

Town of Hague
Waterworks Rate Policy
April 12, 2022

On April 12, 2022 Council passed a resolution on a waterworks policy.

Current Monthly Water Rates:

Minimum water rate,	1,000 gallons or less \$30.00 per month
	1,001 gallons or more \$30.00 per 1,000 gallons.

Coin operated water refilling station rate \$33.40 per 1,000 gallons.

Under the waterworks rate policy resolution, the current per unit (1000 gallons) water rate of \$30.00 is charged each month, with a minimum of \$30.00 for 1000 or less gallons, as adopted under the water Bylaw No. 2019-03. 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)	\$30.00 per month
Excess (5000 gallons)	\$150.00 per month
Coin Operated Refilling Station	\$33.40/1000 gallons

Bylaw 2019-03 was approved by the SMB in 2019.

The current rate the municipality is charged, effective March 1, 2022, is \$4.6725 per cubic meter. In 2021 it was estimated that in addition to the price of purchasing water the municipality experienced 38.8% in additional costs for related expenses for distributing this service such as: wages, testing, power, heat, office supplies, material, chemicals and capital expenditures.

In 2021 the revenue from water sales worked out to cover 105% 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 also achieves 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.

Town of Hague
Waterworks Capital Investment Strategy
April 12, 2022

On April 12, 2022 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, in part, the waterworks system assessment that was previously 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 previously submitted; 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
Supply System (owned by others)				
Distribution System				
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				\$2,199,050.00
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				\$6,916,750.00
Total (2014)				\$9,115,800.00

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

In 2020 the Town experienced in excess of \$ 63,000 in isolated water line repairs/replacements. In 2017/2018, the Town undertook a Water Distribution Upgrade Project estimated at \$ 914,089. This project had approximately 40 water valves replaced and 4 water loops completed. The project was approved for funding under the CWWF Program (Clean Water and WasteWater Fund), with the Federal government contributing \$ 457,044, the Provincial government contributing \$ 228,522 and the Town of Hague contributing \$ 228,522. The project is now complete, due to exceeding the budget the Town contributed an additional \$ 6,174.53.

Annual Financial Overview

Total 2021 waterworks revenues: \$449,782.56

Total 2021 waterworks expenditures: \$426,835.94

Total debt payments on waterworks infrastructure loans: \$0

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

$$\frac{449,782}{426,835} = 1.05 \quad \text{or} \quad 105\%$$

For 2021, waterworks revenues covered 105 percent of the waterworks expenditures with zero surplus.

Amount of 2021 waterworks revenues transferred out of the utility, \$80,000.

Amount of 2021 supplementary funding to cover expenditures: \$ 0 from the general revenue fund.

Reserves

Reserves available for waterworks capital infrastructure: \$ 375,549.

Attachments

* Attached to a previous submission would be the 2016 waterworks system assessment, as was previously required under section 35 of *The Water Regulations, 2002*.

* Attached is a SaskWater Rate Adjustment letter dated December 15, 2021.