



2013 WATERWORKS

WATERWORKS RATE POLICY

On June 26, 2013 the council passed bylaw No. 2013-09 to set water and sewer rates for a 3 year period 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 per-gallon water rates were set as follows:

- 2013 - \$12.00 per 1,000 gallons
- 2014 - \$13.00 per 1,000 gallons
- 2015 - \$14.00 per 1,000 gallons

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 2010 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.

To cover the costs of the future waterworks infrastructure maintenance and replacement, council has implemented the following monthly amounts as an infrastructure levy which will be charged to each water connection and placed into the utility reserve account:

- 2013 - \$10 per month
- 2014 - \$12 per month
- 2015 - \$14 per month

For critical infrastructure where the renewal or replacement is more immediate and high risk, council will likely have to borrow funds to cover the cost of the renewal or replacement until the reserve fund can be built up.

2013 Waterworks

Waterworks Capital Investment Strategy Continued

A risk that Council has identified is the sewer force main which affects all properties in the municipality. Currently consulting engineers are working on 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 past five years. Options council will be looking at is financing.

2013 ANNUAL FINANCIAL OVERVIEW

Total 2013 utility revenues (as reported in the financial statements)(R) \$650,980

Total 2013 utility expenditures (as reported in the financial statements)(E) \$681,795

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

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

$$\frac{\$650,980}{\$681,795} = 95\%$$

For 2013, utility revenues covered 95% of the utility expenditures.

The amount of utility revenues transferred out of the utility into reserves was \$0.

The amount of supplementary funding required to cover expenditures was \$30,815.00.

It was noted that expenditures for wages and some contracts and supplies are prorated between four different departments. A more efficient system of keeping track of costs related to the water utility needs to be established in order to correctly reflect the expenditures to each department.

RESERVES

In 2013, there were no funds taken out of the utility reserves.

In 2013, the utility levy amounted to \$77,593, which was used to help pay for well rehabilitation on all 8 wells which is done every 4 to 5 years.

The amount left in reserves for future waterworks capital infrastructure is \$77,141.

ATTACHMENTS

- The 2010 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
- Attached are agreements for waterworks services. (None at this time)