

**Town of Hague  
Waterworks Rate Policy  
March 14, 2017**

On March 14, 2017 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 is charged each month, with a minimum of \$26.25 for 1000 or less gallons, as adopted under the water Bylaw No. 2016-02. Council currently has a rate increase bylaw awaiting approval from the Saskatchewan Municipal Board. The proposal is in the form of a two consecutive year rate increase. The proposed Bylaw will see rates increase to \$27.80 per unit (1000gallons) and \$31.00 per unit for the coin operated refilling station effective May 1, 2017 and \$29.20 and \$32.60 effective May 1, 2018. Council monitors the cost of water and initiates rate increases as the municipality experiences increases from SaskWater, in an attempt to create a service that is self-supporting.

An example of a comparison of current 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 current water rate Bylaw 2016-02 was approved by the SMB in 2016.

The current rate the municipality is charged for water is \$3.7234 per cubic meter plus GST (an increase of 6.875% effective May 1, 2017 and 6.858% effective May 1, 2018 is proposed). In 2016 it was estimated that in addition to the cost of purchasing water the municipality experienced a 30% additional cost for related expenses for distributing this service such as: wages, testing, power, heat, office supplies, material, chemicals and capital expenditures.

In 2016 the revenue from water sales worked out to cover 100% of the cost of purchasing water and related expenses. The municipality would like to continue providing a service that is self-sufficient where the user pays the cost for service and there is less of a strain on the taxpayer to cover the overage 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.

After a water reservoir and treatment plant upgrade completed in 2016, at a cost of \$1.293 million dollars, our water supply system is now designed to accommodate a population of 1200.

**Town of Hague  
Waterworks Capital Investment Strategy  
May 10, 2016**

On March 14, 2017 Council passed a resolution on a capital investment strategy.

The objective of the waterworks capital investment strategy is to address anticipated waterworks infrastructure maintenance, 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.

The current waterworks capital costs and remaining service are indicated according to the Round 3 Waterworks System Assessment completed in 2016 as attached; and planned sources of funding for upgrades are as indicated above: reserves, general revenue, long-term borrowing and any available grant money.

**Table 4. Estimated Capital Cost & Remaining Service**

Component	Year Constructed/Installed	Typical Service Life (Yrs.)	Remaining Service Life (Yrs.)	Replacement Cost
<b>Supply System (owned by others)</b>				
<b>Distribution System</b>				
Building	1965/1983	40	0 - 9	\$457,880.00
Reservoirs (2)	1965/1983	50	1 - 31	\$565,000.00
Expansion (building/Reservoir #3)	2014	40 - 50	40 - 50	\$691,941.00
Mechanical/Electrical	2015	40	40	\$484,229.00
Sub-Total				<b>\$2,199,050.00</b>
AC Pipe (150 mm, 3,998 m)	1963	40	0	\$3,771,500.00
PVC Pipe (150 mm, 1,773 m)	1973	50	34	\$1,673,000.00
PVC pipe (50mm, 1,308 m)	1978 to 1992	75	39 - 53	\$1,233,500.00
Distribution Pumps (2)	2015	40	40	---
Backup Power	2015	40	40	---
Fire Pump (1)	1963	50	0	\$70,000.00
Fire Hydrants (27)	1961-2009	50	0-45	\$168,750.00
Sub-total				<b>\$6,916,750.00</b>
<b>Total (2014)</b>				<b>\$9,115,800.00</b>

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

Completed in 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 2016 waterworks revenues: \$377,694.57

Total 2016 waterworks expenditures: \$363,947.86

Total debt payments on waterworks infrastructure loans: \$0

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

$$\frac{377,695}{363,948} = 1.04 \quad \text{or} \quad 104\%$$

For 2016, waterworks revenues covered 100 percent of the waterworks expenditures and had a surplus of 4% or \$13,747.

Amount of 2016 waterworks revenues transferred out of the utility, Zero.

There has been one capital project completed (Water Treatment Plant / Reservoir Upgrade) for the waterworks in 2016.

Amount of 2016 supplementary funding to cover expenditures: \$ 0 from the general revenue fund.

### **Reserves**

Reserves available for waterworks capital infrastructure: \$115,400 plus \$13,700 from 2016.

### **Attachments**

\* Attached is the 2016 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 dated January 18, 2017.