



TOWN OF DALMENY COUNCIL POLICY

POLICY TITLE	ADOPTED BY:	EFFECTIVE DATE	POLICY NO.	ORIGIN/ AUTHORITY
Waterworks Rate Policy	Bradley/Kroeker	September 22/14	4/14	Municipalities Act – Regs.

**ANNUAL WATERWORKS INFORMATION AVAILABLE AT THE
DALMENY TOWN OFFICE (& on website)**
(As required under The Municipalities Regulations)

Name and Number of Municipality	Town of Dalmeny
Date	September 22, 2014
WATERWORKS RATE POLICY – renewed each year by resolution	
Dalmeny Town Council adopted by resolution the following Waterworks Rate Policy	
<p>The current water and sewer rate bylaw, Bylaw 2/14 (approved by Saskatchewan Municipal Board on June 12/14) charges a minimum fee of \$10.00, for the first 2000 gallons of water, plus a \$19/month infrastructure fee, and a \$13.50/1000 gallons overage charge. Sewer charges are: a minimum fee of \$10/month plus an infrastructure fee of \$49/month, and an overage fee of 20% of the charge on monthly water consumption in excess of 2000 gallons. As shown on the attached five year sewer and water utility fund summary, the utility cash reserve fund balance at December 31/13 was \$577,923. The Town intends to ensure that there are sufficient revenues to cover waterworks operating costs. Council has retained the minimum fee water and sewer rates to cover basic operating costs, and has established a water infrastructure fee to provide a reserve for water system upgrades. The overage charge for water has been raised due to increased cost of purchase of potable water from Saskatchewan Water Corporation, and to cover all costs of distribution. The sewer infrastructure fee has been increased to cover capital purchases and debt repayment. Council will continue to set all rates in the same way. At the same time Council will closely monitor waterworks expenditures.</p> <p>By planning the waterworks rate increases ahead of time, residents and businesses will be able to prepare for and adjust to the increases. Bylaws will be passed as necessary to provide for rate changes.</p>	

The minimum fee was established a number of years ago as a basic, acceptable rate. The basic rate was intended to pay for the cost of basic access to the water system. The overage charge was intended to pay for any additional consumption. An infrastructure fee was introduced to pay for the capital cost of improvements and additions to the system. The Town purchases potable water from Saskatchewan Water Corporation, at a standard volume based rate paid by all consumers on the SWC system. All purchase and distribution costs are included in the water expenditures, including staff salaries, benefits and training, power, telephone, fuel, heat, insurance, chemicals, repairs, maintenance, supplies, etc. Basic and overage rates are set to cover all annual expenditures.

Below are the proposed water and sewer rate increases over the 2014 – 2017 four year period. To demonstrate the impact on residents and businesses, below are estimated monthly charges that reflect rate increases, and are based on an average household consuming 5000gal. of water each month.

Date	Water – Base & Infrast.Chg 2000 gal.	Water Over. On 3000 gal.	Water & Sewer Base & Infrast. Chg.	Sewer Overage	Rate per 1000 gal.	Total
Jan 1, 2014	\$29.00	\$36.00	\$59.00	20% = \$7.20	\$12.00	\$131.20
Jan 1, 2015	\$29.00	\$40.50	\$59.00	20% = \$8.10	\$13.50	\$136.60
Jan 1, 2016	\$33.50	\$43.20	\$59.00	20% = \$8.65	\$14.40	\$144.35
Jan.1, 2017	\$35.00	\$45.00	\$65.00	20% = \$9.00	\$15.00	\$154.00

The objective of the waterworks rate policy is to work towards waterworks that are self-financing, where the users pay for the cost of the service. Over time, Council will also need to consider increasing rates to build the waterworks reserves in order to pay for future infrastructure maintenance and replacement costs, which have been identified in the 2010 waterworks assessment required by *The Water Regulations, 2002*.

