

# 2015 WATERWORKS



## WATERWORKS RATE POLICY

Council's plan is to set water and sewer rates starting October, 2016 until December of 2019, in order to provide sufficient revenue to enable the town's water utility to be self sustaining and to provide users with advanced notice of increases in order that they can plan for them.

The objective of the waterworks rate policy is to maintain waterworks that are self-financing and to set aside funds for future capital expenditures. The age of the infrastructure is nearing, and in some cases, has passed its life expectancy. Renewals are done as much as possible on an annual basis and as funds allow.

## WATERWORKS CAPITAL INVESTMENT STRATEGY

The objective of the waterworks capital investment strategy is to eliminate risks by addressing anticipated waterworks infrastructure maintenance, the immediate drinking water infrastructure problems and future infrastructure replacements in a timely fashion so as to ensure the municipal waterworks provides safe drinking water to residents and businesses. The strategy uses the 2015 waterworks system assessment that was required by Saskatchewan Environment for infrastructure planning as well as the Long Term Asset Management plans for the water utility.

Recommendations in the 2015 waterworks system assessment indicate some major infrastructure upgrades which will require a new water treatment plant. In anticipation of this upgrade council has purchased an adjoining property that came up for sale five years ago. Council has been increasing water and sewer rates to pay for its annual operating expenses plus transfer monies to reserves to help cover some of this cost. Council's plan is to try and hold off for 5 years to start this project and it will require borrowing funds.

A risk that Council has identified is the sewer force main which affects all properties in the municipality. Our consulting engineers have drawn up initial plans for the replacement. Estimates are approximately \$3,000,000.00. The current reserve account will not be able to fund this due to other critical infrastructure replacement in the next five years. Options council will be looking at is financing.

## 2015 ANNUAL FINANCIAL OVERVIEW

Total 2015 water revenues (as reported in the financial statements)(R) \$622,138

Total 2015 water expenditures (as reported in the financial statements)(E) \$748,357

Total debt payments on utility infrastructure loans (D) \$0

Comparison of utility revenues to expenditures plus debt payments, expressed as a ratio-

$$\frac{\$622,138}{\$748,357} = 84\%$$

For 2015, water revenues covered 84% of the water expenditures.

The amount of utility revenues transferred out of the utility into reserves was \$131,839.

The amount of supplementary funding required to cover expenditures was \$257,015.

## RESERVES

In 2015, there were no funds taken out of the utility reserves.

In 2015, the utility levy amounted to \$130,796.

The amount left in reserves for future waterworks capital infrastructure is \$322,408

## ATTACHMENTS

- The 2015 waterworks system assessment, as required under Section 35 of *The Water Regulations, 2002* is available on request.
- The DRAFT water works long term asset management plan is available upon request
- Agreements for waterworks services. (None at this time)