

THE WAY WE FINANCE

2014 UTILITIES BUDGET

AS APPROVED AT
DECEMBER 5, 2013

TRANSFORMING | **EDMONTON**

BRINGING OUR CITY VISION TO LIFE



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**Please note that the Utility Advisor’s Report, Drainage Services Rate Filing, and Waste Rate Filing are found in the [2014 Proposed Utility Budget](#).

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Utilities

Introduction

The City of Edmonton operates three public utilities: Sanitary Drainage, Stormwater Drainage, and Waste Management Services. The Utilities report to Council's Utility Committee.

These Public Utilities function under a full-cost recovery model, without subsidy from property tax.

The Utilities operate under their respective Council approved Fiscal Policies. The Approved Budgets for the Utilities reflect the strategic directions and initiatives identified in the 2014-2016 Business Plans presented to the Utility Committee on June 18, 2013. These include:

Drainage Services:

1. Maintain efficient and effective service
2. Build and renew drainage infrastructure
3. Improve environmental protection and maintain public health and safety
4. Support economic growth and development
5. Improve coordination and collaboration
6. Nurture innovation and creativity

Waste Management Services:

1. Deliver efficient collection services focused on environmental protection
2. Process waste to recover resources and minimize landfilling
3. Provide responsive services that meet the changing needs of our customers
4. Maintain our leadership status by focusing on innovation and attracting green businesses
5. Engage the citizens of Edmonton to facilitate their full participation in waste reduction, reuse and recycling

The Approved 2014 Budgets are intended to improve the results of the various financial indicators defined under each Utility's Fiscal Policy. The financial impact to the typical residential customer is as follows:

Impacts on Typical Residential Customer	2013 Actual Typical Monthly Fee	2014 Proposed Typical Monthly Fee	Requested Monthly Increase	Annual Increase
Waste Management	\$35.36	\$37.34	\$1.98	\$23.76
Sanitary Drainage	\$20.40	\$21.79	\$1.39	\$16.68
Stormwater Drainage	\$8.38	\$9.24	\$0.86	\$10.32
Projected Impact to Typical Customer			\$4.23	\$50.76

The following captures the major reasons for the approved rate changes:

Major Reasons for Proposed Rate Changes	Waste Management	Sanitary Drainage	Stormwater Drainage
Operations & Maintenance	\$1.97	\$0.20	\$0.07
Depreciation & Interest	(\$0.07)	\$0.18	\$0.24
Biosolids Disposal	-	\$0.31	-
Return on Rate Base	\$0.08	\$0.61	\$0.55
Local Access Fee	-	\$0.09	-
Total Change	\$1.98	\$1.39	\$0.86



PUBLIC UTILITIES

Sanitary Drainage Utility	Stormwater Drainage Utility	Waste Management Utility
Planning and Biosolids Disposal	Planning	Collection Services
Development Services	Development Services	Processing and Disposal Services
Operations	Operations	
Program Support	Program Support	

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Branch — Drainage Services

Introduction

Drainage Services provides high quality and reliable services to Edmonton residents and businesses through the Sanitary and Stormwater Utilities. Both are operated as public utilities under a full cost recovery model without subsidy from property tax.

Vision: Excellence and innovation in wastewater, stormwater and biosolids management through customer service, environmental stewardship, and fiscal responsibility.

Mission: We protect public health and the environment by managing wastewater, stormwater and biosolids through environmentally and financially sustainable practices for the City of Edmonton, the North Saskatchewan River system, and our regional partners.



Sanitary Utility

Through a network of over 3,100 km of sanitary and combined sewers, the Sanitary Utility conveys wastewater from over 240,000 customers to the Gold Bar Wastewater Treatment Plant for final treatment. The resulting biosolids from the treatment process are returned to the Sanitary Utility for storage at the Cloverbar Lagoons and eventual beneficial disposal.

Stormwater Utility

The Stormwater Utility conveys and treats rainfall runoff from almost 240,000 customers. Increased requirements and expectations are pushing the Stormwater Utility to higher levels of environmental treatment through over 150 lakes and wetlands before the runoff is released into creeks and the North Saskatchewan River.

Highlights for 2014 include:

- **Implementation of Biosolids Management Strategy**

The Utility Committee received Drainage Services' 2014-2016 Business Plan at the June 18, 2013 Committee meeting which included the proposed implementation plan for the Biosolids Management Strategy. The Strategy includes an increase in the biosolids disposal rate from a budget of 90% of annual generation in 2012 to 96% in 2014. A disposal target rate of 93% is expected to be met and exceeded by the end of 2013. Full implementation of the Strategy will result in achieving 120% disposal of annually generated biosolids by 2015 allowing for the reduction of biosolids lagoon inventories in the same year. The target is to reduce biosolids inventory levels in the lagoons from almost 150,000 to 50,000 dry tonnes by 2025.

- **Flood Prevention Program**

The Drainage Utilities are budgeted to spend over \$14 million in 2014 as part of the Flood Prevention Program that began in 2006. Currently 12 neighbourhoods have been completed since the inception of the program with another 9 by the end of 2014. The Flood Prevention Program is being expanded to include remedial measures to reduce flood risk in the affected areas. Budget for the Expanded Flood Prevention Program and long-term construction plans are being developed. Designs of the highest priority projects will commence in early 2014 in anticipation of capital funding approval starting in 2015. The Expanded Flood Prevention Program is also being developed to address stormwater flood risk areas throughout the city.



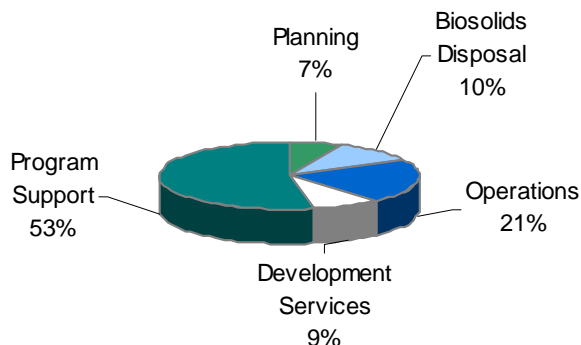
Drainage Services — Sanitary and Stormwater Utility

Approved 2014 Budget – Summary by Program Area (\$000)

	2012 Actual	2013 Budget	2014 Budget	\$ Change '13-'14	% Change '13-'14
Revenue & Transfers					
Rate Revenue	\$ 123,890	\$ 135,771	\$ 148,783	\$ 13,012	9.6
Program Revenue	6,401	6,409	8,784	2,375	37.1
Total Revenue & Transfers	130,291	142,180	157,567	15,387	10.8
Expenditure & Transfers					
Planning	5,853	7,274	7,679	405	5.6
Biosolids Disposal	7,190	10,199	12,278	2,079	20.4
Operations	21,163	24,601	24,983	382	1.6
Development Services	8,309	9,717	10,235	518	5.3
Program Support	50,891	58,113	62,112	3,999	6.9
Total Expenditure & Transfers	93,406	109,904	117,287	7,383	6.7
Net Income (Loss)	\$ 36,885	\$ 32,276	\$ 40,280	\$ 8,004	24.8
Full-time Equivalents	310.4	319.9	325.9	6.0	1.9

For further budget details at a program level, please refer to Section 7.8 and 8.7 of the Rate Filing prepared for the Utility Advisor.

Expenditures by Program Area



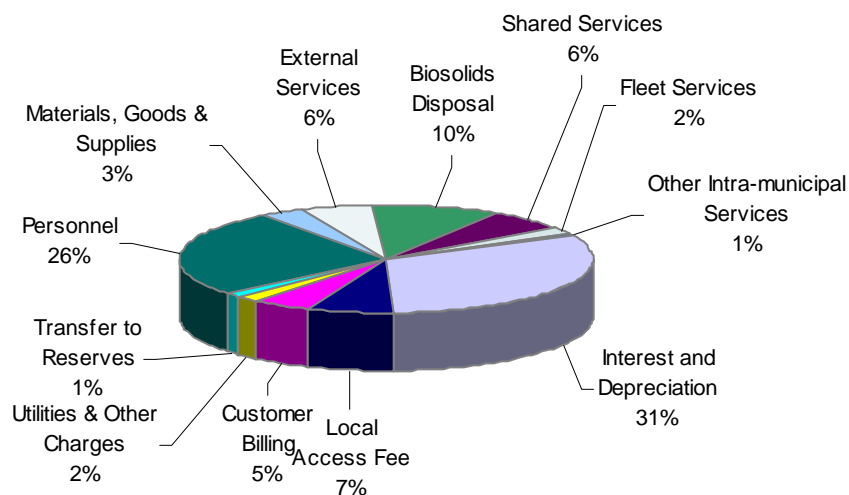
Drainage Services — Sanitary and Stormwater Utility

Approved 2014 Budget – Summary by Category

(\$000)

	2012 Actual	2013 Budget	2014 Budget	\$ Change '13-'14	% Change '13-'14
Revenue & Transfers					
Rate Revenue	\$ 123,890	\$ 135,771	\$ 148,783	\$ 13,012	9.6
Program Revenue	6,401	6,409	8,784	2,375	37.1
Total Revenue & Transfers	130,291	142,180	157,567	15,387	10.8
Expenditure & Transfers					
Personnel	26,912	31,195	31,779	584	1.9
Materials, Goods & Supplies	3,457	3,543	3,948	405	11.4
External Services	4,870	6,635	6,855	220	3.3
Biosolids Disposal	7,190	10,199	12,278	2,079	20.4
Shared Services	6,760	7,396	7,730	334	4.5
Fleet Services	2,282	2,497	2,293	(204)	(8.2)
Other Intra-municipal Services	1,656	929	1,065	136	14.6
Interest and Depreciation	28,864	35,216	38,100	2,884	8.2
Local Access Fee	6,739	7,617	8,206	589	7.7
Customer Billing	5,855	5,391	5,828	437	8.1
Utilities & Other Charges	2,457	2,226	2,273	47	2.1
Transfer to Reserves	1,300	1,300	1,300	-	-
Subtotal	98,342	114,144	121,655	7,511	6.6
Intra-municipal Recoveries	(4,936)	(4,240)	(4,368)	(128)	3.0
Total Expenditure & Transfers	93,406	109,904	117,287	7,383	6.7
Net Income (Loss)	\$ 36,885	\$ 32,276	\$ 40,280	\$ 8,004	24.8
Full-time Equivalents	310.4	319.9	325.9	6.0	1.9

Expenditures by Category



Drainage Services — Sanitary and Stormwater Utility

Approved 2014 Budget – Program Summary (\$000)

Program Name - Planning and Biosolids Disposal

Link to 10-Year Strategic Goals



Results to be Achieved

Ensure that Edmonton has a drainage system that supports the City's plan for livability, growth, and environmental and financial sustainability by effectively planning and managing the growth, renewal and enhancement of the Sanitary and Stormwater systems and coordinating the development and implementation of the Drainage Services capital program.

