

# **THE CITY OF PRINCE ALBERT**



## **WATER UTILITY - BUDGET REPORT FOR THE YEAR ENDING DECEMBER 31, 2015**

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**December 31, 2015 Consolidated Budget Document**

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The Water and Sewer Utility Fund is designed as a self-sustaining entity with the intent to operate the water and wastewater systems independent of the City's tax base. It is maintained via utility rates and fees that provide the funding resources for the operating and the capital costs associated with providing safe potable drinking water and for treating the effluent generated by the community.

Administration continually reviews and monitors this Fund's revenue sources. Bylaw 3 of 2013 is the most recent bylaw that set the Utility rates and fees for the period of 2013 - 2016.

The four primary sources of revenue for the Water and Sewer Utility Fund are:

1. **Water Utility Consumption Fees** – Based on the rates approved for 2015, Administration is projecting that water revenues in this category will be about \$4,304,000.
2. **Water Utility Flat Fees** - Based upon the approved rates for 2015, it is expected that the Water Utility Flat fee will generate approximately \$4,068,110.
3. **Sewer Utility Consumption Fees** – Administration is projecting that this fee will create revenues of \$3,529,900 in 2015.
4. **Sewer Utility Flat Fees** – Known also as the Sewer Infrastructure charge, this fee is based on the size of the water meter utilized at someone's property. For 2015, the projected revenue for this category is \$3,242,370.

Recognition of the revenue generated from water, sewer and sanitation services to City facilities continues to be recorded.

Some of the major operating expenditures in the Water Utility Fund budget address incremental increases for salaries, wages and benefits; A request to complete a Waterworks System Assessment; the completion of a Waste Water Treatment Plant Master Plan; as well as the impact of electrical rate increases, natural gas increases, and insurance cost increases to name a few. As well, there is a request to allow SaskPower to complete an Energy and Infrastructure Improvement Report at the Waste Water Treatment Plant.

Significant 2015 capital projects include work on:

- ⇒ 2nd Avenue and 15th Street underground upgrades;
- ⇒ Filtration retrofit and clearwell ceiling repairs at the Water Treatment Plant;
- ⇒ Upgrades at the Marquis Road Reservoir and the 2nd Avenue West Reservoir;
- ⇒ Drainage Channel work;
- ⇒ Security Cameras at the Water Treatment and Waste Water Treatment Plants;
- ⇒ Purchase of a tandem truck to increase the City's fleet of trucks utilized in this operation; as well as,
- ⇒ An increase in the amount of capital budget funding assigned for the replacement of sanitary, storm sewer, and watermain infrastructures.

As always, Administration works hard to provide a budget that is fiscally responsible and palatable for the residents of Prince Albert.

**WATER UTILITY FUND**  
**OPERATING BUDGET**  
For the year ending December 31, 2015

	<u>2015</u>	<u>2014</u>	<u>Change</u>
<b>BUDGETED REVENUES</b>			
User Charges and Fees	\$ 15,330,170	\$ 14,094,370	\$ 1,235,800
Interest and Penalties	300,300	215,300	85,000
Sundry	<u>70,000</u>	<u>70,000</u>	<u>-</u>
	<u>15,700,470</u>	<u>14,379,670</u>	<u>1,320,800</u>
<b>BUDGETED EXPENSES</b>			
Salaries, Wages and Benefits	5,173,080	4,972,440	200,640
Contract and General Services	430,680	294,680	136,000
Financial Charges	360	360	-
Utilities	1,028,940	859,930	169,010
Interest on Long Term Debt	386,490	471,150	(84,660)
Fleet Expenses	691,950	691,950	-
Maintenance, Materials and Supplies	2,671,290	3,393,990	(722,700)
Insurance	114,810	121,550	(6,740)
Allowance for Doubtful Accounts	<u>80,000</u>	<u>80,000</u>	<u>-</u>
	<u>10,577,600</u>	<u>10,886,050</u>	<u>(308,450)</u>
<b>SURPLUS OF REVENUES OVER EXPENSES</b>			
<b>BEFORE CAPITAL</b>	<u>5,122,870</u>	<u>3,493,620</u>	<u>1,629,250</u>
Capital Revenues	-	1,520,600	(1,520,600)
Amortization	(10)	(10)	-
Transfers to Other Funds	<u>(755,700)</u>	<u>(742,030)</u>	<u>(13,670)</u>
	<u>(755,710)</u>	<u>778,560</u>	<u>(1,534,270)</u>
<b>SURPLUS OF REVENUES OVER EXPENSES</b>	<u><b>\$ 4,367,160</b></u>	<u><b>\$ 4,272,180</b></u>	<u><b>\$ 94,980</b></u>
Allocated as follows:			
Transfer to (from) Uncommitted Reserve	129,260	7,880	121,380
Transfer to Capital Reserve	<u>4,237,900</u>	<u>4,264,300</u>	<u>(26,400)</u>
	<u><b>\$ 4,367,160</b></u>	<u><b>\$ 4,272,180</b></u>	<u><b>\$ 94,980</b></u>

