



Preliminary 2020 Operating Budget: USER PAY UTILITIES



January 20, 2020

Budget Timeline



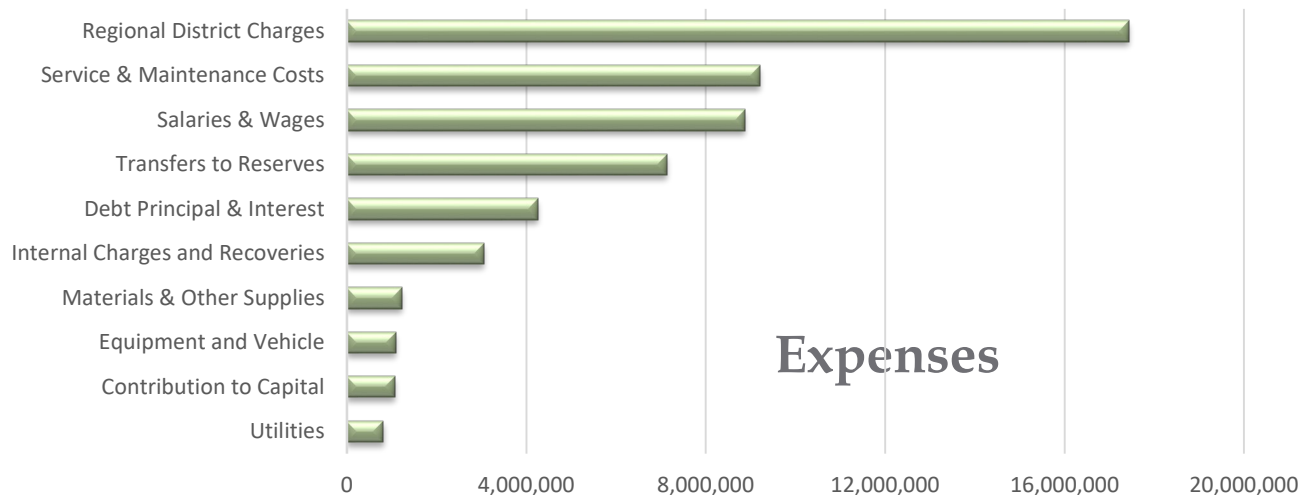
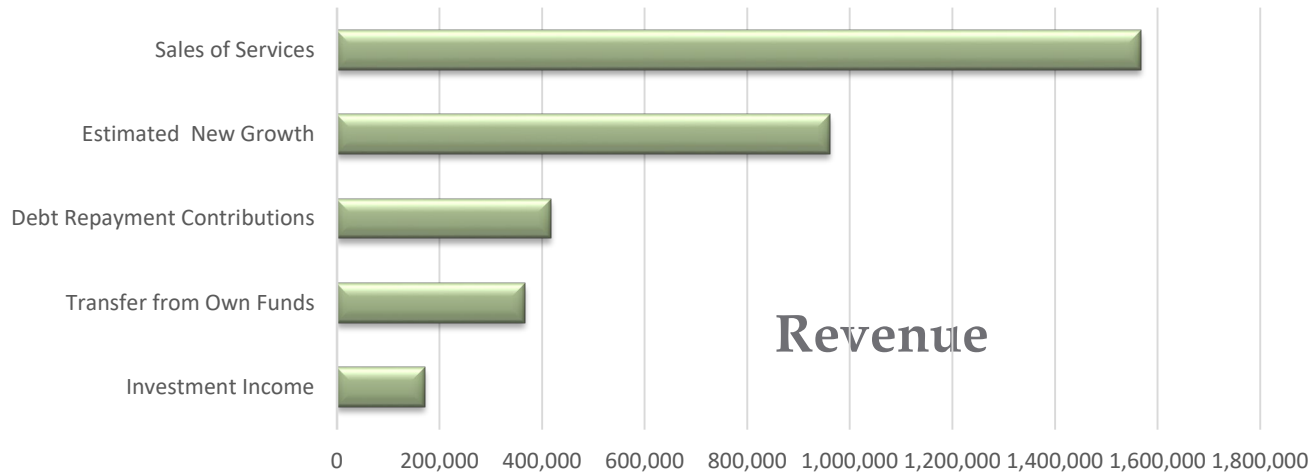
Date	Action
January 20	Draft Operating 2020 Budget Presentation and Discussion
January 27	Draft Capital 2020 Budget Presentation and Discussion
February 3	Budget Discussion Q & A
February 10 and 11	Open Houses
February 24	Results of Public Consultation
March 2	Draft Five-Year Financial Plan
March 9	Financial Plan Bylaw, 1 st , 2 nd , 3 rd
March 23	Financial Plan Bylaw, Final
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Revenue & Cost Drivers

