



TOWN OF DALMENY COUNCIL POLICY

POLICY TITLE	ADOPTED BY:	EFFECTIVE DATE	POLICY NO.	ORIGIN/ AUTHORITY
Waterworks Rate Policy	Slack/Bradley	January 24, 2022	#1-2022	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	January 24, 2022
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 1-2022 (submitted to the Saskatchewan Municipal Board on January 25, 2022 for approval) charges a minimum fee of \$26.00, for the first 1,500 gallons of water, plus a \$24.00/month infrastructure fee, and a \$20.90/1000 gallons overage charge. Sewer charges are: a minimum fee of \$10.00/month plus an infrastructure fee of \$52.00/month, and an overage fee of 20% of the charge on monthly water consumption in excess of 1,500 gallons. For large water consumers who use very limited sanitary sewer, this rate has been reduced to 5%. As shown on the attached nine-year sewer and water utility fund summary, the utility cash reserve fund balance at December 31/20 was \$922,075.81.</p> <p>In 2023, the Town plans to charge a minimum fee of \$27.00 for the first 1,500 gallons of water, plus a \$25.00/month infrastructure fee, and a \$21.65/1000 gallons overage charge. Sewer charges will remain the same as they were in 2022.</p> <p>The Town intends to ensure that there are sufficient revenues to cover waterworks operating costs. Council has retained the minimum fee for water and sewer rates to cover basic operating costs, and has established a water infrastructure fee to provide a reserve for water system upgrades. A small transfer of \$13,175.06 (revenue over surplus) was transferred to the Water and Sewer Infrastructure Reserve in 2018. 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.</p>	

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.

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.

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 (SWC), 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, water, insurance, chemicals, repairs, maintenance, supplies, etc. Basic and overage rates are set to cover all annual expenditures.

Below is the past, present and proposed future water and sewer rate increases over the 2015 – 2023 nine-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 5000 gallons of water each month.

Date	Water – Base & Infrast.Chg 2000 gal. *1,500 gal.	Water Over. On 3000 gal. *On 3500 gal.	Sewer Base & Infrast. Chg.	Sewer Overage **Reduced Sewer Charge – Large Industrial Water Consumers, with Very Little Sanitary Sewer	Rate per 1000 gal.	Total
Jan 1, 2015	\$30.20	\$43.35	\$59.00	20% = \$8.67	\$12.00	\$141.22
Jan 1, 2016	\$31.45	\$46.41	\$59.00	20% = \$9.28	\$13.50	\$146.14
Jan 1, 2017	\$33.50	\$48.00	\$59.00	20% = \$9.60	\$16.00	\$150.10
Jan 1, 2018	*\$38.00	*\$59.29	\$60.00	20% = \$11.85	\$16.94	\$169.14
Jan 1, 2019	*\$42.00	*\$64.75	\$60.00	20% = \$12.95	\$18.50	\$179.70
Jan 1, 2020	*\$45.00	*\$71.05	\$61.00	20% = \$14.21	\$20.30	\$191.26
Jan 1, 2021	*\$45.00	*\$71.05	\$61.00	20% = \$14.21	\$20.30	\$191.26
Mar 1, 2022	*\$50.00	*\$73.15	\$62.00	20% = \$14.63	\$20.90	\$199.78
Mar 1, 2022	*\$50.00	*\$73.15	\$62.00	**5% = \$3.66	\$20.90	\$188.81
Jan 1, 2023	*\$52.00	*\$75.77	\$62.00	20% = \$15.15	\$21.65	\$204.82
Jan 1, 2023	*\$52.00	*\$75.77	\$62.00	**5% = \$3.79	\$21.65	\$193.56

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 waterworks assessment prepared by Catterall & Wright on February 26, 2016.

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 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 waterworks system assessment prepared by Catterall & Wright on February 26, 2016. This waterworks assessment is now the most current.

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 waterworks assessment prepared by Catterall & Wright on February 26, 2016 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	2021 Cost	Future Cost*	Source of Funding
Water Pumping Station & Reservoirs – replace & increase	2021 – 2024	\$3,362,320	\$3,362,320 (presently being completed through ICIP)	Reserves, borrowing and ICIP Grant
Decommissioning and Removal of Old Lift Station #1	2022 – 2023	\$60,000	\$70,000 (presently being considered as a Scope Change within the ICIP Grant)	Reserves, borrowing and ICIP Grant
Watermains	2015 – 2056	\$3,800,000	6,000,000	Reserves & borrowing

*Assuming a 3% rate of inflation per year.

ANNUAL FINANCIAL OVERVIEW (of the previous calendar year)
Total 2020 waterworks (water & sewer) revenues (as reported in the Audited Financial Statement) (R) - \$1,169,800.53.
Total 2020 waterworks (water & sewer) expenses (as reported in the Audited Financial Statement) (E) \$1,122,432.53 (page 22, shown as Schedule 3.3) + \$365,081.86 (capital) = \$1,487,514.39. Actual including amortization \$1,122,432.53.
Total debt payments on infrastructure debentures = \$166,692.76 (principal only, interest included in expenditures above)
For 2020, waterworks revenues covered \$1,169,800.53/\$1,289,125.29 (\$1,122,432.53+\$166,692.76) = 90.74% of the waterworks expenditures. *Schedule 7 of audited statement shows \$365,082 of water & sewer assets added.
In 2018, \$13,175.06 was transferred to the Water and Sewer Infrastructure Reserve.
RESERVES
Reserves available for waterworks capital infrastructure at December 31, 2017 = \$960,122
ATTACHMENTS
<ul style="list-style-type: none"> • You should have the latest waterworks system assessment on file, as prepared by Catterall & Wright on February 26, 2016. <i>(If you wish a copy, please advise)</i> • Attached is the Draft 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:
<u>2020 Waterworks Financial Overview:</u>
<ul style="list-style-type: none"> • Total waterworks revenues (R) - \$1,169,800.53 • Total waterworks expenditures (E) - \$1,122,432.53 • Total principal debt payments on waterworks infrastructure loans (D) – \$166,692.76 • Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio: • $\frac{\\$1,169,800.53}{\\$1,122,432.53 + \\$166,692.76} = .9074 \text{ which equal } 91\%$
For 2020, waterworks revenues covered 91% of the waterworks expenditures.
The following additional information is available at the Town office on the waterworks:
<ul style="list-style-type: none"> • The waterworks rate policies adopted by Council along with the capital investment strategy • Capital plans in place and related sources of funding for the projects • 2020 Audited Financial Statement, with Water, Sewer and Reserve Fund information • A copy of the waterworks assessment prepared by Catterall & Wright on February 26, 2016
(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.)

