

2020 Operational Budget

Date: October 30, 2019

Prepared by: Matthew Goudy, CAO

Presented by: Matthew Goudy, CAO

PURPOSE:

To present the 2020 operating budget for the board's consideration and approval.

ACTION/RECOMMENDATION:

THAT the Commission accepts the 2020 budget as presented.

BACKGROUND:

The Regional Wastewater Line has been fully operational for a year and a half. The budget is prepared based on actual usage in addition to the business plan.

ISSUE ANALYSIS:

Revenues

Over the past year of full operations, usage of the Regional System has been predominantly from the City of Lacombe at 67% and Blackfalds at 33%. This ratio is unchanged since 2018, when the system started operations. The 2020 budgeted Wastewater volume has been estimated as follows;

City of Lacombe	1,306,476 m ³
Town of Blackfalds	650,000 m ³
Lacombe County	0 m ³

The Regional Wastewater rate is at 1.87 per cubic meter. This is slightly lower than estimated in the business plan and is no increase over 2019 rates.

Requisitions

The business plan indicates that until all members are substantially drawing services on the Regional Line a requisition for both estimated debt and administration will be charged to member communities. As in 2019, the proposed 2020 budget contains a total requisition from all members total \$641,909. The ratio of requisition is as follows:

City of Lacombe	41.8%	\$261,968
Town of Blackfalds	41.7%	\$261,401
Lacombe County	16.7%	\$118,540

Expenses

Major (\$4,000 or greater) changes in expenses:

Legal Fees <i>To reflect historical actuals</i>	Increase of \$4,000
Insurance and Bond Premiums <i>Increase to reflect estimated cost</i>	Increase of \$4,000
Treatment Charges: City of Red Deer <i>Estimated charges for increased treatment rate (2.67%)</i>	Increase of \$57,462
Operations Contract <i>2% increase based on management contract with the City of Lacombe</i>	Increase of \$7,200
Utilities: Water <i>Increase due to historical actuals</i>	Increase of \$4,600
Utilities: Natural Gas <i>Decrease due to historical actuals</i>	Decrease of \$5,000
Utilities: Electrical <i>Increase due to estimated cost and usage in 2020</i>	Increase of \$52,000
Chemicals <i>Reduction due to lower historical actuals</i>	Reduction of \$64,000
Transfer to Operating Reserve <i>Increase to reflect business plan target for Operating Reserve</i>	Increase of \$100,000
Debenture Debt & Interest <i>Debt servicing costs will be lower than anticipated in business plan – final values will be known by spring adjustments</i>	Reduction of \$104,991

FINANCIAL IMPLICATIONS:

The proposed rate for Member Communities is \$1.87 (\$1.85 – 2018, \$1.87 – 2019) per cubic meter of treatment.

The 2020 budget currently includes a surplus of \$55,661, but this could result in an adjustment once all borrowing is complete.

ALTERNATIVES:

- A. Accepts the budget as presented
- B. Directs administration accordingly

ATTACHMENTS:

- 1. 2020 Draft Budget



Budget Department by Category

From Category: 48 To Category: 48
 Account Code: 05-1-??-????? To : 05-2-??-?????

