



Policy # UT-001

Policy Title: 2018 WATERWORKS RATE & CAPITAL INVESTMENT STRATEGY POLICY

Policy Objective	This policy is an annual requirement of <i>The Municipalities Regulations</i> whereby the municipality needs to submit to the Minister of Government Relations and to the ratepayers, a policy regarding the water, sewer, and infrastructure rates, a utility capital investment strategy, and financial information by September 1 of year.
Authority	Resolution #163/2018
Supporting Bylaw	Bylaw #369/16
Related Policy	n/a

Legislative Authority:

The Municipalities Act Regulations

Information to be provided to the consumers and to the minister

55(1) On or before September 1 of each year, every council must provide the following information to its consumers respecting the municipality's municipal waterworks:

(a) A statement of the municipality's revenues, expenditures, and debt payments for the previous calendar year;

(b) A comparison of the municipality's revenues to the municipality's expenditures and debt payments, expressed as a ratio in accordance with the following formula:

$$\frac{R}{(E + D)}$$

where:

R is the municipality's revenues;
E is the municipality's expenditures; and
D is the municipality's debt payments;

(c) Any explanation of the ratio mentioned in clause (b) that the municipality considers necessary.

Waterworks Rates & Fees – As per Bylaw #369/16

- Adopted by resolution on October 12, 2016.
- Approved by the Local Government Committee of the Saskatchewan Municipal Board on October 21, 2016.
- Under the waterworks rate policy resolution, the following schedule from Bylaw #369/16 set the water rates as follows:

**SCHEDULE "A" to Bylaw #369/16
Water Rates**

1. Effective January 1, 2017

Water rates per three (3) month period:

0 to 10,000 gallons	\$90.00
10,001 gallons or more	\$5.00 per 1,000 gallons

2. Effective January 1, 2018

Water rates per three (3) month period:

0 to 10,000 gallons	\$93.00
10,001 gallons or more	\$5.00 per 1,000 gallons

3. Effective January 1, 2019

Water rates per three (3) month period:

0 to 10,000 gallons	\$96.00
10,001 gallons or more	\$5.00 per 1,000 gallons

4. Effective January 1, 2020

Water rates per three (3) month period:

0 to 10,000 gallons	\$99.00
10,001 gallons or more	\$5.00 per 1,000 gallons

5. Bulk Water Rates at 408 Gastle Street

\$4.00 per 100 gallons

**SCHEDULE "B" to Bylaw #369/16
Sewer Rates**

1. Effective January 1, 2017

Sewer rates per three (3) month period:

Apartments, multiple housing	\$39.00 per unit
Hotel	\$78.00
Last Mountain Pioneer Home	\$156.00
Laundromat	\$78.00
Residences	\$39.00
School	\$156.00
All others	\$39.00

**SCHEDULE “C” to Bylaw #369/16
Infrastructure Rates**

1. Effective January 1, 2017

Infrastructure rates per three (3) month period:

Apartments, multiple housing	\$45.00 per unit
Hotel	\$90.00
Last Mountain Pioneer Home	\$180.00
Laundromat	\$90.00
Residences	\$45.00
School	\$180.00
All others	\$45.00

Since the last waterworks policy was implemented on October 12, 2011, the current Council was to review the policy to ensure that waterworks revenues covered waterworks expenditures on an annual basis. This current waterworks policy is to reflect that Council is working to maintain a self-sustaining waterworks operation, whereby the users pay for the costs of the service. Council wants the waterworks operation to not compete with other key municipal financial demands under the municipal general revenue fund. By ensuring that waterworks rates are successfully covering all expenditures, the Town can maintain safe, quality drinking water for the residents without the need to sacrifice other funding areas of the municipality. The rates will also influence consumer demand, which will aid with water conservation within the municipality.

With the quarterly increases, the water rate has increased 4.00% per year since original the implementation of the policy in October of 2011. The proposed minimum quarterly rate will continue to increase 4.00% per year for the next four years to accommodate rising costs of water treatment plant maintenance and to ensure that enough capital funds are available for the planned projects. This waterworks increase comes at the recommendation from the 2015 *Waterworks System Assessment* completed by Stantec Consulting Ltd.

In July of 2013, Council implemented an infrastructure rate that has remained unchanged for the last three (3) years. This infrastructure rate was started to put away reserve funds for future infrastructure expenditures. Going forward over the next four years, the infrastructure fee will remain unchanged and will continue to be levied for the purpose of capital reserves.

