

Waterworks Rate Policy

Effective July 1, 2023, Council of the Town of Outlook passed Bylaw No. 03 (2023), to fix the rates to be charged for the use and consumption of water from the municipality’s waterworks system and to fix the rates for the use of the sewer and to control and regulate the discharge of sewage into the municipality’s sewage system.

Pursuant to Bylaw 03 (2023), Town of Outlook Residential, Industrial, Commercial and Institutional quarterly water rates are established as follows:

MONTHLY RATES EFFECTIVE JULY 1, 2023

1. MONTHLY WATER RATES:

7.0 Cubic Meters or less	Minimum \$40.00
Over 7.0 Cubic Meters	\$1.75 per cubic meter

2. COIN OPERATED PIPE STAND:

The following rate shall be charged to persons obtaining water from the coin operated water reservoir: \$6 per 1.00 cubic meter

3. MONTHLY WATER RATES FOR WATER SUPPLIED OUTSIDE THE MUNICIPALITYS BOUNDARY PER SUBSCRIBER CONNECTION:

7.0 Cubic Meter or less	Minimum \$ 40.00
Over 7.0 Cubic Meter	\$1.75 per cubic meter

In the case where water is supplied to customers of the Eastside Public Utility, a thirty-five percent (35%) Surcharge shall be added in each instance to the monthly billings to assist the Municipality in the maintenance and operation of the water facilities.

4. MONTHLY WATER INFRASTRUCTURE FEE:

- a. \$5.00 per connection within the municipal boundary with the following exceptions:
 - i. Hospitals & Nursing Homes
 - ii. Schools
 - iii. Multi Residential Buildings with more than 4 units
 - iv. In these cases only, customers will be charged the monthly water infrastructure at a rate of \$5 per unit minimum monthly infrastructure fee charged of \$50
- b. Utility Connections outside the Municipal Boundary will be subject to a \$42.00 infrastructure fee per connection,

- c. In the case of Rudy Landing customers an additional \$3.00 surcharge will be added in each instance to the monthly billings to assist the partner municipality in the replacement, maintenance and operation of the rural water facilities as they see fit.

The objective of the waterworks rate policy has been to work towards waterworks that are self-financing and sustainable, where the users pay for the cost of the service, we are pleased to say that this has been sustainable over the long term on an operation expenditure basis (including amortization). Unfortunately, much of the waterworks infrastructure is in need of replacement and/or significant maintenance. The Town of Outlook is accessing grants and loans to assist with replacement and maintenance. In addition, Town Council has ensured that there is ample room in the Waterworks operating budget to support loan payments and amortization expenses for infrastructure with higher value.

In order to ensure this, waterworks rates revenues cover operating costs and provide sustainable infrastructure needs through surplus. Council annually reviews its waterworks policy to determine if revenues are covering costs, and to replace infrastructure annually as well as build utility services reserves in order to cover future infrastructure maintenance and replacement costs.

This waterworks rate policy is successfully working with a sustainable financially independent waterworks that do not have to compete with other key municipal financial demands under the municipal general revenue fund. This ensures our waterworks continue to provide safe drinking water. In addition, rates that cover costs influence consumer demand and water conservation, and self-financing waterworks reduce pressures on property taxes, general lease revenues and other user fees.

Waterworks Capital Investment Strategy

The objective of the waterworks capital investment strategy is to address anticipated waterworks infrastructure maintenance and future infrastructure replacements in a timely fashion as to ensure the municipal waterworks provides safe drinking water to residents and businesses. The strategy uses the 2015 waterworks system assessment required by Saskatchewan Environment for infrastructure planning.

In order to facilitate this strategy, as a part of Council passed Bylaw No. 03(2023) as a follow up to bylaws setting up reserves. The reserve fund was initially created for capital replacement of utilities, waterworks and sanitary sewer. This reserve fund is funded by a monthly \$5 charge on every Town water connection and \$42 monthly per rural water connection. In addition, Bylaw 03 (2023) also provides for a \$5 per sewer connection charge for infrastructure on Town accounts and \$7 per sewer connection charge on rural accounts.

