

East Hants Water Utility

Financial Estimates
2023/2024 to 2025/2026

February 22, 2023



EAST HANTS
We live it!

East Hants Water Utility

	2022/2023		2023/2024	2024/2025	2025/2026
	Budget	Projection	Budget	Budget	Budget
OPERATING REVENUE					
Metered sales	\$ 2,178,100	\$ 2,208,500	\$ 2,315,100	\$ 2,359,700	\$ 2,402,200
Public fire protection	549,995	549,995	566,446	735,566	815,076
Bulk water station	98,000	143,000	120,000	120,000	120,000
Miscellaneous income	19,575	20,475	21,975	21,975	21,975
TOTAL OPERATING REVENUE	\$ 2,845,670	\$ 2,921,970	\$ 3,023,521	\$ 3,237,241	\$ 3,359,251
OPERATING EXPENDITURES					
Source of supply	\$ 48,450	\$ 48,450	\$ 229,850	\$ 35,530	\$ 36,650
Power and pumping	343,115	337,965	366,125	373,313	382,612
Water treatment	644,305	679,098	587,743	611,080	626,546
Transmission and distribution	804,921	870,875	903,885	935,815	959,748
Administration and general	337,775	325,350	392,750	366,109	375,533
Depreciation	485,146	491,638	510,134	639,415	650,015
TOTAL OPERATING EXPENDITURES	\$ 2,663,712	\$ 2,753,376	\$ 2,990,487	\$ 2,961,262	\$ 3,031,105
NET OPERATING REVENUE (EXPENDITURE)	\$ 181,958	\$ 168,594	\$ 33,034	\$ 275,979	\$ 328,146
NON-OPERATING REVENUE					
Interest	\$ 6,560	\$ 34,040	\$ 50,000	\$ 32,000	\$ 10,000
Obligatory reserves - water infrastructure	100,000	100,000	-	-	-
Transfer from depreciation reserves	-	-	-	175,000	-
	\$ 106,560	\$ 134,040	\$ 50,000	\$ 207,000	\$ 10,000
NON-OPERATING EXPENDITURES					
Bank and finance charges	\$ 4,733	\$ 4,733	\$ 6,457	\$ 6,330	\$ 6,434
Interest	71,822	93,256	303,098	287,524	264,742
Principal	255,035	255,035	280,398	509,801	510,373
Capital expenditure out of operations	32,750	32,750	114,400	225,000	50,000
	\$ 364,340	\$ 385,774	\$ 704,353	\$ 1,028,655	\$ 831,549
NON-OPERATING EXPENDITURES	\$ (257,780)	\$ (251,734)	\$ (654,353)	\$ (821,655)	\$ (821,549)
NET REVENUE (EXPENDITURES)	\$ (75,822)	\$ (83,140)	\$ (621,319)	\$ (545,676)	\$ (493,402)
SURPLUS, BEGINNING OF YEAR	1,598,303	1,598,303	1,515,163	893,844	348,168
SURPLUS, END OF YEAR	\$ 1,522,481	\$ 1,515,163	\$ 893,844	\$ 348,168	\$ (145,235)

Notes

The East Hants Water Utility budget is presented in the required reporting format by the Nova Scotia Utility and Review Board (NSUARB).

Revenue Assumptions

The revenues reflected in this budget are based on the water rates which were approved by the NSUARB July 1, 2017 as part of a three-year rate review process covering the fiscal years 2017/2018 through 2019/2020. The revenue budgets for 2023/2024 to 2025/2026 have been increased to reflect an increase in the number of water accounts related to development, using the same base and consumption rates approved for April 1st, 2019 and onwards.

Expense Assumptions

2023/2024

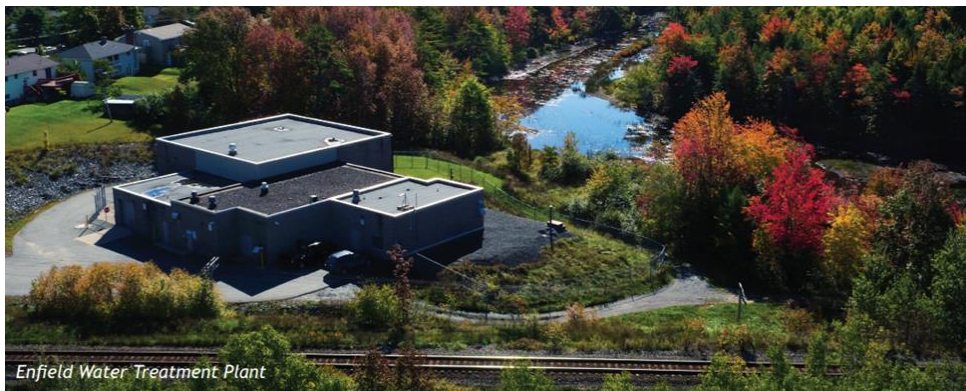
The staffing costs for the Utility consist of allocations from the Infrastructure & Operations and Finance departments, plus full-time positions working exclusively in the Water Utility. The overall budget to budget variances in salaries and benefits has increased as a result of increments and market adjustments for employees.

