from Utility Fund - Utility Fees  | (2,000)            | (3,830)       | 1,830                                  |
| <b>Capital and Interfund Transactions</b>  | <b>1,169,110</b>   | 1,103,870     | 65,240                                 |
| <b>TOTAL (SURPLUS) DEFICIT</b>             | <b>(4,146,810)</b> | (4,110,800)   | (36,010)                               |

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

For the Year Ending December 31, 2022

**LANDFILL OPERATIONS**

|   | <b>2022</b>      | 2021      | (Favourable) |
|---|------------------|-----------|--------------|
|   | <b>Budget</b>    | Budget    | Unfavourable |
| <b>REVENUES</b>                           |                  |           | Change       |
| <b>EXPENSES</b>                           |                  |           |              |
| Salaries Wages and Benefits               | <b>\$865,810</b> | \$600,720 | \$265,090    |
| Contracted and General Services           | <b>345,000</b>   | 225,000   | 120,000      |
| Financial Charges                         | <b>6,250</b>     | 5,750     | 500          |
| Utilities                                 | <b>31,800</b>    | 33,530    | (1,730)      |
| Interest on Long Term Debt                | <b>137,720</b>   | 52,930    | 84,790       |
| Fleet Expenses                            | <b>720,000</b>   | 665,000   | 55,000       |
| Maintenance Materials and Supplies        | <b>297,640</b>   | 340,930   | (43,290)     |
| Insurance                                 | <b>5,340</b>     | 5,270     | 70           |
| Total Expenses                            | <b>2,409,560</b> | 1,929,130 | 480,430      |
| Operating (Surplus) Deficit               | <b>2,409,560</b> | 1,929,130 | 480,430      |
| <b>CAPITAL AND INTERFUND TRANSACTIONS</b> |                  |           |              |
| TOTAL (SURPLUS) DEFICIT                   | <b>2,409,560</b> | 1,929,130 | 480,430      |

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

For the Year Ending December 31, 2022

**RESIDENTIAL WASTE COLLECTION**

|   | <b>2022</b>      | 2021      | (Favourable) |
|---|------------------|-----------|--------------|
|   | <b>Budget</b>    | Budget    | Unfavourable |
| <b>REVENUES</b>                           |                  |           | Change       |
| <b>EXPENSES</b>                           |                  |           |              |
| Salaries Wages and Benefits               | <b>\$478,100</b> | \$486,200 | (\$8,100)    |
| Contracted and General Services           | <b>\$6,200</b>   | -         | \$6,200      |
| Fleet Expenses                            | <b>775,000</b>   | 750,000   | 25,000       |
| Maintenance Materials and Supplies        | <b>100,740</b>   | 100,840   | (100)        |
| Insurance                                 | <b>240</b>       | 250       | (10)         |
| Total Expenses                            | <b>1,360,280</b> | 1,337,290 | 22,990       |
| Operating (Surplus) Deficit               | <b>1,360,280</b> | 1,337,290 | 22,990       |
| <b>CAPITAL AND INTERFUND TRANSACTIONS</b> |                  |           |              |
| TOTAL (SURPLUS) DEFICIT                   | <b>1,360,280</b> | 1,337,290 | 22,990       |

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

For the Year Ending December 31, 2022

**RESIDENTIAL RECYCLING**

|   | <b>2022</b>      | 2021      | (Favourable) |
|---|------------------|-----------|--------------|
|   | <b>Budget</b>    | Budget    | Unfavourable |
|   |                  |           | Change       |
| <b>REVENUES</b>                           |                  |           |              |
| <hr/>                                     |                  |           |              |
| <b>EXPENSES</b>                           |                  |           |              |
| Salaries Wages and Benefits               | <b>\$176,340</b> | \$179,540 | (\$3,200)    |
| Contracted and General Services           | <b>51,000</b>    | 51,000    | -            |
| Grants and Donations                      | <b>142,100</b>   | 142,100   | -            |
| Fleet Expenses                            | <b>295,000</b>   | 270,000   | 25,000       |
| Maintenance Materials and Supplies        | <b>50,900</b>    | 4,400     | 46,500       |
| <b>Total Expenses</b>                     | <b>715,340</b>   | 647,040   | 68,300       |
| <b>Operating (Surplus) Deficit</b>        | <b>715,340</b>   | 647,040   | 68,300       |
| <b>CAPITAL AND INTERFUND TRANSACTIONS</b> |                  |           |              |
| <hr/>                                     |                  |           |              |
| <b>TOTAL (SURPLUS) DEFICIT</b>            | <b>715,340</b>   | 647,040   | 68,300       |

