

Town of Rose Valley
2017 Annual Water and Sewer Information
Available to the Public at the Municipal Office
Pursuant to *The Municipalities Regulations (Part VIII, Sections 50 to 55)*

1. Waterworks Rate Policy:

Please see attached document "Schedule A" The Waterworks Rate Policy 2017 passed by resolution at the Town of Rose Valley regular Council Meeting held August 2, 2017

2. Waterworks Capital Investment Strategy:

Please see attached document "Schedule B" The Waterworks Capital Investment Strategy 2017 passed by resolution at the Town of Rose Valley regular Council Meeting held August 2, 2017.

3. Annual Financial Overview of the Water and Sewer Utility For the Year 2016

Total Water and Sewer Revenue (R)	\$	253,684
Total Water and Sewer Expenditures (E)	\$	276,521
Total debt payments on water and sewer infrastructure loans (D)	\$	73,542

Comparison of Water and Sewer Revenue to Water and Sewer Expenditures plus Debt payments expressed as a ratio.

<u>Revenues</u>	=	\$ 253,684.00	=	72%
<u>Expenditures + Debt Payments</u>		\$ 350,063.44		

For the year 2016 water and sewer revenue covered seventy seven percent of the water and sewer expenditures.

Please note that Council has resolved to NOT fully fund amortization of water and sewer infrastructure for the year 2016. Inclusion of annual amortization in the Total Expenditure amount increases total expenditures by \$71,264. If amortization is removed, Total Water and Sewer Expenditures are \$205257.

Total Water and Sewer Expenditures (E) LESS amortization	\$	205,257
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Comparison of Water and Sewer Revenue to Water and Sewer Expenditures before Amortization plus Debt payments expressed as a ratio.

<u>Revenues</u>	=	\$ 253,684.00	=	90.99%
<u>Expenditures Before Amortization + Debt Payments</u>		\$ 278,799.44		

Taking into account Council's decision to not fund amortization in 2016, the utility is covering 90.99% of the cash water & sewer expenditures for the year 2016.

4. Reserves

Utility General Surplus Reserve at December 31, 2016 is \$ 42,751.00.

5. Attachments

The 2005 Waterworks System Assessment is attached to this report as required under *section 35 of The Water Regulations, 2002*. Please note due to the fact that the Town of Rose Valley operates a "true municipal groundwater plant" and the Town's population is between 50 to 500 people the Town was not required to conduct a Water System Assessment in 2015 per *The Water Regulations 2002*.

6. Capital infrastructure plans in place (projects, costs, and timing) and sources of funding for the projects:

No specific projects are currently underway. Please see attached "Schedule B" The Waterworks Capital Investment Strategy - Capital Planning Section 3 - the current waterworks plan.

7. The Town of Rose Valley has no agreements for waterworks services.

Dated this 2nd day of August, 2017
Council for the Town of Rose Valley

Schedule A
Of
Minutes of the five hundred and ninth (509th) meeting of the Council of the Town of Rose Valley, being the seventh meeting of the Council of the Town of Rose Valley for the year 2017, which was held in the Rose Valley Town Office (217 Centre Street), on August 2, 2017 at 7:00 p.m.

The Waterworks Rate Policy 2017

A resolution of the Town of Rose Valley to establish a Written Policy regarding the setting of rates to be charged for the use and consumption of water in compliance with *The Municipalities Regulations* (Part VII, Sections 50 to 55)

The Council of the Town of Rose Valley, in the Province of Saskatchewan, enacts as follows:

Description of Waterworks Rates and Fees charged by the Municipality:

1. Water rates for the year 2017 are adopted
 - a. Pursuant to Bylaw Number 5/2015 in effect on April 1, 2016 with approval of the Saskatchewan Municipal Board, Local Government Committee.
 - b. Pursuant to such bylaw for the year 2017, and until such bylaw is rescinded, the rate for water service shall be a flat rate of \$105.00 per month as approved by the Saskatchewan Municipal Board.
2. Water is not metered, therefore the user has unrestricted use of water with the exception that water restrictions may be imposed on watering of lawns, gardens, trees and shrubs by resolution in Council. The purpose of such restrictions is to ensure that there is enough water available for fire protection and to keep water treatment and distribution at reasonable levels. Public notice shall be provided regarding such restrictions.
3. Water and Sewer rates remain unchanged at rates in effect since April 1, 2016.
4. Council will annually review the waterworks policy in order to work towards waterworks revenues that continue to cover waterworks operating costs and provide funds to pay for needed waterworks system repair and replacement. Council's intention is to provide safe, potable water which is affordable through a utility which is sustainable. As Council looks for the most economical and effective means to build this sustainable utility public consultation will be encouraged. Public notice of necessary rate increases will be given as soon as possible.

Description of How Waterworks Rates and Fees are Determined

1. The monthly flat rate was chosen as a rate which would meet the municipal requirements for provision of the water and sewer utility. In Council's view primary concerns are

