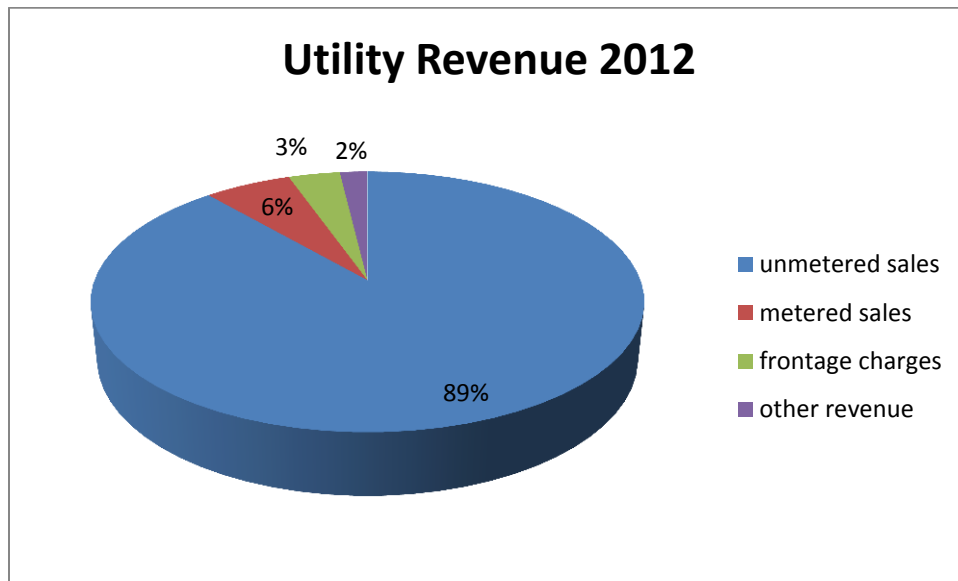




Stratford Utility Corporation - 2012 Budget Presentation

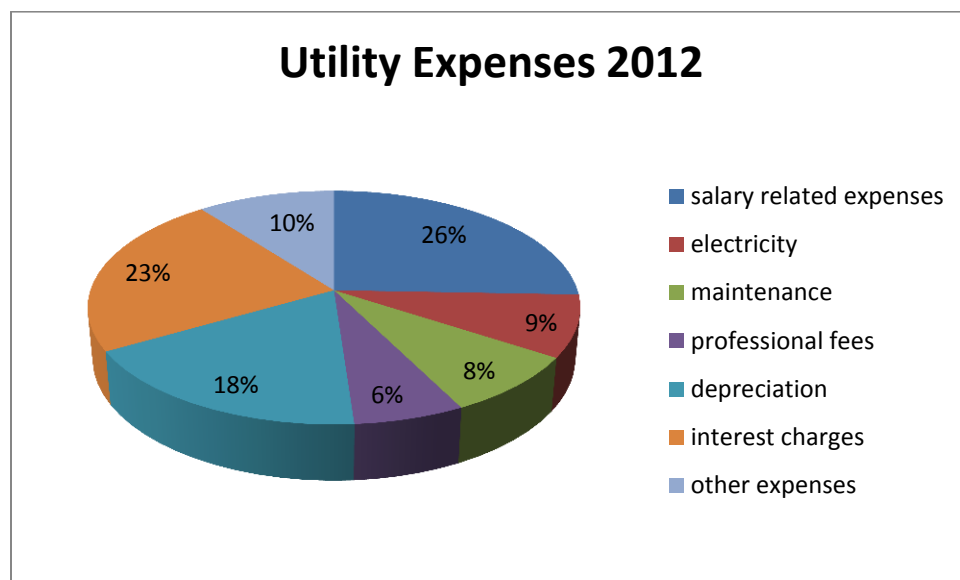
Councillor Steve Ogden, Chair of the Stratford Utility Corporation

Your Worship Mayor Dunphy, Members of Council, residents of the Town of Stratford. It is my pleasure to present to you the 2012 Stratford Utility Corporation budgets. As the Town's growth continues at a hectic pace, so does the Utility. We currently have 3533 sewer customers and 2767 water customers. In 2011 there were 162 sewer units and 207 water units added to the customer base. I am pleased to report that there will be no increase in Utility rates in 2012. We are budgeting for revenue of \$1,714,800, most of which comes from unmetered customers. Expenses are budgeted at \$1,400,200 resulting in a \$314,600 surplus.