Drivers	Examples
User Fee Revenue from Growth	New Development
Other User Fees & Charges	Water, Sewer, Solid Waste
Salary & Wage Contracts	CUPE, Steps and Increments
Special Contracts	Solid Waste
Regional District	Water, Sewer, Solid Waste
Maintenance Contracts	Inspection Programs, Dispatch, Planted Area Maintenance, etc.
Equipment & Vehicle	Internal and External Equipment Costs
Asset Management	Debt, Contributions to Capital, Transfers to Reserves and Surplus, Asset Maintenance
Programs	Significant increases in programs to maintain existing service levels.



Revenue & Cost Categories for 2020 (Utilities - excluding Utility User Rates)



2020 Budget...

Issues & Challenges...



2020 Budget Issues & Challenges

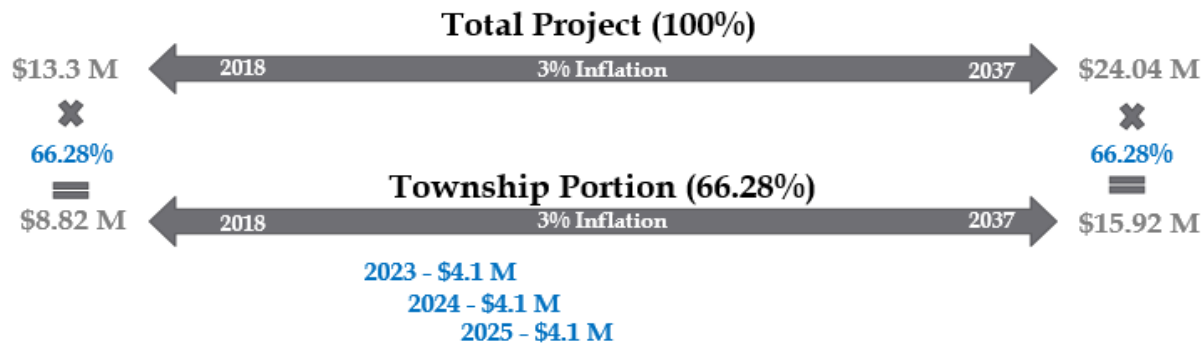
- Regional Costs
(GVS&DD, GVWD, Metro Tipping Fees)
- Salary & Wage Contract settlements
(CUPE in place until 2020)
- Operating impact of Township Capital and
Community Development
- Commitment to Infrastructure
 - Continued diligence in providing funding levels that support
asset maintenance now and into the future
 - Contribution to Capital, Transfer to Reserves
- Commitment to Maintain
Established Service Levels
 - Significant Program Increases

Regional Costs (GVWD)

Report 18-102 (July 9, 2018), That Council authorize execution of an Amending Agreement with the Greater Vancouver Water District....in order to provide a fixed cost and payment schedule for remaining works in the Langley-Surrey Water Supply Scheme.

The Township of Langley joined the GVWD in 1989. As part of the agreement, the Township agreed to pay for a portion of a number of capital works projects required to provide adequate water supply to the Township. This is the last remaining project related to that agreement.

