

East Hants Water Utility

Financial Estimates
2015/2016 to 2017/2018

March 25, 2015



EAST HANTS
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East Hants Water Utility

	2014/2015		2015/2016	2016/2017	2017/2018
	Budget	Projection	Budget	Budget	Budget
OPERATING REVENUE					
Metered sales	\$ 1,643,810	\$ 1,615,600	\$ 1,628,400	\$ 1,648,000	\$ 1,653,000
Public fire protection	537,828	516,897	552,519	616,878	533,502
Bulk water station	27,000	40,000	30,000	40,000	40,000
Miscellaneous income	16,950	15,975	16,550	16,950	16,150
TOTAL OPERATING REVENUE	\$ 2,225,588	\$ 2,188,472	\$ 2,227,469	\$ 2,321,828	\$ 2,242,652
OPERATING EXPENDITURES					
Source of supply	\$ 11,500	\$ 5,606	\$ 11,500	\$ 11,845	\$ 12,200
Power and pumping	235,840	226,608	258,590	265,113	271,806
Water treatment	480,957	459,763	497,562	508,413	519,508
Transmission and distribution	667,969	593,369	868,593	562,154	576,064
Administration and general	374,571	341,760	334,956	351,121	358,674
Depreciation	331,450	329,075	330,418	341,939	366,841
TOTAL OPERATING EXPENDITURES	\$ 2,102,287	\$ 1,956,181	\$ 2,301,619	\$ 2,040,585	\$ 2,105,093
NET OPERATING REVENUE (EXPENDITURE)	\$ 123,301	\$ 232,291	\$ (74,150)	\$ 281,243	\$ 137,559
NON-OPERATING REVENUE					
Interest	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200
Transfer from operating reserve	175,000	-	175,000	-	-
	\$ 182,200	\$ 7,200	\$ 182,200	\$ 7,200	\$ 7,200
NON-OPERATING EXPENDITURES					
Bank and finance charges	\$ 2,727	\$ 2,727	\$ 2,727	\$ 2,727	\$ 2,727
Interest	236,496	236,496	227,528	218,082	208,127
Principal	196,708	196,708	204,211	212,114	220,424
Capital expenditure out of operations	-	-	30,000	-	-
	\$ 435,931	\$ 435,931	\$ 464,466	\$ 432,923	\$ 431,278
NON-OPERATING EXPENDITURES	\$ (253,731)	\$ (428,731)	\$ (282,266)	\$ (425,723)	\$ (424,078)
NET EXPENDITURES	\$ (130,430)	\$ (196,440)	\$ (356,416)	\$ (144,480)	\$ (286,519)
SURPLUS, BEGINNING OF YEAR	1,157,913	1,368,831	1,172,391	815,975	671,495
SURPLUS, END OF YEAR	\$ 1,027,483	\$ 1,172,391	\$ 815,975	\$ 671,495	\$ 384,976

Notes

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

Revenue Assumptions

The revenues reflected in this budget are based on the water rates approved by the UARB in February 2010 as part of a three-year rate review process covering the fiscal years 2010/2011 through 2012/2013, adjusted to reflect a conservative increase in the number of water accounts. The revenue budgets for 2016/2017 and 2017/2018 have been increased to reflect a conservative increase in the number of water accounts, using the same base and consumption rates approved for April 1, 2012 and onwards.

Expense Assumptions

2015/2016

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 is a decrease relating primarily to the elimination of the Environmental Compliance Officer position in 2014/2015.

Changes in non-compensation expenses are detailed in the variance table (below). These include system maintenance initiatives and improvements to plants. The significant increases in 2015/2016 are the estimated costs for the Shubenacadie Water Main scanning (\$130,000 based on added requirement from Nova Scotia Environment); Engineered Spring Level Assessment Report (\$15,000); the replacement of the Public Works Truck 103 (\$30,000); and increase in emergency repairs for the transmission mains (\$50,000). Budgets for these emergency repairs are difficult to predict and as a result 2015/2016 is below the actual expenses projected for 2014/2015 and as reported to Council.

2016/2017 and 2017/2018

Budgets for the years 2016/2017 and 2017/2018 are based upon conservative extrapolations of expenses budgeted in 2015/2016 (minus \$320,000 one-time expenses in 2015/2016). Significant assumptions include the following:

- A 2% annual increase in Salaries & Benefits based on an estimate of growth in labour market demand for similar positions;
- A 3% increase in the cost of services acquired, power, all systems and all other expenses. These rates of increase are consistent with inflation expectations submitted as part of the previous UARB rate review.

Variance from Budget 2014/2015 to Budget 2015/2016

Description	Amount
(INCREASES) / DECREASES IN REVENUES	
Decrease in Metered Sales (primarily as a result of a decline in water consumption)	\$ 15,410
Increase in Water Token Revenue based on revenue trends	\$ (3,000)
Decrease in disconnection fees	\$ 200
Decrease in connection fees	\$ 200
Increase in Public Fire Protection as per UARB Rules and Regs	\$ (14,691)
Sub-Total Revenue Variances	\$ (1,881)
INCREASES / (DECREASES) IN EXPENDITURES	
Net increase in Power and Pumping Costs due to:	
Increase in Mowing and Landscaping	\$ 2,250
Increase in Equipment Replacement (Pumps, Valves and Monitors)	\$ 20,000
Increase in Maintenance & Repairs in the towers	\$ 500
Net increase in Water Treatment Costs due to:	
Net Increase in Salaries & Benefits (Market Review 2014/2015)	\$ 13,330
Net Increase in Supplies for Public Works Sites and Canadian Standards Approved equipment	\$ 1,050
Net Increase in Supplies & various Operational Expenses	\$ 304
Net Increase in Snow Removal and Janitorial	\$ 1,921
Net increase in Transmission & Distribution Costs due to:	
Net Increase in Salaries & Benefits (Market Review 2014/2015)	\$ 8,795
Decrease in op materials for Hydrant Painting	\$ (2,000)
Net Increase in Vehicle - Truck 103 tires, oil, insurance	\$ 3,029
Increase in Shubie Water Main Scanning (\$130K) & Engineered spring Level Assessment Report	\$ 145,000
Net Increase in repairs - Emergency (\$50K), Mainline (-\$2K) , Valve Box (-\$1K)	\$ 46,750
Increase in Snow Removal	\$ 2,000
Net decrease in various other Allsystems Expenses (4/9ths)	\$ (2,950)
Net decrease in Administration & General Expenses due to:	
Net decrease in Salaries & Benefits (Staffing Adjustments & Re-Organization)	\$ (41,952)
Increase in Computer Hardware - SCADA/Network Video Recording System at WTP	\$ 8,000
Increase in Administration Fees	\$ 2,848
Decrease in Computer Support Fees	\$ (9,906)
Increase in Postage due to rate increase	\$ 660
Net Increase in Internet and Printing	\$ 735
Decrease in Depreciation Expense	\$ (1,032)
Decrease in Debt Servicing Costs	\$ (1,465)
Non-recurring Truck 103 Replacement	\$ 30,000
Sub-Total Expenditures Variances	\$ 227,867
INCREASE IN NET EXPENDITURES	\$ 225,986