TOWN OF
Outlook
IRRIGATION CAPITAL OF SASKATCHEWAN

## UTILITY 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 monthly water rates are established as follows:

### *MONTHLY WATER 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 MUNICIPALITY'S 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

(RM of Rudy No. 284) in the replacement, maintenance and operation of the rural water facilities as they see fit.

***MONTHLY SEWER SERVICE RATES EFFECTIVE JULY 1, 2023***

5. *MONTHLY SEWER RATES*

   Residential – 40% of water charges for the month with the following exceptions:

   Commercial – 55% of water charges for the month with the following exceptions:

   a. Hospitals & Nursing Homes
   b. Schools
   c. Clinics
   d. Hotels
   e. Multi Residential Buildings with more than 4 units

   In these cases only, customers will be charged 75% of water charges as high volume users

6. *MONTHLY SEWER 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
      In these cases only, customers will be charged the monthly sewer infrastructure at a rate of $5 per unit minimum monthly infrastructure fee charged of $50
      iv. Utility Connections outside the Municipal Boundary will be subject to a $7.00 infrastructure fee per connection,
      v. In the case of Rudy Landing customers an additional $3.00 surcharge added in each instance to the monthly billings to assist the partner municipality in the replacement, maintenance and operation of the rural sewer facilities as they see fit.

The objective of the utility rate policy has been to work towards a waterworks and wastewater works 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) for a number of years now.

Unfortunately, much of the utility infrastructure is in need of replacement and/or significant maintenance. The Town of Outlook has accessed grants from other levels of government to assist with water treatment plant upgrades and raw water intake upgrades. The Town of Outlook has accessed loans to supplement the shortfall in reserves to assist with replacement and upgrades of both water and sewer infrastructure. Town Council continues to ensure ample

room exists in the utility operating budget to support loan payments (interest) and amortization expenses for infrastructure. The principal payments made on utility loans over time are a cash investment and not reflected on the operating budget. For this reason, it is incumbent on Town Council to ensure that there is cash surplus AND/OR reserves to make the principal payments over time.

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

This utility rate policy is successfully working with a sustainable financially independent waterworks and waste 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 utility works reduce pressures on property taxes, general lease revenues and other user fees.

Town Council must review and approve an updated utility capital investment strategy each year. Upon preparation of the strategy, administration should use the long-term planning tools such as the 10 year capital plan as well as the strategic plan to forecast planned expenditures to identify the need for updates to the utility rate bylaw that will serve to keep the utility to be sustainable, affordable and competitive with other regional utility's close to the same operating model and serving a similar customer base. Once the forecast is complete, administration should assess whether an update to the existing bylaw is warranted and make presentation to Council thereof.

Under bylaw, Council must review the rate bylaw at least once per Council's 4 year term ensuring that rates are updated to reflect inflation and budgetary pressures.

## UTILITY CAPITAL INVESTMENT STRATEGY

The objective of the utility capital investment strategy is to address anticipated utility 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.

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## UTILITY FINANCIAL OVERVIEW

**Schedule 2-4**

### TOWN OF OUTLOOK

**CONSOLIDATED SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION**

**Year ended December 31, 2025**
with comparative figures for 2024

| | 2025 Budget | 2025 Actual | 2024 Actual |
|---|---|---|---|
| **UTILITY SERVICES** | | | |
| **Operating** | | | |
| Other Segmented Revenue | | | |
| Fees and Charges | | | |
| Water | $ 810,500 | 846,095 | 805,410 |
| Sewer | 300,800 | 306,257 | 288,559 |
| Other (infrastructure charges) | 198,100 | 197,824 | 195,467 |
| Total Fees and Charges | 1,309,400 | 1,350,176 | 1,289,436 |
| Tangible capital asset sales - gain (loss) | - | 300 | (1,885) |
| Investment income and commissions | - | 16 | 26,919 |
| Other (line replacement program) | - | - | 115,000 |
| Total Other Segmented Revenue | 1,309,400 | 1,350,492 | 1,429,470 |
| Conditional Grants | | | |
| Student Employment | - | - | - |
| Other | - | - | - |
| Total Conditional Grants | - | - | - |
| **Total Operating** | 1,309,400 | 1,350,492 | 1,429,470 |
| **Capital** | | | |
| Conditional Grants | | | |
| Canada Community-Building Fund (CCBF) | 145,500 | 145,533 | 144,404 |
| ICIP | 1,591,500 | 621,259 | 2,706,708 |
| New Building Canada Fund (SCF, NRP) | - | - | - |
| Clean Water and Wastewater Fund | - | - | - |
| Provincial Disaster Assistance | - | - | - |
| Other | - | - | - |
| **Total Capital** | 1,737,000 | 766,792 | 2,851,112 |
| **Restructuring Revenue** | - | - | - |
| **Total Utility Services** | 3,046,400 | 2,117,284 | 4,280,582 |