Cost Drivers

- Increase in service levels for Biosolid Disposal
- Increase in service levels for Flood Prevention

Service Standards

Follow Council strategic directions, develop and implement a drainage system that meets drainage design and construction standards and the requirements of the Drainage Master Plan, and adhere to regulatory compliance to maintain an Approval to Operate as well as the Drainage Bylaw 16200.

Resources (\$000)	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 1,892	\$ 2,025	\$ 2,375	\$ 2,860
Expenditure & Transfers	13,784	16,106	18,288	20,771
Subtotal	(11,892)	(14,081)	(15,913)	(17,911)
Intra-municipal Recoveries	741	736	815	814
Net Income (Loss)	<u>\$ (11,151)</u>	<u>\$ (13,345)</u>	<u>\$ (15,098)</u>	<u>\$ (17,097)</u>
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		21.0	21.0	21.0
Union		18.0	18.0	18.0
Temporary		-	-	-
Full - Time Equivalents		<u>40.0</u>	<u>40.0</u>	<u>40.0</u>

2013 Services

- Biosolids disposal is expected to meet disposal target of 93% and is anticipating exceeding this target.
- Implemented the Drainage Neighbourhood Renewal, Flood Prevention, and Combined Sewer Overflow programs.
- Monitored the efficiency of the current Drainage system and planned accordingly to maintain system service levels.
- Investigated options for future Drainage system expansion with other City Departments to spur municipal development.

Changes in Services for 2014

- Increase biosolids disposal to 96% of annual generation.
- Continue to implement the Drainage Neighbourhood Renewal and Combined Sewer Overflow programs.
- Implementation of the Expanded Flood Prevention program.

Drainage Services — Sanitary & Stormwater Utility

Approved 2014 Budget – Program Summary (\$000)

Program Name - Operations

Link to 10-Year Strategic Goals



Results to be Achieved

Provides preventative maintenance of the drainage infrastructure system as well as responding to customer service inquiries. This work ensures a reliable system, public health, environmental protection and customer satisfaction.

Cost Drivers

- Maintain service levels in order to meet greater demand related to population growth within the City
- Increase in occurrences of weather related events

Service Standards

Provide preventative maintenance of the collection system, sewers, manholes, catch basins, and pump stations throughout the City to ensure the system is operating safely and efficiently to ensure public confidence. Provide inspection and maintenance of lakes and wetlands, dry ponds, sewer outfalls and main trunklines to ensure adherence to environmental standards.

Resources (\$000)	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 1,372	\$ 769	\$ 803	\$ 1,021
Expenditure & Transfers	22,323	23,232	25,385	25,779
Subtotal	(20,951)	(22,463)	(24,582)	(24,758)
Intra-municipal Recoveries	1,160	546	784	796
Net Income (Loss)	\$ (19,791)	\$ (21,917)	\$ (23,798)	\$ (23,962)
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		6.0	6.0	6.0
Union		165.0	171.0	174.0
Temporary		13.9	13.9	13.9
Full - Time Equivalents		185.9	191.9	194.9

2013 Services

- Responded effectively to customer service inquiries during long periods of increased and persistent rainfall occurrences.
- Maintained and operated over 75 pumpstations throughout the City.
- Completed over 2,000 inspections on stormwater lakes.
- Achieved 2.67 wastewater mainline blockages per 100 km of sewer pipe maintained.

Changes in Services for 2014

- Continue to improve on key performance measures such as number of system blockages and customer service.
- Manage increasing demand for public services while improving delivery of services.
- Continue to meet or exceed regulatory requirements.
- Begin construction of Residual Waste Disposal Facility.

Drainage Services — Sanitary and Stormwater Utility

Approved 2014 Budget – Program Summary (\$000)

Program Name - Development Services

Link to 10-Year Strategic Goals



Results to be Achieved

Works corporately with the public, development and consulting industries, utilities and regulatory bodies to provide sustainable drainage servicing to all developments, monitor compliance of regulatory requirements, and manage drainage system records to provide excellent public service and be a steward for environmental protection.

Cost Drivers

- Maintain service levels in order to meet greater demand related to population growth within the City
- Growth in residential, commercial, and industrial development within the City

Service Standards

Provide timely land development review and approval of services to spur municipal development, implement effective lot grading and flood proofing programs to ensure public confidence, complete sewer/water service connections, and promote system efficiency by processing drainage infrastructure system data, performing regulatory inspections, and environmental monitoring/reporting.

Resources

(\$000)

	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 2,787	\$ 2,245	\$ 2,444	\$ 2,727
Expenditure & Transfers	9,742	10,674	10,969	11,503
Subtotal	(6,955)	(8,429)	(8,525)	(8,776)
Intra-municipal Recoveries	1,433	1,268	1,252	1,268
Net Income (Loss)	\$ (5,522)	\$ (7,161)	\$ (7,273)	\$ (7,508)
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		14.0	15.0	15.0
Union		63.0	64.0	66.0
Temporary		0.5	2.0	2.0
Full - Time Equivalents		78.5	82.0	84.0

2013 Services

- Approved over 5,200 residential lots for development and reviewed over 360 engineering drawings.
- Performed over 12,000 lot grading inspections and over 2,900 Residential, Commercial and Industrial property inspections.
- Tracked 400 monitoring sites for water quantity/quality data and rain data.
- Completed over 300 water, storm, and sanitary service connection work orders.
- Merged 3 bylaws into one Drainage Bylaw (Bylaw 16200)

Changes in Services for 2014

- Work toward a more integrated digital approval process.
- Manage increasing demand for services while improving delivery of services.
- Stronger enforcement for Erosion Sedimentation Control (ESC) compliance.

Drainage Services — Sanitary & Stormwater Utility

Approved 2014 Budget – Program Summary (\$000)

Program Name - Program Support

Link to 10-Year Strategic Goals



Results to be Achieved

Provide administrative support for Drainage Services and recommendations to the Utility Committee/City Council to provide opportunities for greater operational efficiencies and address utility rate issues as required. All Rate Revenues and centralized expenditures including shared services, depreciation, and interest are reported here.

Cost Drivers

- Increase in service levels related to a growth in project initiatives, such as performance measurement, in order to better support Drainage Services as a whole

Service Standards

Investigate and provide analytical assessments for key strategic issues identified by Utility Committee, City Council, or internally as required. Continue to investigate opportunities to improve operational efficiencies within the Branch as well as ensure public satisfaction and promote customer rate fairness and equity.

Resources

(\$000)

	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 124,240	\$ 125,356	\$ 136,558	\$ 150,959
Expenditure & Transfers	52,099	55,062	59,502	63,602
Subtotal	72,141	70,294	77,056	87,228
Intra-municipal Recoveries	1,208	1,400	1,389	1,490
Net Income (Loss)	\$ 73,349	\$ 71,694	\$ 78,445	\$ 88,847
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		2.0	2.0	2.0
Union		3.0	3.0	4.0
Temporary		-	-	-
Full - Time Equivalents		6.0	6.0	7.0

2013 Services

- Development of branch wide performance measures for monitoring and reporting purposes.
- Negotiated (with Waste Management) new Service Level Agreement with EPCOR for billing services.
- Provide reports/analysis to Utility Committee and City Council as requested.
- Ensure Drainage Services is aligned to the goals and vision of the Department and the City organization.

Changes in Services for 2014

- Program Support will transition to Strategic Services, and the scope and responsibilities of the program will increase.
- Update Utility Fiscal Policy.
- Continuous development of branch wide performance measures.

