

East Hants Water Utility

Financial Estimates
2018/2019 to 2020/2021

February 28, 2018



EAST HANTS
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East Hants Water Utility

	2017/2018		2018/2019	2019/2020	2020/2021
	Budget	Projection	Budget	Budget	Budget
OPERATING REVENUE					
Metered sales	\$ 1,786,100	\$ 1,759,436	1,946,500	2,006,500	2,018,200
Public fire protection	510,359	510,359	530,474	543,345	543,345
Bulk water station	52,423	58,300	58,300	58,300	58,300
Miscellaneous income	16,125	17,005	17,025	17,025	17,025
TOTAL OPERATING REVENUE	\$ 2,365,007	\$ 2,345,100	\$ 2,552,299	\$ 2,625,170	\$ 2,636,870
OPERATING EXPENDITURES					
Source of supply	\$ 18,500	\$ 11,600	\$ 16,900	\$ 17,900	\$ 17,900
Power and pumping	226,264	221,516	236,127	240,179	244,301
Water treatment	452,033	455,687	460,249	468,641	477,197
Transmission and distribution	564,365	594,005	586,265	596,449	606,836
Administration and general	348,526	322,039	340,736	345,478	350,301
Depreciation	363,896	356,023	420,145	477,932	479,610
TOTAL OPERATING EXPENDITURES	\$ 1,973,584	\$ 1,960,870	\$ 2,060,422	\$ 2,146,579	\$ 2,176,145
NET OPERATING REVENUE (EXPENDITURE)	\$ 391,423	\$ 384,230	\$ 491,877	\$ 478,591	\$ 460,725
NON-OPERATING REVENUE					
Interest	\$ 5,760	\$ 5,760	\$ 5,760	\$ 5,760	\$ 5,760
Grants	3,180	1,711	1,552	1,568	1,583
Transfer from operating reserve	425,000	425,000	-	-	-
TOTAL NON-OPERATING REVENUE	\$ 433,940	\$ 432,471	\$ 7,312	\$ 7,328	\$ 7,343
NON-OPERATING EXPENDITURES					
Bank and finance charges	\$ 3,927	\$ 3,927	\$ 3,927	\$ 3,927	\$ 3,927
Interest	208,128	208,128	197,645	187,052	176,012
Principal	220,424	220,424	229,163	228,213	237,421
Easement Projects	425,000	425,000	-	-	-
Capital expenditure out of operations	30,500	30,500	31,250	66,250	32,000
TOTAL NON-OPERATING EXPENDITURES	\$ 887,979	\$ 887,979	\$ 461,985	\$ 485,442	\$ 449,360
NON-OPERATING EXPENDITURES	\$ (454,039)	\$ (455,508)	\$ (454,673)	\$ (478,114)	\$ (442,017)
NET REVENUE (EXPENDITURES)	\$ (62,616)	\$ (71,278)	\$ 37,204	\$ 477	\$ 18,708
SURPLUS, BEGINNING OF YEAR	908,490	908,490	837,212	874,416	874,893
SURPLUS, END OF YEAR	\$ 845,874	\$ 837,212	\$ 874,416	\$ 874,893	\$ 893,601

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 2018/2019 through 2020/2021. The revenue budgets for 2018/2019 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. The new water consumption rates for 1,000 gallons of water are \$12.00 for 2018/2019 and \$12.34 in each of the next two years. The new water consumption rate in cubic meters is \$2.64 per cubic meter in 2018/2019 and \$2.71 in each of the next two years.

Expense Assumptions

2018/2019

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 decreased slightly from the proposed changes in staff 2018/2019.

Changes in non-compensation expenses are detailed in the variance table (below). The year-over-year changes are minor with the only significant decreases in 2018/2019 being the source of supply expenses for test well remediation and monitoring (\$1,600) and administration & general expenses for audit and staffing (\$7,788). This increase in expenses is primarily related to contract labour costs for water meter project, property repairs, and preventative maintenance for the towers (\$23,000) and were difficult to predict.

In addition to the expenses detailed above, depreciation is expected to increase by \$56,249 as a result of the completion of capital projects such as the construction of the new mains in Enfield and Lantz, and the annual hydrant project. This increase was anticipated in the 2017 rate review.

2019/2020 and 2020/2021

Budgets for the years 2019/2020 and 2020/2021 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.

Variance from Budget 2017/2018 to Budget 2018/2019

Description	Amount
(INCREASES) / DECREASES IN REVENUES	
Increase in Metered Sales anticipated by approved rate review July 1st, 2017	\$ (146,771)
Increase in Metered Sales from additional meters	(13,629)
Increase in Water Token Revenue (rates approved July 1st from \$8.78 to \$13.10 per 1,000 gallons)	(5,877)
Decrease in Administration Fees & Grant Revenue	728
Increase in Public Fire Protection as per UARB Rules and Regs	(20,115)
Sub-Total Revenue Variances	\$ (185,664)
INCREASES / (DECREASES) IN EXPENDITURES	
Net increase in Power and Pumping Costs due to:	
Increase for property repairs for fencing, siding and or roof repairs at Water Towers & Shubie Water Plant	\$ 3,990
Increase in plant & equipment preventative maintenance for main valves in the Water Towers	3,850
Increase in power & heating fuel	2,022
Net decrease in Source and Supply Costs due to:	
Less Honourariums paid to Source Water Protection Advisory Committee	(350)
Decrease in watershed meeting expenditures (Source Water Protection Advisory Committee)	(250)
Increase in source water & wetland monitoring	500
Decrease in test well remediation	(1,500)
Net increase in Water Treatment Costs due to:	
Net increase in Salaries & Benefits	7,507
Net increase in Janitorial (\$568) & Snow Removal (\$400)	968
Net increase in other operating costs	741
Net decrease in lab testing water samples	(1,000)
Net increase in Transmission & Distribution Costs due to:	
Decrease in vehicle costs - tires, oil, insurance & fuel	(928)
Net increase in supplies & various Operational Expenses primarily from Bulk Water key FOBs	2,312
Increase in contract labour costs for water meter project	15,000
Increase in snow removal	200
Net increase in Salaries & Benefits	4,956
Net increase in various other Allsystems Expenses (4/9ths)	360
Net decrease in Administration & General Expenses due to:	
Net Decrease in Salaries & Benefits (Staffing Adjustments & Re-Organization)	(12,296)
Increase in Admin & Computer Support Fees, & other minor operating expenses	2,468
Decrease in Professional Fees (CWWF funding audit requirements)	(4,960)
Increase in internet fees (enhanced service to facilitate improved reliability and communications)	7,000
Increase in Depreciation Expense primarily from new mains in Enfield and Lantz	56,249
Decrease in debt servicing costs	(1,745)
Increase in funding for meter replacement	750
Sub-Total Expenditures Variances	\$ 85,844
NET IMPACT (SURPLUS)/DEFICIT	\$ (99,820)