

October 28, 2015

Report To: Operations & Facilities Executive Committee Members

From: Doug Brown, Manager Operations & Facilities

SUBJECT: **First Draft of 2016 Operating & Capital Budget for Operations & Facilities Division, Water & Sewer General Fund**

A meeting is scheduled for Sunday, November 1st, 2015 to review Draft One of the Operations & Facilities Division Operating and Capital Budget for 2016, Water Fund, and Sewer Fund. In order to ensure that the Operations & Facilities Executive Committee has a full understanding of how the proposed budget was developed it is pertinent that the enclosed documentation is reviewed and fully understood by each member of the committee.

Some Major Highlights are as follows:

- 0% increase in insurance costs
- 5% increase in diesel and gasoline costs
- 0% increase in labour costs distributed throughout the budget
- 3% increase in taxes over the 2015 actuals for taxable properties
- 0% increase in natural gas costs
- 13% increase in hydro costs
- 0% increase in user fees and charges are reflected in the document at this time.
- 2.5% increase in water & sewer rates
- 34.7% increase in the supply of flowers (\$ 4971)
- 30.34% increase in operations & maintenance contract for the landfill site (\$ 54,310 per year).
- 29.4% increase in WSIB costs (\$15,266)
- 23.7% increase in Extended Health Benefits – Dental, Vision & Drug plan (\$ 41,580)

- proposed staff adjustments are as follows;
 - Sustainability Coordinator is now in the building and Planning dept.
 - Did not replace Survey Tech position in 2013, 2014, 2015 & 2016.
 - One less seasonal labourer in Parks same as in 2013, 2014 & 2015.
 - As in 2015 Doug Herr and 6 water /wastewater staff members and 1 student summer transfer home account to water area.
 - One additional summer student in the Parks area due to increased workload such as ground maintenance at old library building property, Tourist information property and the Huffman court lots. Also the baseball parks and soccer fields are being utilized at a higher than normal rate compared to the 2014 work season. Additional \$ 12,867 in benefits and wages.
 - One additional Water operator in the water and sewer area as a result of such items; increase in regulatory requirements, assisting contractors on capital projects, workload & pending retirements in 2016. Additional costs of \$ 68,857 in benefit & wages.
 - One additional PW labourer as a result of such items; increase workload, capital project work, outstanding routine maintenance tasks & pending retirements in 2016. Additional costs of \$ 68,180 in benefit & wages.

- Budgeted to sell less of aviation fuel in 2016 (140,000 liters) compared to (150,000 liters) in 2015. Mel Air discontinuing services from the airport facility starting around the end of October of 2015.

- No line painting work planned at the Airport in 2016. Completed in 2015.

- No bridge inspection in 2016 – Frog Creek (Caul), Portage Avenue Underpass & Colonization Road East Overpass. However south end expansion joint needs to be repaired summer of 2016.

- \$ 25,000 additional asphalt patches in roads

The remainder of this report explains how the budget documentation should be used.

- **The Operations & Facilities Division - 2016 Operating Budget is broken down into three (3) areas;**

- 1) Public Works – Roads, Sidewalks, Engineering, Streetlights, Waste Management and Vehicle/Equipment Maintenance
- 2) Parks & Cemeteries – self explanatory
- 3) Airport- self explanatory

In Appendix “A” there is an operating budget reconciliation spreadsheet outlining the major variances in the budgeted amount from 2015 to 2016 for each sub-section for each of the three (3) areas. Also outlined there are explanatory notes highlighting the major factors contributing to the variances. In order to fully appreciate how the 2016 budgeted amounts have been determined, please review the Operations & Facilities Division budget document outlined in Appendix “B”. These spreadsheets also include explanatory notes. Also both the sewer and water operating budget amounts are outlined in the Appendix “B” documentation.

- **Sewer & Water Funds - 2016 Operating and Capital Budgets**

Please find the following pertinent information in Appendix “C”:

- 1- Reconciliation spreadsheet of the Sewer General Fund including both the operating budget and the capital budget.
- 2- Reconciliation spreadsheet of the Water General Fund including both the operating budget and the capital budget.
- 3- There are two capital budget shortfalls of \$ 1,381,581.59 for water and \$ 1,795,437.89 for sewer thus there are three (3) options available to address these shortfalls;
 - 1) Increase in water and sewer rates
 - 2) Taking out of long term debt
 - 3) Using reserve funds

- **Operations & Facilities Division 2016 Capital Budget**

As in 2015, the Town should target mid February to approve the capital program for water, sanitary sewer and sidewalk rehabilitation work in order to obtain better tender pricing and to commence construction around mid - May of 2016.

See Appendix “D” for capital listing for 2016.

Summary

Hopefully the information attached in this document will aid you in understanding the Operations & Facilities Division Budget and the Sewer and Water Funds. If you have any questions prior to the scheduled meeting please feel free to contact me. This report has been prepared for the Operations & Facilities Executive Committee to better understand how the 2016 budget was assembled.

A handwritten signature in black ink that reads "Doug Brown". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Doug Brown, P. Eng.
Manager of Operations & Facilities

c.c. - Laurie Witherspoon, Treasurer
Mark McCaig, CAO

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