

# North Red Deer River Water Services Commission



2017 Operating Budget  
Approved

Prepared by Michael Minchin  
November 28, 2016

## **2017 Operating Budget**

The North Red Deer River Water Services Commission transports potable water from the City of Red Deer to its member municipalities. Currently, the Commission delivers water to all its members. The 2017 budget forecasts revenues based on the water demand estimates provided by the member municipalities. The largest costs to the Commission are the purchase of water from the City of Red Deer and debenture payments.

The following is a summary of changes included in the 2017 operating budget followed by the budget itself.

### *Water Costs*

The 2017 operating budget is based on a 6.15% increase in water rates from the City of Red Deer. The proposed rate from the City of Red Deer is expected to increase from \$1.30 to \$1.38 per cubic metre effective March 1<sup>st</sup>, 2017. The details of the rate and impact on the budget are outlined on page 3.

### *Water Sales Volumes*

Water sales volumes for 2017 have been increased slightly from the estimates from the 2016 budget. Actual consumption for 2016 was lower than forecasted and Administration is forecasting slower growth in the coming years. Included in the estimate is a change to the water loss estimate as well as the inclusion of water volumes from the City of Red Deer. Water forecasts are outlined in page 4 of this document.

### *Other Operating Revenues and Expenditures*

In addition to water purchases and sales volume estimate adjustments, Administration has also reviewed all expenses for the Commission and made a number of adjustments. The following is a summary of those adjustments. The operating budget starts on page 5.

1. Increase of \$1,511 in interest revenue to reflect growing cash balances.
2. Increase of \$390 to reflect actual billing revenue to Counties.
3. Reduction in Board travel and mileage of \$1,000 to reflect actual expenses.
4. Increase in membership fees of \$100 to offset increase in AAMD&C membership.
5. Reduction in postage of \$100.
6. Increase in Telephone – Office of \$95.
7. Increase of Management Fees based on a January 1<sup>st</sup> increase. \$1,407 increase.
8. Increase in Other Professional Services of \$10,000. Increase SCADA review, which is being carried over from 2016, from \$20,000 to \$30,000.
9. Reduction in legal fees of \$750. Easement and right of way legal search project completed in 2016.
10. Reduction in SCADA costs to reflect new lower monthly rate. Savings of \$2,950.
11. Reduction in insurance of \$1,611.
12. Increase Administration (accounting services) based on a January 1<sup>st</sup> increase of \$257.
13. Increase in Operations costs to reflect increased rates effective January 1<sup>st</sup>.
14. Water purchases are based on projected water volumes and the new City of Red Deer rate.
15. Reduction in Miscellaneous, Meeting and Office Supplies to reflect historic averages. Overall savings of \$550.

16. Reduction in electricity costs to reflect current electricity rates. Factor has been included to cover carbon tax implementation for 2017.
17. Amortization remains unchanged. As this is a non-cash expense, the reserve policy will see this transferred to capital reserves at the end of the year in 2017.
18. Funding from rate stabilization reserve of \$158,000 to offset rate increase from City and reduced water volumes.
19. The operating surplus has been reduced to make up the increase in water rates from the City. The projected operating surplus has been reduced from 142,584 to 70,578, a reduction of \$72,006. The forecasted budget surplus is more in line with budget surpluses of the past. The Commission will still access \$158,000 from the stabilization reserve.

#### Water Rates

Water rates for the Commission to member municipalities will remain unchanged at \$2.03 per cubic metre for the fifth consecutive year. The last time rates changed was in 2013 when the Commission's rate increased from \$2.00 per cubic metre to the current \$2.03.

#### **2017 Capital Budget**

The Commission has identified no capital projects for 2017.