Drainage Services — Sanitary Utility

Approved 2014 Budget – Sanitary Drainage Summary (\$000)

	2012 Actual	2013 Budget	2014 Budget	\$ Change '13-'14	% Change '13-'14
Revenue & Transfers					
Rate Revenue	\$ 88,287	\$ 95,218	\$ 102,623	\$ 7,405	7.8
Program Revenue	5,613	5,443	7,239	1,796	33.0
Total Revenue & Transfers	93,900	100,661	109,862	9,201	9.1
Expenditure & Transfers					
Personnel	18,583	21,411	21,772	361	1.7
Materials, Goods & Supplies	2,332	2,377	2,646	269	11.3
External Services	2,785	4,530	4,446	(84)	(1.9)
Biosolids Disposal	7,190	10,199	12,278	2,079	20.4
Shared Services	4,972	5,037	5,411	374	7.4
Fleet Services	1,576	1,774	1,619	(155)	(8.7)
Other Intra-municipal Services	799	591	683	92	15.6
Interest and Depreciation	21,236	24,322	25,485	1,163	4.8
Local Access Fee	6,739	7,617	8,206	589	7.7
Customer Billing	4,742	4,362	4,746	384	8.8
Utilities & Other Charges	2,102	1,754	1,804	50	2.9
Transfer to Reserves	1,300	1,300	1,300	-	-
Subtotal	74,356	85,274	90,396	5,122	6.0
Intra-municipal Recoveries	(3,922)	(2,725)	(2,718)	7	(0.3)
Total Expenditure & Transfers	70,434	82,549	87,678	5,129	6.2
Net Income (Loss)	\$ 23,466	\$ 18,112	\$ 22,184	\$ 4,072	22.6
Full-time Equivalents	211.8	218.0	222.0	4.0	1.8

Budget Changes for 2014 (\$000)

Revenue & Transfers - Changes

Rate Revenue \$7,405

The increase to the monthly user fee charged on the utility bill will generate approximately \$6,505 in additional rate revenue while customer growth accounts for another \$900 increase in revenues.

Program Revenue \$1,796

The increase is due to new negotiated rates with the ACRWC for biosolids management and supernatant treatment, adjustments to the recording of late payment and suburban revenue and an increase in interest revenue due to a higher forecasted cash balance in 2013 relative to 2012.

Drainage Services — Sanitary Utility

Budget Changes for 2014 (\$000)

Expenditures & Transfers - Changes

Personnel \$361

Personnel cost changes relate to new staffing requirements to manage the increased workload requirements resulting from the growth in drainage networks and systems such as flood prevention, the requirement to meet service level standards and environmental obligations, as well as movement within salary ranges and benefit changes.

Material, Goods & Supplies \$269

The increase is primarily due to materials and equipment required for pumpwell cleaning and machine maintenance in order to increase the reliability of the system.

External Services (\$84)

The decrease is primarily due to the decrease in projected requirements for external building maintenance costs as well as the reallocation of external service work to the Stormwater Utility to properly reflect the true portion of costs expected to be incurred, offset with an increase in occupational health & safety training needs.

Biosolids Disposal \$2,079

The additional costs for biosolids disposal are in accordance with the Biosolids Management Strategy. Specifically for 2014, the increased cost represents the third year of a 3-year phase-in period that will result in Drainage Services paying full costs associated with the disposal of biosolids to the Waste Management Utility and a disposal volume increase from 93% to 96% of annual production.

Shared Services \$374

The increase is primarily due to the Sanitary Utility incurring the full cost of internally provided services. This is partially offset with the streamlining of shared services allocations between the Sanitary and Stormwater Utilities as well as Drainage Design & Construction at the corporate level.

Fleet Services (\$155)

The reduction in Fleet Services is a result of Drainage Services now purchasing vehicles through the capital program instead of leasing through Fleet Services. As the vehicles leased through Fleet Services are replaced by purchased vehicles, fleet charges will continue to decline.

Other Intra-municipal Services \$92

The increase is primarily due to higher on-demand building maintenance costs and inflationary increases.

Interest and Depreciation \$1,163

The increase is partly due to increased interest expense of \$181 which is primarily a result of relatively higher financing required to fund the 2014 capital plan and \$982 in increased depreciation resulting from additional capital assets put into service.

Local Access Fee \$589

The Local Access Fee is calculated based on 8% of Rate Revenue, therefore as the total amount of Rate Revenue increases, so does the amount of Local Access Fee to be paid to the City of Edmonton.

Drainage Services — Sanitary Utility

Budget Changes for 2014 (\$000)

Customer Billing \$384

The 2014 Budget reflects an increase based on proposed amounts from EPCOR for customer billing and meter reading costs.

Utilities & Other Charges \$50

The increase is primarily due to inflationary increases and the refining of the internal allocation of costs from the Stormwater Utility to better reflect the true portion of these types of costs.

Transfer to Reserves \$0

Intra-municipal Recoveries \$7

Less capital work is planned for the Sanitary Utility in 2014, therefore reducing the capital recoveries.

Full-time Equivalents - Changes

The 2014 FTE change reflects new staffing requirements to manage the increased workload requirements resulting from the growth in drainage networks and staffing needed to support development growth coordination. This results in a total increase of 4.0 permanent FTE for the Sanitary Utility.

Drainage Services — Sanitary Utility

3-Year Capital Plan (2012-2014) and Forecast (2015-2021) (\$'000)

	Major Project Class	3 Year Capital Plan			Forecast							Total 2012-2021
		2012 ¹	2013 ²	2014	2015	2016	2017	2018	2019	2020	2021	
Renewal & Upgrading	Drainage Neighbourhood Renewal	18,942	10,078	23,557	46,603	41,292	32,790	40,307	46,594	52,007	53,679	365,850
	Drainage Neighbourhood Renewal Coordination ^{3,4}	18,413	9,053	22,988	37,728	28,987	16,812	20,396	22,468	23,433	21,107	221,385
	Sewer Upgrading	265	497	285	5,917	6,152	6,391	6,637	6,893	7,143	7,403	47,583
	Service Connection Renewal	265	528	285	2,958	6,152	9,587	13,274	17,233	21,430	25,169	96,882
	Drainage System Rehabilitation	10,835	10,062	11,387	11,822	11,739	12,194	12,431	12,911	13,130	13,606	120,117
	Structures Rehabilitation	4,222	5,067	4,548	4,722	4,910	5,100	5,296	5,501	5,700	5,907	50,973
	Sewer Rehabilitation	6,613	4,995	6,839	7,100	6,829	7,094	7,135	7,410	7,429	7,699	69,144
	Drainage Facilities Upgrading	1,465	3,079	8,997	14,864	2,338	1,221	1,195	2,930	3,607	1,962	41,657
	Facilities, Equipment & System Renewal	1,254	1,098	1,313	1,130	1,107	1,221	1,195	2,930	3,607	1,962	16,817
	Residuals Disposal Facility ⁴	212	1,997	7,684	13,733	1,230	-	-	-	-	-	24,857
	Flood Prevention	1,870	4,514	2,599	2,937	6,300	4,247	2,708	277	2,556	-	28,009
Environmental	Environmental Quality Enhancement ³	1,683	4,772	6,716	6,788	1,342	1,395	1,448	1,504	1,559	1,615	28,823
	Combined Sewer Overflow Strategy	16,259	10,362	7,865	7,337	9,721	8,947	9,292	9,651	10,001	10,364	99,798
	Opportunistic Sewer Separation	7,235	5,480	3,875	4,260	4,676	3,835	3,982	4,136	4,286	4,442	46,207
	WESS W12	4,156	2,708	-	-	-	-	-	-	-	-	6,864
Growth	Combined Sewer Overflow Control Projects	4,867	2,175	3,989	3,077	5,045	5,113	5,310	5,515	5,715	5,922	46,727
	Sanitary Servicing Strategy	22,721	33,158	15,673	22,780	11,136	22,241	20,376	22,541	15,716	20,580	206,920
	Sanitary Servicing Strategy Projects ³	21,479	31,314	15,673	22,780	11,136	22,241	20,376	22,541	15,716	20,580	203,834
	Mill Woods Double Barrel Replac/SESS SA1 ³	1,241	1,844	-	-	-	-	-	-	-	-	3,085
	Drainage System Expansion	13,803	8,471	6,793	8,710	7,334	9,408	7,911	10,147	8,515	10,897	91,988
		87,578	84,497	83,587	121,840	91,201	92,441	95,668	106,555	107,091	112,703	983,161

Note 1: The 2012 approved capital plan includes \$2.0M of approved carry-forward amounts from 2011.

Note 2: The 2013 capital plan includes \$5.7M of approved carry-forward amounts from 2012.

Note 3: The 2013 capital plan includes budget adjustments of \$15.5M from Mature Neighbourhoods to the Millwoods Double Barrel Project (funding split equally between Sanitary and Stormwater), Enhanced Biosolids Dewatering Project totaling \$12.080M, and an additional \$15.157M for WESS14 (Big Lake), which will be funded from the Sanitary Servicing Strategy Fund (SSSF). Please see section 9.1 of the Rate Filing prepared for the Utility Advisor for further details.

Note 4: The 2014 capital plan includes a budget adjustment of \$7.0M from Mature Neighbourhoods to support the Residual Disposal Facility. Please see section 9.1 of the Rate Filing prepared for the Utility Advisor for further details.

