

# East Hants Water Utility

Financial Estimates  
2019/2020 to 2021/2022

February 27, 2019



**EAST HANTS**  
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	2018/2019		2019/2020	2020/2021	2021/2022
	Budget	Projection	Budget	Budget	Budget
<b>OPERATING REVENUE</b>					
Metered sales	\$ 1,946,500	\$ 1,941,600	2,030,500	2,065,500	2,071,600
Public fire protection	530,474	530,474	543,345	574,403	571,972
Bulk water station	58,300	85,000	75,000	75,000	75,000
Miscellaneous income	17,025	18,770	18,700	18,700	18,700
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 2,552,299</b>	<b>\$ 2,575,844</b>	<b>\$ 2,667,545</b>	<b>\$ 2,733,603</b>	<b>\$ 2,737,272</b>
<b>OPERATING EXPENDITURES</b>					
Source of supply	\$ 16,900	\$ 12,900	\$ 17,550	\$ 18,550	\$ 19,050
Power and pumping	236,127	234,022	259,821	264,287	268,833
Water treatment	460,249	459,974	475,374	520,263	530,400
Transmission and distribution	586,265	587,555	611,123	625,555	640,122
Administration and general	340,736	303,430	322,905	318,967	323,212
Depreciation	420,145	415,600	470,426	476,741	456,240
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 2,060,422</b>	<b>\$ 2,013,481</b>	<b>\$ 2,157,199</b>	<b>\$ 2,224,364</b>	<b>\$ 2,237,858</b>
<b>NET OPERATING REVENUE (EXPENDITURE)</b>	<b>\$ 491,877</b>	<b>\$ 562,363</b>	<b>\$ 510,346</b>	<b>\$ 509,239</b>	<b>\$ 499,414</b>
<b>NON-OPERATING REVENUE</b>					
Interest	\$ 5,760	\$ 8,745	\$ 8,190	\$ 8,190	\$ 8,190
Grants	1,552	-	-	-	-
	<b>\$ 7,312</b>	<b>\$ 8,745</b>	<b>\$ 8,190</b>	<b>\$ 8,190</b>	<b>\$ 8,190</b>
<b>NON-OPERATING EXPENDITURES</b>					
Bank and finance charges	\$ 3,927	\$ 3,927	\$ 3,927	\$ 3,927	\$ 3,927
Interest	197,645	197,645	187,052	176,012	169,965
Principal	229,163	229,162	228,213	237,421	238,288
Capital expenditure out of operations	31,250	31,250	67,750	32,000	33,500
	<b>\$ 461,985</b>	<b>\$ 461,984</b>	<b>\$ 486,942</b>	<b>\$ 449,360</b>	<b>\$ 445,680</b>
<b>NON-OPERATING EXPENDITURES</b>	<b>\$ (454,673)</b>	<b>\$ (453,239)</b>	<b>\$ (478,752)</b>	<b>\$ (441,170)</b>	<b>\$ (437,490)</b>
<b>NET REVENUE (EXPENDITURES)</b>	<b>\$ 37,204</b>	<b>\$ 109,124</b>	<b>\$ 31,594</b>	<b>\$ 68,069</b>	<b>\$ 61,925</b>
<b>SURPLUS, BEGINNING OF YEAR</b>	<b>962,975</b>	<b>962,975</b>	<b>1,072,099</b>	<b>1,103,693</b>	<b>1,171,762</b>
<b>SURPLUS, END OF YEAR</b>	<b>\$ 1,000,179</b>	<b>\$ 1,072,099</b>	<b>\$ 1,103,693</b>	<b>\$ 1,171,762</b>	<b>\$ 1,233,687</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 2019/2020 through 2021/2022. The revenue budgets for 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. The new water consumption rate in cubic meters is \$2.71 per cubic meter in each of the next three years (2019/2020 to 2021/2022).

### Expense Assumptions

#### 2019/2020

The staffing costs for the Utility consist of allocations from the Infrastructure & Operations and Finance 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 2019/2020.

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 2019/2020 being administration & general expenses for staffing adjustments and reorganization (\$21,353) and a decrease in debt servicing costs (\$11,543). The increase in expenses is primarily related to the need for filter replacements at the Water Treatment Plants, the purchase of a CSA approved hoist, increased contract labour cost requirements due to aging infrastructure, as well as the rising cost of chemicals.

In addition to the expenses detailed above, depreciation is expected to increase by \$50,281 as a result of the completion of capital projects such as the construction of the new transmission mains in Enfield and Lantz, and the water meter upgrade project. This increase was anticipated in the 2017 rate review with the exception of the earlier completion of the water meter upgrade project.

#### 2020/2021 and 2021/2022

Budgets for the years 2020/2021 and 2021/2022 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 2018/2019 to Budget 2019/2020

Description	Amount
<b>(INCREASES) / DECREASES IN REVENUES</b>	
Increase in Metered Sales by approved rate review July 1st, 2017	\$ (60,500)
Increase in Metered Sales from additional meters	(23,500)
Increase in Water Token Revenue (rates approved from \$3.02 to \$3.07 per cubic meter)	(16,700)
Increase in Public Fire Protection as per NSUARB Rules and Regulations	(12,871)
Increase in Administration Fees & interest income offset by decrease in Grant Revenue	(2,553)
<b>Sub-Total Revenue Variances</b>	<b>\$ (116,124)</b>
<b>INCREASES / (DECREASES) IN EXPENDITURES</b>	
Net increase in Power and Pumping Costs due to:	
Increase in plant & equipment maintenance for replacement of filters & CSA approved hoist	\$ 14,500
Increase for property & ground repairs at Water Towers & Shubenacadie Water Treatment Plant	4,996
Increase in power & heating fuel	4,198
Net increase in Source and Supply Costs due to:	
Honourariums paid to Source Water Protection Advisory Committee	150
Increase in source water & wetland monitoring	500
Net increase in Water Treatment Costs due to:	
Net increase due to rising costs of chemicals	10,000
Net increase in other operating costs	3,530
Net increase in Janitorial & Snow Removal (\$1,100)	1,227
Net increase in Salaries & Benefits	368
Net increase in Transmission & Distribution Costs due to:	
Increase in contract & agreements costs due to aging infrastructure	14,000
Net increase in Salaries & Benefits	8,735
Net increase in other operating costs	1,561
Increase in snow removal	300
Increase in vehicle costs - tires, oil, & insurance	262
Net decrease in Administration & General Expenses due to:	
Increase in Admin & Computer Support Fees, & other operating expenses	10,382
Decrease due to new maintenance contract with Neptune (new hardware under 5 year warranty)	(2,430)
Net Decrease in audit fees - due to CWWF audit no longer required	(4,430)
Net Decrease in Salaries & Benefits (Staffing Adjustments & Re-Organization)	(21,353)
Increase in Depreciation Expense primarily from new transmission mains in Enfield & Lantz	50,281
Decrease in debt servicing costs	(11,543)
Increase primarily for funding of new truck	36,500
<b>Sub-Total Expenditures Variances</b>	<b>\$ 121,734</b>
<b>NET IMPACT (INCREASE)/DECREASE</b>	<b>\$ 5,610</b>