



RPT 21-42

TITLE: 2021 Sanitation Fund Operating and Capital Budget

DATE: **January 25, 2021**

TO: City Council - Special

PUBLIC: X

INCAMERA:

RECOMMENDATION:

1. That the 2021 Sanitation Fund Operating Budget be approved as follows:
 - a) Operating revenues of \$5,260,610;
 - b) Operating expenses of \$3,959,400;
 - c) Capital and interfund transfers of \$1,103,870; and,
 - d) A surplus of \$197,340. After adjusting for non-cash amortization, the surplus is \$997,340 to fund capital projects and reserve transfers;
2. That the 2021 Sanitation Fund Capital expenditures of \$6,350,000 be approved;
3. That the motions from the 2021 Sanitation Fund Budget Committee deliberations be ratified and that Administration proceed as authorized; and,
4. That the 2021 Sanitation Fund budgeted expenditures be approved for disbursement effective January 1, 2021.

TOPIC & PURPOSE:

For City Council to approve the 2021 Sanitation Fund Operating and Capital Budget along with the resolutions of the Budget Committee.

BACKGROUND:

On January 21, 2021 the Budget Committee considered the 2021 Sanitation Fund Operating and Capital Budgets and recommended that the 2021 Sanitation Operating and Capital Budget, along with the Resolutions of the Budget Committee, be forwarded to City Council for final approval.

PROPOSED APPROACH AND RATIONALE:

The Sanitation Utility Fund was created in 2003 and was intended to be a self-sustaining fund that would provide waste collection and recycling services, and operate a landfill without being dependent on the City's tax base. In order to continue to ensure its ability to be self-sufficient and meet future capital requirements, City Council passed Waste Collection and Disposal Bylaw #40 of 2015, setting the rates and fees for a period of five years. Bylaw #34 of 2020 establishes the rates for 2021.

The Director of Financial Services presented the budget package to the Budget Committee that included a format that provided budgeted 2021 revenues and expenditures along with the changes relative to the previous years approved budget. For 2021 there are budgetary adjustments to the revenues and expenditures of this fund which include the items highlighted below.

Budgeted Revenue – Increase of \$72,860

There are two primary sources of revenue for the Sanitation Fund:

- *Landfill Fees* – These are the rates charged to customers using the landfill. For 2016 to 2020, the entry fees and per tonne charges was set forth in Waste Collection and Disposal Bylaw #8 of 2018. Bylaw #34 of 2020 establishes the rate for 2021. In 2021 the minimum per load entry fee for residual waste below 150 kilograms is \$12.50 and the per tonne rate for residual waste more than 150 kilograms is \$75.00 per tonne. There is no budgeted increase in revenues for 2021.
- *Sanitation Surcharge* – This represents the monthly residential utility surcharge located on the utility bills. Administration is recommending a \$0.50 increase from \$18.75 per month to \$19.25 per month for 2021 which represents a 2.7% increase over the prior year. The rate increase is required to ensure sufficient funds are available to cover the operating costs for waste collection, the residential recycling program, the portion of landfill costs related to garbage processing, future capital projects and future cell expansions and cell closures. Budgeted revenue is increasing by \$35,000 from \$2,465,000 in 2020 to \$2,500,000 in 2021.

In addition, budgeted revenues for 2021 include funding received from the North Central Saskatchewan Waste Management Corporation (NCSWMC) as part of the Multi Material Stewardship Initiative which was announced in 2016. The NCSWMC has long been an advocate of having the producers of the recycling packaging be responsible for its ultimate disposal. The Sanitation Fund will receive quarterly payments in 2021 of \$103,042 per quarter or \$412,170 for the year. This is an increase of \$30,130 over the amount budgeted for 2020 and offsets the City's annual member contribution of \$142,100.

Budgeted Expenses – Increase of \$201,050

Significant 2021 budgetary adjustments to expenses are noted below:

- \$60,310 increase in salaries, wages and benefits.
- \$89,000 increase in contracted and general services.
- \$52,930 increase in interest on long term debt.
- \$25,000 increase in fleet expenses
- \$21,370 decrease in maintenance, materials and supplies.
- \$4,950 decrease in insurance.

Capital and Interfund Transactions – Increase of \$19,770

Significant 2021 budgetary adjustments to expenses are noted below:

- An increase of \$13,170 in the transfer to the General Fund related to the Franchise Fee paid to the General Fund as a result of increasing revenues. The 2021 budgeted transfer is based on 5% of 2020's budgeted revenue less revenue from City Facilities.

2021 Capital Budget

For 2021, Administration is requesting \$6,350,000 in capital spending for the following items:

- \$6,000,000 for the construction of a new waste cell and expansion of existing waste cell to be funded from debt financing.
- \$350,000 for the replacement of Automated Waste Collection Truck Unit #68 to be funded from the Equipment and Fleet Reserve.

CONSULTATIONS:

A media release notified the public that the Budget Committee meetings for the 2021 Water Utility, Sanitation, Airport, and Land Fund Budget were scheduled for January 20/21, 2021.

In addition, the budget submissions to the Budget Committee were available on eagenda.citypa.ca and the City's website for the public's review.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

Once the 2021 Sanitation Fund Budget is approved by Council it will be posted on the City of Prince Albert website.

FINANCIAL IMPLICATIONS:

The 2021 Budget reflects increased revenue of \$72,860 primarily as result of a \$0.50 increase in the monthly residential utility surcharge and increased revenue from the NCWMC. Overall, budgeted operating expenses have increased by \$201,050.

A summary of the 2021 Budget's impact on the Sanitation Improvement Fund Balance is as follows:

- The budgeted surplus from operations to be transferred to the Sanitation Improvement Fund Balance in 2021 is \$997,340, after adjusting for non-cash amortization.
- A transfer of \$0 to the Capital Committed Reserve is required for 2021 capital expenditures.
- This results in an estimated net increase to the Sanitation Improvement Fund Balance in 2021 of \$997,340 and an estimated closing surplus of \$1,822,865.

OTHER CONSIDERATIONS/IMPLICATIONS:

There are no options to the recommendation, official community plan, policy, or privacy implications or considerations.

STRATEGIC PLAN:

Fiscal Management & Accountability: Administration's recommendation is based on cost effectiveness and the belief that the City's current level of service will be maintained or improved as a result of the submitted budget.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

ATTACHMENTS:

1. 2021 Sanitation Fund Budget
2. January 21, 2021 Budget Committee Minutes – Sanitation Fund Budget (Unofficial)

Written by: Cheryl Tkachuk, Director of Financial Services

Approved by: City Maanger