- i) The provision of safe drinking water which meets the standards for drinking water set by regulation from federal and provincial legislation;
 - ii) The provision of water which is as affordable; and
 - iii) The provision of a service which is sustainable i.e. able to continue to provide safe, drinkable water for the future.
2. In setting this rate Council considered a number of factors as follows:
- i) The continuing requirement to meet debt repayment obligations on the major capital investment in the reservoir project and reverse osmosis potable water treatment system. In 2009 the Town of Rose Valley brought an underground reservoir, which replaced the Tower, on line. In 2010 the Water Treatment system was upgraded to a Reverse Osmosis membrane treatment system and the 20 year old primary well was also replaced. In 2012 the sewage pumping station was upgraded to handle increased demand due to the new RO system and in face of demands placed by increasingly wet spring and summer seasons.
 - ii) Rising operating costs continue to be a factor in water rates. Operating costs include waterworks and administration staff salaries, benefits and training; power, telephone, heat; fuel, insurance, chemicals, repairs, maintenance, supplies and Watershed levies.
 - iii) Increasing costs of replacing components of the legacy distribution line system (installed in 1962) contribute to increasing system costs. Budgets continue to take into account the costs of deep frost cycles over the past years which have resulted in a large number of line failures and required line replacement or repair.
 - iv) Council took into consideration that senior governments are strongly encouraging municipalities to move toward making water utilities self-financing, that is having users pay for the cost of the service. In the past the municipality used general funds to supplement water revenues as needed. Municipalities are now being strongly discouraged from using general revenue funding to provide water services.
3. Future rate increases will be based on ongoing evaluation of operating costs and the requirements of maintaining the new facilities and repairing and replacing the waterworks aging infrastructure in a cost effective manner.

Description of Objectives of the Waterworks Rate Policy

- 4. The primary objective of the waterworks policy is to work towards waterworks that
 - i) provide safe, drinkable and affordable water; and
 - ii) are self-financing where the users pay for the cost of the service.
- 5. To accomplish this objective waterworks rates will be increased as needed over time to meet increasing operating costs. Considering that the rate required to meet the annual payments on current debentures (which were taken out to pay for the reservoir and water treatment projects) brings water rates to a level where affordability becomes an issue, Council will build waterworks reserves very gradually in order to cover future infrastructure maintenance and replacement costs. Council will determine the most cost effective and efficient manner to meet any further system deficiencies identified in the 2010 Waterworks Assessment required by *The Water Regulations, 2002*.
- 6. Self financing waterworks shall reduce pressure on property taxes as funding for waterworks operating and capital expenditures are no longer drawn from the general revenue fund. Future mill rates will reflect this.

Schedule B
Of
Minutes of the five hundred and ninth (509th) meeting of the Council of the Town of
Rose Valley, being the seventh meeting of the Council of the Town of Rose Valley for
the year 2017, which was held in the Rose Valley Town Office (217 Centre Street), on
August 2, 2017 at 7:00 p.m.

The Waterworks Capital Investment Strategy 2017

A resolution of the Town of Rose Valley to establish a written Waterworks Capital Investment Strategy, in compliance with *The Municipalities Regulations* (Part VII, Sections 50 to 55)

The Council of the Town of Rose Valley, in the Province of Saskatchewan, enacts as follows:

Objective of the Waterworks Capital Investment Strategy

- 1) The objective of the waterworks capital investment strategy is to ensure funding is available to allow the provision of safe, affordable drinking water that meets the standards for drinking water set by regulation from federal and provincial legislation, in the present and future.
- 2) The waterworks capital investment strategy shall place a priority on working to ensure that funding is available to cover the cost of the following:
 - i) Infrastructure maintenance required in the current year;
 - ii) Infrastructure maintenance anticipated in the future;
 - iii) Replacement of current failing infrastructure in a timely and cost effective manner.
- 2) The strategy uses the 2005 Waterworks Systems Assessment that was required by Saskatchewan Environment as the base for planning.

Capital Planning for the Waterworks and the Wastewater Works

- 1) Capital plans have been developed to deal with current issues as identified and prioritized in the 2005 Waterworks Systems Assessment and as identified and prioritized by the Town Foreman .
- 2) An independent engineering study has recommended the construction of a reservoir and upgrade to the water treatment plant as the most efficient and cost effective solution to the basic infrastructure problems identified in the 2005 Waterworks Systems Assessment (2005 WSA).
- 3) An independent engineering study recommended the replacement of Well 1 (constructed 1980) and installation of a Reverse Osmosis Treatment system to deal with issues regarding water quality identified in the 2005 WSA.
- 4) An independent engineering study recommended increasing the pumping capacity of the sewage pumping station by replacing the existing pumps with higher capacity pumps.
- 5) The current waterworks plan and sources of funding are detailed on the following page. No waterworks tangible capital asset acquisition is planned for 2017.
- 6) Future capital works projects shall be prioritized based on the most cost effective method of ensuring safe drinking water.

Asset Acquisition	Total Project Cost	In Service Year
Reservoir	668,810	2009
Water Treatment Plant Building	291,717	2009
Distribution Pumping	485,735	2009
Total Project Cost	1,446,262	

Total Project Funding	
Grant - Municipal Rural Infrastructure Fund (Can-SK)	500,000
Grant - New Deal Gas Tax Funding (Canada)	81,728
Debt Financing	850,000
Community Grant (SK)	13,521
2010 Operating	1,013
Total Project Funding	1,446,262

Asset Acquisition	Total Project Cost	In Service Year
Well # 3	94,953.91	2010
Well Pumping and Piping	113,970.48	2010
Reverse Osmosis Water Treatment	377,910.01	2010
Sewage Pumping (Lift) Station Upgrade	356,078.01	2012
Total Project Cost	942,912.41	

Total Project Funding	
Grant - Building Canada Fund - Communities Component	507,726.00
Debt Financing	364,000.00
Utility Operating 2012	53,335.59
General Reserve	17,850.82
Total Project Funding	942,912.41

Equipment (50 % split with Town of Kelvington)	Total Project Cost	In Service Year
Sewer Camera	5,185.00	2009
Trench Shoring Cage	8,631.00	2011
Total Project Cost	13,816.00	

Project Funding	
Utility Operating Revenue	5,185.00
Utility Operating Revenue	8,631.00
Total Project Funding	13,816.00