



2018 WATERWORKS

WATERWORKS RATE POLICY

Council's will set water and sewer rates for a minimum of three-year periods 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. A ten-year plan prioritizing for the renewal and replacement of aging infrastructure is being worked on and expected to be complete at the end of 2019 or beginning of 2020.

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 the adjoining property to the existing Water Treatment Plant. 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. The capacity of the treated water reservoir will need to be addressed as soon as possible. A plan to convert an existing abandoned sediment basin will provide sufficient capacity for water storage until a new treatment plant can be built.

The utility reserve for capital projects was depleted in 2017 with the Sewer Force Main and Lift Station project which totaled \$3.2 million dollars. This project was a high-risk project that the Town received 75% funding for through the Clean Water and Waster Fund. Funds collected from the monthly infrastructure levy on utility bills will be transferred to reserves for future capital projects.

2018 ANNUAL FINANCIAL OVERVIEW

Total 2018 water & sewer revenues (as reported in the financial statements) (R) \$975,100

Total 2018 water & sewer expenditures (as reported in the financial statements excluding amortization) (E) \$888,762

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

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

$$\frac{\$975,100}{\$888,762} = 110\%$$

For 2018, water & sewer revenues covered 110% of the water & sewer expenditures. A surplus of \$86,338.

The amount of utility revenues transferred out of the utility into reserves was \$157,864.

The amount of supplementary funding required to cover expenditures was \$71,526.

RESERVES

In 2018, there was \$157,864.00 added to the utility reserves.

In 2018, the utility infrastructure levy amounted to \$157,864.

The amount left in reserves for future waterworks capital infrastructure is \$157,909.

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)