A significant surplus is required to allow us to pay our debt principal payments which exceed the depreciation charges by \$189,000. The additional surplus of \$125,600 will allow us some flexibility for future when we examine the rates in relation to the long term sewer treatment plant requirements and potential metering which I will speak further about below .

Total Utility expenses for 2012 are down by 3.55% from the 2011 budget due mainly to lower interest charges and professional fees.



In 2011, we completed a rate study which included the development of a water and sewer rate model. Among other things, the study recommended that we explore the option of metering for the Utility. Metering provides accurate information about water use and informs customers about the amount of water consumption in their homes and businesses. Studies have shown that metering can reduce water consumption significantly without any noticeable impact on customer lifestyles through repairs to leaky faucets, toilets and fixtures and through the use of low flow fixtures. It reminds us to use water more efficiently to achieve the same results.

In 2012, we will review the rate study, our future needs for the sewer treatment plant and the option of metering. Further research and consultation with residents will occur on these important issues before any decisions are made on metering and future treatment plant options. We will then look at any rate changes, if required, using the new water and sewer rate model in 2013.

One of the main initiatives that the Utility will undertake in 2012, in partnership with the Stratford Area Watershed Improvement Group, is the development of a comprehensive Water Conservation Program for the Town. We will look at ways to conserve water and educate the public to be water conscious. Communities where water conservation programs have been successful have seen a reduced need for additional water supply and extended use of existing facilities. This can significantly reduce, or at least defer, significant capital and operating expenditures for a new water supply which will help to keep Utility rates reasonable. Some of the initiatives being considered for a trial include:

- a rain barrel program;
- household water audits;
- showerhead exchange program;
- toilet rebate program; and
- household water meter installation.

The Utility has budgeted for a water study/model for the Town. The study will provide the Utility with an up-to-date computer simulation model showing the current hydraulic performance of our municipal water system, along with simulated scenario models to illustrate whether recommendations to address deficiencies will result in the desired performance and efficiency. The study will also examine whether watermain sizing to ensure there is adequate water supply and pressure for firefighting capabilities. It will assess our existing system and future requirements as we continue to develop the Town.

The Utility capital program is just over \$2.8 M. The projects planned for 2012 include the development of a new wellfield and associated distribution system. New viable wells have been constructed and tested on land located just off the Trans Canada Highway near Reeves Estates. We are in the process of trying to acquire sufficient land to provide proper wellfield/watershed protection. Work should commence early in the spring of 2012. This project is funded under the Build Canada Program based on two thirds of the funding being provided by the federal and provincial governments.

The Utility usually strives to complete extensions of the water and sewer system each year to areas without central services. As you are probably aware, there have been no new announcements for Municipal Infrastructure Funding this year, and as a result we are unable to take on the financial burden to complete infrastructure projects on our own.

In addition to the above budgeted initiatives, the Utility plans to complete the following:

- upgrades to some of our smaller water systems to provide a level of primary treatment;
- new roof for the control building located at the Pondside Water Station;
- new flat bottom boat for providing maintenance at the Waste Water Treatment Plant; and
- upgrades to our Supervisory Control and Data Acquisition System that controls all of our water and sewer systems.

In summary, the Utility will be looking closely at our long term needs in 2012 with a view to developing a long term financial plan and rate model to ensure that rates are equitable among our customers, sufficient to meet our long term needs, stable, fair and predictable for our customers. Detailed Revenue and Expense tables follow:

