

The Corporation of the Town of Cobourg

MOTION

Date: January 29, 2018

No. 021-18

Moved by: _____

John Henderson

Seconded by: _____

Debra McContry

WHEREAS the Committee of the Whole Budget Review Meeting has considered the 2018 Water Budget recommendations as presented by the Manager of Regulatory Compliance and Finance. Lakefront Utilities Services Inc., held on January 18, 2018;

NOW THEREFORE BE IT RESOLVED THAT Council approve the 2018 Operating Budget for Water Services for the Town of Cobourg indicating a projected Total Revenue of \$4,681,065 and Total Expenses of \$2,569,000 plus Amortization of \$1,157,116 for a projected Net income of \$954,949 as noted on the Waterworks Town of Cobourg Proposed Budget Attached hereto as Appendix "A".

FURTHER BE IT RESOLVED THAT Council approve the 2018 Capital Budget for Water Services for the Town of Cobourg in the amount of \$2,127,000 as outlined in the Waterworks Summary 2018 Capital Budget attached hereto as Appendix "B"



Subject: Town of Cobourg Proposed 2018 Operating and Capital Budget

Recommendation:

The proposed 2018 operating budget of \$2,569,000, recommended in this report, represents a decrease of \$29,000 or 1.12% from the 2017 operating budget of \$2,598,000 and an increase of \$92,603 or 3.74% increase from the 2017 projected expenses, as summarized below:

Appendix "A"

**WATERWORKS OF THE TOWN OF COBOURG
PROPOSED
BUDGET INCREASE/DECREASE**

| | BUDGET 2017 | BUDGET 2018 | INCREASE (DECREASE) | INCREASE (DECREASE) % |
|--|------------------|------------------|------------------------|--------------------------|
| REVENUE | | | | |
| Sale of water | 4,270,110 | 4,440,914 | 170,804 | 4% |
| Other revenue | 171,694 | 179,151 | 7,457 | 4% |
| Development charges | 65,000 | 50,000 | (15,000) | -23% |
| Interest | 10,808 | 11,000 | 192 | 2% |
| | 4,517,612 | 4,681,065 | 163,454 | 4% |
| EXPENSES | | | | |
| Wages | 1,303,821 | 1,381,341 | 77,520 | 6% |
| Management fees | 84,405 | 81,712 | (2,693) | -3% |
| Training | 36,407 | 34,268 | (2,139) | -6% |
| Billing and collecting | 119,473 | 107,546 | (11,927) | -10% |
| Professional fees | 35,780 | 32,450 | (3,330) | -9% |
| Water operations and maintenance | 225,645 | 223,398 | (2,247) | -1% |
| Rent | 50,946 | 51,965 | 1,019 | 2% |
| Chemicals purchased | 32,466 | 40,000 | 7,534 | 23% |
| Distribution | 249,580 | 179,014 | (70,566) | -28% |
| Vehicle maintenance and gas | 32,510 | 37,700 | 5,190 | 16% |
| Building utilities and maintenance | 56,649 | 49,365 | (7,284) | -13% |
| Property taxes | 79,274 | 80,900 | 1,626 | 2% |
| Insurance | 99,798 | 95,097 | (4,701) | -5% |
| IT maintenance | 72,829 | 58,193 | (14,636) | -20% |
| Misellaneous | 22,079 | 19,505 | (2,574) | -12% |
| Office supplies and telecommunications | 96,340 | 96,547 | 207 | 0% |
| | 2,598,000 | 2,569,000 | (29,001) | -1% |
| Income before Amortization | 1,919,611 | 2,112,066 | 192,454 | 10% |
| Amortization | 1,108,861 | 1,157,116 | 48,255 | 4% |
| Net Income | 810,751 | \$954,949 | \$144,199 | 18% |



The capital forecast was derived from long-term capital forecasts for Waterworks, as well as an assessment of the lifecycle replacement needs of the existing infrastructure. On an annual basis, projects are reviewed and adjusted to reflect changes in the background information, inflationary impacts, changing priorities within the Town of Cobourg. The prioritization of the capital infrastructure replacement was based on safety, cost, and operational efficiencies. While some capital assets have reached their useful life, these assets can continue to provide value to the water system but may require additional maintenance until they are replaced.

Continued long-term planning is instrumental in developing a comprehensive understanding of Waterworks' infrastructure and creating a financial structure that puts in place resources to maintain the water system in a safe and effective manner, while maintaining the financial viability. Waterworks recognizes that integrity of its finances is critical to the successful operation for the organization and to its reputation and trust by ratepayers.



**WATERWORKS OF THE TOWN OF COBOURG
2018 CAPITAL BUDGET**

Appendix "B"

| Project | Total | Investment Category |
|---|--------------------|------------------------|
| Henry Street | \$1,000,000 | Infrastructure Upgrade |
| Kerr St | \$30,000 | Infrastructure Upgrade |
| Distribution PRV (pressure reducing valves) | \$25,000 | Infrastructure Upgrade |
| Tower 1 Level Transmitter | \$5,000 | Infrastructure Upgrade |
| WTP - Change from Electric to Gas | \$100,000 | Infrastructure Upgrade |
| High Lift 5 | \$105,000 | Infrastructure Upgrade |
| Replace VFD on 3 and 4 lowlifts | \$25,000 | Infrastructure Upgrade |
| Water Master Plan (GHD) | \$42,000 | Infrastructure Upgrade |
| Supernatant | \$70,000 | Infrastructure Upgrade |
| Infrastructure Upgrade | \$1,402,000 | |
| IT Hardware and Software | \$40,000 | Replacement |
| Tools | \$15,000 | Replacement |
| Commercial Water Meter Replacement Project | \$75,000 | Replacement |
| Residential Water Meter Replacement Project | \$375,000 | Replacement |
| Vehicle | \$55,000 | Replacement |
| Valve Truck | \$165,000 | Replacement |
| Replacement | \$725,000 | |
| Total Capital | \$2,127,000 | |



**Memo
Town of Cobourg Council
January 2018**

Resolution #2017-61

Moved by Bill Byatt

Seconded by Marc Coombs

BE IT RESOLVED THAT the Board approve the Waterworks 2018 Capital Budget in the amount of \$2,127,000, as presented.
CARRIED

Resolution #2017-62

Moved by Bill Byatt

Seconded by Marc Coombs

BE IT RESOLVED THAT the Board approve the Waterworks 2018 Operations Maintenance & Administration Budget in the amount of \$2,569,000, as presented. **CARRIED**

Respectfully submitted,

Lakefront Utility Services Inc.

A handwritten signature in black ink, appearing to read "Adam Giddings", is written over a light blue horizontal line.

Adam Giddings, CPA, CA
Manager of Regulatory Compliance and Finance

Cc: Dereck C. Paul
President