Waterworks Financial Overview

**Waterworks Financial Overview
For the Year ending December 31, 2023**

<u>Revenues</u>	<u>2023</u>	<u>2022</u>
Water Sales	\$ 829,743.91	\$ 855,984.13
Ebill Discount	- 5,763.36	- 1,322.48
Disconnection/Connection Charges	100.00	150.00
Coin-Op Sales	13,602.10	6,225.25
Sale of Supplies	-	60.60
Water Reserve Fees	31,826.73	63,741.68
Water Infrastructure Fees	77,152.21	43,367.50
West Pipeline Fees	3,042.04	3,256.92
Interest	3,139.41	3,489.15
Total Revenues	\$ 952,843.04	\$ 974,952.75

<u>Expenditures</u>		
Salaries & Benefits	\$ 189,110.64	\$ 173,836.24
Training & Safety	7,621.18	5,857.04
Insurance	13,896.94	13,129.17
Office Supplies and Postage	7,745.62	
Memberships	-	150.00
Contracted Service/Repairs	84,701.86	53,716.49
Lab Testing	6,029.58	5,660.56
Neptune Agreement	2,530.27	4,556.94
Utilities	66,514.39	61,491.56
Vehicle Fuel & Repairs	8,153.15	8,735.61
Distribution System Repairs	79.34	6,456.34
Hydrant Repairs	22,815.78	- 9,063.57
River Pump Repairs	194.00	130.62
Line Repairs	4,553.88	3,930.67
Supplies, Small Tools, and Equipment	5,695.58	2,443.64
Chemicals	32,424.18	30,473.95
Meter, Equipment & Building Repairs	34,643.33	8,099.02
Amortization	97,705.96	97,715.00
Interest	6,259.64	10,434.91
Long term debt payments	193,407.00	193,407.00
Total Expenditures	\$ 784,082.32	\$ 671,161.19

Long term debt (Note 1) \$2,623,829.60

Total waterworks revenues (R) \$952,843.04

Total Waterworks expenditures (E) \$590,675.32

Total debt payments on Waterworks infrastructure (D) \$193,407.10



IRRIGATION CAPITAL OF SASKATCHEWAN

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

$$\frac{(R)}{(E + D)} = \frac{\$952,843.04}{\$784,082.32} = 1.22$$

For 2023, waterworks revenues covered 122% of the waterworks expenditures and debt payments.

Ratio explanation

Ratio explanation: The 2023 waterworks ratio includes water reserve fees and infrastructure reserve fees which are specifically charged to be put into the Town of Outlook reserves (savings) for infrastructure projects related to the utility. While the Town recognizes this as revenues, it forms a part of the larger capital plan and can be used to make debt payments so it is included in the revenue. We do not include grant revenue that is specific to the utility in this ratio.

Note 1: At December 31st, 2023 the Town of Outlook held \$4,123,829.60 in long-term debt related to waterworks. The loan was taken in 2017 for a term of 7 years (ending 2024) for watermain replacement on McKenzie Street and the final payment will be made in 2024. The Original loan amount was \$866,807.00 with an interest rate of 3.38%. Principal payments are made once annually and interest is paid monthly. The debenture is repayable over 25 years (ending in 2049) for the cost of enhancement at the water treatment plant, securing a sustainable raw water intake source and replacement of water and sewer mains as well as sewer service connections under Highway 15. 37.5% of the debenture is attributable to sewer and 62.5% to water utility, the full loan is for \$4 million and the rate is 4.15% Principal and interest payments are paid semi-annually.

Reserves:

Reserves available for utility services capital infrastructure as at December 31, 2023 are as follows:

Utility Reserve	\$ 289,514
Water Reservoir Reserve	<u>\$ 877,883</u>
Total	<u>\$1,167,397</u>