



***CAPITAL REGION  
PARKLAND WATER SERVICES COMMISSION***

**Proposed 2017 Budget  
December 12, 2016**

# Budget Background

- Incoming rates from EPCOR largely settled
- Twinning to start in 2017 – design completed in 2016
  - Project to be completed in four phases
  - Expected completion 2021
  - Cost estimates increased from 2016 forecasts
- Cash shortage -> Significant debt -> Increased debt limit requirements -> Increased rates to our customers

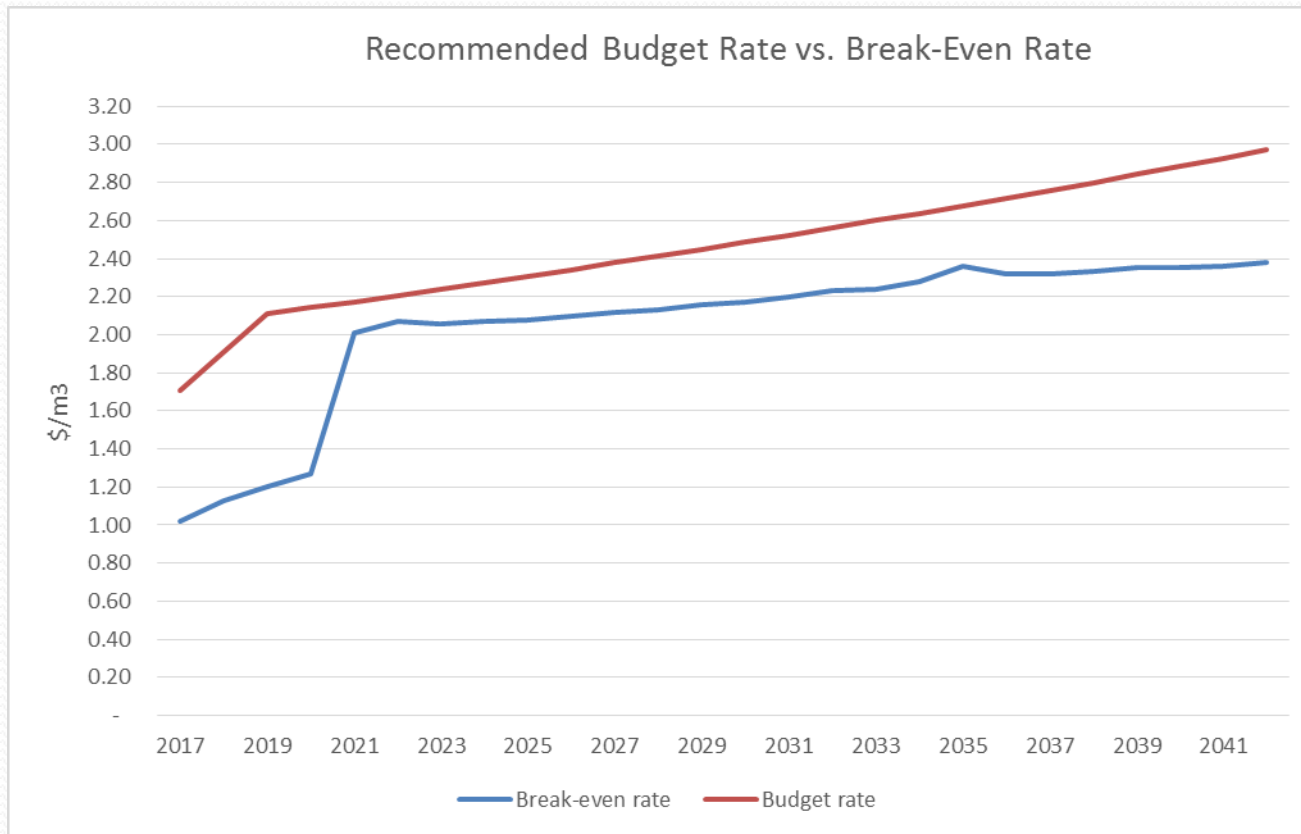
# Operating Budget Highlights

- A utility budget is always balanced
  - $\text{Total Cost/Forecast Volume} = \text{RATE}$
- Minimal changes in day to day operations are proposed
- Budget based on a 25 year operational forecast
  - Only 2017 is recommended for approval
  - 2018 and additional years shown for context only
- Aggressive rate increases anticipated until 2019 for debt limit compliance
- We have learned from history
  - Savings plan beginning in 2021 for future expansion projects

# Proposed Rates

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Recommended rates</b>	1.71	1.91	2.11	2.14	2.17
<b>Annual rate increase (\$)</b>	0.20	0.20	0.20	0.03	0.03
<b>Increase to resident (monthly)</b>	3.50	3.50	3.50	0.55	0.56