Budget Detail: PROVISIONAL BUDGET
 Year: 2019

Account Code	Account Description	CC1	CC2	CC3	2018 ACTUAL VALUES	2018 FINAL BUDGET	2019 ACTUAL VALUES	2019 FINAL BUDGET	2020 PROVISIONA L BUDGET	Variance	Var %
REGIONAL WASTEWATER COMMISSION											
REVENUES											
Regional Wastewater Revenues											
REVENUES											
05-1-48-35110	Wastewater Volume - City				(1,963,005)	(1,702,886)	(2,029,692)	(2,443,110)	(2,443,110)	0	0.00
05-1-48-35130	Wastewater Volume - Tow				(910,888)	(1,219,157)	(922,252)	(1,215,500)	(1,215,500)	0	0.00
05-1-48-35150	Wastewater Volume - Lac				0	(16,739)	0	0	0	0	0.00
05-1-48-42100	Wastewater Volume - Sep				0	(26,742)	0	(26,742)	(26,742)	0	0.00
05-1-48-42200	Line Crossing Agreement				(100)	0	(350)	0	0	0	0.00
05-1-48-55100	Interest Revenue				(4,735)	0	(5,781)	0	0	0	0.00
05-1-48-55500	Rebates & Dividends				(100)	0	0	0	0	0	0.00
05-1-48-59300	Other Revenue				(9,024)	0	(498,769)	0	0	0	0.00
05-1-48-85110	City of Lacombe Contribu				(106,718)	(144,290)	(130,984)	(261,968)	(261,968)	0	0.00
05-1-48-85130	Town of Blackfalds Contril				(106,523)	(101,998)	(130,701)	(261,401)	(261,401)	0	0.00
05-1-48-85150	Lacombe County Contribt				(57,257)	(2,488)	(59,270)	(118,540)	(118,540)	0	0.00
Total REVENUES					(3,158,350)	(3,214,300)	(3,777,799)	(4,327,261)	(4,327,261)	0	
EXPENSES											
05-2-48-11110	Board Honorariums - City				0	920	0	0	0	0	0.00
05-2-48-11130	Board Honorariums - Tow				0	920	0	0	0	0	0.00
05-2-48-11150	Board Honorariums - Lacc				0	920	0	0	0	0	0.00
05-2-48-13600	WCB				0	0	1,278	500	500	0	0.00
05-2-48-21100	Travel & Subsistence				4,881	1,100	993	500	1,000	500	50.00
05-2-48-21400	Membership Fees				81	216	114	500	500	0	0.00
05-2-48-21500	Postage & Freight				81	156	184	156	156	0	0.00
05-2-48-21700	Telephone/Communicatio				24,447	1,540	9,150	1,540	0	(1,540)	0.00
05-2-48-21701	Telephone/Communicatio				15,278	19,916	16,892	29,916	31,456	1,540	4.90
05-2-48-21900	Testing (Sewage Strength				0	7,966	0	8,000	8,000	0	0.00
05-2-48-22100	Advertising & Promotions				275	0	275	0	500	500	100.00
05-2-48-23000	Contracted Management				26,717	43,911	3,150	24,000	24,000	0	0.00
05-2-48-23100	Accounting & Audit Fees				18,134	19,202	0	12,000	12,000	0	0.00
05-2-48-23200	Legal Fees				4,157	520	6,912	1,000	5,000	4,000	80.00
05-2-48-23900	Other Professional Servic				145	39,832	4,836	20,000	20,000	0	0.00
05-2-48-25300	Parts & Repairs				2,192	31,865	23,752	10,000	10,000	0	0.00
05-2-48-25301	SCADA/Monitoring				0	14,339	0	20,000	20,000	0	0.00
05-2-48-26300	Equipment				0	520	273	1,200	1,200	0	0.00
05-2-48-27100	Licenses & Permits				593	5,722	635	1,000	1,000	0	0.00
05-2-48-27400	Insurance & Bond Premiu				2,218	23,899	50,165	47,000	51,000	4,000	7.84
05-2-48-34200	Administrative Costs				1,962	19,119	300	0	300	300	100.00

Budget Department by Category



From Category: 48 To Category: 48

Budget Detail: PROVISIONAL BUDGET

Account Code: 05-1-??-????? To : 05-2-??-?????