This waterworks rate policy will work towards financially independent waterworks that do not have to compete with other key municipal financial demands under the municipal general revenue fund. This will ensure our waterworks can provide safe drinking water. Also, rates that cover costs will influence consumer demand and water conservation, and self-financing waterworks will reduce pressures on property taxes.

WATERWORKS CAPITAL INVESTMENT STRATEGY

Council continues to support the following capital investment investment strategy.

Objectives of the 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 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. The 2010 assessment has now replaced the 2005 report.

To cover the costs of future waterworks infrastructure maintenance and replacements, Council will likely need to undertake in the future a combination of increasing water rates to build the waterworks reserves, once the water rates cover waterworks operating costs, and long term borrowing.

This capital investment strategy will ensure that safe drinking water can be provided to the residents and businesses in the community in the present and future.

Capital plans have been established to address the waterworks infrastructure deficiencies and replacements as identified and prioritized in the 2010 waterworks assessment to ensure safe drinking water. The current waterworks capital plans and planned sources of funding are as follows (completed plans have been removed from the list):

Project	Planned Year of Completion	2006 Cost	Future Cost*	Source of Funding
Access Curb – Reservoir No. 1	2011	\$500	\$600	Operations
Hydraulic Water System Modelling	2015	\$10,000	\$14,440	reserves and borrowing
Water Pumping Station & Reservoirs – replace & increase	2011 – 2026	\$1,200,000	\$1,612,700	Reserves and borrowing
Watermains	2011 – 2056	\$3,500,000	TBA	Reserves & borrowing

* Assuming a 3% rate of inflation per year.

ANNUAL FINANCIAL OVERVIEW (of the previous calendar year)

Total 2013 waterworks (water & sewer) revenues (as reported in the Audited Financial Statement) (R) - \$1,101,673

Total 2013 waterworks (water & sewer) expenses (as reported in the Audited Financial Statement) (E) \$832,185 (pg.20) + \$108,632 (capital) = \$940,817

Total debt payments on infrastructure debentures = \$134,856 (principal only, interest included in expenditures above)

For 2013, waterworks revenues covered $\$1,101,673/\$832,185+\$108,632*+\$134,856 = 102.5\%$ of the waterworks expenditures.*Schedule 7 of audited statement shows \$457,394 water & sewer assets added, however amount of \$348,762 was financed with municipal taxation and land sales so is not included in this utility report
Amount of 2013 waterworks revenues transferred out of the utility, specifying where the revenues were transferred = \$192,845 –amount of gas tax transferred to reserves
Amount of 2013 supplementary funding required to cover expenditures, specifying the source of the supplementary funding = 0
RESERVES
Reserves available for waterworks capital infrastructure at Dec.31/13 = \$577,923
ATTACHMENTS
<ul style="list-style-type: none"> • Attached is the 2010 waterworks system assessment, as required under section 35 of <i>The Water Regulations, 2002</i> • Attached is the water supply agreement with SaskWater Corporation

ANNUAL INFORMATION PROVIDED DIRECTLY TO THE PUBLIC THROUGH NEWSPAPERS, DIRECT MAILOUTS OR WEBSITES

The following is information on the Town of Dalmeny waterworks, as required under the Municipalities Regulations:

2013 Waterworks Financial Overview:

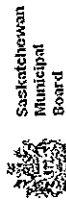
- Total waterworks revenues (R) - \$1,101,673
- Total waterworks expenditures (E) - \$940,817
- Total principal debt payments on waterworks infrastructure loans (D) – \$134,856
- Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio:
- $\frac{\$1,101,673}{\$940,817} = 1.025$

For 2013, waterworks revenues covered 102.5% of the waterworks expenditures.

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

- The 2013 waterworks rate policy and capital investment strategy
- Capital plans in place and related sources of funding for the projects
- 2013 Audited Financial Statement, with water & sewer & reserves information
- A copy of the 2010 waterworks assessment

(A copy of the information to be sent to Saskatchewan Government Relations, Grants Administration and Financial Management Branch, 410-1855 Victoria Avenue, Regina, Saskatchewan, S4P 3T2.)



