

Adopted

August 25/08

Revised & Adopted

October 19/09, September 28/15

TOWN OF WATROUS WATERWORKS RATE POLICY

On September 28/15 the Council of the Town of Watrous passed a resolution adopting revised Waterworks Rate Policy No. 05-20. The Amended policy updates data to the end of the 2014 fiscal period. Significant capital upgrades are being made to the water treatment plant and raw water supply system in 2015 and Council will be making application to the Saskatchewan Municipal Board for rate changes effective January 1 2016.

Under the current Bylaw No. 08-2012, adopted by Council on March 19 2012, monthly water rates effective January 1 2014 are as follows: minimum charge of \$17.00 per month for a maximum of 159 cubic feet plus \$0.039 per cubic foot or part thereof exceeding 159 cubic feet in any month as adopted under Bylaw No. 08-2012, the Water and Sewer Management Bylaw.

Beginning January 1, 2008 the Council of the Town of Watrous has transferred, on an annual basis, 100% of the annual surplus generated by the water utility, to funded reserves. Additionally, Council has implemented a Capital Infrastructure Fee of \$11.00 per month (effective January 1/14) per utility service with the funds being transferred, on an annual basis, to water/sewer utility reserves. Utility Reserve Funds are being held to fund future capital utility works and assist with related debt servicing requirements.

Current water rates are budgeted to generate an operating surplus. This surplus will be reserved as described in the above. The water utility operations are monitored to ensure that the utility generates sufficient funds to cover waterworks operating costs. As operating expenses increase, water rates will be adjusted as necessary to ensure the utility is self sufficient.

Waterworks operating expenditures include related wages and benefits, training, utility costs including power, natural gas and telephone, fuel, insurance, chemicals, repairs and maintenance, materials and supplies, debt servicing costs, amortization expense, etc.

The objective of the waterworks rate policy is to ensure that the waterworks:

1. Provide safe potable water;
2. Operate as a self-financing utility;
3. Generate reserve funds to assist with future capital improvements.

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WATERWORKS CAPITAL INVESTMENT STRATEGY

The objective of the waterworks capital investment strategy is to address anticipated waterworks infrastructure maintenance, the immediate drinking water infrastructure problems and future infrastructure replacements in a timely fashion ensuring the municipal waterworks provide safe drinking water to the residents and business community. The strategy uses the 2011 Waterworks System Assessment (WSA), required legislatively by Saskatchewan Environment, for infrastructure planning purposes. As a result of water treatment plant upgrades and changes to the treatment process, the WSA scheduled for 2015 will be completed in 2016.

Council plans to undertake a combination of increased water rates and capital infrastructure charges to fund the 2015 water treatment plant upgrades and continue to build reserves for future water/sewer infrastructure upgrades and replacement. Long-term borrowing may be necessary to augment the cash funded reserves to cover large capital improvements. This capital improvement strategy will ensure that a sufficient quantity of safe drinking water can be provided to the residents and businesses in Watrous for the present and in the future.

Small capital projects have historically been funded through the utility operating budget. Capital plans have been established to address the waterworks infrastructure deficiencies and replacements as identified and prioritized in the 2011 waterworks assessment to ensure safe drinking water. Future waterworks capital plans and projects will be prioritized based on what is needed to ensure safe drinking water.

The reserve funds referred to earlier in this document are being accumulated, in part, to assist with funding the 2015 capital water treatment plant project. This project will be completed early in 2016 and is funded through Build Canada Fund grant assistance, utility reserves, and long-term debt.

ANNUAL FINANCIAL OVERVIEW

	<u>2013</u>	<u>2014</u>
Total Waterworks Revenues	\$719,608	\$745,327
Total Waterworks Expenditures	\$571,898	\$545,985
Total Debt Payments	\$ 0	\$ 0
Comparison of Waterworks Revenues to Expenditures plus debt payments, expressed as a ratio	1.26	1.37
For the year indicated, waterworks revenues covered what percentage of the waterworks expenses	126%	137%
Amount of waterworks revenues transferred out of the Utility Fund to the general operating fund and/or reserves	\$ 147,710	\$ 199,342

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RESERVES

Reserves available for waterworks capital infrastructure:

At December 31 2014

\$ 644,192

ATTACHMENTS

- Attached is the 2011 waterworks system assessment, as required under section 35 of *The Water Regulations, 2002*.

**ANNUAL INFORMATION PROVIDED DIRECTLY TO THE PUBLIC THROUGH
NEWSPAPER, DIRECT MAILOUT AND/OR WEBSITE BY SEPTEMBER 1 OF EACH
YEAR**

Waterworks Financial Overview:

- Total waterworks revenues
- Total waterworks expenditures
- Total debt payments on waterworks infrastructure loans
- Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio

The following additional information is available at the municipal office on the waterworks:

- The current waterworks rate policy and capital investment strategy
- Current Drinking Water Quality and Compliance (as required by Saskatchewan Environment)
- Current year financial overview on the waterworks
- Utility reserves
- A copy of the most recent waterworks system assessment (WSA)