**WATER UTILITY FUND BUDGET**  
**SEGMENTED BY DIVISION**  
For the year ending December 31, 2015

	<u>2015</u>	<u>2014</u>	<u>Change</u>
<b>FUNCTIONAL AREA:</b>			
<b>WATER UTILITY: ADMINISTRATION, BILLING AND METER MAINTENANCE</b>			
<b>BUDGETED REVENUES</b>			
Interest and Penalties	\$ 300,300	\$ 215,300	\$ 85,000
Sundry	<u>70,000</u>	<u>70,000</u>	<u>-</u>
	<u>370,300</u>	<u>285,300</u>	<u>85,000</u>
<b>BUDGETED EXPENSES</b>			
Salaries, Wages and Benefits	1,965,540	1,764,900	200,640
Contract and General Services	2,500	2,500	-
Interest on Long Term Debt	386,490	471,150	(84,660)
Fleet expenses	26,400	26,400	-
Maintenance, Materials and Supplies	667,640	1,190,140	(522,500)
Insurance	7,110	4,110	3,000
Allowance for Doubtful Accounts	<u>80,000</u>	<u>80,000</u>	<u>-</u>
	<u>3,135,680</u>	<u>3,539,200</u>	<u>(403,520)</u>
<b>BUDGETED SURPLUS OF REVENUES OVER EXPENSES BEFORE CAPITAL</b>			
	<u>(2,765,380)</u>	<u>(3,253,900)</u>	<u>488,520</u>
Amortization	(10)	(10)	-
Transfers (to) Other Funds	<u>(755,700)</u>	<u>(742,030)</u>	<u>(13,670)</u>
	<u>(755,710)</u>	<u>(742,040)</u>	<u>(13,670)</u>
<b>BUDGETED(DEFICIT) SURPLUS OF REVENUES OVER EXPENSES</b>			
	<u>\$ (3,521,090)</u>	<u>\$ (3,995,940)</u>	<u>\$ 474,850</u>

**WATER UTILITY FUND BUDGET**  
**SEGMENTED BY DIVISION**  
For the year ending December 31, 2015

	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>FUNCTIONAL AREA:</b>			
<b>WATER UTILITY: WATER TREATMENT AND MAINTENANCE</b>			
<b>BUDGETED REVENUES</b>			
User Charges and Fees	\$ <u>8,472,530</u>	\$ <u>7,929,460</u>	\$ <u>543,070</u>
<b>BUDGETED EXPENSES</b>			
Salaries, Wages and Benefits	1,622,830	1,622,830	-
Contract and General Services	10,000	10,000	-
Financial Charges	160	160	-
Utilities	556,000	431,680	124,320
Fleet expenses	266,380	266,380	-
Maintenance, Materials and Supplies	1,280,660	1,533,460	(252,800)
Insurance	<u>54,510</u>	<u>51,250</u>	<u>3,260</u>
	<u>3,790,540</u>	<u>3,915,760</u>	<u>(125,220)</u>
<b>BUDGETED SURPLUS OF REVENUES OVER EXPENSES BEFORE CAPITAL</b>			
	4,681,990	4,013,700	668,290
Capital Revenues	<u>-</u>	<u>1,520,600</u>	<u>(1,520,600)</u>
<b>BUDGETED (DEFICIT) SURPLUS OF REVENUES OVER EXPENSES</b>			
	<u>\$ 4,681,990</u>	<u>\$ 5,534,300</u>	<u>\$ (852,310)</u>