To satisfy the payment schedule, it is proposed that an increase of \$818,314 be included in the Water Utility budget for the next 4 years in the form of a Transfer to the Capital Works Reserve (CWR). By 2023, the base amount of \$4,091,573 will be achieved in time to make the first scheduled payment in 2023. Amounts accumulated in the CWR will be used to fund other Water Capital projects.



Salary & Wages

(in thousands)

	WATER	SEWER	SOLID WASTE
Contract Increases	92	53	14
<i>Percentage increase in S&W</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>
Steps/Increments	43	37	3
One Day Increase from 261 to 262 Days	8	6	2
Other	3	3	6
	146	99	25
<i>Percentage user fee increase</i>	<i>0.64%</i>	<i>0.54%</i>	<i>0.31%</i>

Operating Impact of Township Capital *In full dollars*

Sewer	TOTAL	Service			Materials & Training &		
		Wages	Contracts	Equipment	Supplies	Seminars	Electricity
Trunk Sewer Upgrade: Bertrand Creek	1,086	640	250	11	163	22	-
Sanitary Lift Station and Forcemain: Aldergrove	61,732	36,422	14,199	617	9,260	617	617
Sanitary Sewer Design & Construction Fraser Hwy: 264 to 270 Street	570	336	131	6	86	11	-
Lift Station and Force Main: 266 Street and 24 Avenue	76,212	44,965	17,529	762	11,432	762	762
Lift Station 33A Ave & 196 St	76,212	44,965	17,529	762	11,432	762	762
88 Ave & 217A St LAS	291	172	67	3	44	5	-
Forcemain Bypass: Glover Road, Smith to Maxwell	315	186	73	3	47	6	-
Vehicle; Sewer portion split (50/50 Water & Sewer)	3,600	-	-	3,600	-	-	-
	220,018	127,686	49,778	5,764	32,464	2,185	2,141

