

# East Hants Water Utility

Financial Estimates  
2017/2018 to 2019/2020

July 26, 2017



**EAST HANTS**  
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# East Hants Water Utility

	2016/2017		2017/2018	2018/2019	2019/2020
	Budget	Projection	Budget	Budget	Budget
<b>OPERATING REVENUE</b>					
Metered sales	\$ 1,647,200	\$ 1,658,200	1,786,100	1,979,700	2,045,300
Public fire protection	577,158	557,852	510,359	530,474	543,345
Bulk water station	33,000	58,000	52,423	54,985	55,825
Miscellaneous income	16,125	16,175	16,125	16,125	16,125
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 2,273,483</b>	<b>\$ 2,290,227</b>	<b>\$ 2,365,007</b>	<b>\$ 2,581,284</b>	<b>\$ 2,660,595</b>
<b>OPERATING EXPENDITURES</b>					
Source of supply	\$ 28,000	\$ 9,908	\$ 18,500	\$ 18,250	\$ 19,250
Power and pumping	257,740	250,838	226,264	265,113	271,806
Water treatment	458,162	451,254	452,033	483,032	488,214
Transmission and distribution	723,067	540,384	564,365	580,476	587,280
Administration and general	343,013	315,498	348,526	342,759	347,187
Depreciation	353,833	354,329	363,896	424,404	438,147
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 2,163,815</b>	<b>\$ 1,922,211</b>	<b>\$ 1,973,584</b>	<b>\$ 2,114,034</b>	<b>\$ 2,151,884</b>
<b>NET OPERATING REVENUE (EXPENDITURE)</b>	<b>\$ 109,668</b>	<b>\$ 368,016</b>	<b>\$ 391,423</b>	<b>\$ 467,250</b>	<b>\$ 508,711</b>
<b>NON-OPERATING REVENUE</b>					
Interest	\$ 5,760	\$ 5,760	\$ 5,760	\$ 7,200	\$ 7,200
Grants	-	-	3,180	-	-
Transfer from operating reserve	175,000	425,000	425,000	-	-
	<b>\$ 180,760</b>	<b>\$ 430,760</b>	<b>\$ 433,940</b>	<b>\$ 7,200</b>	<b>\$ 7,200</b>
<b>NON-OPERATING EXPENDITURES</b>					
Bank and finance charges	\$ 2,727	\$ 3,927	\$ 3,927	\$ 3,927	\$ 3,927
Interest	218,082	218,082	208,128	197,645	187,052
Principal	212,115	212,115	220,424	229,163	228,213
Easement Projects	-	425,000	425,000	-	-
Capital expenditure out of operations	-	-	30,500	31,250	67,000
	<b>\$ 432,924</b>	<b>\$ 859,124</b>	<b>\$ 887,979</b>	<b>\$ 461,985</b>	<b>\$ 486,192</b>
<b>NON-OPERATING EXPENDITURES</b>	<b>\$ (252,164)</b>	<b>\$ (428,364)</b>	<b>\$ (454,039)</b>	<b>\$ (454,785)</b>	<b>\$ (478,992)</b>
<b>NET EXPENDITURES</b>	<b>\$ (142,496)</b>	<b>\$ (60,348)</b>	<b>\$ (62,616)</b>	<b>\$ 12,465</b>	<b>\$ 29,719</b>
<b>SURPLUS, BEGINNING OF YEAR</b>	<b>882,200</b>	<b>882,200</b>	<b>821,852</b>	<b>759,236</b>	<b>771,701</b>
<b>SURPLUS, END OF YEAR</b>	<b>\$ 739,704</b>	<b>\$ 821,852</b>	<b>\$ 759,236</b>	<b>\$ 771,701</b>	<b>\$ 801,420</b>

## 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 effective July 1, 2017 covering the fiscal years 2017/2018 through 2019/2020. The revenue budgets for 2018/2019 and 2019/2020 have been increased to reflect a conservative increase in the number of water accounts, using the same base and consumption rates which were approved in 2017 and onwards. The new water consumption rates for 1,000 gallons of water are \$11.00, \$12.00 and \$12.34 in each of the three years.

### Expense Assumptions

#### 2017/2018

The staffing costs for the utility consist of allocations from the Infrastructure & Operations and Finance & Administration departments, plus full-time and part-time positions working exclusively in the Water Utility. The overall budget to budget variances in salaries, wages and benefits has remained similar in 2017/2018.