At January 1, 2018, the minimum water rate increased to \$93.00 per 10,000 gallons, which is the base rate for three (3) months. If over 10,001 gallons, \$5.00 per 1,000 gallons is applied. The overage charge was set January 14, 2004 and will remain unchanged for the near future. The chart below lists the planned increases in the upcoming years:

Date	Minimum Quarterly Rate	Overage Charge
January 1, 2016	\$87.00	\$5.00 per 10,000 gallons
January 1, 2017	\$90.00	\$5.00 per 10,000 gallons
January 1, 2018	\$93.00	\$5.00 per 10,000 gallons
January 1, 2019	\$96.00	\$5.00 per 10,000 gallons
January 1, 2020	\$99.00	\$5.00 per 10,000 gallons

Currently, the minimum water rate generates enough waterworks revenues to cover the waterworks operating costs, with 0% of the operating costs being covered by monies from the general funds. Waterworks operating costs, or expenditures, includes waterworks' staff salaries, benefits, and training, power, telephone, fuel, heat, insurance, chemicals, repairs, maintenance, supplies, etc.

The chart below lists the revenue and expenditures from the past five (5) years for our utility service, as outlined in our audited financial statements:

Year	Revenue	Expenditure	Difference
2013	\$301,684	\$169,457	+\$132,227
2014	\$345,145	\$206,927	+\$138,218
2015	\$347,757	\$267,636	+\$80,121
2016	\$398,206	\$163,099	+\$235,107
2017	\$2,978,350	\$247,940	+\$2,730,410

The surplus gained from the revenues over the expenditures is put into infrastructure reserves set out for water treatment plant upgrades and general infrastructure upgrades.

Waterworks Capital Investment Strategy

The objective of the waterworks capital investment strategy is to address anticipated waterworks infrastructure maintenance. Immediate drinking water infrastructure problems and future infrastructure replacement objectives are needed to be done in a timely fashion so as to ensure the municipal waterworks provides safe drinking water to residents and businesses. The capital investment strategy uses the recommendations outlined in the *2015 Waterworks System Assessment*, which is required by Water Security Agency for infrastructure planning.

As noted above, in July of 2013, Council implemented an infrastructure levy that was a uniform amount applied to all residences and businesses for the express purpose of building up funds in capital reserves. As well, Council has been continually increasing the water rates to help add more funds annually into the reserves, but keeping in mind the rising costs of the water treatment plant operations.

Capital plans have been established to address the waterworks infrastructure deficiencies and replacements as identified and prioritized in the *2015 Waterworks System Assessment* to ensure safe drinking water for the community. The current and future waterworks capital plans and planned sources of funding are as follows:

Project	Planned Year of Completion	2018 Cost	Future Cost*	Source of Funding
WTP Reservoir Expansion	2018	\$750,000		Reserves & Loans
Remote Water Meter Reading System	2019-2023		\$100,000 (\$20,000 per year)	General Expenditure
Hydrogeologist Study	2019		\$18,360	General Expenditure

Water Meter Replacement in WTP	2019		\$1,836	General Expenditure
Secondary Containment of Chemicals	2019		\$1,224	General Expenditure
In-Town Well Replacement	2020		\$214,200	Reserves and Grants
Filter Pressure Valves	2021		\$306,000	Reserves & Grants
Kerr Well Replacement	2023		\$214,200	Reserves & Grants

**Assuming 2% rate of inflation per year*

While many of the items listed are requiring reserves and grants for funding, the implementation of these projects will depend solely on the amount of reserve money from year to year. As well, if the Town is successful at receiving grant money from provincial and federal sources, this would drastically change the timeline as to when these projects could be completed.

Annual Financial Overview

Total 2017 waterworks revenues (as reported in the Financial Statement) - **\$2,978,350**

Total 2017 waterworks expenditures (as reported in the Financial Statement, which includes interest paid on waterworks infrastructure loans) - **\$247,940**

Total debt payments on waterworks infrastructure loans - **\$0**

Comparison of waterworks revenues to expenditures plus debt payments, expressed as ratio

$$\frac{(\$2,978,350)}{(\$247,940) + (\$0)} = 12.01$$

Amount of 2017 waterworks revenues transferred out of the utility, specifying where the revenues were transferred - **\$89,000 transferred into the Water and Sewer Infrastructure Reserve from our infrastructure levy**

Amount of 2017 supplementary funding required to cover expenditures, specifying the source of the supplementary funding from the general revenue fund - **\$0**

Reserves

Reserves available for waterworks capital infrastructure - **\$656,357**

Attachments

- *2015 Waterworks System Assessment* under Section 35 of *The Water Regulations, 2002*.