**North Red Deer River Water Services Commission  
2017 Water Sales Forecast**

2016 City of Red Deer Rate	\$ 1.300
2017 City of Red Deer Projected Rate	\$ 1.380
 % Change	 6.15%

Water Purchases	January	February	March to December	Total
Lacombe	101,251	88,595	1,075,794	1,265,640
Ponoka	56,670	49,587	602,123	708,380
Blackfalds	59,329	51,913	630,369	741,610
Lacombe County (thru Blackfalds)	1,890	1,654	20,081	23,625
Ponoka County	748	655	7,948	9,350
City of Red Deer	1,667	1,667	16,666	20,000
Water Loss	4,443	3,888	47,209	55,540
 Subtotal	 225,999	 197,957	 2,400,189	 2,824,145
 Price per m3	 1.3000	 1.3000	 1.3800	
 <u>Cost of Water</u>				
City	131,626.56	115,173.24	1,484,595.72	1,731,395.52
Ponoka	73,671.52	64,462.58	830,929.74	969,063.84
Blackfalds	77,127.44	67,486.51	869,908.53	1,014,522.48
Lacombe County (thru Blackfalds)	2,457.00	2,149.88	27,712.13	32,319.01
Ponoka County	972.40	850.85	10,967.55	12,790.80
City of Red Deer	2,167.10	2,167.10	22,999.08	27,333.28
Water Loss	5,776.16	5,054.14	65,148.42	75,978.72
 Subtotal	 293,798.18	 257,344.30	 3,312,261.17	 3,863,403.65
 Other Expenses (Includes Amortization)				 <u>2,026,017.00</u>
 Total Operating Costs				 5,889,420.65
 Less non-water Revenue				 <u>342,931.00</u>
 Total Water Sale Revenue Required				 5,546,489.65
 <u>Water Sales Required</u>				
City	205,539.94	179,847.44	2,183,861.82	2,569,249.20
Ponoka	115,040.91	100,660.80	1,222,309.69	1,438,011.40
Blackfalds	120,437.46	105,382.78	1,279,648.06	1,505,468.30
Lacombe County	3,836.70	3,357.11	40,764.94	47,958.75
Ponoka County	1,518.44	1,328.64	16,133.43	18,980.51
City of Red Deer	3,117.29	3,117.29	31,165.42	37,400.00
 Subtotal	 449,490.74	 393,694.06	 4,773,883.36	 5,617,068.16
Operating Surplus				70,578.51
Price per m3	\$ 2.0300	\$ 2.0300	\$ 2.0300	
 Rate Increase				 0.00%

**North Red Deer River Water Services Commission  
2017 Water Sales Forecast**

	2016 Projected		Total	2016 Budget	Variance
	Jan to Sept	Oct to Dec			
City of Lacombe	956,314	296,792	1,253,106	1,313,050	-4.78%
Town of Ponoka	531,659	173,896	705,555	714,930	-1.33%
Town of Blackfalds	566,664	146,421	713,085	699,660	1.88%
Lacombe County	16,875	5,625	22,500	5,450	75.78%
Ponoka County	7,342	1,560	8,902	9,650	-8.40%
Water Loss	<u>40,836</u>	<u>13,612</u>	<u>54,448</u>	<u>42,840</u>	<u>21.32%</u>
	2,119,690	637,906	2,757,596	2,785,580	-1.01%

**2017 (Estimated)**

	2017 (Estimated)			Total
	January	February	March to December	
City of Lacombe	101,251	88,595	1,075,794	1,265,640
Town of Ponoka	56,670	49,587	602,123	708,380
Town of Blackfalds	59,329	51,913	630,369	741,610
Lacombe County	1,890	1,654	20,081	23,625
Ponoka County	748	655	7,948	9,350
City of Red Deer	1,667	1,667	16,666	20,000
Water Loss	<u>4,443</u>	<u>3,888</u>	<u>47,209</u>	<u>55,540</u>
	225,999	197,957	2,400,189	2,824,145

	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Projected 2016	Estimated 2017
City of Lacombe	1,219,621	1,135,454	1,150,948	1,192,004	1,240,649	1,328,507	1,361,741	1,253,106	1,265,640
Town of Ponoka	767,791	703,634	700,402	699,781	699,205	706,460	715,080	705,555	708,380
Town of Blackfalds	515,855	524,584	526,983	564,434	593,449	678,191	752,324	713,085	741,610
Lacombe County	-	-	-	22,500	-	-	-	22,500	23,625
Ponoka County	4,844	2,705	3,560	4,662	5,771	7,336	8,383	8,902	9,350
City of Red Deer									20,000
Water Loss	<u>61,116</u>	<u>48,296</u>	<u>39,407</u>	<u>11,252</u>	<u>49,987</u>	<u>37,509</u>	<u>52,169</u>	<u>54,448</u>	<u>55,540</u>
	2,569,227	2,414,673	2,421,300	2,494,633	2,589,061	2,758,003	2,889,697	2,757,596	2,824,145

City of Lacombe	1.60%	-6.90%	1.36%	3.57%	4.08%	7.08%	2.50%	-7.98%	1.00%
Town of Ponoka	-11.37%	-8.36%	-0.46%	-0.09%	-0.08%	1.04%	1.22%	-1.33%	0.40%
Town of Blackfalds	7.82%	1.69%	0.46%	7.11%	5.14%	14.28%	10.93%	-5.22%	4.00%
Lacombe County									5.00%
Ponoka County	-95.83%	-44.16%	31.61%	30.96%	23.79%	27.12%	14.27%	6.19%	5.03%
City of Red Deer									0.00%
Water Loss	-64.41%	-20.98%	-18.41%	-71.45%	344.25%	-24.96%	39.08%	4.37%	2.01%
Total	-9.31%	-6.02%	0.27%	3.03%	3.79%	6.53%	4.77%	-4.57%	2.41%