**WATER UTILITY FUND BUDGET**  
**SEGMENTED BY DIVISION**  
For the year ending December 31, 2015

	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>FUNCTIONAL AREA:</b>			
<b>WATER UTILITY: WASTE WATER TREATMENT AND MAINTENANCE</b>			
<b>BUDGETED REVENUES</b>			
User Charges and Fees	\$ <u>6,857,640</u>	\$ <u>6,164,910</u>	\$ <u>692,730</u>
<b>BUDGETED EXPENSES</b>			
Salaries, Wages and Benefits	1,584,710	1,584,710	-
Contract and General Services	418,180	282,180	136,000
Financial Charges	200	200	-
Utilities	472,940	428,250	44,690
Fleet expenses	399,170	399,170	-
Maintenance, Materials and Supplies	722,990	670,390	52,600
Insurance	<u>53,190</u>	<u>66,190</u>	<u>(13,000)</u>
	<u>3,651,380</u>	<u>3,431,090</u>	<u>220,290</u>
<b>BUDGETED SURPLUS OF REVENUES OVER EXPENSES</b>	<b>\$ <u>3,206,260</u></b>	<b>\$ <u>2,733,820</u></b>	<b>\$ <u>472,440</u></b>

# WATER UTILITY FUND BUDGET CAPITAL EXPENSES AND RESERVE PROJECTIONS

For the year ending December 31, 2015

	<b>2015</b>	<b>2014</b>
<b>CAPITAL COMMITTED RESERVE:</b>		
<b>Budgeted Funding:</b>		
Funding for Capital - via Transfer from Water Improvement Reserve (Uncommitted)	\$ 4,237,900	\$ 4,264,300
Funding for Capital - via Transfer from Equipment Reserve	638,000	172,000
	4,875,900	4,436,300
<b>Budgeted Capital Expenses:</b>		
2nd Avenue Reconstruction (12 - 18th Street) with 15th Street Concrete Intersection Upgrade	963,000	-
Filtration Retrofit Completion	225,000	-
3rd Effluent Line, Zone Valve Replacement and Interior Components	-	100,000
Clearwell Ceiling Repairs	50,000	-
Rehabilitate Storm Sewer River Outfall Drop Structures	-	311,500
2nd Avenue West Reservoir Upgrade	50,000	-
Trench Shoring	25,000	-
New Tandem Truck	135,000	-
Boiler Replacement - Water Treatment Plant	-	500,000
Sewage Pumping Stations Upgrades-New Deals	-	1,507,600
Marquis Road Reservoir Pump Upgrade	78,000	-
Low Lift Boiler Upgrade	48,000	-
Replacement of Unit 55 - Trench Compactor	58,000	-
Replacement of Unit 113-2000 Ford 1/2 Ton	-	26,000
Replacement of Unit 165 - Steamer Unit	-	30,000
Replacement of Two 1/2 Tons-Units 112 and 114	60,000	-
Replacement of Unit 15 - 1987 Case 1-cubic yard loader	-	116,000
Replacement of Unit 6 - Rubber Tired Backhoe	300,000	-
Replacement of Unit 3 - Loader	220,000	-
Watermain Replacement Program	800,000	450,000
Drainage Channel Drop Structures and Outlet Refurbishment	275,000	-
Lead Service Replacements	62,000	-
Sanitary/Storm Sewer Replacement Program	300,000	250,000
Water Treatment Plant Security Cameras	24,000	-
Waste Water Treatment Plant Security Cameras	26,000	-
26th Street Storm Sewer Extension - Cost Shared project	-	26,000
<b>Loan Principal Payments (not capital)</b>		
Loan Principal Payments	1,176,900	1,119,200
	4,875,900	4,436,300

**WATER UTILITY FUND BUDGET**  
**CAPITAL EXPENSES AND RESERVE PROJECTIONS (continued)**  
For the year ending December 31, 2015

	<u>2015</u>	<u>2014</u>
<b>CAPITAL COMMITTED RESERVE</b>		
<b>(continued):</b>		
Budgeted Increase (Decrease) to Reserve	-	-
<b>Budgeted Reserve Balance, beginning of year</b>	<u>3,571,486</u>	<u>3,571,486</u>
<b>Projected Reserve Balance, end of year</b>	<u>\$ 3,571,486</u>	<u>\$ 3,571,486</u>

**WATER IMPROVEMENT RESERVE (UNCOMMITTED):**

**Budgeted Transactions**

**Funding:**

Contribution from Operations	\$ <u>4,367,160</u>	\$ <u>4,272,180</u>
	<u>4,367,160</u>	<u>4,272,180</u>

**Expenses:**

Transfer to Capital Committed Reserve	<u>4,237,900</u>	<u>4,264,300</u>
Budgeted Increase (Decrease) to Reserve	129,260	7,880
<b>Budgeted Reserve Balance, beginning of year</b>	<b>(5,717,070)</b>	<b>(5,724,950)</b>
Adjustment to Actual	<u>-</u>	<u>-</u>
<b>Projected Reserve Balance, end of year</b>	<u>\$ (5,587,810)</u>	<u>\$ (5,717,070)</u>