

Branch — Drainage Design and Construction

Introduction

The City of Edmonton Drainage Design and Construction is recognized for its expertise in construction, delivery of drainage and wastewater collection services, and for its open cut and trenchless construction methods.

Drainage Design and Construction provides underground infrastructure construction in Edmonton, and acts as primary or sub-contractor to local construction firms and private developers. It has the skills, experience, equipment and capacity to provide broader services within the City as well as to external organizations.

Drainage Design and Construction's competitive advantage comes from its 100 years of tunnelling experience and its continuous incorporation of new trenchless technologies that improve project time and cost efficiency. The operation acts as primary or sub-contractor providing underground sewer infrastructure design and construction services to construction firms and private developers by leveraging its reputation as a supplier of well designed, well managed, and well-constructed tunnelling projects.

Design services include:

- Expansion projects to install new infrastructure such as tunnels, pipes, manholes and wetlands
- Flood Prevention Program projects
- Neighbourhood Renewal projects in coordination with Transportation and other major utilities
- Structure design projects such as pump stations, drill drop manholes, and trunk sewers

Construction services include:

- Open Cut/Small Diameter Trenchless construction involves sensitive trenching work in developed urban areas where significant probability of conflict with other existing utilities exists. Also small diameter trenchless work using various emerging technologies including pilot tube micro tunneling, pipe bursting, and pipe ramming.
- Tunneling utilizes a fleet of Tunnel Boring Machines and traditional hand tunneling methods to work on storm and sanitary sewer projects.

Vision: *To become Western Canada's recognized leader in underground infrastructure design and construction.*

Mission: *To help build great communities by providing safe, sustainable underground infrastructure.*

Highlights for 2013 include:

- Drainage Design and Construction will continue to pursue growth opportunities to develop external business beyond the City of Edmonton. Specific targets include opportunities in partnership with other contractors to obtain tunneling and trenchless construction work on the open market.
- Transformation of the construction culture within Drainage Design & Construction to achieve a business development approach towards all construction projects. Missed opportunities from previous years have highlighted alterations needed in the approach to achieve long term business success.
- Increase construction capacity to achieve construction schedule to meet the needs of Drainage Services.

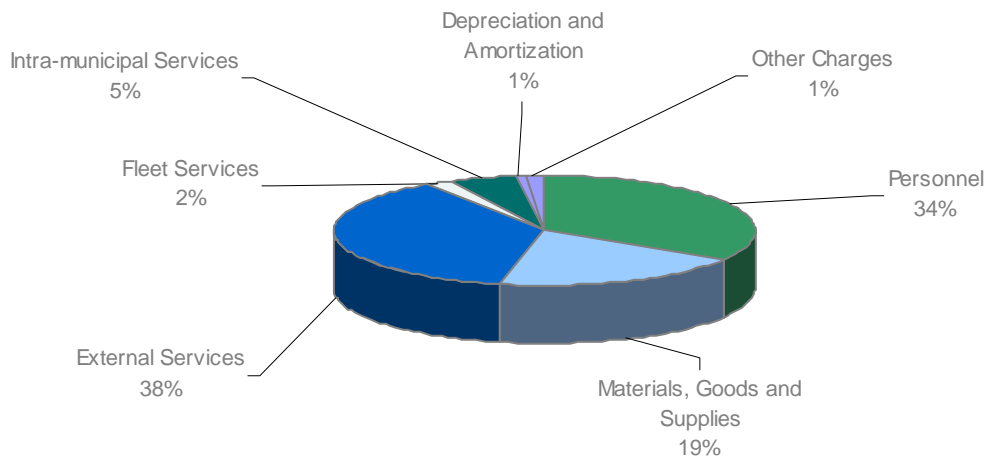


Branch — Drainage Design and Construction

Approved 2013 Budget – Branch Summary (\$000)

	2011 Actual	2012 Budget	2013 Budget	\$ Change '12-'13	% Change '12-'13
Revenues					
Total Revenues	\$ 116,022	\$ 110,659	\$ 113,804	\$ 3,145	2.8
Expenditures					
Personnel	29,649	36,772	38,139	1,367	3.7
Materials, Goods and Supplies	19,047	20,980	21,816	836	4.0
External Services	49,560	37,967	41,625	3,658	9.6
Fleet Services	2,226	2,196	2,482	286	13.0
Intra-municipal Services	5,155	5,114	5,601	487	9.5
Depreciation and Amortization	1,628	1,000	1,027	27	2.7
Other Charges	1,427	1,071	1,456	385	35.9
Total Expenditures	108,692	105,100	112,146	7,046	6.7
Net Income Before Other	\$ 7,330	\$ 5,559	\$ 1,658	\$ (3,901)	(70.2)
Other					
Provision for Capital Reserve	3,840	3,840	992	(2,848)	(74.2)
Total Other	3,840	3,840	992	(2,848)	(74.2)
Net Income before Dividends and Transfers	\$ 3,490	\$ 1,719	\$ 666	\$ (1,053)	(61.3)
Dividends and Transfers					
Transfer to the Sanitary Utility	1,250	-	-	-	
Dividend to the City of Edmonton	-	430	167	(263)	(61.2)
Total Other	1,250	430	167	(263)	(61.2)
Net Income	\$ 2,240	\$ 1,289	\$ 499	\$ (790)	(61.3)
Full-time Equivalents	360.0	365.0	365.0	-	

Expenditures by Type



Branch — Drainage Design and Construction

Budget Changes for 2013 (\$000)

Revenue & Transfers - Changes

Revenues \$3,145

The increase reflects overall higher project volume and is primarily related to an increase in the internal Drainage Services capital plan in 2013 relative to 2012. No profit is earned on internal Drainage Services capital work. The difference relative to 2011 Actual is due to a reduction in key projects for other City of Edmonton and external work.