Drainage Services — Sanitary Utility

Pro-forma Income Statement (\$000)

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Revenues					
Rate Revenue	102,623	104,894	114,443	120,300	125,612
Program Revenue	6,684	6,995	7,218	7,363	7,510
Interest Income	555	601	607	530	562
Total Revenues	109,862	112,490	122,268	128,193	133,684
Expenses					
Operating & Maintenance	30,252	30,080	30,984	31,610	32,228
Biosolids Disposal	12,278	15,936	16,747	17,336	17,683
Shared Services	5,411	5,517	5,627	5,740	5,855
Interest	13,153	15,180	17,716	19,390	20,800
Depreciation	12,332	11,957	14,537	15,264	16,227
Local Access Fees	8,206	8,924	9,617	10,120	10,576
Customer Billing Service	4,746	4,964	5,063	5,164	5,268
Transfer to Reserves	1,300	1,300	1,300	1,300	1,300
Total Expenses	87,678	93,858	101,591	105,924	109,937
Net Income (Loss)	22,184	18,632	20,677	22,269	23,747
Opening Retained Earnings	936,640	999,639	1,067,220	1,121,725	1,190,220
Net income (loss)	22,184	18,632	20,677	22,269	23,747
Net Change in Contributed Assets	40,815	48,949	33,828	46,226	42,083
Ending Retained Earnings	999,639	1,067,220	1,121,725	1,190,220	1,256,050

Drainage Services — Sanitary Utility

Pro-forma Balance Sheet (\$000)

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Financial Assets					
Cash	30,054	30,344	26,508	28,083	30,250
Other Current Assets	30,814	30,814	30,814	30,814	30,814
Total Assets	60,868	61,158	57,322	58,897	61,064
Liabilities					
Liabilities	6,952	6,952	6,952	6,952	6,952
Long-term Debt	329,294	389,914	424,188	449,639	479,848
Total liabilities	336,246	396,866	431,140	456,591	486,800
Net Financial Assets (Net Debt)	(275,378)	(335,708)	(373,818)	(397,694)	(425,736)
Non-Financial Assets					
Contributed Tangible Capital Assets	704,815	753,764	787,592	833,818	875,901
Non-Contributed Tangible Capital Assets	570,202	649,164	707,951	754,096	805,885
Total Non-Financial Assets	1,275,017	1,402,928	1,495,543	1,587,914	1,681,786
Retained Earnings	999,639	1,067,220	1,121,725	1,190,220	1,256,050

Drainage Services — Sanitary Utility

Financial Indicators

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Typical Customer Rate Impacts					
Typical Residential Monthly Billing Increase	\$ 1.39	\$ 0.16	\$ 1.61	\$ 0.86	\$ 0.67
Impact of Customer Rate	6.8%	0.7%	7.3%	3.7%	2.7%
Typical Single Family Monthly Unit Rate	\$ 21.79	\$ 21.95	\$ 23.56	\$ 24.42	\$ 25.09
Financial Indicators (\$000)					
1 Rates Sufficient to Meet Expenses					
Net Income (loss)	\$ 22,184	\$ 18,632	\$ 20,677	\$ 22,269	\$ 23,747
Target	Positive Net Income				
2 Fair and Reasonable Return					
Return on Rate Base	4.0%	3.0%	3.0%	3.0%	3.0%
Target	Return to be between 4% and 10%				
3 Financing of Capital Investments					
Debt Coverage Ratio	1.7	1.5	1.5	1.5	1.5
Debt to Net Assets Ratio	58%	60%	60%	60%	60%
Target	Debt Coverage Ratio Not Less than 1.3 Debt to Net asset ratio at 60%				
4 Cash Balance					
Uncommitted Cash Balance	\$ 30,054	\$ 30,344	\$ 26,508	\$ 28,083	\$ 30,250
Next Year's Capital Financed by RE	\$ 14,013	\$ 21,348	\$ 17,253	\$ 18,029	\$ 15,621
Target	Sufficient cash for planned capital investment to be financed by Retained Earnings				
5 Long Range Plans					
Pro-forma Information	10 Years	10 Years	10 Years	10 Years	10 Years
Target	10 year financial planning horizon				

The longer term forecasts for the Sanitary Utility indicate a financially healthy position towards the end of the forecast. Focus should be placed specifically on the 2014 forecast for the purpose of this budget submission. By second quarter 2014, the capital plan for the Sanitary Utility needs to be re-visited, and direction provided regarding increased Flood Prevention capital expenditure and any changes required to continue the Bio-solids Strategy. This will then form part of future planning for the Sanitary Utility, and will also become part of the 2015-2018 Drainage Service Business Plan. Changes will be reflected in the 2015 Drainage Service Rate Filing and Budget submission.

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Drainage Services — Stormwater Utility

Approved 2014 Budget – Stormwater Drainage Summary (\$000)

	2012 Actual	2013 Budget	2014 Budget	\$ Change '13-'14	% Change '13-'14
Revenue & Transfers					
Rate Revenue	\$ 35,603	\$ 40,553	\$ 46,160	\$ 5,607	13.8
Program Revenue	788	966	1,545	579	59.9
Total Revenue & Transfers	36,391	41,519	47,705	6,186	14.9
Expenditure & Transfers					
Personnel	8,329	9,784	10,007	223	2.3
Materials, Goods & Supplies	1,125	1,166	1,302	136	11.7
External Services	2,085	2,105	2,409	304	14.4
Shared Services	1,788	2,359	2,319	(40)	(1.7)
Fleet Services	706	723	674	(49)	(6.8)
Other Intra-municipal Services	857	338	382	44	13.0
Interest and Depreciation	7,628	10,894	12,615	1,721	15.8
Customer Billing	1,113	1,029	1,082	53	5.2
Utilities & Other Charges	355	472	469	(3)	(0.6)
Subtotal	23,986	28,870	31,259	2,389	8.3
Intra-municipal Recoveries	(1,014)	(1,515)	(1,650)	(135)	8.9
Total Expenditure & Transfers	22,972	27,355	29,609	2,254	8.2
Net Income (Loss)	\$ 13,419	\$ 14,164	\$ 18,096	\$ 3,932	27.8
Full-time Equivalents	98.6	101.9	103.90	2.0	2.0

Budget Changes for 2014 (\$000)

Revenue & Transfers - Changes

Rate Revenue \$5,607

The increase to the monthly user fee charged on the utility bill will generate about \$4,947 in additional rate revenue with the remaining coming from projected customer growth, \$660.

Program Revenue \$579

The increase is due to adjustments to the recording of late payment and parking lot revenue as well as an increase in interest revenue due to a higher forecasted cash balance in 2013 relative to 2012.

Drainage Services — Stormwater Utility

Budget Changes for 2014

(\$000)

Expenditures & Transfers - Changes

Personnel \$223

Personnel cost changes relate to new staffing requirements to manage the increased workload requirements resulting from the growth in drainage networks and systems such as flood prevention, the requirement to meet service level standards and environmental obligations, as well as movement within salary ranges and benefit changes.

Material, Goods & Supplies \$136

The increase is primarily due to materials and equipment required for pumpwell cleaning and machine maintenance in order to increase the reliability of the system, as well as the renewal of the Software Maintenance contract.

External Services \$304

The increase is primarily due to environmental requirements for storm facility studies as well as the reallocation of external service work from the Sanitary Utility to properly reflect the true portion of costs expected to be incurred.

Shared Services (\$40)

The decrease is primarily due to the streamlining of shared services allocations between the Sanitary and Stormwater Utilities as well as Drainage Design & Construction at the corporate level.

Fleet Services (\$49)

The reduction in Fleet Services is a result of Drainage Services now purchasing vehicles through the capital program instead of leasing through Fleet Services. As the vehicles leased through Fleet Services are replaced by purchased vehicles, fleet charges will continue to decline.

Other Intra-municipal Services \$44

The increase is primarily due to higher on-demand building maintenance costs and inflationary increases.

Interest and Depreciation \$1,721

The increase is partly due to increased interest expense of \$670 which is primarily a result of relatively higher financing required to fund the 2014 capital plan and \$1,051 in increased depreciation resulting from additional capital assets put into service.

Customer Billing \$53

The 2014 Budget reflects an increase based on proposed amounts from EPCOR for customer billing costs.

Utilities & Other Charges (\$3)

The decrease is primarily due to the refining of the internal allocation of costs to the Sanitary Utility to better reflect the true portion of these types of costs, offset with inflationary increases.

Intra-municipal Recoveries (\$135)

Capital recoveries have increased due to additional capital work planned in 2014.

Full-time Equivalents - Changes

The 2014 FTE change reflects new staffing requirements to manage the increased workload requirements resulting from the growth in drainage networks and staffing needed to support development growth coordination. This results in a total increase of 2.0 permanent FTE for the Stormwater Utility.

Drainage Services — Stormwater Utility

3-Year Capital Plan (2012-2014) and Forecast (2015-2021) (\$'000)

	Major Project Class	3 Year Capital Plan			Forecast							Total 2012-2021
		2012 ¹	2013 ²	2014	2015	2016	2017	2018	2019	2020	2021	
Renewal & Upgrading	Drainage Neighbourhood Renewal	18,942	16,175	38,795	46,603	41,292	32,790	40,307	46,594	52,007	53,679	387,185
	Drainage Neighbourhood Renewal Coordination ³	18,413	15,238	38,226	37,728	28,987	16,812	20,396	22,468	23,433	21,107	242,808
	Sewer Upgrading	265	397	285	5,917	6,152	6,391	6,637	6,893	7,143	7,403	47,483
	Service Connection Renewal	265	539	285	2,958	6,152	9,587	13,274	17,233	21,430	25,169	96,893
	Drainage System Rehabilitation	9,174	13,502	9,597	9,964	10,422	10,826	11,011	11,436	11,601	14,983	112,516
	Creek Erosion Protection	529	1,042	570	592	1,230	1,278	1,327	1,379	1,429	4,442	13,818
	Structures Rehabilitation	2,032	2,870	2,188	2,272	2,362	2,454	2,549	2,647	2,743	2,843	24,960
	Sewer Rehabilitation	6,613	9,589	6,839	7,100	6,829	7,094	7,135	7,410	7,429	7,699	73,738
	Drainage Facilities Upgrading	1,254	2,331	1,314	1,130	1,107	1,221	1,195	2,930	3,607	1,962	18,051
	Flood Prevention	5,014	5,683	11,582	3,920	7,278	3,544	5,678	8,799	6,109	1,190	58,798
Environmental	Neighbourhood Flood Prevention Projects	466	(1,071)	4,966	602	6,289	2,516	4,611	7,691	4,960	-	31,030
	Opportunistic Flood Prevention Project	-	904	5,699	2,367	-	-	-	-	-	-	8,970
	Overland Drainage	851	746	916	951	989	1,028	1,067	1,108	1,149	1,190	9,997
	Morris Pond	3,697	5,104	-	-	-	-	-	-	-	-	8,802
	Environmental Quality Enhancement	1,116	(1,680)	2,549	1,509	2,184	6,743	498	379	393	407	14,097
	Environmental Enhancement Projects	1,116	(1,994)	2,093	917	954	352	365	379	393	407	4,982
	Mill Creek End of Pipe Treatment Facility	-	385	456	592	1,230	6,391	133	-	-	-	9,187
	Mill Creek Storm Improvements	-	-	-	-	-	-	-	-	-	-	-
	Environmental Monitoring	-	-	-	-	-	-	-	-	-	-	-
	Combined Sewer Overflow Strategy	4,156	2,707	-	-	-	-	-	-	-	-	6,863
Growth	Mill Woods Double Barrel Replacement ³	7,772	13,871	2,508	-	-	-	-	-	-	-	24,151
	Drainage System Expansion ⁴	6,725	12,913	3,784	4,639	4,085	5,011	4,407	5,404	4,743	5,804	57,516
		54,153	65,503	70,129	67,765	66,369	60,134	63,095	75,543	78,461	78,025	679,176

Note 1: The 2012 approved capital plan includes approved 2011 carry-forward amounts of \$0.1M.