Changes in non-compensation expenses are detailed in the variance table (below). These include system maintenance initiatives and improvements to plants. The year-over-year changes are minor with the only significant decreases in 2017/2018 being the source of supply expenses for test well remediation and monitoring (\$10,500) and vehicle expenses (\$3,191). The significant increase in expenses is primarily related to emergency and mainline repairs (\$15,000) as budgets for these repairs are difficult to predict.

In addition to the expenses detailed above, depreciation is expected to increase by \$10,000 as a result of the completion of capital projects such as the purchase of radio-read meters, the annual hydrant project and the Enfield roof replacement project.

#### 2018/2019 and 2019/2020

Budgets for the years 2018/2019 and 2019/2020 are prepared with information from the Water Rate Review as submitted to the UARB. Significant assumptions include the following:

- A 1%-1.50% annual increase in Salaries & Benefits based on an estimate of growth in labour market demand for similar positions plus any applicable pay scale step increases for current staff;
- A 2% increase in the cost of services acquired, all systems and all other expenses excluding janitorial, chemical and insurance expenses. These rates of increase are consistent with inflation expectations submitted as part of the UARB rate review;
- A 4% increase in janitorial and insurance expenses. These rates of increase are consistent with prior years' results.
- A 5% increase in chemical costs in 2018/2019. This rate of increase is consistent with prior years' results.

## Variance from Budget 2016/2017 to Budget 2017/2018

Description	Amount
<b>(INCREASES) / DECREASES IN REVENUES</b>	
Increase in Metered Sales (primarily as a result proposed rate increase \$11.00 from \$9.55 per 1,000 gallons)	\$ (138,900)
Increase in Water Token Revenue (proposed rate increase of \$13.10 from \$8.78 per 1,000 gallons)	(19,423)
Increase in Administration Fees & Grant Revenue	(3,180)
Increase in Obligatory Reserve Transfer (offset by \$250k expense)	(250,000)
Decrease in Public Fire Protection as per UARB Rules and Regs	66,799
<b>Sub-Total Revenue Variances</b>	<b>\$ (344,704)</b>
<b>INCREASES / (DECREASES) IN EXPENDITURES</b>	
Net decrease in Power and Pumping Costs due to:	
Decrease in Mowing and Landscaping (will be done by PRC staff)	\$ (2,111)
Increase in Safety Equipment and Security (based on previous years' projections and actuals)	250
Decrease in Equipment Replacement & Maintenance (Water Meters moved to capital budget)	(21,500)
Decrease in Equipment Replacement & Maintenance (Pumps, Valves, Monitors and Meters)	(6,700)
Decrease in Power	(1,415)
Net decrease is Source and Supply Costs due to:	
Increase in Honorariums - East Hants Source Water Protection Advisory Committee	1,000
Decrease in Well Testing Equipment	(1,250)
Increase in Watershed Meeting Expenditures (Source Water Protection Advisory Committee)	250
Decrease in Source Water Monitoring	(6,000)
Decrease in Test Well Remediation	(3,500)
Net decrease in Water Treatment Costs due to:	
Net decrease in Salaries & Benefits	(5,506)
Net decrease in Supplies & various Operational Expenses	(345)
Net Increase in small equipment	500
Net Decrease in various other Allsystems Expenses (4/9ths)	(778)
Net increase in Transmission & Distribution Costs due to:	
Decrease in Vehicle - Truck tires, oil, insurance & fuel	(3,191)
Net Decrease in Supplies & various Operational Expenses	(2,362)
Decrease in Shubie Water Main Scanning (\$130K) & Engineered Spring Level Assessment Report	
Net Increase in repairs	14,000
Decrease in Snow Removal	(1,500)
Net Increase in Salaries & Benefits (Staffing Adjustments & Re-Organization)	10,587
Net Decrease in various other Allsystems Expenses (4/9ths)	(1,236)
Net decrease in Administration & General Expenses due to:	
Net Decrease in Salaries & Benefits (Staffing Adjustments & Re-Organization)	(4,912)
Decrease in Operational Materials	(777)
Increase in Contracts & Agreements (Service/maintenance for meter reading equipment)	2,290
Decrease in Computer Support Fees	(1,208)
Increase in Professional Fees (CWWF funding audit requirements)	10,120
Increase in bank fees	1,200
Increase in Depreciation Expense	10,063
Decrease in Debt Servicing Costs offset by interest income	(1,645)
Increase for Easement Projects (Lantz Transmission Main)	250,000
Increase in funding for meter replacement	30,500
<b>Sub-Total Expenditures Variances</b>	<b>\$ 264,824</b>
<b>DECREASE IN NET EXPENDITURES</b>	<b>\$ (79,880)</b>