Expenditures & Transfers - Changes

Personnel \$1,367

Movement within the salary ranges, changes in benefits, and the settlement of union contracts for \$1,367.

Material, Goods and Supplies \$836

The increase reflects higher project volume.

External Services \$3,658

The increase reflects higher project volume.

Fleet Services \$286

An increase of \$310 in Fleet Services is attributed to fuel cost increase. A net decrease of (\$24) in Fleet Services is attributed to rate increase and changes in volume due to Design & Construction 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 Services charges will continue to decline.

Intra-municipal Services \$487

The increase reflects higher project volume.

Depreciation and Amortization \$27

The increase reflects an increase in equipment usage based on an increase in project volume.

Other Charges \$385

The increase reflects higher project volume.

Provision for Capital Reserve (\$2,848)

The decrease reflects a reduction in the equipment reserve requirements for 2013. The reserve is funded to meet Design & Construction equipment replacement needs.

Transfer to Sanitary Utility \$0

The decrease is due to 2011 being the final year in which Council directed the transfer of net income to offset Sanitary Drainage's revenue requirements.

Dividend to City of Edmonton (\$263)

The 2013 budget includes a 25% dividend payment based upon budgeted 2013 net income before dividends. The actual dividend is proposed to be calculated using actual net income.

Full-time Equivalents - Changes

No additional FTE's requested in the 2013 budget. Labour requirements are a product of project volume which can fluctuate depending on the timing of project work and tenders that are awarded. As such, the use of temporary FTE's will be used to manage the workload as necessary.

Branch — Drainage Design and Construction

Approved 2013 Budget – Program Summary (\$000)

Drainage Design and Construction

Results to be Achieved

The primary responsibility of Drainage Design & Construction is to design and construct wastewater and storm drainage system facilities through open cut and tunneling in support of the Drainage Services Utility. It has the skills, experience, equipment and capacity to provide broader services within the City as well as to external organizations.

Service Standards	Resources (\$000)	2011 Actual	2011 Budget	2012 Budget	2013 Budget
Construct and rehabilitate wastewater and storm drainage system facilities using open cut and tunneling methods. Procurement and maintenance of equipment for construction works. Design wastewater and storm drainage facilities and provide construction and project management services to internal and external clients. Provide technical services expertise through drafting, estimating, scheduling, survey and inspection.	Revenue & Transfers	\$ 116,022	\$ 147,049	\$ 110,659	\$ 113,804
	Expenditure & Transfers	113,782	143,137	109,370	113,305
	Net Income (Loss)	\$ 2,240	\$ 3,912	\$ 49 9	\$ 9
	Management		4.0	4.0	4.0
	Exempt		86.1	91.1	91.1
	Union		269.9	269.9	269.9
	Temporary		-	-	-
	Full - Time Equivalent		388.50	36 .0	5.0

2012 Services

- Expansion: install new infrastructure such as tunnels, pipes, manholes and wetlands.
- Flood Prevention: implement the projects in the Flood Prevention Program.
- Neighbourhood Renewal and Structures: responsible for the design on all sewer rehabilitation.
- Structures Group: provides services for structures such as pump stations, drill drop manholes and trunk sewers.

Changes in Services for 2013

- Continue to work on funded 2012 - 2014 Drainage Services capital program projects.
- Pursue external work.

Drainage Design and Construction

2013 - 2017 Pro-forma Income Statement (\$000)

	2013	2014	2015	2016	2017
Revenues					
Total Revenues	\$ 113,804	\$ 110,363	\$ 132,490	\$ 119,056	\$ 112,574
Expenditures					
Personnel	38,139	39,060	40,015	41,007	42,036
Materials, Goods and Supplies	21,816	20,130	27,164	22,848	20,580
External Services	41,625	39,279	52,652	42,999	37,964
Fleet Services	2,482	2,376	2,280	2,188	2,105
Intra-municipal Services	5,601	5,479	5,484	5,485	5,479
Depreciation and Amortization	1,027	996	1,194	1,073	1,013
Other Charges	1,456	1,411	1,695	1,522	1,439
Total Expenditures	112,146	108,731	130,484	117,122	110,616
Net Income Before Other	\$ 1,658	\$ 1,632	\$ 2,006	\$ 1,934	\$ 1,958
Other					
Provision for Capital Reserve	992	869	1,067	946	886
Total Other	992	869	1,067	946	886
Net Income before Dividends and Transfers	\$ 666	\$ 763	\$ 939	\$ 988	\$ 1,072
Dividends and Transfers					
Dividend to the City of Edmonton	167	191	235	247	268
Total Other	167	191	235	247	268
Net Income	\$ 499	\$ 572	\$ 704	\$ 741	\$ 804