



North Red Deer River Water Services Commission

2017-2021 Project Operating Budget

Draft 3

April 5, 2017

*City of Red Deer Rates based 2017-2021 forecast of December 7, 2016

**North Red Deer River Water Services Commission
2017 -2021 Assumptions**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>City of Red Deer Rate</u>	1.38	1.42	1.46	1.51	1.55
% Increase	6.2%	2.9%	2.8%	3.4%	2.6%

<u>Cost Escalators</u>	2017	2018	2019	2020	2021
Rates					
General	1%	1%	1%	1%	1%
Utilities	5%	5%	5%	5%	5%
Materials	3%	3%	3%	3%	3%
Contract	2%	2%	2%	2%	2%

<u>Cost of Water</u>					
Lacombe	1,731,396	1,815,186	1,884,977	1,969,025	2,041,397
Ponoka	969,064	1,009,918	1,042,513	1,082,534	1,115,659
Blackfalds	1,014,522	1,095,203	1,171,095	1,259,642	1,344,734
Lacombe County (thru Blackfalds)	32,319	35,225	38,029	41,297	44,516
Ponoka County	12,791	13,944	15,053	16,353	17,624
City of Red Deer	27,333	28,400	-	-	-
Water Loss	<u>75,979</u>	<u>80,443</u>	<u>84,359</u>	<u>88,999</u>	<u>93,186</u>
Subtotal	3,863,404	4,078,319	4,236,026	4,457,850	4,657,116

<u>Water Sales Required</u>					
Cost of Water	3,863,404	4,078,319	4,236,026	4,457,850	4,657,116
Other Expenses	2,026,469	2,031,772	2,037,233	2,042,652	2,048,194
Less Non Water Revenue	- 351,344	- 410,268	- 392,211	- 384,173	- 346,154
Plus Surplus	<u>70,578</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Subtotal	5,609,107	5,824,823	6,006,048	6,241,329	6,484,156

Water Sales Volume (excl loss)	2,768,605	2,815,406	2,843,607	2,893,279	2,944,470
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<u>Regional Water Rate</u>	2.030	2.069	2.112	2.157	2.202
	0.00%	1.92%	2.08%	2.13%	2.09%

**North Red Deer River Water Services Commission
2017 -2021 Water Sales Forecast**

Historical Consumption

	Actual <u>2007</u>	Actual <u>2008</u>	Actual <u>2009</u>	Actual <u>2010</u>	Actual <u>2011</u>	Actual <u>2012</u>	Actual <u>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>	2016 <u>Projected</u>
City of Lacombe	1,168,822	1,200,431	1,219,621	1,135,454	1,150,948	1,192,004	1,240,649	1,328,507	1,361,741	1,253,106
Town of Ponoka	795,012	866,298	767,791	703,634	700,402	699,781	699,205	706,460	715,080	705,555
Town of Blackfalds	462,420	478,435	515,855	524,584	526,983	564,434	593,449	678,191	752,324	713,085
Lacombe County	-	-	-	-	-	-	-	-	-	22,500
Ponoka County	-	116,099	4,844	2,705	3,560	4,662	5,771	7,336	8,383	8,902
Water Loss	<u>42,469</u>	<u>171,715</u>	<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>
	2,468,723	2,832,978	2,569,227	2,414,673	2,421,300	2,472,133	2,589,061	2,758,003	2,889,697	2,757,596
Change										
City of Lacombe		2.70%	1.60%	-6.90%	1.36%	3.57%	4.08%	7.08%	2.50%	-7.98%
Town of Ponoka		8.97%	-11.37%	-8.36%	-0.46%	-0.09%	-0.08%	1.04%	1.22%	-1.33%
Town of Blackfalds		3.46%	7.82%	1.69%	0.46%	7.11%	5.14%	14.28%	10.93%	-5.22%
Lacombe County										
Ponoka County				-44.16%	31.61%	30.96%	23.79%	27.12%	14.27%	6.19%
Water Loss		304.33%	-64.41%	-20.98%	-18.41%	-71.45%	344.25%	-24.96%	39.08%	4.37%
Water Loss (% of Total)		6.06%	2.38%	2.00%	1.63%	0.46%	1.93%	1.36%	1.81%	1.97%

Sales Volume Forecast

% Changes	Actual <u>2016</u>	Projected <u>2017</u>	Projected <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>
City of Lacombe	-8.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Town of Ponoka	-1.3%	0.4%	0.4%	0.4%	0.4%	0.4%
Town of Blackfalds (excluding Count	-5.2%	4.0%	4.0%	4.0%	4.0%	4.0%
Lacombe County (County Estimate)	n/a	5.0%	5.0%	5.0%	5.0%	5.0%
Ponoka County (County Estimate)	6.2%	5.0%	5.0%	5.0%	5.0%	5.0%
City of Red Deer	n/a	n/a	0.0%	-100.0%		
Water Loss	4.4%	2.0%	2.0%	2.0%	2.0%	2.0%

	Budget <u>2016</u>	Projected <u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of Lacombe	1,313,050	1,253,106	1,265,640	1,278,300	1,291,080	1,303,990	1,317,030
Town of Ponoka	714,930	705,555	708,380	711,210	714,050	716,910	719,780
Town of Blackfalds	699,660	713,085	741,610	771,270	802,120	834,200	867,570
Lacombe County	5,450	22,500	23,625	24,806	26,047	27,349	28,720
Ponoka County	9,650	8,902	9,350	9,820	10,310	10,830	11,370
City of Red Deer			20,000	20,000	-	-	-
Water Loss	<u>42,840</u>	<u>54,448</u>	<u>55,540</u>	<u>56,650</u>	<u>57,780</u>	<u>58,940</u>	<u>60,120</u>
	2,785,580	2,757,596	2,824,145	2,872,056	2,901,387	2,952,219	3,004,590