Year: 2019

Account Code	Account Description	CC1	CC2	CC3	2018 ACTUAL VALUES	2018 FINAL BUDGET	2019 ACTUAL VALUES	2019 FINAL BUDGET	2020 PROVISIONA L BUDGET	Variance	Var %
05-2-48-35100	Treatment Charges City V				1,773,563	1,771,203	1,794,996	2,152,123	2,209,585	57,462	2.60
05-2-48-35200	Operations Contract				279,252	227,040	300,678	359,784	366,984	7,200	1.96
05-2-48-35300	Septic Receiving Station-(0	23,899	0	15,000	15,000	0	0.00
05-2-48-51000	Miscellaneous Expenses				422	20,951	3,730	5,000	5,000	0	0.00
05-2-48-51100	Meeting Supplies				34	0	363	0	500	500	100.00
05-2-48-51400	Office Supplies				511	520	533	0	0	0	0.00
05-2-48-52400	General Materials & Supp				9,795	4,780	9,614	5,000	5,000	0	0.00
05-2-48-54100	Utilities - Water				7,291	0	11,240	5,400	10,000	4,600	46.00
05-2-48-54200	Utilities - Wastewater/Sev				2,439	0	5,933	5,400	6,000	600	10.00
05-2-48-54300	Utilities - Natural Gas				6,299	6,373	16,335	30,000	25,000	(5,000)	-20.00
05-2-48-54400	Utilities - Electric Power				205,293	194,852	204,647	228,000	280,000	52,000	18.57
05-2-48-56200	Chemicals				139,411	151,959	98,041	264,000	200,000	(64,000)	-32.00
05-2-48-76100	Transfer to Operating Res				100,000	100,000	0	100,000	200,000	100,000	50.00
05-2-48-76200	Transfer to Capital Resen				50,000	50,000	0	300,000	300,000	0	0.00
05-2-48-81400	Bank Charges & Other Pe				53	0	12	0	0	0	0.00
05-2-48-83100	Debenture Debt Interest				130,398	0	163,049	301,955	272,680	(29,275)	-10.74
05-2-48-83200	Debenture Debt Principal				65,101	211,537	132,353	264,955	189,239	(75,716)	-40.01
05-2-48-99000	Amortization				551,641	0	0	0	0	0	0.00
Total EXPENSES					3,422,664	2,995,697	2,860,433	4,213,929	4,271,600	57,671	
Regional Wastewater Revenues (Surplus)/Deficit					264,314	(218,603)	(917,366)	(113,332)	(55,661)	(57,671)	
Report Total -->					264,314	(218,603)	(917,366)	(113,332)	(55,661)	(57,671)	



2019 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
05-1-48-35110	Wastewater Volume - City of Lacombe					
4226	Volume-1,306,476 (Average 108,873 m3 per month) @ \$1.87/m3	A	1306476.00	-1.87	0.0000	-2,443,110
	Total					-2,443,110
05-1-48-35130	Wastewater Volume - Town of Blackfalds					
4227	Volume= (54,166 per month) m3 650,000 @ \$1.87	A	650000.00	-1.87	0.0000	-1,215,500
	Total					-1,215,500
05-1-48-42100	Wastewater Volume - Septic Rec. Station					
4229		A	1.00	-26742.00	0.0000	-26,742
	Total					-26,742
05-1-48-85110	City of Lacombe Contributions					
3755	2019 Debt Contributions @41.8%	A	1.00	-236968.00	0.0000	-236,968
3755	2019 Admin Contributions	A	1.00	-25000.00	0.0000	-25,000
	Total					-261,968
05-1-48-85130	Town of Blackfalds Contributions					
3756	2019 Debt Contributions @41.7%	A	1.00	-236401.00	0.0000	-236,401
3756	2019 Admin Contributions	A	1.00	-25000.00	0.0000	-25,000
	Total					-261,401
05-1-48-85150	Lacombe County Contributions					
3757	2019 Debt Contributions @16.5%	A	1.00	-93540.00	0.0000	-93,540
3757	2019 Admin Contributions	A	1.00	-25000.00	0.0000	-25,000
	Total					-118,540
05-2-48-13600	WCB					
4113		A	1.00	500.00	0.0000	500
	Total					500



2019 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
05-2-48-21100	Travel & Subsistence					
4027	Board Expenses	A	1.00	500.00	0.0000	500
	Total					500
05-2-48-21400	Membership Fees					
4090	Memberships	A	1.00	500.00	0.0000	500
	Total					500
05-2-48-21500	Postage & Freight					
4091		A	1.00	156.00	0.0000	156
	Total					156
05-2-48-21700	Telephone/Communications-Administration					
4092		A	1.00	1540.00	0.0000	1,540
	Total					1,540
05-2-48-21701	Telephone/Communications-Operations					
4257	Operations Telephone	A	1.00	29916.00	0.0000	29,916
	Total					29,916
05-2-48-21900	Testing (Sewage Strength Testing)					
4254		A	1.00	8000.00	0.0000	8,000
	Total					8,000
05-2-48-23000	Contracted Management Fees					
4097	Administration Contracted Management	A	1.00	24000.00	0.0000	24,000
	Total					24,000
05-2-48-23100	Accounting & Audit Fees					
3692		A	1.00	12000.00	0.0000	12,000
	Total					12,000



