



City of Prince Albert

RPT 2025-62

TITLE: 2025 Water and Sewer Utility Fund Operating and Capital Budget

DATE: January 20, 2025

TO: Special City Council

PUBLIC: X

INCAMERA:

RECOMMENDATIONS:

1. That the 2025 Water and Sewer Utility Fund Operating Budget be approved as follows:

2025 Utility Fund Budget

Operating Revenue	(\$20,519,612)
Operating Expenses	\$15,120,076
Operating Surplus	(\$5,399,536)

Allocations:

Interfund Transfers	\$909,813
Provision for Capital	\$3,025,000
Long Term Debt Principle Payments	\$1,183,956
Transfer to Improvement Fund	\$280,767
Total Allocations	\$5,399,536

Balanced Budget **\$0**

2. That the 2025 Water Utility Fund capital expenditures of \$3,025,000 and loan principal payments of \$1,183,956, be approved;
3. That the motions from the 2025 Water Utility Fund Budget Committee deliberations be ratified and that Administration proceed as authorized; and,

4. That the 2025 Water Utility Fund budgeted expenditures be approved for disbursement effective January 1, 2025.

EXECUTIVE SUMMARY:

The City of Prince Albert's Budget Committee concluded deliberations on January 22, 2025 for the Utility, Sanitation, Airport and Land Fund Budgets, underscoring Council's commitment to supporting its growing population and addressing the rising costs of goods and services. This report is forwarding the 2025 Water and Sewer Utility Fund Operating and Capital Budget to City Council for final approval along with the resolutions of the Budget Committee for a balanced budget with a net increase of \$280,767 to the Water Utility Improvement Fund.

BACKGROUND:

On January 22, 2025 the Budget Committee considered the 2025 Water Utility Fund Operating and Capital Budgets and recommended that the 2025 Water Utility Fund Operating and Capital Budget, along with the Resolutions of the Budget Committee, be forwarded to City Council for final approval.

PROPOSED APPROACH AND RATIONALE:

The Water Utility Fund budget includes operating and capital. The Water Utility Fund is intended to be self-sustaining by generating an operating surplus sufficient for debt repayment and future capital expenditures in order to operate the water and waste water systems independent of the City's tax base. It generates revenue by collecting utility fees for providing safe potable drinking water and for treating the effluent generated by the City.

The Water and Sewer Utility Rates and Fees Bylaw No. 2 of 2025 includes a 3% increase in the average annual rates and fees paid by an average Prince Albert household for 2025, an approximate increase of \$2.76 per month for an average household. The recommended rate increase is required to ensure that sufficient funds exist to cover annual operating and capital costs for 2025. The rate increase recommended in the Bylaw partially address the need to recover prior Water Utility Fund losses and the need to address the increase in projected capital spending. A separate report will be forwarded to City Council to approve the proposed 2025 Water and Sewer Utility Rates and Fees Bylaw.

The Director of Finance presented the budget package to the Budget Committee that included a new format of Questica OpenBooks that provided budgeted 2025 revenues and expenditures along with the changes relative to the previous years approved budget. For 2025 there are budgetary adjustments to the revenues and expenditures which are summarized in the final budget which is attached.

2025 Budgeted Revenue

Budgeted revenues have increased by \$753,155 from \$19,766,456 in 2024 to \$20,519,612 in 2025.

2025 Budgeted Expenses

Budgeted expenses have increased by \$914,546 from \$14,205,530 in 2024, to \$15,120,076 in 2025.

2025 Capital Budget

All capital projects for 2025 will be funded from the Water Utility Improvement Fund:

UTILITY FUND CAPITAL PROJECTS	2025 Budget	2024 Budget	Variance
Watermain Replacement Program	\$1,500,000	\$1,500,000	\$0
Sanitary and Storm Sewer Replacement Program	\$850,000	\$850,000	\$0
Lead Service Replacement Program	\$155,000	\$155,000	\$0
Fire Hydrant Replacement Program	\$105,000	\$105,000	\$0
Fire Hydrant - Fire Protection	\$65,000	\$65,000	\$0
Sewer Relining	\$350,000		\$350,000
TOTAL UTILITY FUND PROJECTS	\$3,025,000	\$2,675,000	\$350,000
LOAN PRINCIPALS	2025 Budget	2024 Budget	Variance
Loan Principal - WTP Upgrades	\$0	\$691,020	(\$691,020)
Loan Principal - Water Meter Replacement	\$494,514	\$479,180	\$15,334
Loan Principal - River Street Reservoir	\$229,000	\$220,000	\$9,000
Loan Principal - 2nd Avenue Reservoir	\$214,000	\$206,000	\$8,000
Loan Principal - WWTP Detailed Design	\$38,904	\$37,605	\$1,299
Loan Principal - Raw Water Pump House	\$207,538	\$200,620	\$6,918
TOTAL LOAN PRINCIPALS	\$1,183,956	\$1,834,425	(\$650,469)
TOTAL	\$4,208,956	\$4,509,425	(\$300,469)