STRATFORD UTILITY CORPORATION REVENUE AND EXPENSE TABLES

REVENUE AND EXPENSE SUMMARY

Operating	Actual 2010	Budget 2011	Budget 2012
Unmetered Sales	\$ 1,377,262	\$ 1,439,000	\$ 1,519,600
Metered Sales	\$ 113,118	\$ 100,900	\$ 102,200
Frontage Charges	\$ 44,264	\$ 57,600	\$ 60,500
Penalty Charges	\$ 29,507	\$ 20,000	\$ 25,000
Connection Fees	\$ 7,970	\$ 3,700	\$ 2,500
Capital Contributions	\$ 104,465	\$ -	\$ -
Interest Income	\$ 9,407	\$ -	\$ 4,000
Other Income	\$ 1,244	\$ -	\$ 1,000
Total Revenue	Actual 2010	Budget 2011	Budget 2012
	\$ 1,687,237	\$ 1,621,200	\$ 1,714,800

Total Expenses	Actual 2010	Budget 2011	Budget 2012
	\$ 1,259,808	\$ 1,450,300	\$ 1,400,200

Utility Surplus	Actual 2010	Budget 2011	Budget 2012
	\$ 427,429	\$ 170,900	\$ 314,600

UTILITY EXPENSES

Operating	Actual 2010	Budget 2011	Budget 2012
Depreciation	\$ 217,124	\$ 265,000	\$ 250,000
Property Taxes	\$ (601)	\$ 2,000	\$ 1,700
Interest & Service Charges	\$ 17,024	\$ 12,000	\$ 20,000
Interest on Long Term Debt	\$ 305,949	\$ 330,000	\$ 300,000
Salaries	\$ 327,822	\$ 327,100	\$ 348,500
Workers Compensation	\$ 6,450	\$ 9,200	\$ 9,800
Honorariums	\$ 500	\$ 500	\$ 500
Electricity	\$ 144,197	\$ 125,000	\$ 120,000
Telephone	\$ 16,602	\$ 16,200	\$ 16,200
Snow Removal	\$ 5,669	\$ 7,200	\$ 5,800
Repairs & Maintenance	\$ 108,710	\$ 96,000	\$ 100,000
Office Expenses	\$ 9,617	\$ 11,000	\$ 11,000
Software Maintenance	\$ 5,750	\$ 10,500	\$ 10,500
Postage	\$ 6,284	\$ 7,700	\$ 8,500
Summer Maintenance - Grass	\$ -	\$ 2,800	\$ 2,900
Professional Fees	\$ 39,937	\$ 110,000	\$ 75,000
Consulting		\$ 14,000	\$ 14,000
Rentals - Office	\$ 22,700	\$ 22,700	\$ 22,700
Rentals - maintenance bldg., tractor	\$ 14,600	\$ 14,600	\$ 14,600
Meetings & Travel	\$ 10,223	\$ 10,000	\$ 10,000
Dues & Fees	\$ -	\$ 1,500	\$ 1,500
Insurance	\$ 12,185	\$ 15,300	\$ 12,000
Tools & Equipment	\$ 6,323	\$ 8,000	\$ 8,000
Vehicle	\$ 14,193	\$ 13,000	\$ 14,000
Water Conservation	\$ 5,850	\$ 3,000	\$ 3,000
Tree Planting and Water Shed	\$ -	\$ 11,000	\$ 15,000
Miscellaneous	\$ -	\$ -	\$ -
Contingency	\$ -	\$ 5,000	\$ 5,000
Other	\$ (37,300)		
Total Expenses	Actual 2010	Budget 2011	Budget 2012
	\$ 1,259,808	\$ 1,450,300	\$ 1,400,200

UTILITY CAPITAL BUDGET

Capital	Budget 2011	Budget 2012
Well field exploration	\$ 2,300,000	\$ 2,416,000
Misc Capital Items	\$ 34,500	\$ 10,000
Water system primary treatment		\$ 10,000
New Roof for Pondside Water Building.		\$ 5,500
Flat bottom boat for WWTP.		\$ 3,500
SCADA System upgrades.	\$ 7,000	\$ 10,000
New Utility Truck	\$ 38,000	
Total Capital Expenses	Budget 2011	Budget 2012
	\$ 2,379,500	\$ 2,455,000

Capital Funding	Budget 2011	Budget 2012
Build Canada Funding	\$ 1,533,300	\$ 1,733,300
Total Capital Funding	Budget 2011	Budget 2012
	\$ 1,533,300	\$ 1,733,300

Net Capital Expenditure	Budget 2011	Budget 2012
	\$ 846,200	\$ 721,700