**Sewer and Water Utility Fund Summary
Ten Year Performance**

Date: Sept. 22/14

For the Municipality of Town of Dalmeny

Audited Financial Statement for the years	2008	2009	2010	2011	2012	2013 Actual	2014 Budget	2015 Budget	2016 Budget
Actual Sewer & Water Utility Revenue – including grants for capital purchases	\$1,768,905	\$749,419	\$717,796	\$2,213,931	\$982,341	\$1,101,673	\$944,178	\$1,450,000	\$950,000
Actual Sewer & Water Utility Expenses	(\$526,946)	(\$691,322)	(\$693,108)	(\$744,828)	(\$807,953)	(\$832,185)	(\$910,627)	(\$920,000)	(\$930,000)
Capital Expenditures	(\$3,805,444)	(\$153,587)	(\$761,914)	(993,921)	(\$26,493)	(\$108,632)	(\$20,000)	(\$500,000)	(\$1,500,000)
Balance (revenue less expenditures/expenses)	(\$2,563,485)	(\$95,490)	(\$737,226)	\$475,182	\$147,895	\$160,856	\$13,551	\$30,000	(\$1,480,000)
Debt Financing – Debenture/Loan Or BCF Funding	\$2,563,000	0	0	\$500,000	0	0	0	0	0
Sewer & Water Utility Principal Debt Repayment (from Notes to "New" Financial statement)	(\$32,393)	(\$88,952)	(\$93,437)	(98,147)	(\$128,722)	(\$134,856)	(\$141,287)	(\$148,027)	(\$155,095)
Balance	(\$32,878)	(\$184,442)	(\$830,663)	\$877,035	\$19,173	\$26,000	(\$127,736)	(\$218,027)	(\$1,635,095)
Amortization (non-cash)	\$57,381	\$135,516	\$138,929	\$138,929	\$173,673	\$174,025	\$179,215	\$179,215	\$200,000
Cash Balance Dec.31	\$24,503	(\$48,936)	(\$691,734)	\$1,015,964	\$192,846	\$200,025	\$51,479	(\$38,812)	(\$1,435,095)
W&S Cash Res. Bal. Dec.31	\$83,773*	\$34,847	(\$656,887)	\$359,077	\$551,923	\$751,948	\$803,427	\$764,615	(\$670,480)
W&S Res.Bal. Dec.31(accrual)	\$26,392	(\$100,669)	(\$795,816)	\$220,148	\$378,250	\$577,923	\$624,212	\$585,400	(\$870,000)

Capital Expenditures (please refer to Schedule 6 of audited financial statements):

2008:	Lagoon	\$2,656,725	
	Lift Stn #1	\$951,325	
	WS Force Mains	\$197,394	
		<u>\$3,805,444</u>	
2009	Lagoon	\$153,587	
2010	Lift Stn #2	\$761,914	
2011	Lift Stn #2	\$993,921	
2012	Lift Stn #2	\$26,493	
			Budget Actual
2013	Lift Stn #2	\$50,000	\$23,105
	East Improve.	\$214,523	0
	Lagoon Manhole	\$50,000	0
	New Street	0	\$85,527 – Loeppky Ave. (revenue of \$85,527 from developer contributions)
	Pumphouse	\$50,000	0
	Waterline	<u>\$20,000</u>	<u>0</u>
		\$384,523	\$108,632
2014-bud.	Pumphouse	\$10,000	
	Lagoon Manhole	<u>\$10,000</u>	
		\$20,000	
2015-bud.	Comm.W&S	\$500,000 (funded by local improvement levies)	
2016-bud.	Pumphouse	\$1,500,000	

Notes: 1. 2008 and forward contain amortization in expenses, to conform to Schedule 4 of audited financial statement. Capital expenditures are included for cash balance. Non-cash amortization is added into balance to determine cash reserves.
 2. Appropriated Reserve Balance at Dec. 31/07 = \$59,270*.