Note 2: The 2013 approved capital plan includes approved 2012 carry-forward amounts of \$23.6M

Note 3: The 2013 capital plan includes a budget adjustment of \$15.5M from Mature Neighbourhoods to the Millwoods Double Barrel Project (funding to be split equally between Sanitary and Stormwater). Please see Section 9.1 of the Rate Filing for further details.

Note 4: The 2013 capital plan includes an approved budget request listed in the 2012 Drainage Rate Filing amounting to \$9.5M for the Southeast Edmonton Storm Trunk 41 Avenue Interchange.

Drainage Services — Stormwater Utility

Pro-forma Income Statement (\$000)

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Revenues					
Rate Revenue	46,160	51,332	56,758	62,370	67,201
Program Revenue	665	676	688	700	713
Interest Income	880	921	951	1,047	690
Total Revenues	47,705	52,929	58,397	64,117	68,604
Expenses					
Operating & Maintenance	13,593	13,800	14,020	14,377	14,647
Interest	6,626	8,918	10,694	12,152	12,546
Depreciation	5,989	6,146	7,761	8,555	9,468
Shared Services	2,319	2,365	2,412	2,460	2,509
Customer Billing Service	1,082	1,131	1,153	1,176	1,200
Total Expenses	29,609	32,360	36,040	38,720	40,370
Net Income	18,096	20,569	22,357	25,397	28,234
Opening Retained Earnings	1,128,323	1,174,492	1,223,990	1,273,044	1,325,538
Net income (loss)	18,096	20,569	22,357	25,397	28,234
Net Change in Contributed Assets	28,073	28,929	26,697	27,097	25,968
Ending Retained Earnings	1,174,492	1,223,990	1,273,044	1,325,538	1,379,740

Drainage Services — Stormwater Utility

Pro-forma Balance Sheet (\$000)

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Financial Assets					
Cash	46,072	47,559	52,363	34,478	32,168
Other Current Assets	5,300	5,300	5,300	5,300	5,300
Total Assets	51,372	52,859	57,663	39,778	37,468
Liabilities					
Liabilities	18,235	18,235	18,235	18,235	18,235
Long-term Debt	203,804	241,677	278,007	280,628	298,615
Total Liabilities	222,039	259,912	296,242	298,863	316,850
Net Financial Assets (Net Debt)	(170,667)	(207,053)	(238,579)	(259,085)	(279,382)
Non-Financial Assets					
Contributed Tangible Capital Assets	1,059,093	1,088,021	1,114,718	1,141,815	1,167,783
Non-Contributed Tangible Capital Assets	283,066	343,022	396,905	442,808	491,339
Total Non-Financial Assets	1,342,159	1,431,043	1,511,623	1,584,623	1,659,122
Retained Earnings	1,171,492	1,223,990	1,273,044	1,325,538	1,379,740

Drainage Services — Stormwater Utility

Financial Indicators

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Typical Customer Rate Impacts					
Typical Residential Monthly Billing Increase	\$ 0.86	\$ 0.89	\$ 0.91	\$ 0.92	\$ 0.74
Impact of Customer Rate	10.3%	9.6%	9.0%	8.3%	6.2%
Typical Single Family Monthly Unit Rate	\$ 9.24	\$ 10.13	\$ 11.04	\$ 11.96	\$ 12.70
Financial Indicators (\$000)					
1 Rates Sufficient to Meet Expenses					
Net Income (loss)	\$ 18,096	\$ 20,569	\$ 22,357	\$ 25,397	\$ 28,234
Target	Positive Net Income				
2 Fair and Reasonable Return					
Return on Rate Base	7.0%	6.5%	6.0%	6.0%	6.0%
Target	Return to be between 4% and 10%				
3 Financing of Capital Investments					
Debt Coverage Ratio	2.4	2.2	2.1	2.2	2.2
Debt to Net Assets Ratio	70%	70%	70%	63%	61%
Target	Debt Coverage Ratio Not Less than 1.3 Debt to Net asset ratio at 60%				
4 Cash Balance					
Uncommitted Cash Balance	\$ 46,072	\$ 47,559	\$ 52,363	\$ 34,478	\$ 32,168
Next Year's Capital Financed by RE	\$ 17,776	\$ 16,725	\$ 42,995	\$ 30,214	\$ 28,960
Target	Sufficient cash for planned capital investment to be financed by Retained Earnings				
5 Long Range Plans					
Pro-forma Information	10 Years	10 Years	10 Years	10 Years	10 Years
Target	10 year financial planning horizon				

The longer term forecasts for the Stormwater Utility indicate a financially healthy position towards the end of the forecast. Focus should be placed specifically on the 2014 forecast for the purpose of this budget submission. By second quarter 2014, the capital plan for the Stormwater Utility needs to be re-visited, and direction provided regarding increased Flood Prevention capital expenditure. This will then form part of future planning for the Stormwater Utility, and will also become part of the 2015-2018 Drainage Service Business Plan. Changes will be reflected in the 2015 Drainage Services Rate Filing and Budget submission.

Drainage Services — Sanitary & Stormwater Utility

Approved Bylaws

Bylaw #	Description
Bylaw 16200	Drainage Bylaw 16610 (Amendment #1) - To set sanitary sewer and stormwater drainage rates to provide for the operation of the Drainage utility in accordance with the Utility Fiscal Policy and to set sanitary sewer trunk charge rates that allow for the connection of a private drainage system to a sewer service that connects or will be connected to a sanitary or combined sewer.

Drainage Services — Sanitary & Stormwater Utility

Approved 2014 Budget — User Fee Information

	2013 Fee	2014 Fee	\$ Increase	% Increase
Drainage Bylaw - Bylaw 16610				
Collection & Transmission - Fixed Rate				
16 mm	\$8.15	\$8.53	\$0.38	4.6%
20 mm	\$14.67	\$15.35	\$0.68	4.6%
25 mm	\$22.82	\$23.88	\$1.06	4.6%
40 mm	\$44.01	\$46.05	\$2.04	4.6%
50 mm	\$60.31	\$63.10	\$2.79	4.6%
75 mm	\$124.70	\$130.47	\$5.77	4.6%
100mm	\$232.28	\$243.02	\$10.74	4.6%
150mm	\$439.29	\$459.61	\$20.32	4.6%
200mm	\$700.91	\$733.34	\$32.43	4.6%
250mm	\$1,739.24	\$1,819.70	\$80.46	4.6%
300mm	\$1,739.24	\$1,819.70	\$80.46	4.6%
400mm	\$1,967.45	\$2,058.90	\$91.45	4.6%
500mm	\$2,119.04	\$2,217.54	\$98.50	4.6%
Collection & Transmission - Variable Rate				
Uniform	\$0.7899	\$0.8608	\$0.07	9.0%
Large Wholesale with Collection System	\$0.4433	\$0.4815	\$0.04	8.6%
Other				
Stormwater Drainage (per month per m ²)	\$0.028307	\$0.033015	\$0.004708	16.6%
Service calls for investigating and releasing of plugged sewer	\$289.63	\$295.50	\$5.87	2.0%
Hauled Wastewater				
per axle	\$16.50	\$17.00	\$0.50	3.0%
With Settleable solids > 100ml/L	Double	Double		
Application Fees				
Permit to Release	\$333.00	\$344.00	\$11.00	3.3%
Compliance Approval	\$333.00	\$344.00	\$11.00	3.3%
Records Search	\$103.00	\$107.00	\$4.00	3.9%
Application for Sewer Metering	\$250.00	\$300.00	\$50.00	20.0%
Application for Contributive Sewer Utility	\$250.00	\$300.00	\$50.00	20.0%
Application for Reduction in LDU Intensity Factor	\$250.00	\$300.00	\$50.00	20.0%
Lot Grading Inspection Fees				
Single detached	\$130.00	\$135.00	\$5.00	3.8%
Semi-detached	\$130/u	\$135/u	\$5.00	3.8%
Multiple family	\$220+\$55/u	\$220+\$55/u	\$0.00	0.0%
Any other premises type	\$220/ha	\$220/ha	\$0.00	0.0%
Sanitary Sewer Trunk Charge				
Residential - 1-2 Dwellings	\$1,257.00	\$1,257.00	\$0.00	0.0%
Residential - Secondary/garage/garden Suites	\$556.00	\$556.00	\$0.00	0.0%
Residential - 3 or more Dwellings	\$898.00	\$898.00	\$0.00	0.0%
Commercial	\$6,287.00	\$6,287.00	\$0.00	0.0%
Industrial	\$6,287.00	\$6,287.00	\$0.00	0.0%
Institutional	\$6,287.00	\$6,287.00	\$0.00	0.0%

