

ANNUAL WATERWORKS INFORMATION FOR THE YEAR 2019

(As required under *The Municipalities Act Regulations*)

Name of Municipality: TOWN OF Cut Knife

Date: August 28th, 2020

WATERWORKS RATE POLICY

Date of Council Resolution: September 14th, 2020

Waterworks rates and fees:

Under the waterworks rate policy resolution, a minimum quarterly rate of \$202.50 for consumption from 0 to 45 cubic meters and a charge of \$4.52/1 cubic meters for consumption in excess of 45 cubic meters was adopted by Bylaw No. 06/17 being a bylaw to fix the rates to be charged for the use and consumption of water.

Council annually reviews the rates and takes inflationary factors and water capital projects into account to ensure water revenues cover the subsequent expenses. Council will continue to review and adjust rates to ensure this practise continues.

Costs used to determine waterworks rates and fees:

The current water rate structure was reviewed in 2017 and the decision was made to increase rates due to the capital projects that needed to be completed. The rates increased in the years 2018 and 2019 and then will be re-evaluated to see if there is enough funding to cover general operating expenditures and capital projects. Operating costs include staff salaries, benefits, training, electricity, and energy, insurance, chemicals, repairs, maintenance, supplies, forms and administration time. The current infrastructure fee is 80.01 per quarter.

Below provides a three-year projection of water rates. Town Council will be conducting a review of the water rates in the fall of 2020.

Date	Metered Rate	Estimated monthly Charge
January 1, 2020	\$ 202.50 min plus \$4.52/1.0 Cubic Meters	\$20,453
January 1, 2021	\$ 202.50 min plus \$4.52/1.0 Cubic Meters	\$20,453
January 1, 2022	\$ 202.50 min plus \$4.52/1.0 Cubic Meters	\$20,453

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 will increase over time so that revenues cover operating and capital costs. Council will also build waterworks reserves to cover future infrastructure maintenance and replacement costs such as water mains, wells and upgrade to the Water Treatment Plant. The rates established for metered water will work towards a financially independent waterworks that does not compete with other key municipal financial demands under the general revenue fund. Also, rates that cover costs will influence consumer demand and water conservation, and reduce pressures on property taxes.

WATERWORKS CAPITAL INVESTMENT STRATEGY

(Established by Resolution)

Date of Council Resolution: September 14th, 2020

Objectives of the Waterworks Capital Investment Strategy:

The objective of the waterworks capital investment strategy is to address anticipated waterworks infrastructure maintenance and the timely replacement of that infrastructure so that residents and businesses continue to enjoy abundant, safe drinking water on an uninterrupted basis.

To address future costs of waterworks infrastructure maintenance and replacements, Council will undertake a combination of increasing water rates to build up reserves, long term borrowing, special levies, Building Canada Funding and lobbying for future funding from senior governments.

Capital Plan and Sources of Funding - Waterworks infrastructure projects:

The current waterworks capital plans and planned sources of funding are as follows:

Project	Planned Year of Completion	Cost	Future Cost*	Source of Funding
			TBD	
		TBD	TBD	TBD

For future waterworks capital plans, projects will be prioritized based on what is needed to ensure safe, abundant drinking water and funding available to undertake such projects.

ANNUAL FINANCIAL OVERVIEW (for the year 2019)

Total 2019 waterworks revenue (as reported in the Financial Statements) (R) - **\$541,642**

Total 2019 water expenditures (as reported in the Financial Statements) (includes interest paid on waterworks infrastructure loans) (E) - **\$407,930**

Total debt payments on waterworks infrastructure loans (D): **\$68,722**

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

$$\frac{(\$541,642)}{(\$476,652)} = 1.14$$

Explanation of the ratio:

Grants received helped offset the expenditures.

Amount of 2019 water revenues transferred out of the utility, specifying where the revenues were transferred: No utility reserves were used in 2019.

Amount of 2019 supplementary funding required to cover expenditures, specifying the source of the supplementary funding: **-0-**

RESERVES

Reserves available for waterworks capital infrastructure - **\$54,036.29**

ATTACHMENTS

- A waterworks system assessment was completed in 2015 by Pinter & Associates LTD as required under section 35 of *The Water Regulations, 2002*. There are no agreements for waterworks services.