Account Code : 06-1-??-?????  
 To 06-2-??-?????  
 Fiscal Year : 2016

Account Code	Account Description	CC1	CC2	2015 ACTUAL VALUES	2016 ACTUAL VALUES	2016 FINAL BUDGET	2017 PROVISIONAL BUDGET
<b>06</b>	<b>REGIONAL WATER COMMISSION</b>						
<b>REVENUES</b>							
06-1-47-35110	Water Sales - City of Lacon			-2,764,334	-2,156,546	-2,665,494	-2,569,249
06-1-47-35120	Water Sales - Town of Ponc			-1,451,612	-1,195,979	-1,451,308	-1,438,011
06-1-47-35130	Water Sales - Town of Blacl			-1,527,218	-1,269,014	-1,431,375	-1,553,427
06-1-47-35140	Water Sales - Ponoka Cour			-17,017	-16,494	-19,592	-18,981
06-1-47-35150	Water Sales - City of Red D			0	0	0	-37,400
06-1-47-42200	Line Crossing Fee			-1,000	-250	-1,750	-1,000
06-1-47-55100	Interest Revenue			-43,757	-36,598	-42,000	-43,511
06-1-47-55500	Rebates & Dividends			-350,662	-348,357	-50	-30
06-1-47-85140	Lacombe County Contributi			-69,143	0	-70,000	-70,195
06-1-47-85150	Ponoka County Contributioi			-69,143	0	-70,000	-70,195
06-1-47-92100	Transfer from Reserves			0	0	0	-158,000
06-1-47-99000	Misc Revenue			0	-323	0	0
<b>Total REVENUES</b>				<b>-6,293,886</b>	<b>-5,023,561</b>	<b>-5,751,569</b>	<b>-5,959,999</b>
<b>EXPENSES</b>							
06-2-47-11110	Board Wages-City of Lacon			1,400	1,400	1,400	1,400
06-2-47-11120	Board Wages-Town of Ponc			600	600	600	600
06-2-47-11130	Board Wages-Town of Blacl			600	600	600	600
06-2-47-11140	Board Wages-Lacombe Cou			0	0	600	600
06-2-47-11150	Board Wages-Ponoka Cour			300	600	600	600
06-2-47-21110	Board Travel-City of Lacom			0	0	500	0
06-2-47-21120	Board Travel -Town of Ponc			109	113	500	250
06-2-47-21130	Board Travel-Town of Black			59	59	500	250
06-2-47-21140	Board Travel-Lacombe Cou			0	0	500	250
06-2-47-21150	Board Travel-Ponoka Coun			30	89	500	250
06-2-47-21170	Travel-Administration			100	0	0	0
06-2-47-21180	Travel - Operations			0	11	0	0
06-2-47-21400	Membership Fees			196	377	200	300
06-2-47-21500	Postage & Freight			0	0	50	50
06-2-47-21700	Telephone - Office			301	256	305	400
06-2-47-21701	Telephone - Operations			8,447	6,735	9,084	8,072
06-2-47-23000	Management Fees			52,316	35,504	54,321	55,728
06-2-47-23100	Accounting and Auditor Fee			8,031	393	8,000	8,000
06-2-47-23200	Legal Fees			0	300	1,250	500
06-2-47-23900	Other Professional Services			41,712	7,336	36,800	46,800
06-2-47-25300	Equipment Repair & Mainte			17,497	861	7,500	7,500
06-2-47-25301	SCADA Maintenance			11,481	7,570	11,280	8,300
06-2-47-27400	Insurance & Bond Premium			4,157	3,252	5,500	3,889
06-2-47-34200	Administration			9,760	9,724	10,135	10,392
06-2-47-35100	Purchase of Water			3,597,885	3,004,433	3,600,362	3,863,404
06-2-47-35200	Operations			111,314	87,066	111,883	121,300
06-2-47-51000	Miscellaneous Expenses			264	0	500	250
06-2-47-51100	Meeting Supplies			25	0	250	50
06-2-47-51400	Office Supplies			0	120	250	150
06-2-47-52400	General Materials & Suppli			490	212	500	500



Account Code : 06-1-??-?????  
 To 06-2-??-?????  
 Fiscal Year : 2016

Account Code	Account Description	CC1	CC2	2015 ACTUAL VALUES	2016 ACTUAL VALUES	2016 FINAL BUDGET	2017 PROVISIONAL BUDGET
06-2-47-54400	Utilities-Electricity			3,525	2,204	4,500	3,500
06-2-47-56400	Valves			12,701	1,510	5,000	5,000
06-2-47-81400	Bank Charges & Interest			20	20	0	25
06-2-47-83100	Debenture Interest			656,651	351,893	630,473	601,086
06-2-47-83200	Debenture Principal			616,323	352,320	644,428	673,815
06-2-47-99000	Amortization			465,610	0	465,610	465,610
<b>Total EXPENSES</b>				<b>5,621,904</b>	<b>3,875,558</b>	<b>5,614,481</b>	<b>5,889,421</b>
<b>Total REGIONAL WATER COMMISSION</b>				<b>-671,982</b>	<b>-1,148,003</b>	<b>-137,088</b>	<b>-70,578</b>