CONSULTATIONS:

A media release notified the public that the Budget Committee meetings for the 2025 Water Utility, Sanitation, Airport, and Land Fund Budgets were scheduled for January 22, 2025.

In addition, the budget submissions to the Budget Committee were available on the City's website for the public's review.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

Once the 2025 Water and Sewer Utility Fund Budget is approved by Council it will be posted on the City of Prince Albert website.

BUDGET/FINANCIAL IMPLICATIONS:

The City creates a balanced budget, which means that non-income statement related items such as capital expenditures and reserve transactions (which sit on the balance sheet) are budgeted for in the year they occur:

- Accounting treatment for capital items has them being capitalized on the balance sheet to demonstrate the City possessing a future economic benefit from that item. Annually, to demonstrate the usage of that capital item, amortization is expensed on the income statement. Once that capital asset is at the end of its useful life, it will have been fully expensed through amortization on the income statement, and will no longer have a value on the balance sheet.
 - The City is required to budget for the entire capital outlay of an asset in the year it is acquired, instead of budgeting for the annual amortization. This results in a capital budget item for 100% of the capital cost, and no budget for amortization.
- Principal debt repayment is reflected on the City's balance sheet and is demonstrated as a reduction to the liability amount. The City budgets to ensure these debt repayments are funded either through revenue sources or other means, such as reserves.
- Transfer to Improvement Fund relates to the projected surplus/deficit for the Utility Fund. The Improvement Fund is an equity account which has accumulated the surpluses/deficits of the Water and Sewer Utility Fund since its inception.
- Interfund transfers have a nil impact to the City on an overall, consolidated basis. However, because the funds are operating on a self-sustaining basis, it is important to quantify the services provided between the funds. This quantification happens with interfund transfers.

A summary of the 2025 Water and Sewer Utility Fund Budget is as follows:

<u>2025 Utility Fund Budget</u>	
Operating Revenue	(\$20,519,612)
Operating Expenses	\$15,120,076
Operating Surplus	(\$5,399,536)
<u>Allocations:</u>	
Interfund Transfers	\$909,813
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Balanced Budget	\$0

A summary of the 2025 budget's impact on the Water Utility Improvement Fund Balance is as follows:

- The surplus contribution from operations is \$5,399,536;
- The funding of \$4,208,956 is required for the 2025 capital expenditures and debt principal payments.
- Interfund Transfers in the amount of \$909,813. This includes the Administration Fee of \$614,000 to the General Fund and transfer of \$292,909 to the General Fund for City Facilities who have utility services.
- This results in the net surplus transfer of \$280,767 to the Water Improvement Fund Balance.

OTHER CONSIDERATIONS/IMPLICATIONS:

There are no policy, privacy, legal, safety or environmental implications.

OPTIONS TO RECOMMENDATION:

There are no options to the recommendation.

STRATEGIC PLAN:

This budget supports the strategic priority of Building a Robust Economy by creating an equitable taxation structure that promotes community growth, developing and maintaining new and existing amenities and infrastructure, and promoting positive economic development outcomes so new residents will be attracted to Prince Albert.

OFFICIAL COMMUNITY PLAN:

Section 14 of the OCP highlights financial Goals and Policies aimed to “maintain effective management, efficiencies and accountability of the City’s fiscal budgets and operations”.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

ATTACHMENTS:

1. 2025 Water Utility Fund Operating and Capital Budget – Final for Council Approval.
2. January 22, 2025 Budget Committee Minutes (Unofficial).

Written by: Melodie Boulet, Finance Manager

Approved by: Acting Senior Accounting Manager, Director of Financial Services and City Manager