**Schedule 3-3**

### TOWN OF OUTLOOK

**CONSOLIDATED SCHEDULE OF EXPENSES BY FUNCTION**

**Year ended December 31, 2025**
with comparative figures for 2024

| | 2025 Budget | 2025 Actual | 2024 Actual |
|---|---|---|---|
| **UTILITY SERVICES** | | | |
| Wages and benefits | 206,700 | 223,277 | 226,840 |
| Professional/Contractual services | 193,675 | 231,728 | 142,988 |
| Utilities | 82,250 | 78,970 | 80,607 |
| Maintenance, materials and supplies | 145,500 | 98,866 | 159,562 |
| Grants and contributions -operating | - | - | - |
| -capital | - | - | - |
| Amortization of tangible capital assets | 324,280 | 295,528 | 175,447 |
| Accretion of asset retirement obligation | - | - | - |
| Interest | 162,395 | 162,396 | 167,347 |
| Allowance for uncollectible | - | - | - |
| Other | - | - | - |
| **Utility Services** | 1,114,800 | 1,090,765 | 952,791 |
| **Restructuring** | - | - | - |
| **Total Utility Services** | 1,114,800 | 1,090,765 | 952,791 |

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Total utility revenues without grants (R) $1,350,492

Total Utility expenditures (E) $1,090,765

Total debt payments on Utility infrastructure (D) $234,342

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

$$\frac{(R)}{(E + D)} \qquad \frac{\$1,350,492}{\$1,325,1073} = \mathbf{1.019}$$

***For 2025, utility revenues covered 102% of the waterworks expenditures and debt payments.***

*RATIO EXPLANATION*

The 2025 waterworks ratio includes water reserve fees, sewer 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 these 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 31, 2025 the Town of Outlook held $3,859,003 in long-term debt related to waterworks. 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, 2025 are as follows:

| | |
|---|---|
| Water Reservoir Reserve | $ 897,956 |

## FORECAST – CONSIDERATIONS AND RECOMMENDATIONS:

### Considerations

1. The Town of Outlook is borrowing $3.5 million by debenture in 2026 to complete the raw water intake, the Saskatchewan Road Development and a stormwater retention pond to serve the east part of Outlook. 25% of this long-term debt will be attributed to the Utility. The semi-annual debt payment will $136,043.63 (annual $272,087.26) The Utility's share of this debenture annually is $68,022.

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2. Upon review rates set should take inflation into account. Inflation since passing the previous rate bylaw in 2023 has seen a cumulative inflation of 8.6% (3.9% - 2023; 2.4% - 2024; 2.1% - 2025). The utility's costs are affected by inflation and the utility's revenue should reflect inflation as well.
3. In February, 2028, residential utility payers will see a reduction of $8 per month in their total monthly utility invoice as the recycling steward program will take on the full cost of residential recycling at that time, costing the Town and utility payer $0.
4. The previous move to charge sewer as a percentage of water usage, while unpopular at the time, has served the Town well as there is correlation between water usage and sewer usage
5. While the infrastructure charges, expanded on in 2023 are not proving to be sufficient for the long-term sustainability of the utility (without supplemental borrowing and grants) and provide very little gain in reserves as the capital investment in the utility each year is larger than the infrastructure fees collected, this has served to identify funds to invest in capital projects for the utility
6. Revenues will increase organically without rate increases as more customers are taken on by the utility but these are not expected to be sufficient for long term viability of the utility
7. The target ratio of revenues to expenses and debt payments has been between 1.05 to 1.3, when we set the rates in 2023 we were at a ratio of 1.2
8. The Town of Outlook's utility rates (residential) comparable size in the region:

| Utility Owner | Last Updated | Water Rate per m3 | Sewer Rate | Flat Fee | Per 13.65 m3 (3000 gallons)per month | Infra Fee | Total |
|---|---|---|---|---|---|---|---|
| Biggar | 2025 | $1.53 | $15F | $27.85W | $20.88 | $15 | $78.73 |
| Delisle | 2025 | $3.30 | $12F | $46.66WM | $15.00 | $20 | $81.66 |
| Kindersley | 2026 | $5.85 | none | $17.25W | $79.85 | $12.75 | $109.85 |
| Maple Creek | 2020 | $1.37 | $36.60F | $35 | $18.70 | none | $90.30 |
| Outlook | 2023 | $1.75 | $0.70 | $40WM | $16.29 | $10 | $66.29 |
| Unity | 2024 | $2.50 | $11.00S | $28.00W | $52.69 | $34 | $86.69 |
| Proposed O | 2026 | $1.80 | $0.72 | $42WM | $16.76 | $12 | $70.76 |
| Aggressive O | 2026 | $2.00 | $0.80 | $45WM | $18.62 | $20 | $83.62 |

9. With the increase in debt payments and taking into consideration increases in costs with inflation at 2.3%, an increase in rates to as recommended ($42 minimum ($2 increase), $1.80 per cubic meter (increase of 5 cents), Sewer infrastructure $7 ($2 increase) covers inflationary pressures but not debt payments. Under this scenario, we calculate anticipated revenues at $1,450,000, expenses at $1,115,853 and debt payment at $302,364. The ratio would be 1.02. In order to get to a 1.2 ratio for 2027 we would need to have revenues of $1,701,860 (26% increase in revenues)
10. To achieve a 1.1 ratio for 2027 we would need to have revenues of $1,560,039 (16% increase in revenues)

11. To achieve a 1.05 ratio for 2027 we would need to have revenues of $1,489,128 (10% increase in revenues)

**Recommendations**

Council needs to set rates balancing the public's increasing costs of living with the desire to set aside reserves for replacement of existing infrastructure approaching expected end of useful life.