

East Hants Water Utility

Financial Estimates
2024/2025 to 2026/2027

February 13, 2024



EAST HANTS
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East Hants Water Utility

	2023/2024		2024/2025	2025/2026	2026/2027
	Budget	Projection	Budget	Budget	Budget
OPERATING REVENUE					
Metered sales	\$ 2,315,100	\$ 2,261,300	\$ 2,302,100	\$ 2,342,500	\$ 2,385,200
Public fire protection	566,446	554,705	650,091	735,716	793,849
Bulk water station	120,000	112,000	120,000	120,000	120,000
Miscellaneous income	21,975	23,330	22,050	22,050	22,050
TOTAL OPERATING REVENUE	\$ 3,023,521	\$ 2,951,335	\$ 3,094,241	\$ 3,220,266	\$ 3,321,099
OPERATING EXPENDITURES					
Source of supply	\$ 229,850	\$ 44,850	\$ 212,655	\$ 16,488	\$ 16,715
Power and pumping	366,125	359,125	401,991	402,085	412,204
Water treatment	587,743	744,982	657,874	675,814	697,464
Transmission and distribution	903,885	943,193	976,249	979,482	1,002,822
Administration and general	392,750	370,070	457,142	430,397	441,051
Depreciation	510,134	508,841	522,717	591,286	643,591
TOTAL OPERATING EXPENDITURES	\$ 2,990,487	\$ 2,971,061	\$ 3,228,628	\$ 3,095,552	\$ 3,213,848
NET OPERATING REVENUE (EXPENDITURE)	\$ 33,034	\$ (19,726)	\$ (134,387)	\$ 124,714	\$ 107,250
NON-OPERATING REVENUE					
Interest	\$ 50,000	\$ 50,000	\$ 50,000	\$ 20,000	\$ 10,000
Obligatory reserves - water infrastructure	-	35,082	-	-	-
	\$ 50,000	\$ 85,082	\$ 50,000	\$ 20,000	\$ 10,000
NON-OPERATING EXPENDITURES					
Bank and finance charges	\$ 6,457	\$ 4,179	\$ 5,091	\$ 5,254	\$ 5,254
Interest	303,098	80,000	228,645	220,833	213,718
Principal	280,398	280,398	297,681	428,096	428,945
Capital expenditure out of operations	114,400	114,400	37,500	75,000	75,000
	\$ 704,353	\$ 478,977	\$ 568,917	\$ 729,183	\$ 722,916
NON-OPERATING EXPENDITURES	\$ (654,353)	\$ (393,895)	\$ (518,917)	\$ (709,183)	\$ (712,916)
NET REVENUE (EXPENDITURES)	\$ (621,319)	\$ (413,621)	\$ (653,304)	\$ (584,468)	\$ (605,666)
SURPLUS, BEGINNING OF YEAR	1,745,301	1,745,301	1,331,680	678,376	93,908
SURPLUS (DEFICIT), END OF YEAR	\$ 1,123,982	\$ 1,331,680	\$ 678,376	\$ 93,908	\$ (511,759)

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 2024/2025 to 2026/2027 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

2024/2025

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, increase in cost of chemicals, as well as repairs due to aging infrastructure.

2025/2026 and 2026/2027

Budgets for the years 2025/2026 and 2026/2027 are based upon conservative extrapolations of expenses budgeted in 2024/2025. 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;
- 3% increase in power for 2025/2026 & 2026/2027;
- Amortization expense is based on existing assets and Capital Budget planned additions.



Variance from Budget 2023/2024 to 2024/2025

Description	Amount
(INCREASES) / DECREASES IN REVENUES	
Decrease in metered sales based on projections for consumption 2023/2024	\$13,000
Increase in Public Fire Protection as per NSUARB Rules and Regulations	(\$83,645)
Increase in administration fees	(\$75)
Sub-Total Revenue Variances	(\$70,720)
INCREASES / (DECREASES) IN EXPENDITURES	
Net decrease in Source and Supply Costs due to:	
Decrease in contracts - decommissioning wells due to NS Environment (NSE) requirements	(\$16,500)
Increase in contracts - road signage re Grand Lake plus Private Road Fees	\$3,555
Increase in mileage - Source Water Protection	\$100
Decrease in professional fees - NSE requirements \$40K for hydrology modeling at the Regional Water Treatment Plant CF from 2023/2024	(\$4,350)
Net increase in Power and Pumping Costs due to:	
Increase primarily for computer component \$27.5K, air release valves \$6K & security upgrade at plant \$7.5K, offset by savings in plant & equipment maintenance	\$13,029
Increase in heating fuel & power due to rate increases	\$22,837
Net increase in Water Treatment Costs due to:	
Net Increase in Salaries & Benefits (Increments, Benefits, Training, Travel)	\$5,959
Salaries & Benefits (Market Adj. 2023/2024)	\$5,657
Net increase in various operating costs (primarily chemicals & testing \$51K, insurance \$1.2K & snow removal \$2.7K)	\$55,515
Increase metal testing as per recommendation CBCL report	\$3,000
Net increase in Transmission & Distribution Costs due to:	
Net Increase in Salaries & Benefits (Increments, Benefits, Training, Travel)	\$13,550
Salaries & Benefits (Market Adj. 2023/2024)	\$1,808
Net decrease in other operating costs (primarily generator & panel purchased in 2023/2024 \$8K offset by additional operational supplies \$2.9K)	(\$5,304)
Increase in contracts - primarily leak inspection/repairs \$50.5K less decrease in exterior lighting & inspections \$3K	\$47,514
Increase in professional fees - Shubie Water Air Pockets mediation review \$20K less mains monitoring \$6.5K	\$13,500
Increase in vehicle costs - fuel & insurance	\$1,296
Net increase in Administration & General Expenses due to:	
Net Increase in Salaries & Benefits (Increments, Benefits, Training, Travel, new position Environmental Engineering Tech. net increase \$14K)	\$27,808
Salaries & Benefits (Market Adj. 2023/2024)	\$5,038
Increases in Computer Support fees - primarily from infotech support	\$21,693
Increase in Administration fees & other operating expenses	\$9,853
Increase in depreciation expense primarily from capital purchases 2023/2024	\$12,583
Net Change in Non-Operating Revenue & Expenditures due to:	
Decrease in debt servicing costs (land purchase less than anticipated)	(\$58,536)
Decrease in purchase of meters - purchased in 2023/2024	(\$76,900)
Sub-Total Expenditures Variances	\$102,705
NET IMPACT ON WATER UTILITY	\$31,985