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Branch — Waste Management Utility

Introduction

Edmonton's Waste Management Utility is recognized nationally and internationally as a leader in sustainable solid waste management. The focus of the Utility is to provide responsive waste management services to all customer groups through the delivery of an integrated waste management system. Within this system, the Utility manages:

- Collection of refuse and recyclables for approximately 341,000 single and multifamily homes;
- Assisted collection for 275 residents with mobility limitations;
- Services to the non-residential sector to promote waste reduction and recycling;
- Drop off services through three Eco Stations (a fourth is soon to be under construction at Kennedale);
- Twenty community recycling depots;
- Twelve annual community Big Bin events for receiving large, bulky items;
- Reuse Centre for small items not acceptable in recycling programs;
- Reuse Area at Ambleside Eco Station and a planned second reuse area at the new Kennedale Eco Station to encourage the reuse of large items such as furniture, sporting goods, etc;
- Waste disposal services at the Edmonton Waste Management Centre (EWMC);
- The EWMC, home to twelve specialized waste recycling and processing facilities including the world's first Biofuels Facility commissioned in late 2013;
- An applied Research and Development program based at the EWMC;
- Hauling and landfilling of waste that cannot be recycled or composted; and
- Litter collection in business districts and adjacent areas servicing 1,550 litter receptacles on behalf of Capital City Clean Up.

The integrated waste management system is currently capable of diverting up to 60% of the residential waste stream from landfill and targets diversion of up to 90% in 2016 with full availability of the Edmonton Biofuels Facility.

Vision: A customer-driven world leader in sustainable and innovative solid waste management.

Mission: Provide waste management services for the City of Edmonton with due regard to needs of customers, preservation of natural resources, protection of the environment and financial capabilities of the City.

Highlights for 2014 include:

- First full year of weekly year-round collection of Single Family waste and recyclables;
- Construction of the Kennedale Eco Station to serve residents in North Edmonton;
- Public education campaign to provide information on options for high volume generators of waste; and
- First year of fuel production at the Edmonton Biofuels Facility through conversion of residual waste material.

Challenges the Utility will face in 2014 include:

- Volatility of expenses and revenues due to external market forces such as economy-driven escalation in costs of contracted services and materials and competition for waste disposal services.
- Difficult to project impacts on cost and revenues of traffic delays related to the ongoing construction of Anthony Henday Drive in the area of the EWMC access routes.

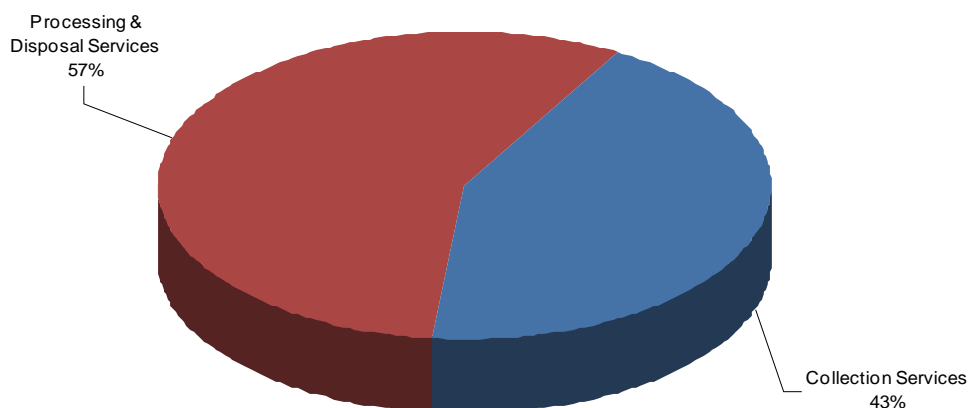
The Utility delivers waste management services to the residential and non-residential sectors under two main areas of operation: Collection Services, and Processing and Disposal Services.

Branch — Waste Management Utility

Approved 2014 Budget – Summary by Program Area (\$000)

	2012 Actual	2013 Budget	2014 Budget	\$ Change '13-'14	% Change '13-'14
Revenue					
Rate Revenue	\$ 113,324	\$ 121,938	\$ 131,345	\$ 9,407	7.7
Operations Revenue	21,694	24,393	26,468	2,075	8.5
Biofuels Grant	3,700	6,000	-	(6,000)	(100.0)
Total Revenue	<u>138,718</u>	<u>152,331</u>	<u>157,813</u>	<u>5,482</u>	3.6
Expenditure					
Collection Services	55,002	61,993	67,996	6,003	9.7
Processing & Disposal Services	83,785	84,338	89,328	4,990	5.9
Biofuels Grant	3,700	6,000	-	(6,000)	(100.0)
Total Expenditure	<u>142,487</u>	<u>152,331</u>	<u>157,324</u>	<u>4,993</u>	3.3
Net Income (Loss)	\$ (3,769)	\$ -	\$ 489	\$ 489	

Expenditures by Program Area



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Branch — Waste Management Utility

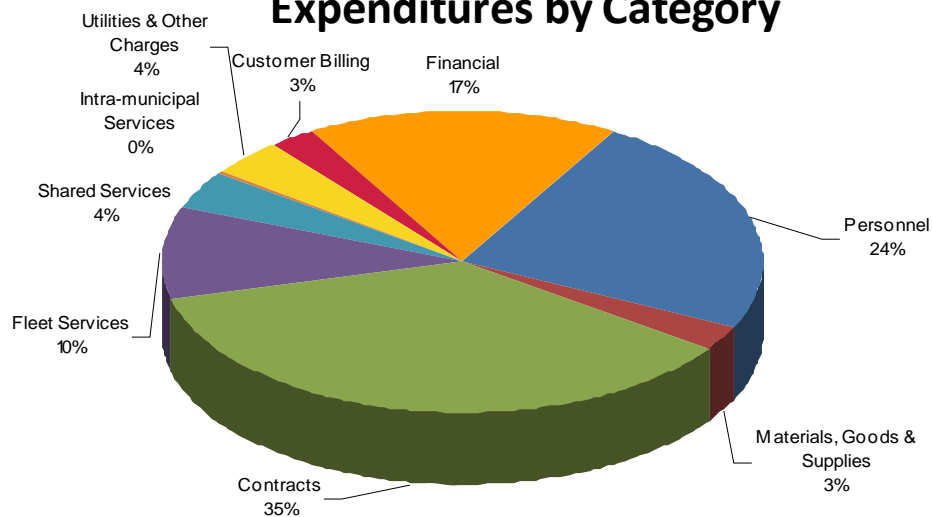
Approved 2014 Budget – Branch Summary (\$000)

	2012 Actual	2013 Budget	2014 Budget	\$ Change '13-'14	% Change '13-'14
Revenue					
Rate Revenue	\$ 113,324	\$ 121,938	\$ 131,345	\$ 9,407	7.7
Operations Revenue	21,694	24,393	26,468	2,075	8.5
Biofuels Grant	<u>3,700</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>	(100.0)
Total Revenue	<u>138,718</u>	<u>152,331</u>	<u>157,813</u>	<u>5,482</u>	3.6
Expenditure					
Personnel	33,292	36,602	40,298	3,697	10.1
Materials, Goods & Supplies	3,189	4,253	4,265	12	0.3
Contracts	54,613	54,327	61,393	7,066	13.0
Fleet Services	13,520	15,891	16,510	619	3.9
Shared Services	5,795	6,472	7,401	929	14.3
Intra-Municipal Services	681	920	277	(643)	(69.9)
Utilities	3,346	4,366	4,920	554	12.7
Other Expenses	1,736	1,594	1,557	(36)	(2.3)
Customer Billing Services	4,569	4,482	4,596	114	2.5
Financial	26,223	28,418	28,105	(313)	(1.1)
Biofuels Grant	<u>3,700</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>	(100.0)
Subtotal	150,664	163,324	169,323	5,999	3.7
Biosolids Processing Recovery	(6,269)	(8,623)	(9,950)	(1,327)	15.4
Litter Collection Recovery	(1,908)	(1,940)	(1,965)	(25)	1.3
City Dept Disposal Recovery	<u>-</u>	<u>(430)</u>	<u>(84)</u>	<u>346</u>	(80.5)
Total Intra-Municipal Recoveries	<u>(8,177)</u>	<u>(10,993)</u>	<u>(11,999)</u>	<u>(1,006)</u>	9.1
Total Expenditure	<u>142,487</u>	<u>152,331</u>	<u>157,324</u>	<u>4,993</u>	3.3
Net Income (Loss)	\$ (3,769)	\$ -	\$ 489	\$ 489	

Full-time Equivalents

448.0 465.8 476.7 10.9

Expenditures by Category



Branch — Waste Management Utility

Budget Changes for 2014 (\$000)

Revenue - Changes

Rate Revenue \$9,407

The proposed increase to the monthly user fee charged on the utility bill will generate \$6,959 in additional rate revenue, with the remaining \$2,448 coming from an increased number of customers. Customer growth is based on the corporate population growth projection and analysis of the monthly billing records.

Operations Revenue \$2,075

An increase of \$1,487 is attributed to customer growth in Commercial Collection. Additional Materials Recovery Facility (MRF) revenue expected from contract re-tendering and improving markets \$714, increased revenues from sale of Greenhouse Gas (GHG) credits \$450, offset by decreases in revenue from lower tonnages handled at the Construction & Demolition facility (\$493). Other changes of (\$83).