Changes in non-compensation expenses are detailed in the following variance table. The increase in expenses is primarily related to Nova Scotia Environment requirements, an assessment of withdrawing from Grand Lake, as well as repairs due to aging infrastructure.

2024/2025 and 2025/2026

Budgets for the years 2024/2025 and 2025/2026 are based upon conservative extrapolations of expenses budgeted in 2023/2024. Significant assumptions include the following:

- 3% annual increase in salaries & benefits based on estimated growth in labour market demand for similar positions including any applicable pay scale step increases for current staff;
- 2% increase in the cost of services acquired, all systems (allocation of shared water & wastewater services), and all other operating expenses excluding custodial and insurance expenses. These rates of increase are consistent with inflation expectations;
- 4% increase in custodial and insurance expenses;
- 6.9% increase in power for 2024/2025 & 3% in 2025/2026;
- Amortization expense is based on existing assets and Capital Budget planned additions.



Variance from Budget 2022/2023 to 2023/2024

Description	Amount
(INCREASES) / DECREASES IN REVENUES	
Increase in metered sales from additional meters	(\$137,000)
Increase in bulk water based on 2022/2023 projections	(\$22,000)
Increase in Public Fire Protection as per NSUARB Rules and Regulations	(\$16,451)
Increase in administration fees	(\$2,400)
Sub-Total Revenue Variances	(\$177,851)
INCREASES / (DECREASES) IN EXPENDITURES	
Net increase in Source and Supply Costs due to:	
Increase in contracts - decommissioning wells due to NS Environment (NSE) requirements	\$11,500
Decrease in contracts - one time costs in 2022/2023; \$5K remediation well & \$12K drone services	(\$17,000)
Decrease in equipment & supplies - blue green algae equip, test strips, & publications	(\$5,600)
Increase in advertising - Source Water Protection Advisory Committee (SWPAC) - publish/recruit	\$1,000
Increase in professional fees - Grand Lake water withdrawal assessment	\$150,000
Increase in professional fees - NSE requirements \$45K for hydrology modeling at the Regional Water Treatment Plant and Engineered Springs less monitoring \$3.5K	\$41,500
Net increase in Power and Pumping Costs due to:	
Increase primarily for eye wash station \$8K & Global Water Level Sensor System - NSE \$5.5K, offset by savings in plant & equipment maintenance	\$7,015
Increase in heating fuel & power due to rate increases	\$15,995
Net decrease in Water Treatment Costs due to:	
Net Increase in Salaries & Benefits (Increments, Benefits, Training, Travel)	\$6,141
Salaries & Benefits (Market Adj. 2022/2023)	\$5,221
Net increase in various operating costs (primarily chemicals \$20K & insurance \$1.5K)	\$24,076
Decrease servicing study offset by increase in lab testing \$8K (funding from obligatory below)	(\$92,000)
Net increase in Transmission & Distribution Costs due to:	
Net Increase in Salaries & Benefits (Increments, Benefits, Training, Travel)	\$22,773
Salaries & Benefits (Market Adj. 2022/2023)	\$6,234
Net increase in other operating costs (primarily allsystems \$4.9K & insurance \$3.2K)	\$8,284
Increase in contracts - primarily leak inspection/repairs \$47K and exterior lighting \$5.5K	\$53,000
Increase in professional fees - primarily environmental transmission mains monitoring \$6.5K	\$7,500
Increase in vehicle costs - fuel & insurance	\$1,173
Net increase in Administration & General Expenses due to:	
Net Increase in Salaries & Benefits (Increments, Benefits, Training, Travel)	\$3,050
Salaries & Benefits (Market Adj. 2022/2023)	\$2,439
Increase in professional fees - primarily related to rate review \$20K	\$21,310
Increases in Computer Support fees - primarily from laptop purchases	\$16,089
Increase in Administration fees & other operating expenses	\$12,087
Increase in depreciation expense primarily from capital purchases 2022/2023	\$24,988
Net Change in Non-Operating Revenue & Expenditures due to:	
Increase in interest revenue	(\$43,440)
Decrease in funds from obligatory reserves - water infrastructure	\$100,000
Increase in debt servicing costs	\$258,363
Increase in purchase of meters related to development	\$81,650
Sub-Total Expenditures Variances	\$723,348
NET IMPACT ON WATER UTILITY	\$545,497