

Name and Number of Municipality VILLAGE OF MAJOR

Date August 23, 2016

WATERWORKS RATE POLICY

On August 23, 2016 Council passed a resolution on a waterworks rate policy.

Under the waterworks rate policy resolution, the per cubic metre water rate of \$2.20 will continue, as adopted under the water Bylaw No. 01-15 dated January 2, 2015 which amended Bylaw No. 3-09, but to work towards waterworks revenues that cover waterworks operating costs. Council was planning to raise the per cubic metre water rate by 15% per year for the next four years. At the same time, Council will closely monitor waterworks expenditures. At the end of the fourth year, Council will review the waterworks policy to work towards waterworks revenues that cover waterworks operating costs and consider the need for a waterworks infrastructure charge. 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 each year for the water rate changes.

The \$2.20 per cubic metre water rate that was established on January 20, 2015 was chosen to be an acceptable rate for residents and businesses at that time. The per cubic metre water rate at this time generates enough waterworks revenues to cover the waterworks operating costs. Waterworks operating costs, or expenditures, include waterworks' staff salaries,; power; heat; insurance; chemicals; repairs; maintenance; supplies; etc. The per cubic metre water rate does not include an infrastructure charge. 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 planned per cubic metre water rate increases of 15 percent over the next four years. To demonstrate the impact on residents and businesses, below are estimated monthly charges that reflect the rate increases, which are based on an average household consuming 10 cubic metres of water each month.

Date per Cubic Rate Estimated Monthly Charge

January 1, 2017	\$2.53	\$25.30
January 1, 2018	\$2.91	\$29.10
January 1, 2019	\$3.35	\$33.50
January 1, 2020	\$3.85	\$38.50

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 the fourth year of the planned rate increases, Council will review its waterworks policy to determine if revenues are covering costs. At that time, Council will also need to consider increasing rates to build the waterworks reserves in order to cover future infrastructure maintenance and replacement costs, such as replacing the well pump and pipeline in 2016, which have been identified in the 2005 waterworks assessment required by *The Water Regulations, 2002*.

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

WATERWORKS CAPITAL INVESTMENT STRATEGY

On August 23, 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 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 need to undertake in the future a combination of increasing water rates to build the waterworks reserves, once the water rates cover waterworks and operating costs,.

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. We are maintaining government standards and regulations as set out by the Ministry of Environment.

ANNUAL FINANCIAL OVERVIEW

Total 2015 waterworks revenues (as reported in the Financial Statements) (R) - \$29,398

Total 2015 waterworks expenditures (as reported in the Financial Statements) - \$ 27,985

Comparison of waterworks revenues to expenditures, expressed as a ratio – 1:05 ratio

RESERVES

Reserves available for waterworks capital infrastructure - \$25,000.00.

Dated this 23rd day of August, 2016

Mayor

Administrator

ANNUAL WATERWORKS INFORMATION FOR THE VILLAGE OF MAJOR

Is available for inspection at the Village of Major office NW01-34-26 W3

During regular business hours 9:00 am to 4:00 pm Monday to Friday