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Agenda Item #8

**REPORT TO SAANICH PENINSULA WASTEWATER COMMISSION
MEETING OF THURSDAY 10 NOVEMBER 2011**

SUBJECT 2012 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides a synopsis of the 2012 operating and capital budget, highlighting the proposed significant changes. The report generally follows the sequence of information provided in the draft budget document.

BACKGROUND

2011 Operating Expense

The actual 2011 operating expense is estimated to be under budget by \$118,671. The 2011 reserve fund transfer was increased by \$50,241 to balance the budget.

2012 Operating Expense

An increase in the 2012 core operating expense of \$10,372 is planned primarily as a result of increased labour costs.

A \$14,707 continuous supplemental expense has been included in the 2012 budget to fund seafloor sediment sampling at the outfall and an amended Ministry of Environment, receiving environment monitoring program (currently under review).

2011 Capital Budget

The projected capital expenditures for 2012 total \$285,000 funded from capital reserves. The 2012 capital program consists of four projects, mostly related to upgrades to treatment plant equipment that is at the end of the service life or is in need of significant repair, beyond normal maintenance. However, one of the projects is to develop a strategic plan for the Saanich Peninsula wastewater system that will include a review of system capacity, residuals management and a condition assessment of the wastewater system components. The plan will outline a long term replacement strategy and financial plan to set reserve fund contribution amounts and operating costs.

The planned transfer to the capital reserve and equipment replacement fund in 2012 is \$243,310.

Saanich Peninsula Wastewater Debt

The Saanich Peninsula Wastewater Capital Debt expenditures decreased by \$6,644 in 2012, and will decrease by \$676,799 in 2013 when the bulk of the current debt matures. The remaining debt will mature in 2016.

2011 Operating Revenue

Operating revenue is recovered by requisition to all participating members based on percentage of total sewage input. 2012 cost sharing percentages based on 2010-2011 flows are being finalized, and are not expected to change significantly from the 2011 cost sharing figures.

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Although the revenue from the sale of energy to the Panorama Recreation Facility is forecast to be lower than budget (this revenue is intended to offset the reserve fund contributions), it is anticipated that the revenue figure will be adjusted once a metering issue is resolved.

RECOMMENDATION

That the Saanich Peninsula Wastewater Commission recommend that the CRD Board:

1. Approve the 2012 Operating and Capital Budget;
2. Approve the 2012 debt budget;
3. Approve the Environmental Sustainability program budgets that are incorporated in the Saanich Peninsula Wastewater budget, including Liquid Waste Management Plan Implementation, Saanich Peninsula Stormwater Quality Management, and Saanich Peninsula Source Control Stormwater; and
4. Balance the 2011 actual revenue and expense on the transfer to reserve fund.

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Concurrence

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