

**Town of Hague
Waterworks Rate Policy
May 10, 2016**

On May 10, 2016 Council passed a resolution on a waterworks policy.

Proposed Monthly Water Rates:

Minimum water rate, 1,000 gallons or less \$26.25 per month
 1,001 gallons or more \$26.25 per 1,000 gallons.

Coin operated water refilling station rate \$29.40 per 1,000 gallons.

Under the waterworks rate policy resolution, the per unit (1000 gallons) water rate of \$26.25 will be charged each month, with a minimum of \$26.25 for 1000 or less gallons, as adopted under the water Bylaw No. 2016-02. The proposed rates are 5% higher than our current rates as per Bylaw No. 2015-02. Council monitors the cost of water and will make rate increases as the municipality experiences increases from SaskWater, in an attempt to create a service that is self-supporting. Council has undertaken a water rate increase each year for the past three consecutive years.

An example of a comparison of proposed rates on households that would use both minimum amounts and excess of minimum amounts:

	<u>Current Rate</u>
Minimum (1000 gallons)	\$26.25 per month
Excess (5000 gallons)	\$131.25 per month
Coin Operated Refilling Station	\$29.40/1000 gallons

The proposed water rate Bylaw 2016-02 was submitted to the SMB and is awaiting their Approval.

The current rate the municipality is charged for water is \$3.7234 per cubic meter plus GST (an increase of \$0.17 per cubic meter or 4.97% effective May 1, 2016 was added to the old rate of \$3.5471). It is estimated that in addition to the cost of purchasing water the municipality experiences a 36% additional cost for related expenses for distributing this service such as: wages, testing, power, heat, office supplies, material, chemicals and capital expenditures.

In 2015 the revenue from water sales worked out to cover 94% of the cost of purchasing water and related expenses. The municipality would like to work towards a service that is more self-sufficient where the user pays a larger percentage of cost for service and less of a strain on the taxpayer to cover the remaining costs. This would also achieve a goal of putting money into a utility reserve for future repairs, upgrades and developments of both water and sewer projects. A portion of off-site infrastructure fees charged on newly developed lots would also be transferred into a utility reserve to be used, in part, for future development.

Over 3 years (2014-2016) the Town upgraded their Water Treatment Plant and added to the reservoir, we received a grant from Building Canada Fund and received funds to cover 37% of the \$1.293 million dollar project. These revenues and expenses were not included in the related calculations. Our understanding is that our water supply system is now upgraded to accommodate a population of 1200.

Town of Hague Waterworks Capital Investment Strategy May 10, 2016

On May 10, 2016 Council passed a resolution on a 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 that was required by Saskatchewan Environment for infrastructure planning.

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, general revenue, long term borrowing and applications for all available grants.

The 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 water assessment to ensure safe drinking water. The current waterworks capital plans are indicated according to the water assessment completed in 2010 as attached and planned sources of funding are as indicated above: reserves, general revenue, long-term borrowing and any available grant money. Our 2015 Waterworks System Assessment is currently in draft form, while we review the information.

Table 21 Estimated Capital Replacement Cost

Component/Item	Estimated Service Life (years)	Estimated Remaining Service Life (years)	Estimated Replacement Value (\$)
Water Supply:			
Wells			0.00
Pumps and Motors			0.00
Pumphouse(s)			0.00
Pipeline	50	49	0.00
Sub-Total Water Supply			0.00
Water Treatment Plant:			
Building (1965/1983)	40	1-15	404,700.00
Reservoir			500,000.00
Mechanical (1965/1983/2002)	40	1-32	200,000.00
Electrical/Systems	40	1-25	150,000.00
Sub-Total Water Treatment Plant			1,254,700.00
Distribution System:			
VFD Pump and Motor (2008)	20	29	10,000.00
Other Pumps and Motors (1965)	20	1-15	200,000.00
Distribution Pipes (AC/PVC)	50	6-40	3,893,800.00
Sub-Total Distribution System			4,103,800.00
Sub-Total			5,358,500.00
Engineering (20%)			1,071,700.00
Total Capital Replacement Cost			6,430,200.00

For future waterworks capital plans, projects will be prioritized based on what is needed to ensure safe drinking water.

During the years 2014-2016, the Town of Hague completed a Reservoir Expansion and Upgrade to the Water Treatment Plant as a result of securing a grant through the Building Canada Fund Program. The BCF program contributed \$ 479,482 towards the project.

Annual Financial Overview

Total 2015 waterworks revenues: \$366,124.04

Total 2015 waterworks expenditures: \$391,576.85

Total debt payments on waterworks infrastructure loans: \$0

Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio:

$$\frac{366,124}{391,576} = .94 \quad \text{or} \quad 94\%$$

For 2015, waterworks revenues covered 94 percent of the waterworks expenditures.

Amount of 2015 waterworks revenues transferred out of the utility, Zero.

There has been one capital project completed (water line looped at South Service Road) and one project under construction (Water Treatment Plant / Reservoir Upgrade) for the waterworks in 2015.

Amount of 2015 supplementary funding to cover expenditures: \$ 25,452.81 from the general revenue fund.

Reserves

Reserves available for waterworks capital infrastructure: \$115,400.

Attachments

* Previously attached is the 2010 waterworks system assessment, as required under section 35 of *The Water Regulations, 2002*.

* Previously attached is a waterworks service agreement with SaskWater; new attachment is the notification letter of rate increase as of May 1, 2016.