

Town of Blaine Lake Waterworks Rate Policy 2016

In October 2013, Council passed Bylaw 2013-06. This Bylaw states that Council's goal is to operate a self-sustaining waterworks infrastructure. To continue to meet the goal of a self-sustaining waterworks infrastructure, Council will closely examine water revenue and expenses on an annual basis to ensure that this goal is met.

By planning the waterworks rate increases ahead of time, residents and businesses will be able to prepare for and adjust to the increases.

Waterworks revenue generated enough income to cover waterworks operating costs. Waterworks operating costs, or expenditures, include waterworks' staff salaries, benefits and training; power; telephone; fuel; heat; insurance; chemicals; repairs; maintenance; supplies; etc. Some municipalities use an infrastructure charge to collect revenue that is put into reserves so that they are able to address waterworks infrastructure problems that arise and replace aging waterworks infrastructure as required.

Below provides the estimated monthly water and collection rates for 2017. To demonstrate the impact on residents, below are estimated monthly charges that reflect the rate increases, which are based on the average household consuming 3300 gallons of water each month.

Date	Minimum Bi-Monthly Rate	Bi-Monthly Sewage Rate	Bi-Monthly Infrastructure Fee	Estimated Bi-Monthly Charge
January, 1,2017	70.00	24.00	25.00	119.00

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. To accomplish this, waterworks rates need to increase over time so that the revenues cover operating costs, to the extent possible. At the end of each year Council will review its waterworks policy to determine if revenues are covering costs. They will also review waterworks rates to determine if waterworks infrastructure reserves will be sufficient to cover upcoming replacement and maintenance costs.

The 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. Reduced funding for the waterworks from the general revenue fund will be reflected in future mill rates.

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 2005 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, 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.

Annual Waterworks Financial Overview

Total 2016 waterworks revenues (as reported in the Financial Statements)(R)- \$231,275.

Total 2016 waterworks expenditures (as reported in the Financial Statements)(E) - \$161,962. not including amortization - \$610,893. including amortization.

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

$$\frac{231,275.}{161,962.} = 1.43$$

Including amortization: $\frac{231,275.}{610,993.} = -3.78$

For 2016, waterworks revenues covered 100% of the waterworks expenditures, not including amortization.

Reserves

Amount of reserves available for Water & Sewer capital infrastructure - \$161,380..

Amount of 2016 supplementary funding required to cover expenditures - Zero from the general revenue fund.