

Request for Decision

2013 Water Wastewater Operating Budget Variance Report

Presented To:	City Council
Presented:	Tuesday, Oct 08, 2013
Report Date	Tuesday, Oct 01, 2013
Type:	Routine Management Reports

Recommendation

That the City of Greater Sudbury accept the July 31, 2013 Water Wastewater Variance Report dated October 1, 2013 from the Chief Financial Officer/City Treasurer and the General Manager of Infrastructure Services outlining the projected year end position.

YEAR END VARIANCE

The year end surplus for Water and Wastewater Services is projected to be \$145,421 as outlined in Schedule A. Water is projecting a deficit of \$199,236 while Wastewater is trending to a surplus of \$344,657.

The major contributors to this surplus are:

Category	Favourable/(Unfavourable)
Salaries and Benefits	\$776,000
Materials	\$464,000
Purchased Services	\$(1,078,600)
Other net variances	\$(15,979)
Total Projected Surplus	\$145,421

VARIANCE EXPLANATIONS

User Fees

Actual user fee revenues are trending toward budgeted amounts. For 2013 the estimated consumption has been budgeted at 14.3 million cubic metres. Based upon information provided by GSU, it is estimated that the consumption will be approximately 14.3 million cubic metres. This is still an estimate as final consumption numbers will be known in early 2014.

Salaries and Benefits

Salaries and benefits are projected to be under budget by approximately \$776,000. The division

Signed By

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Division Review

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Recommended by the Department

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experienced staff turnover and in some cases were / are unable to successfully fill those specialized vacancies on a timely basis. Additional savings relate to the fact that the division was unsuccessful in recruiting a temporary staff position, which was subsequently contracted out. As well, overtime is being strictly managed and is being kept to a minimum by all sections within the division and the use of casual labour has been reduced where possible.

Materials

Materials are projected to be under budget by \$464,000. This is a combination of savings in chemicals, break down repair related materials and other plant related maintenance savings.

Purchased Services

Purchased service costs are projected to be over budget by \$1,078,600.

There have been 65 watermain breaks to the end of June. This compares to 2011 when there were 67 through the same period, but in contrast to 2012 when only 34 breaks had been repaired through the month of June. It is estimated that emergency repairs of both water and sewer related infrastructure will be over budget by \$1,300,000. Contributing to this overage are repairs being performed by contractors in light of aforementioned staff vacancies.

Offsetting this are projected savings of \$200,000 related to the road restoration contracts being tendered under budget.

Conclusion

The final year end water deficit will be funded by contributions from the Water Capital Financing Reserve Fund while the wastewater surplus will be contributed to the Waste Water Capital Financing Reserve Fund in accordance with the By-law.

Revenue & Expense Summary

Water/Waste Water Mtce.

Projected for Year Ended December 31, 2013 (based on July 31 operating results)



Schedule A

	Annual Budget	Projected Actual at December 31	Variance Favourable/ (Unfavourable)	Projected % of Budget
Frontage Charges	522,034	522,034	-	100
Provincial Grants & Subsidies	-	-	-	
User Fees	58,159,974	58,159,974	-	100
From Reserve and Reserve Funds	365,418	365,418	-	100
Other Revenues	79,600	79,600	-	100
Municipal Levy (fire protection)	3,234,001	3,234,001	-	100
Total Revenues	62,361,027	62,361,027	-	100
Salaries & Benefits	13,193,633	12,417,639	775,994	94
Materials Expenses	3,980,362	3,516,412	463,950	88
Equipment Expenses	-	-	-	
Energy Costs	3,933,031	3,892,154	40,877	99
Purchased/Contract Services	6,758,350	7,836,970	(1,078,620)	116
Debenture & Insurance Costs	1,749,860	1,796,640	(46,780)	103
Prof Development & Training	75,198	65,198	10,000	87
Grants - Transfer Payments	25,500	25,500	-	100
Prov to Reserves & Capital	25,935,812	25,935,812	-	100
Internal Recoveries	6,709,281	6,729,281	(20,000)	100
Total Expenses	62,361,027	62,215,606	145,421	100
Excess (Deficiency) of Revenue Over Expenses (before contribution to Reserve Funds)	-	145,421	145,421	
Contribution from (to) Water Reserve Fund	-	199,236		
Contribution from (to) Waste Water Reserve Fund	-	(344,657)		
Excess (Deficiency) of Revenue Over Expenses (after contribution to Reserve Funds)	-	-		