2019 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
05-2-48-23200	Legal Fees					
4093		A	1.00	1000.00	0.0000	1,000
	Total					1,000
05-2-48-23900	Other Professional Services					
4232		A	1.00	20000.00	0.0000	20,000
	Total					20,000
05-2-48-25300	Parts & Repairs					
4255		A	1.00	10000.00	0.0000	10,000
	Total					10,000
05-2-48-25301	SCADA/Monitoring					
4259		A	1.00	20000.00	0.0000	20,000
	Total					20,000
05-2-48-26300	Equipment					
4098		A	1.00	1200.00	0.0000	1,200
	Total					1,200
05-2-48-27100	Licenses & Permits					
4094	Licenses, Permits, Insurance	A	1.00	1000.00	0.0000	1,000
	Total					1,000
05-2-48-27400	Insurance & Bond Premiums					
4245	Insurance	A	1.00	47000.00	0.0000	47,000
	Total					47,000
05-2-48-34200	Administrative Costs					
4258		A	1.00	0.00	0.0000	0
	Total					0



2019 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
05-2-48-35100	Treatment Charges City WWTP					
4224	City of Red Deer Treatment (1,956,476m3 @ \$1.10)	A	1.00	2152123.00	0.0000	2,152,123
	Total					2,152,123
05-2-48-35200	Operations Contract					
4253		A	1.00	359784.00	0.0000	359,784
	Total					359,784
05-2-48-35300	Septic Receiving Station-Op & Main					
4260		A	1.00	15000.00	0.0000	15,000
	Total					15,000
05-2-48-51000	Miscellaneous Expenses					
4262	Contingency	A	1.00	5000.00	0.0000	5,000
	Total					5,000
05-2-48-52400	General Materials & Supplies					
4256	Supplies & Freight	A	1.00	5000.00	0.0000	5,000
	Total					5,000
05-2-48-54100	Utilities - Water					
4504		A	1.00	5400.00	0.0000	5,400
	Total					5,400
05-2-48-54200	Utilities - Wastewater/Sewer					
4505		A	1.00	5400.00	0.0000	5,400
	Total					5,400
05-2-48-54300	Utilities - Natural Gas					
4261		A	1.00	30000.00	0.0000	30,000
	Total					30,000



2019 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
05-2-48-54400	Utilities - Electric Power					
4252	Blackfalds Lift Station, Odor Management Facility, Lacombe Lift Station, Average \$19k a month	A	1.00	228000.00	0.0000	228,000
	Total					228,000
05-2-48-56200	Chemicals					
4251	Average \$22K a month	A	1.00	264000.00	0.0000	264,000
	Total					264,000
05-2-48-76100	Transfer to Operating Reserve					
4231		A	1.00	100000.00	0.0000	100,000
	Total					100,000
05-2-48-76200	Transfer to Capital Reserve					
4230		A	1.00	300000.00	0.0000	300,000
	Total					300,000
05-2-48-83100	Debenture Debt Interest					
4506	Debenture #4002386 - Payment #1	A	1.00	81524.00	0.0000	81,524
4506	Debenture #4002386 - Payment #2	A	1.00	80431.00	0.0000	80,431
4506	Servus Loan \$4 Mil @ 3.5%	A	1.00	140000.00	0.0000	140,000
	Total					301,955
05-2-48-83200	Debenture Debt Principal					
4225	Debenture #4002386 Payment 1	A	1.00	81524.00	0.0000	81,524
4225	Debenture #4002386 Payment 2	A	1.00	80431.00	0.0000	80,431
4225	\$4Mill @ 3.5% for 25 Years	A	1.00	103000.00	0.0000	103,000
	Total					264,955