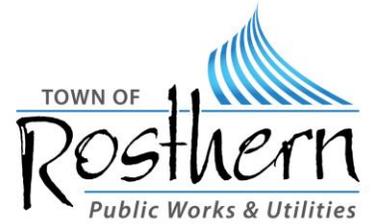


2017 WATERWORKS



WATERWORKS RATE POLICY

Council's plan is to set water and sewer rates for three-year periods, in order to provide sufficient revenue to enable the town's water utility to be self sustaining and to provide users with advanced notice of increases in order that they can plan for them.

The objective of the waterworks rate policy is to maintain waterworks that are self-financing and to set aside funds for future capital expenditures. Renewal and replacement of the aging infrastructure is being prioritized and completed as funds allow.

WATERWORKS CAPITAL INVESTMENT STRATEGY

The objective of the waterworks capital investment strategy is to eliminate risks by addressing 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 2015 waterworks system assessment that was required by Saskatchewan Environment for infrastructure planning as well as the Long-Term Asset Management plans for the water utility.

Recommendations in the 2015 waterworks system assessment indicate some major infrastructure upgrades which will require a new water treatment plant. In anticipation of this upgrade council has purchased the adjoining property to the existing Water Treatment Plant. Council has been increasing water and sewer rates to pay for its annual operating expenses plus transfer monies to reserves to help cover some of this cost. Council's plan is to try and hold off for 5 years to start this project and it will require borrowing funds.

The utility reserve for capital projects was depleted this year with the Sewer Force Main and Lift Station project which totaled \$3.2 million dollars. This project was a high-risk project that the Town received 75% funding for through the Clean Water and Waster Fund. Council will begin putting money in utility reserves in 2018.

2017 ANNUAL FINANCIAL OVERVIEW

Total 2017 water revenues (as reported in the financial statements) (R) \$924,988

Total 2017 water expenditures (as reported in the financial statements) (E) \$809,315

Total debt payments on utility infrastructure loans (D) \$0

Comparison of utility revenues to expenditures plus debt payments, expressed as a ratio-

$$\frac{\$924,988}{\$809,315} = 115\%$$

For 2017, water revenues covered 115% of the water expenditures. 16% or \$147,337

The amount of utility revenues transferred out of the utility into reserves was \$456,200.

The amount of supplementary funding required to cover expenditures was \$0.

RESERVES

In 2017, there was \$456,200 taken out of the utility reserves to cover a portion of the \$3.2 million-dollar sewer project.

In 2017, the utility levy amounted to \$147,337.

The amount left in reserves for future waterworks capital infrastructure is \$45.

ATTACHMENTS

- The 2015 waterworks system assessment, as required under Section 35 of *The Water Regulations, 2002* is available on request.
- The DRAFT water works long term asset management plan is available upon request
- Agreements for waterworks services. (None at this time)