**SANITATION FUND**  
**CAPITAL EXPENDITURES AND FUND PROJECTIONS**

For the Year Ending December 31, 2022

| <b>CAPITAL COMMITTED RESERVE</b>   | <b>2022</b><br><b>Budget</b> | 2021<br>Budget     |
|--|------------------------------|--------------------|
| <b>Budgeted Transactions</b>   |                              |                    |
| <b>Funding:</b>  |                              |                    |
| Funding for Capital: via transfer from Sanitation Improvement Fund (Uncommitted) | (\$566,500)                  | -                  |
| Funding for Capital - via Transfer from Equipment Reserve                        | -                            | (350,000)          |
| Debt Financing   | -                            | (6,000,000)        |
| <b>Total Funding</b>   | <b>(566,500)</b>             | <b>(6,350,000)</b> |
| <b>Expenditures:</b>   |                              |                    |
| Long-Term Debt Repayment - Landfill Expansion (Waste Cell Construction)          | 566,500                      | -                  |
| Landfill Expansion - Waste Cell Construction                                     | -                            | 6,000,000          |
| Automated Waste Collection Truck - Replacement of Unit # 68                      | -                            | 350,000            |
| <b>Total Expenditures</b>  | <b>566,500</b>               | <b>6,350,000</b>   |
| Budgeted (Increase) Decrease to Reserve  | -                            | -                  |
| Reserve Balance, beginning of year (estimated)                                   | -                            | 203,699            |
| Capital Carryforward - Outstanding from Prior Years                              | -                            | (203,699)          |
| Reserve Balance, end of year (estimated)   | -                            | -                  |

**2022 Capital Summary**

|                             | <b>2022 Capital Budget</b> |
|-----------------------------|----------------------------|
| Equipment and Fleet Reserve | \$ -                       |
| Sanitation Improvement Fund | 566,500                    |
| Debt Financing              | -                          |
|                             | <b>\$ 566,500</b>          |

**2023 – 2026 Capital Summary**

|                             | <b>2023</b>       | <b>2024</b>       | <b>2025</b>         | <b>2026</b>       | <b>Total</b>        |
|-----------------------------|-------------------|-------------------|---------------------|-------------------|---------------------|
| Fleet Reserve               | \$ -              | \$ 400,000        | \$ 400,000          | \$ 190,000        | \$ 990,000          |
| Sanitation Improvement Fund | 854,000           | 591,700           | 604,700             | 618,000           | 2,668,400           |
| Debt Financing              | -                 | -                 | -                   | -                 | -                   |
|                             | <b>\$ 854,000</b> | <b>\$ 991,700</b> | <b>\$ 1,004,700</b> | <b>\$ 808,000</b> | <b>\$ 3,658,400</b> |

**SANITATION FUND**  
**CAPITAL EXPENDITURES AND FUND PROJECTIONS**

For the Year Ending December 31, 2022

| <b>SANITATION IMPROVEMENT FUND BALANCE<br/>(UNCOMMITTED EQUITY)</b> | <b>2022</b>        | 2021        |
|---|--------------------|-------------|
|   | <b>Budget</b>      | Budget      |
| <b>Budgeted Transactions</b>  |                    |             |
| <b>Funding:</b>   |                    |             |
| Contribution from Operations  | <b>(\$521,630)</b> | (\$997,340) |
| <b>Expenditures:</b>  |                    |             |
| Transfer to Capital Committed Reserve                               | <b>566,500</b>     | -           |
| Budgeted (Increase) Decrease  | <b>44,870</b>      | (997,340)   |
| Fund (Surplus) Deficit, beginning of year (estimated)               | <b>(1,734,121)</b> | (736,781)   |
| Fund (Surplus) Deficit , end of year (estimated)                    | <b>(1,689,251)</b> | (1,734,121) |