

**ANNUAL WATERWORKS INFORMATION AVAILABLE AT THE MUNICIPAL OFFICE BY
SEPTEMBER 1 OF EACH YEAR**

(as required under *The Municipalities Regulations*)

Name and Number of Municipality	Rural Municipality of Britannia No. 502
Date	June 14, 2017

WATERWORKS RATE POLICY

On March 22, 2017 Council passed a bylaw to establish a waterworks rate

Under the Waterworks Rate Bylaw, the flat water rate beginning January 1, 2006, was \$25.00 per household for water, and \$25.00 per household for sewer. Council increased the water rates in 2014 to \$30.00/month per household for water, and \$30.00/month per household for sewer. Council passed a Bylaw on March 22, 2017 that will come into effect on the July 1, 2017 to September 30, 2017 billing cycle to increase the monthly charge from \$60.00/month to \$70.00/month. The new rates include a \$25.00/month per household for water, \$25.00/month per household for sewer, \$10.00/month for a water infrastructure charge and \$10.00/month for a sewer infrastructure charge. The Municipality decided the rates needed to be increased because the capital and maintenance costs have increased significantly. In 2017, the R.M. of Britannia No. 502 has budgeted to upgrade the Hamlet of Greenstreet by installing a Reverse Osmosis System and expand their lagoon as well.

Council recognizes that revenues generated from the water and sewer rates do not cover the costs of the maintenance and infrastructure to the systems located within the Hamlet of Greenstreet and Hillmond. The shortfall is absorbed by the taxes received within the municipality.

By planning the waterworks rate increases ahead of time, the 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 Municipality is planning on a yearly increase over the next three years of **\$2.00 annually**.

The \$25.00 flat water and sewer rates that were established on January 1, 2006 were chosen as being acceptable rates for residents and businesses at that time. The flat rates do not generate enough waterworks revenues to cover the waterworks operating costs. The current rates of \$30.00/month for water and \$30.00/month for sewer were implemented utilized in 2014. The Greenstreet rates cover about 21% of the waterworks operating costs, with 79% of the operating costs being covered by funding from the general revenue fund. The Hillmond rates cover about 61% of the waterworks operating costs, with 39% of the operating costs being covered by funding from the general revenue fund. Waterworks operating costs, or expenditures, include waterworks' staff salaries, benefits, training; power; telephone; fuel; heat; insurance; chemicals; repairs; maintenance; supplies; etc. Also, the flat water and sewer rates do 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 as required.

Beginning July 1, 2017, a \$10.00 monthly charge for future water infrastructure as well as a \$10.00 monthly charge for future sewer infrastructure will be implemented.

In 2018, the Municipality is planning on installing water meters at all the residences and businesses in Greenstreet and Hillmond. Once these meters are installed, the below rates will be considered for the average water user. The municipality will implement a water usage rate schedule when the water usage can be measured. This change will be a fair way of charging for water usage and may reduce the water being wasted because the user will have to pay for what is actually used not just a basic monthly fee.

Below provides the planned rate increases for this year and beyond for the average user:

Date	Water Monthly Flat Rate	Monthly Sewer Flat Rate	Water Infrastructure Monthly Charge	Sewer Infrastructure Monthly Charge
January 1, 2017	\$30.00	\$30.00	\$0.00	\$0.00
July 1, 2017	\$25.00	\$25.00	\$10.00	\$10.00
January 1, 2018	\$26.00	\$26.00	\$10.00	\$10.00
January 1, 2019	\$27.00	\$27.00	\$10.00	\$10.00
January 1, 2020	\$28.00	\$28.00	\$10.00	\$10.00

The objective of the waterworks rate policy is to work towards waterworks that are self-financing, where the users pay for the cost of service. To accomplish this, waterworks rates need to increase over time so that the revenues cover operating costs. At the end of the fourth year of the planned rate increases, Council will review its water works policy to determine if revenue is covering costs. 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

WATERWORKS CAPITAL INVESTMENT STRATEGY

On June 14, 2017, Council passed a resolution regarding the implementation of a 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 2015 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, and attempt to cover the waterworks operating costs, and long term borrowing .

The Capital investment strategy will ensure that safe drinking water can be provided to the residents and businesses in the community presently and in the future.

Capital plans have been established to address the waterworks infrastructure deficiencies and replacements as identified and prioritized in the 2015 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	2017 Cost	Future Cost*	Source of Funding
Expand the lagoon at the Greenstreet location	2017	\$400,000	\$412,000	Reserves, Gas Tax Funding, Municipal Taxes
Install Water Meters at Greenstreet and Hillmond	2018	\$40,000	\$41,200	Municipal Taxes
Install Reverse Osmosis at Greenstreet	2017	\$350,000	\$360,500	Municipal Taxes
Replace sewer line at Hillmond	2018	\$100,000	\$103,000	Municipal Taxes

*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 2016 waterworks revenues (as reported in the Financial Statements) (R) \$ 48,577.64

Total 2016 waterworks expenditures (as reported in the Financial statements) (includes interest paid on waterworks infrastructure loans) (E) \$ 171,724.32

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 - $\frac{(\$48,577.64)}{(\$171,724.32) + (\$0)} = .28$

For 2016, waterworks revenue covered 28% of the waterworks expenditures.

Amount of 2016 waterworks revenue transferred out of the utility, specifying where the revenues were transferred – Zero

Amount of 2016 supplementary funding required to cover the expenditures, specifying the source of the supplementary funding - \$123,146.68 from the general revenue fund.

RESERVES

Reserves available for waterworks capital infrastructure - 0

ATTACHMENTS

- Attached is the 2015 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 Rural Municipality of Britannia No. 502 waterworks, as required under *The Municipalities Regulations*.

2016 Waterworks Financial Overview Hillmond:

- Total waterworks Revenue (R) - \$18,331.62
- Total waterworks expenditures (E) - \$30,065.04
- Total debt payments on waterworks infrastructure loans (D) – 0

Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio - $\frac{(\$18,331.62)}{(\$30,065.04) + (\$0)} = .61$

- For 2016, waterworks revenues covered 61% of the waterworks expenditures.

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

- The July 1, 2017 waterworks rate bylaw.
- Capital plans in place and related sources of funding for projects
- 2016 financial overview of 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.)

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The following is information on the Rural Municipality of Britannia No. 502 waterworks, as required under *The Municipalities Regulations*.

2014 Waterworks Financial Overview Greenstreet:

- Total waterworks Revenue (R) - \$30,246.02
- Total waterworks expenditures (E) - \$141,659.28
- Total debt payments on waterworks infrastructure loans (D) – 0

Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio - $\frac{(\$30,246.02)}{(\$141,659.28) + (\$0)} = .21$

- For 2016, waterworks revenues covered 21% of the waterworks expenditures.

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

- The July 1, 2017 waterworks rate bylaw.
- Capital plans in place and related sources of funding for projects
- 2016 financial overview of waterworks
- Waterworks reserves
- A copy of the 2015 waterworks assessment

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