Grants \$(6,000)

The Waste Management Utility acts as the intermediary for the flow of grant support from the Province for the Edmonton Biofuels Facility and Advanced Energy Research Facility. The City of Edmonton acts as a manager of the grant, distributing the funding upon Enerkem's achievement of various milestones. It is expected that all grants received for this project will have been disbursed by the end of 2013.

Expenditure - Changes

Personnel \$3,697

Movement toward job rate and changes in benefits \$2,633. An increase of 4.0 FTE's at the Edmonton Waste Management Centre (EWMC) will support the operation of the new Refuse Derived Fuel (RDF) Facility, project management for construction of the Anaerobic Digestion Facility and the addition of an on-site electrician to support all facilities and equipment \$370. 5.4 FTE's for commercial and residential collection \$394. Personnel costs associated with Waste RE-solutions with an offsetting recovery of 85% of the total \$257. 1.5 FTE's for summer student positions to implement social marketing programs \$43.

Material, Goods & Supplies \$12

The 2014 increase relates to direct material requirements within Collections required prior to the 2015 opening of the Kennedale Eco Station and to maintain Recycle Depot assets.

Contracts \$7,066

Increase in organics operation based on bio-solids volumes to be processed, as well as maintenance requirements in line with prior years' experience \$2,814, full year operation of the Biofuels Facility \$2,250, increased Nutri-Gold program costs associated with increased volumes \$807, maintenance of new RDF equipment at the Integrated Processing and Transfer Facility (IPTF) \$354, increased contracted labour costs (Quality One) at the Construction and Demolition Facility \$322 and decreased operations of the Materials Recovery Facility reflects contract re-structuring on upcoming tenders (\$1,572). Collection contract cost increases are due to Single Family and Multi Family collection contracts of \$1,838. The increase reflects a CPI adjustment, residential growth, projected refuse and recycling volume increase and annualization of 2013 Single Family contracts. Contract cost of \$150 required to renovate a new leased Reuse Centre location. Net other changes \$103.

Branch — Waste Management Utility

Budget Changes for 2014 (\$000)

Expenditure - Changes

Fleet Services \$619

There is a decrease of (\$333) for fixed capital replacement expenditures due to vehicle transfer, an increase of \$92 for direct charges and repairs and an increase of \$630 for variable Fleet expenditures. An increase of \$230 is attributed to a fuel cost increase.

Shared Services \$929

The allocation of Shared Services costs to the Waste Management Utility are now at full allocation for the majority of the service providers \$719. Charges for custodial services have been adjusted in 2014 and an increase in information technology direct staff support and higher enterprise-wide solution costs account for the remainder \$210.

Intra-municipal Services \$(643)

The decrease reflects a change in cost allocation whereby engineering and technical personnel working on capital projects will now allocate their time to the capital program.

Utilities & Other Expenses \$518

The increase reflects corporate cost increase guidelines as well as the startup of the Refuse Derived Fuel (RDF) component of the Integrated Processing and Transfer Facility (IPTF), additional smaller facilities and the Kennedale Facility of \$512. This is partially reduced by the recovery of 85% of the total from Waste RE-solutions (\$217). Other changes of \$223.

Customer Billing Services \$114

The Waste Management Utility contracts with EPCOR to provide customer billing and collection services. The current agreement concludes in 2013. The 2014 Proposed Budget reflects the existing 2013 contracted billing costs, pending resolution of a Service Level Agreement for 2014, as well as estimates of customer growth. Allowance for bad debt has been included at 0.35% of monthly billed revenue.

Financial \$(313)

The reduction reflects lower debenture interest (\$159) and lower amortization expense (\$154) based on a revised estimate of borrowing and capital projects going into service.

Biofuels Grant \$(6,000)

The Waste Management Utility acts as the intermediary for the flow of grant support from the Province for the Edmonton Biofuels Facility and Advanced Energy Research Facility. The City of Edmonton acts as a manager of the grant, distributing the funding upon Enkema's achievement of various milestones. It is expected that all grants received for this project will have been disbursed by the end of 2013.

Biosolids Processing Recovery \$(1,327)

The Waste Management Utility processes and recycles biosolids (residuals from the wastewater treatment process) for Drainage Services. The proposed 2014 budget reflects the third year of a three-year period for recovery of the full costs of bio-solids processing from Drainage Services. An increase in the volume of bio-solids processed is also reflected.

Branch — Waste Management Utility

Budget Changes for 2014 (\$000)

Expenditure - Changes

Litter Collection Recovery \$(25)

The Waste Management Utility provides litter collection in business districts and adjacent areas servicing on behalf of Capital City Clean Up. A small adjustment is made to reflect anticipated costs based on 2013 experience.

City Dept Disposal Recovery \$346

The Waste Management Utility disposes of material from other City departments. The significant change from 2013 is due to site limitations of the utility to accept the residue from the Transportation Department's sand-washing activity at the EWMC.

Full-time Equivalents - Changes

The 2014 Approved Budget includes an increase of 10.9 FTE's for direct service delivery to customers, bringing the Utility's staff complement to 476.7 FTE's.

3.2 FTE's are required for commercial collection to service existing and new customers. 2.2 FTE's are required for projected residential growth. This equates to 5 permanent positions and 2 temporary positions.

The operation of the new Refuse Derived Fuel Facility, project management for construction of the Anaerobic Digestion Facility and the addition of an on-site electrician to support all facilities and equipment at the EWMC results in an increase of 4.0 FTE's in the Processing & Disposal section. This equates to 4 permanent positions.

1.5 temporary Outreach Program Specialist FTE summer student positions will be used to implement social marketing programs in the community. This equates to 6 temporary positions.

Branch — Waste Management Utility

Approved 2014 Budget – Program Summary (\$000)

Program Name - Collection Services

Link to 10-Year Strategic Goals



Results to be Achieved

The Collection Services Section responds to the current and changing needs of customers through efficient and effective collection and drop-off services.

Cost Drivers

Increased contract costs.

Service Standards

The Waste Management Utility provides waste and recycling collection to residential and non-residential customers and operates convenient drop off facilities such as Eco Stations, Community Recycling Depots and Big Bin Events.

Resources (\$000)	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 55,002	\$ 57,657	\$ 61,993	\$ 67,996
Expenditure & Transfers	56,910	59,565	63,933	69,961
Subtotal	1,908	1,908	1,940	1,965
Intra-municipal Recoveries	(1,908)	(1,908)	(1,940)	(1,965)
Net Income (Loss)	\$ -	\$ -	\$ -	\$ -
Management		2.0	2.0	1.0
Professional/Technical/Union Exempt		11.8	11.8	12.1
Union		211.2	218.6	222.4
Temporary		35.0	35.2	36.2
Full - Time Equivalents		260.0	267.6	271.7

2013 Services

- Weekly collection of residential refuse and recyclables for approximately 341,000 single and multi-family homes.
- Operation of three conveniently located Eco Stations including a reuse area at Ambleside Eco Station and twenty community recycling depots.
- Non-residential service to more than 850 accounts.
- Twelve Big Bin Events annually to collect large, bulky items are held throughout the City.
- Nine hybrid Single Family collection vehicles are introduced.

Changes in Services for 2014

- Construction of a fourth Eco Station will continue throughout 2014.
- Projected increase in non-residential customer accounts of 200 to 250.

Branch — Waste Management Utility

Approved 2014 Budget – Program Summary (\$000)

Program Name - Processing & Disposal Services

Link to 10-Year Strategic Goals



Results to be Achieved

The Processing and Disposal Section processes residential and non-residential waste streams to recover resources and minimize landfilling.

Cost Drivers

Continue commissioning of the Edmonton Biofuels Facility production.

Aging infrastructure of the organics program.

External influences/markets on tip fee revenue.

Anticipated lower net expense with new contract for operation of recycling facility.

Service Standards

The Utility provides effective processing and disposal services to manage the residential waste and recyclables delivered by the Utility's Collections programs as well as materials delivered by citizens and commercial customers. Service is maintained seven days a week and the utility recovers materials at the Edmonton Waste Management Centre to enable the Utility to achieve current annual targets of diverting 60% of residential waste and almost 100,000 tonnes of commercial waste from landfill.

Resources (\$000)	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 83,716	\$ 85,332	\$ 90,338	\$ 89,817
Expenditure & Transfers	93,754	92,481	99,391	99,362
Subtotal	10,038	7,149	9,053	9,545
Intra-municipal Recoveries	(6,269)	(7,149)	(9,053)	(10,034)
Net Income (Loss)	\$ (3,769)	\$ -	\$ -	\$ 489
Management		2.0	2.0	2.0
Professional/Technical/Union Exempt		20.2	21.2	22.9
Union		152.7	157.8	161.9
Temporary		13.1	17.2	18.2
Full - Time Equivalents		188.0	198.2	205.0

2013 Services

- 46,000 projected tonnes of residential recyclable material processed at the Materials Recovery Facility.
- 245,000 projected customer transactions at the Edmonton Waste Management Centre.
- Approximately 13,700 loads of waste material hauled to the contracted landfill in Rley.
- 250,000 projected tonnes of material processed at the Integrated Processing and Composting Facilities.
- 108,000 projected tonnes of material processed at the Construction and Demolition Recycling Facility.

Changes in Services for 2014

- No changes.