# Proposed Rates



# Recommended 2017 Budget

	2017	2018	2019	2020	2021
	Budget		Forecast		
<b>Revenue</b>					
Water Sales (Note 1)	9,510,620	10,834,320	12,329,380	12,899,620	13,490,100
Interest Revenue (Note 2)	87,170	68,490	111,530	132,820	121,810
Other Revenue (Note 3)	11,860	10,000	10,290	10,580	10,880
Contributed Asset Revenue			-	-	
Grant Revenue (Note 4)	7,237,700	132,020	5,068,630	248,030	7,438,530
	<b>16,847,350</b>	<b>11,044,830</b>	<b>17,519,830</b>	<b>13,291,050</b>	<b>21,061,320</b>
<b>Expenses</b>					
Purchase of Water	4,873,710	5,145,710	5,482,110	5,836,720	6,206,060
Repairs and Maintenance (Note 5)	54,920	43,320	44,620	45,960	47,340
Materials and Supplies (Note 10)	270	280	290	300	310
Insurance (Note 10)	25,900	26,680	27,480	28,300	29,150
Utilities (Note 6)	129,420	133,300	137,300	141,410	145,660
Interest on Long-term debt	116,003	225,265	297,321	364,419	467,548
Amortization	884,260	891,005	816,420	1,015,770	1,303,980
Board Expenses (Note 7)	7,610	7,840	8,070	8,300	8,540
Administrative Expenses (Note 8)	5,020	5,160	5,310	5,460	5,620
Management Contract (Note 10)	244,780	252,120	259,680	267,470	275,490
Professional Fees (Note 9)	21,670	22,320	22,990	23,680	24,390
Contingency	10,000	10,000	10,000	10,000	10,000
	<b>6,373,563</b>	<b>6,763,000</b>	<b>7,111,591</b>	<b>7,747,789</b>	<b>8,524,088</b>
<b>Annual Surplus</b>	<b>10,473,787</b>	<b>4,281,830</b>	<b>10,408,239</b>	<b>5,543,261</b>	<b>12,537,232</b>
Acquisition of Tangible Capital Assets	(27,138,000)	(495,000)	(19,005,000)	(930,000)	(27,891,000)
Amortization	884,260	891,005	816,420	1,015,770	1,303,980
<b>Increase (Decrease) in Net Financial Assets</b>	<b>(15,779,953)</b>	<b>4,677,835</b>	<b>(7,780,341)</b>	<b>5,629,031</b>	<b>(14,049,788)</b>
Net Financial Assets (Net Debt), opening	12,631,093	(3,148,861)	1,528,974	(6,251,367)	(622,336)
<b>Net Financial Assets (Net Debt), closing</b>	<b>(3,148,861)</b>	<b>1,528,974</b>	<b>(6,251,367)</b>	<b>(622,336)</b>	<b>(14,672,124)</b>

# Notes to Recommended 2017 Budget

		GL Code/Source	2017 Budget	2018	2019	2020	2021
				Forecast			
<b>Note 1</b>	<b>Water Sales</b>						
	Members	Operating budget inputs	<b>9,353,320</b>	10,655,920	12,129,380	12,693,720	13,278,200
	WILD	Rate Calculation - WILD	<b>157,300</b>	178,400	200,000	205,900	211,900
			<b>9,510,620</b>	10,834,320	12,329,380	12,899,620	13,490,100
<b>Note 2</b>	<b>Interest Revenue</b>						
	Water Stabilization Reserve	1-551-19-01-00-00	<b>3,350</b>	3,450	3,550	3,660	3,770
	Capital Reserve - Operating budget input tab #7	5-551-19-01-00-00	<b>81,640</b>	62,790	105,660	126,770	115,580
	Unrestricted Surplus (Operating account)	1-552-19-01-00-00	<b>2,180</b>	2,250	2,320	2,390	2,460
			<b>87,170</b>	68,490	111,530	132,820	121,810
<b>Note 3</b>	<b>Other Revenue</b>						
	Crossing Agreements	1-412-19-01-00-00	<b>600</b>	600	600	600	600
	Maintenance Recovery	1-400-19-03-00-00	<b>11,260</b>	9,400	9,690	9,980	10,280
			<b>11,860</b>	10,000	10,290	10,580	10,880
<b>Note 4</b>	<b>Grant Revenue</b>						
	Grant Revenue (Water for Life Program)		<b>7,237,700</b>	132,020	5,068,630	248,030	7,438,530
			<b>7,237,700</b>	132,020	5,068,630	248,030	7,438,530
<b>Note 5</b>	<b>Repairs and Maintenance</b>						
	Spruce Grove Fill Station	2-520-19-02-00-00	<b>8,590</b>	8,850	9,120	9,390	9,670
	Stony Plain Fill Station	2-521-19-02-00-00	<b>6,980</b>	7,190	7,410	7,630	7,860
	Acheson Fill Station	2-524-19-02-00-00	<b>8,760</b>	9,020	9,290	9,570	9,860
	CFRN Booster Station	2-520-19-03-00-00	<b>21,250</b>	13,130	13,520	13,930	14,350
	Lines	2-522-19-02-00-00	<b>9,340</b>	5,130	5,280	5,440	5,600
			<b>54,920</b>	43,320	44,620	45,960	47,340