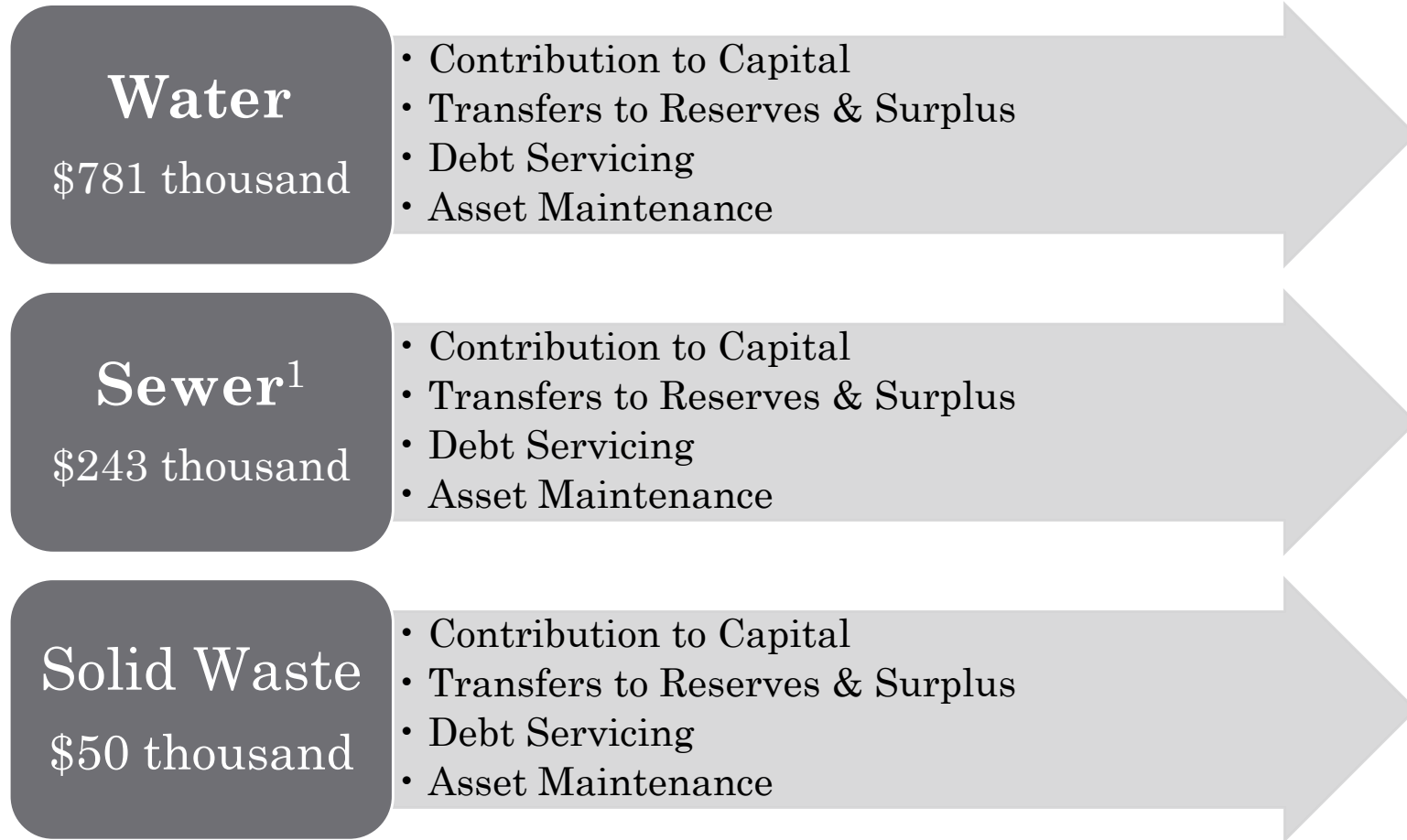
Water	TOTAL	Service			Materials & Training &		
		Wages	Contracts	Equipment	Supplies	Seminars	Electricity
Water Network Expansion: 64 Avenue and 224 Street (LAS)	5,600	3,472	840	56	1,120	56	56
Brookwood Heights Booster Station	42,096	26,100	6,314	421	8,419	421	421
Vehicle: Water Portion 2 way split (Water/Sewer)	3,600	-	-	3,600	-	-	-
	51,296	29,572	7,154	4,077	9,539	477	477

Operating Impact of Contributed Assets *In full dollars*

Name	Neighbourhood	Water	Sewer
Archstone	SE Yorkson	343	171
Forewest	SW Gordon	1,481	95
Banicevic	NE Gordon	1,635	540
Woof	Salmon River	224	-
Lynterra	Murrayville	347	25
Sekhon	NE Yorkson	2,314	561
Ralph's Holding Co	Rural	249	15
		6,593	1,407

Commitment to Infrastructure

From Operating Funds...



¹ In addition to an Operating Contribution to Capital, Sewer also benefits from an Operating Transfer to the Sewer Capital Works Reserve of approximately \$2-3 million annually. This line item is also used to accomplish rate stabilization.

Commitment to Maintain Existing Service Levels through Programs

As the Township continues to grow, additional resources are required to maintain existing service levels.

For water and sewer, the increases are required in the areas of Outside Water Utility Operations Maintenance, Engineering, Construction and Inside Technical, and Sewer Source Control Program.

A number of significant increases for Council consideration have been over the past few years. The following are included for consideration in 2020).