Branch — Waste Management Utility

Approved 2012-2014 Capital Budget and Forecast Plan (\$000)

Capital Projects	Total Approved 2012-2014	Approved Capital Budget Adjustments			Approved Capital Budget			Remaining Plan 2015-2023	Revised Budget & Plan 2012-2023
		2013	2014	Total Requested 2013-2014	Adjusted 2013	Adjusted 2014	Total Adjusted 2013-2014		
Collection Services Facilities									
Ambleside Eco Station	536	-	-	-	89	-	89	-	536
NE Eco Station	13,126	-	-	-	12,856	-	12,856	-	13,126
Kennedale Facility	8,455	-	-	-	1,352	-	1,352	5,200	13,655
NW Eco Station	-	-	-	-	-	-	-	16,450	16,450
	22,117	-	-	-	14,297	-	14,297	21,650	43,767
Processing & Disposal Facilities									
Integrated Processing & Transfer Facility	6,374	-	-	-	1,565	-	1,565	-	6,374
Other P&D Facilities	540	-	-	-	180	-	180	-	540
Equipment Maintenance & Storage Facility Expansion	-	-	1,500	1,500	-	1,500	1,500	-	1,500
Anaerobic Digestion Facility	10,628	-	-	-	1,000	9,628	10,628	20,200	30,828
Dewatering Facility Acquisition	-	-	-	-	-	-	-	9,000	9,000
Waste to Biodiesel	5,708	-	-	-	4,242	1,466	5,708	-	5,708
	23,250	-	1,500	1,500	6,987	12,594	19,581	29,200	53,950
Collection Services and Processing & Disposal Infrastructure									
Eco Station Facilities Rehabilitation	2,300	-	-	-	2,300	-	2,300	2,725	5,025
Other Infrastructure Projects	694	-	-	-	-	-	-	-	694
MRF Facility Renewal	2,680	(930)	(780)	(1,710)	70	900	970	4,310	5,280
IPTF Expansion	2,770	-	(2,770)	(2,770)	-	-	-	22,270	22,270
EWMC Facility Upgrades	15,366	-	(2,685)	(2,685)	3,280	4,615	7,895	27,517	40,198
Construction / Demolition Facility Expansion	-	-	-	-	-	-	-	2,188	2,188
Cure Site Land Purchase	-	-	-	-	-	-	-	9,000	9,000
EWMC Site Sustaining Projects	14,249	(580)	(1,051)	(1,631)	3,211	2,859	6,070	25,348	37,966
	38,059	(1,510)	(7,286)	(8,796)	8,861	8,374	17,235	93,358	122,621
Vehicles and Equipment									
Waste Containers	7,128	(1,261)	(1,028)	(2,289)	2,198	1,500	3,698	19,250	24,089
Equipment and Vehicles	19,113	(6,102)	(1,129)	(7,231)	3,730	3,645	7,375	73,504	85,386
	26,241	(7,363)	(2,157)	(9,520)	5,928	5,145	11,073	92,754	109,475
Total	109,667	(8,873)	(7,943)	(16,816)	36,073	26,113	62,186	236,962	329,813

This table provides the capital expenditures included in the 10 year plan. The approved capital projects are progressing as planned with adjustments requested in 2013 and 2014. The approved Capital Budget Adjustment in Vehicles and Equipment reflects an item approved in the Supplemental Capital Budget Adjustment by Council. It reduces financing for replacement Waste vehicles that will be funded and replaced by Fleet Services and then transferred to Waste Management. Other capital budget adjustments for 2013 and 2014 include an increase of \$1.5 million for expansion of the equipment maintenance repair facility at the EWMC, budget reductions reflect deferral of projects to the 2015-2018 period as a strategy to reduce debenture financing requirements for the next 3 years, and a reduction in the capital budget for waste containers (refuse and recycling bins and litter containers) to reflect the expected number of containers the vendor will provide over the next 2 years.

Branch — Waste Management Utility

Pro-Forma Income Statement (\$000)

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Revenues					
Rate Revenue	131,345	141,740	151,494	161,952	169,811
Operations Revenue	26,468	27,018	29,789	30,609	31,161
Total Revenues	157,813	168,758	181,283	192,561	200,971
Expenses					
Operating & Maintenance	129,221	136,174	141,926	146,702	151,487
Shared Services	7,401	8,141	8,955	9,134	9,317
Customer Billing Service	4,596	4,795	4,996	5,205	5,409
Depreciation	17,761	20,268	22,058	22,835	22,634
Interest	10,344	10,769	10,806	10,735	11,071
	169,323	180,147	188,741	194,611	199,917
Biosolids Processing Recovery	(9,950)	(11,240)	(11,760)	(11,995)	(12,235)
Litter Collection Recovery	(1,965)	(2,005)	(2,337)	(2,384)	(2,432)
City Dept Disposal Recovery	(84)	(85)	(87)	(89)	(91)
Net Expenses	157,324	166,817	174,557	180,143	185,160
Net Income	489	1,941	6,726	12,419	15,811
Opening Retained Earnings	41,817	54,160	64,413	73,837	86,917
Net income	489	1,941	6,726	12,419	15,811
Amortization of contributed capital	(638)	(1,027)	(1,297)	(1,297)	(1,297)
Government transfers for capital/partnerships	11,089	5,100			
Vehicle equity transfer	1,403	4,238	3,995	1,958	337
Ending Retained Earnings	54,160	64,413	73,837	86,917	101,769
<i>Rate Increase</i>	5.6%	6.0%	5.0%	5.0%	3.0%
<i>Monthly Billing Increase</i>	\$1.98	\$2.24	\$1.98	\$2.08	\$1.31
<i>Single Family Monthly Unit Rate</i>	\$37.34	\$39.58	\$41.56	\$43.64	\$44.95

Branch — Waste Management Utility

Pro-Forma Balance Sheet (\$000)

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Assets					
Cash	12,423	13,461	18,787	25,185	26,182
Other Current Assets	16,876	16,876	16,876	16,876	16,876
Total Assets	29,299	30,337	35,663	42,061	43,058
Liabilities					
Liabilities	25,783	25,783	25,783	25,783	25,783
Landfill closure and post-closure	15,895	15,307	14,708	14,096	13,473
Long-term Debt	232,695	245,921	238,983	243,389	247,933
Total Liabilities	274,373	287,011	279,474	283,268	287,189
Net Financial Assets (Net Debt)	(245,074)	(256,674)	(243,811)	(241,207)	(244,132)
Non-Financial Assets					
Contributed Tangible Capital Assets	14,224	24,197	22,901	21,604	20,308
Non-Contributed Tangible Capital Assets	284,909	296,790	294,647	306,420	325,493
Other Assets	100	100	100	100	100
Total Non-Financial Assets	299,234	321,087	317,648	328,124	345,901
Retained Earnings	54,160	64,413	73,837	86,917	101,769

Branch — Waste Management Utility

Financial Indicators

(\$000)

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
1 Rates Sufficient to Meet Expenses					
Net Income	\$ 489	\$ 1,941	\$ 6,726	\$ 12,419	\$ 15,811
<i>Target: Positive Net Income</i>					
2 Fair and Reasonable Return					
Return on Rate Base	0.2%	0.6%	2.1%	3.9%	4.7%
<i>Target: Return to be between 4% and 10%</i>					
<i>Monthly Billing Increase</i>	\$ 1.98	\$ 2.24	\$ 1.98	\$ 2.08	\$ 1.31
<i>Impact of Customer Rate</i>	5.6%	6.0%	5.0%	5.0%	3.0%
3 Financing of Capital Investments					
Debt Coverage Ratio	1.1	1.2	1.3	1.5	1.6
Debt to Net Assets Ratio	82%	83%	81%	79%	76%
<i>Target: Debt Coverage Ratio Not Less than 1.3 // Debt to Net asset ratio at 60%</i>					
4 Cash Balance					
Total Cash	\$ 12,423	\$ 13,461	\$ 18,787	\$ 25,185	\$ 26,182
Cash on hand	199	199	199	199	199
Landfill Closure	15,895	15,307	14,708	14,096	13,473
Cash Available to Finance Future Capital	\$ (3,671)	\$ (2,046)	\$ 3,880	\$ 10,889	\$ 12,510
Next Year's Capital Financed by RE	\$ 3,879	\$ 3,721	\$ 7,984	\$ 16,125	\$ 15,990
<i>Target: Sufficient cash for planned capital investment to be financed by Retained Earnings (RE)</i>					
5 Long Range Plans					
Pro-forma Information	10 Years	10 Years	10 Years	10 Years	10 Years
<i>Target: 10 year financial planning horizon</i>					

Branch — Waste Management Utility

Approved 2014 Budget - User Fee Information

Facility User Fees (Non-Regulated Rates)

Fee Description	Approved Change (2013 to 2014)	Explanation
Fees charged for waste disposal at the Edmonton Waste Management Centre	<ul style="list-style-type: none"> Commercial waste fee increase from \$80.00 to \$85.00 per tonne Construction & Demolition waste fee increase from \$60.00 to \$65.00 per tonne 	Increase in facility user fees for the Edmonton Waste Management Centre reflects the transition to higher cost processing systems to replace landfill capacity in Edmonton.

Utility Fees (Regulated Rates)

Driver for Change in Regulated Rate		Approved Change (2013 to 2014)	Approved Percentage Change (2013 to 2014)
Change in Single Family Monthly Utility Fees			
Operations and Maintenance	\$1.97	Increase in single family monthly utility fee \$1.98 (from \$35.36 in 2013 to \$37.34 in 2014) Increase in multi-family monthly utility fee \$1.29 (from \$22.98 in 2013 to \$24.27 in 2014)	Change in the monthly utility fee 5.6%
Depreciation and Interest	\$(0.07)		
Return on Rate Base	\$0.08		
Total Change	\$1.98		

Bylaw Requiring Approval

Bylaw #	Description
Waste Management Bylaw #16641	To amend current Bylaw #13777 for facility fees and monthly utility rate.

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