# Notes to Recommended 2017 Budget

		GL Code/Source	2017 Budget	2018	2019	2020	2021
				Forecast			
<b>Note 6</b>	<b>Utilities</b>						
	Telephones	2-530-19-02-00-00	5,480	5,640	5,810	5,980	6,160
	Power	2-534-19-02-00-00	118,870	122,440	126,110	129,890	133,790
	Gas	2-535-19-03-00-00	5,070	5,220	5,380	5,540	5,710
			129,420	133,300	137,300	141,410	145,660
<b>Note 7</b>	<b>Board Expenses</b>						
	Per Diems	2-150-19-01-**-00	2,340	2,410	2,480	2,550	2,630
	Chair Honorarium	2-180-19-01-00-00	1,320	1,360	1,400	1,440	1,480
	Conventions/Seminars	2-160-19-01-00-00	2,270	2,340	2,410	2,480	2,550
	Travel and Subsistence	2-173-19-01-**-00	80	80	80	80	80
	Meeting Expenses	2-563-19-01-00-00	1,600	1,650	1,700	1,750	1,800
			7,610	7,840	8,070	8,300	8,540
<b>Note 8</b>	<b>Administrative Expenses</b>						
	Conventions/Seminars	2-161-19-01-00-00	-	-	-	-	-
	Travel and Subsistence	2-173-19-01-00-00	2,020	2,080	2,140	2,200	2,270
	Membership Fees	2-512-19-01-00-00	1,370	1,410	1,450	1,490	1,530
	Regional Monitoring Fee	2-572-19-01-00-00	1,460	1,500	1,550	1,600	1,650
	Office Supplies	2-513-19-01-00-00	50	50	50	50	50
	Postage and Courier	2-516-19-01-00-00	90	90	90	90	90
	Bank Charges	2-810-19-01-00-00	30	30	30	30	30
			5,020	5,160	5,310	5,460	5,620
<b>Note 9</b>	<b>Professional Fees</b>						
	Legal/Audit	2-558-19-01-00-00	5,760	5,930	6,110	6,290	6,480
	Master Plan update	2-558-19-02-00-00					
	Engineering	2-558-19-02-00-00	15,910	16,390	16,880	17,390	17,910
			21,670	22,320	22,990	23,680	24,390
<b>Note 10</b>	<b>Inflation</b>						
	Inflation for expenses other than water purchases is assumed to be						
	2.90%						



# Capital Budget Highlights

- 2017
  - Phase 1 construction
- 2018
  - Phase 2 design
- 2019
  - Phase 2 construction
- 2020
  - Phase 3 & 4 design
- 2021
  - Phase 3 & 4 construction

# Considerations for Phase 1

- Cost estimates increased by ~ \$8.9M from 2016 forecasts
  - Estimates are based on the best information today
  - Impact of proposed sale of booster station not yet factored into budget figures – outcome still uncertain
- WILD expected to cover a portion of capital costs but has limited funds available to do so
  - The Commission expects to borrow WILD's share as well and recover through rates over time
- Under current assumptions, grant funding for Phase 1 will cover 27% of the costs – remainder to come from reserves (40%) and debt (33%)

# Capital Plan

## Lifecycle Projects

Review SCADA and instrumentation technology  
 Upgrade computer and programming  
 Replacement of Level Indicators

### *Replacement of Test Leads and Ground Bed:*

Spruce Grove (1990)  
 Stony Plain (1994)  
 Winterburne (1990)

## Total - Lifecycle projects

## Expansion Projects\*\*

Twinning - Phase 1	27,138,000				
Twinning - Phase 2	-	495,000	19,005,000		
Twinning - Phase 3			-	505,000	18,795,000
CRFN Upgrades - Phase 4			-	425,000	9,096,000
WILD Meter (1)					

## Total - Expansion projects

## Total Capital Acquisitions

	2017	2018	2019	2020	2021
<b>Total - Lifecycle projects</b>	-	-	-	-	-
<b>Total - Expansion projects</b>	27,138,000	495,000	19,005,000	930,000	27,891,000
<b>Total Capital Acquisitions</b>	<b>27,138,000</b>	<b>495,000</b>	<b>19,005,000</b>	<b>930,000</b>	<b>27,891,000</b>



# Questions?