

ANNUAL WATERWORKS INFORMATION AVAILABLE AT THE MUNICIPAL OFFICE BY SEPTEMBER 1 OF EACH YEAR (beginning 2006)

(As required under *The Municipalities Regulations*)

Name and Number of Municipality	Hamlet of Example (Rural Municipality 999)
Date	September 1, 2006

WATERWORKS RATE POLICY (to be established by bylaw or resolution by July 1, 2006)

On June 1, 2006, Council passed a resolution on a waterworks rate policy.

(Describe the waterworks rates and fees charged by the municipality, including the price per unit.)

Under the waterworks rate policy resolution, the per cubic metre water rate of \$.80 will continue, as adopted under the water bylaw dated January 4, 2005, but to work towards waterworks revenues that cover waterworks operating costs, beginning January 1, 2007, Council is planning to raise the per cubic metre water rate by 10% 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.

(Describe how the waterworks rates and fees are determined, including the types of costs used for determining the rates and fees.)

The \$.80 per cubic metre water rate that was established on January 4, 2005 was chosen to be an acceptable rate for residents and businesses at that time. The per cubic metre water rate does not generate enough waterworks revenues to cover the waterworks operating costs. The rate covers about 60% of the waterworks operating costs, with the other 40% of the operating costs being covered by funding from the general revenue fund. Waterworks operating costs, or expenditures, include waterworks' staff salaries, benefits and training; power; telephone; fuel; heat; insurance; chemicals; repairs; maintenance; supplies; etc. Also, 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 10 percent per year 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 32 cubic metres of water each month.

Date	Per Cubic Rate	Estimated Monthly Charge
January 1, 2006	\$0.80	\$25.60
January 1, 2007	\$0.88	\$28.16
January 1, 2008	\$0.97	\$31.04
January 1, 2009	\$1.06	\$33.92
January 1, 2010	\$1.17	\$37.44

(Describe the objectives of the waterworks rate policy)

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
(to be established by bylaw or resolution by July 1, 2006)

On June 1, 2006, Council passed a resolution on a capital investment strategy.

(Describe the objectives of the 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.

(Describe how capital plans are determined, including how they are identified and prioritized. Indicate the sources of funding for waterworks infrastructure projects.)

Capital plans have been established to address the waterworks infrastructure deficiencies and replacements as identified and prioritized in the 2005 waterworks assessment to ensure safe drinking water. The current waterworks capital plans and planned sources of funding are as follows:

Project	Planned Year of Completion	2005 Cost	Future Cost*	Source of Funding
install a water treatment backwash pump	underway in 2006	\$15,000	\$15,450	reserves
replace well pump and pipeline	2016	\$125,000	\$173,029	reserves and borrowing

*Assuming a 3% rate of inflation per year.

For future waterworks capital plans, projects will be prioritized based on what is needed to ensure safe drinking water.

ANNUAL FINANCIAL OVERVIEW (of the previous calendar year)

Total 2005 waterworks revenues (as reported in the Financial Statements) (R) - \$31,019

Total 2005 waterworks expenditures (as reported in the Financial Statements) (includes interest paid on waterworks infrastructure loans) (E) - \$52,512

Total debt payments on waterworks infrastructure loans (D) - zero (no waterworks debt)

Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio - $\frac{(\$31,019)}{(\$52,512) + (\$0)} = .59$

If needed, an explanation of the ratio. (Examples could include reasons for variation from other years; unusual expenditures, revenues or volume; new infrastructure debt, etc.)

For 2005, waterworks revenues covered 59 percent of the waterworks expenditures.

Amount of 2005 waterworks revenues transferred out of the utility, specifying where the revenues were transferred - zero.

Amount of 2005 supplementary funding required to cover expenditures, specifying the source of the supplementary funding - \$21,493 from the general revenue fund.

RESERVES

Reserves available for waterworks capital infrastructure - \$25,500.

ATTACHMENTS

- Attached is the 2005 waterworks system assessment, as required under section 35 of *The Water Regulations, 2002*.
- There are no agreements for waterworks services.

ANNUAL INFORMATION PROVIDED DIRECTLY TO THE PUBLIC THROUGH NEWSPAPERS, DIRECT MAILOUTS OR WEBSITES BY SEPTEMBER 1 OF EACH YEAR (beginning 2006)

The following is information on the Hamlet of Example's waterworks, as required under *The Municipalities Regulations*.

2005 Waterworks Financial Overview:

- Total waterworks revenues (R) - \$31,019
 - Total waterworks expenditures (E) - \$52,512
 - Total debt payments on waterworks infrastructure loans (D) - 0
 - Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio - $\frac{(\$31,019)}{(\$52,512) + (\$0)} = .59$
- For 2005, waterworks revenues covered 59 percent of the waterworks expenditures.

The following additional information is available at the municipal office on the waterworks:

- the June 1, 2006 waterworks rate policy and capital investment strategy
- capital plans in place and related sources of funding for the projects
- 2005 financial overview of the waterworks
- waterworks reserves
- a copy of the 2005 waterworks assessment

(A copy of the information is to be sent to Saskatchewan Government Relations, Policy Development Branch, 1855 Victoria Avenue, Room 1540, Regina, Saskatchewan, S4P 3T2.)

Notes for Public Utility Boards

- These regulations also apply to public utility boards established under *The Municipalities Act*.
- The public utility board is responsible for compiling the required information related to the public utility and providing it to the respective municipalities.
- The municipalities are to make the public utility information available to the public at their municipal offices.
- Also, municipalities are to make available to the public at their municipal offices required waterworks information on the waterworks components that are not part of the public utility.
- The municipality must also provide the required information on the public utility and its own waterworks components directly to the public.