**North Red Deer River Water Services Commission
2017 -2021 Operations Budget**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	Actual	Projected	Projected	Projected	Projected	Projected
<u>Revenues</u>						
Water Sales - City of Lacombe	\$ 2,555,540	\$ 2,569,249	\$ 2,644,803	\$ 2,726,761	\$ 2,812,706	\$ 2,900,100
Water Sales - Town of Ponoka	1,413,211	1,438,011	1,471,493	1,508,074	1,546,375	1,584,956
Water Sales - Town of Blackfalds	1,451,517	1,505,468	1,595,758	1,694,077	1,799,369	1,910,389
Water Sales - Lacombe County	45,675	47,959	51,324	55,011	58,992	63,241
Water Sales - Ponoka County	19,734	18,981	20,318	21,775	23,360	25,037
Water Sales - City of Red Deer	-	37,400	37,400	-	-	-
Line Crossing Fee	250	1,000	1,000	1,000	1,000	1,000
Interest Revenue	50,059	50,560	51,066	51,577	52,093	52,614
Rebates & Dividends	348,371	30	30	30	30	30
Lacombe County Contribution	70,175	70,877	71,586	72,302	73,025	73,755
Ponoka County Contribution	70,175	70,877	71,586	72,302	73,025	73,755
Miscellaneous Revenue	323					
Rate Subsidization	-	158,000	215,000	195,000	185,000	145,000
Subtotal - Revenue	<u>\$ 6,025,030</u>	<u>\$ 5,968,412</u>	<u>\$ 6,231,364</u>	<u>\$ 6,397,909</u>	<u>\$ 6,624,975</u>	<u>\$ 6,829,877</u>
<u>Expenses</u>						
Board Wages-City of Lacombe	\$ 1,750	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400
Board Wages-Town of Ponoka	750	600	600	600	600	600
Board Wages-Town of Blackfalds	750	600	600	600	600	600
Board Wages-Lacombe County	-	600	600	600	600	600
Board Wages-Ponoka County	750	600	600	600	600	600
Board Travel-City of Lacombe	-	-	-	-	-	-
Board Travel -Town of Ponoka	143	250	250	250	250	250
Board Travel-Town of Blackfalds	74	250	250	250	250	250
Board Travel-Lacombe County	-	250	250	250	250	250
Board Travel-Ponoka County	89	250	250	250	250	250
Travel- Administration	11	-	-	-	-	-
Membership Fees	377	300	303	306	309	312
Postage & Freight	50	50	51	52	53	54
Telephone - Office	307	400	400	400	400	400
Telephone - Operations	8,080	8,072	8,476	8,900	9,345	9,812
Management Fees	54,595	55,728	56,843	57,980	59,140	60,323
Accounting and Auditor Fees	8,243	8,000	8,000	8,160	8,160	8,160
Legal Fees	300	500	505	510	515	520
Other Professional Services	10,100	46,800	47,268	47,741	48,218	48,700
Equipment Repair & Maintenance	861	7,500	7,575	7,651	7,728	7,805
SCADA Maintenance	9,014	9,014	9,104	9,195	9,287	9,380
Insurance & Bond Premiums	3,903	3,942	3,981	4,021	4,061	4,102
Administration	10,183	10,392	10,600	10,812	11,028	11,249
Purchase of Water	3,510,318	3,863,404	4,078,319	4,236,026	4,457,850	4,657,116
Operations	101,860	121,300	123,726	126,201	128,725	131,300
Miscellaneous Expenses	-	-	-	-	-	-
Meeting Supplies	15	15	15	15	15	15
Office Supplies	120	120	124	128	132	136
General Materials & Supplies	295	500	515	530	546	562
Utilities-Electricity	2,732	3,500	3,800	3,990	4,190	4,400
Valves	2,877	5,000	5,150	5,305	5,464	5,628
Bank Charges & Interest	20	25	25	25	25	25
Debenture Interest	628,458	601,086	570,359	538,231	504,637	469,512
Debenture Principal	644,428	673,815	704,542	736,670	770,264	805,389
Amortization	465,610	465,610	465,610	465,610	465,610	465,610
Subtotal - Expenses	<u>\$ 5,467,063</u>	<u>\$ 5,889,873</u>	<u>\$ 6,110,091</u>	<u>\$ 6,273,259</u>	<u>\$ 6,500,502</u>	<u>\$ 6,705,310</u>
Surplus/Deficit (+/-)	<u>\$ 557,967</u>	<u>\$ 78,539</u>	<u>\$ 121,273</u>	<u>\$ 124,650</u>	<u>\$ 124,473</u>	<u>\$ 124,567</u>
<u>Rate Stabilization Reserve</u>						
Opening Balance	760,432	1,280,811	1,122,811	907,811	712,811	527,811
Annual True Up	520,379	-	-	-	-	-
Withdrawal	-	158,000	215,000	195,000	185,000	145,000
Closing Balance	<u>1,280,811</u>	<u>1,122,811</u>	<u>907,811</u>	<u>712,811</u>	<u>527,811</u>	<u>382,811</u>