- Water \$ 140,752 (0.61%)
- Sewer \$ 250,000 (1.37%)

Summary of Budget Changes

(by Cost & Revenue Categories)

Non-Discretionary Budget Requests

(brackets) = reduces pressure on taxes and user rates

NON DISCRETIONARY BASE BUDGET CHANGES (in \$000's)	Water	Sewer	Solid Waste
Salary & Wages – Contract Increases	92	53	13
Salary & Wages – Steps/Increments	43	37	3
Salary & Wages – Additional One Day in 2020	8	6	2
Salary & Wages - Other	3	3	6
Regional Costs (Water Purchases & Liquid Waste)	813	(219)	-
Waste/Organics Collection and Disposal	-	-	208
Operating Impact of Dev / Capital	58	221	-
Jericho Interest Payment - Phase I (Principal from DCCs)	97	-	-
Jericho Pre-Payment - Phase II	818	-	-
Administration Overhead	123	84	78
Supplies and Other	(5)	(78)	(10)
Rate Stabilization Adjustment (Transfer to/(from) reserve)	-	579	(273)
Revenue Increases (including excess user fee from growth)	(674)	(392)	76
Change from 2019 to 2020 before Revenue from Growth	1,376	294	103
User Pay Utility Revenue from Growth (Water/Sewer 2%, Solid Waste 1.71%)	(459)	(364)	(138)
Non-Discretionary Base Budget Change	917	(70)	(38)
Utility User Fee Increase Requested for Base Budget	4.00%	(0.38%)	(0.47%)

PROGRAM INCREASES To Maintain Existing Service Levels

(brackets) = reduces pressure on taxes and user rates

PROGRAMS (in \$000's)	Water	Sewer	Solid Waste
Engineering & Construction Services Auxiliary Technical Staff	50	50	-
Utilities Operations Auxiliary Technical Staff	50	50	-
Utilities Operations Auxiliary Non-Technical Staff	41	100	-
Source Control Program	-	50	-
Program Increases to Maintain Service Levels	141	250	0
Utility User Fee Increase Requested for Programs	0.61%	1.37%	0.00%

Discretionary Budget Requests

(brackets) = reduces pressure on taxes and user rates

DISCRETIONARY (in \$000's)	Water	Sewer	Solid Waste
Drafting Technician (25% share)	22	22	-
Clerk III - Operations (14.3% share)	10	10	10
Support Clerk – Operations (14.3% share)	9	9	9
Financial Analyst – Utilities (Shared 40%,40%,20%)	38	38	19
Corporate Energy Specialist (16% share)	13	13	-
TOTAL Discretionary Budget Increase	92	92	38
Utility User Fee Increase Requested for Discretionary Items	0.40%	0.51%	0.47%

SUMMARY of 2020 Changes

CHANGES – TOTAL (in \$000's)	Water	Sewer	Solid Waste
NON DISCRETIONARY BASE BUDGET CHANGES	917	-70	-38
PROGRAMS	141	250	0
DISCRETIONARY	92	92	38
TOTAL 2020 DRAFT BUDGET	1,150	272	0
Utility User Fee Increase Requested	5.01%	1.50%	0.00%
Spread PROGRAMS over an additional year	(25)	(75)	-
TOTAL 2020 DRAFT BUDGET (Revised)	1,125	197	-
Utility User Fee Increase Requested (Revised)	4.91%	1.09%	0.00%

One-Times

One-Time Project Descriptions ¹	Water	Sewer
Murrayville Water Purchases from Metro Vancouver ²	1,425,000	-
Groundwater Assessment Study	100,000	-
Water Connections Location and Access Study	75,000	75,000
Brookwood Well #10 Improvement	50,000	-
Well Head Modifications to Murrayville Well #2	30,000	-
	1,680,000	75,000

¹One-Time Expenditure Budget contingent upon adequate prior year surplus funding availability.

²For Murrayville Water Purchases of \$1.4 million, there could potentially be savings as the Township could switch over using a phased approach. Further analysis would be required.

Resolution:

That Council receive and refer the 2020 Utility User Pay Operating Budget to a future special budget meeting of Council for purposes of further consideration, discussion and approval, as received or amended.

OR

That Council receive and refer the 2020 Utility User Pay Operating Budget to public consultation, as received or amended, in February 2020.

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Questions and Answers