

# Village of Leask Waterworks Rate Policy 2010

On October 20, 2010 Council passed a resolution on a waterworks rate policy.

Under the waterworks rate policy resolution, the per 100 gallon water rate of \$0.88 changed to \$1.02 under the approval of the Sask. Municipal Board, as adopted under the water bylaw dated December 16, 2009. Council intends to work toward waterworks revenues that cover waterworks operating costs, continuing with this 15% increase for 2011 and each of the following 3 years. At the same time, Council will closely monitor waterworks expenditures.

Rates will be examined each year to ensure that waterworks revenues cover waterworks operating costs.

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 change.

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The \$.88 per 100 gallon water rate that was established in 2009 was chosen to be an acceptable rate for residents and businesses at that time. The per 100 gallon water rate does not generate enough waterworks revenues to cover the waterworks operating costs. The rate covers about 85% of the waterworks operating costs, with the other 15% of the operating costs being covered by funding from the general revenue fund and the utility reserves. 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 100 gallon 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 100 gallon water rate increases of 15% in 2010, 2011, 2012 and 2013. To demonstrate the impact on residents, below are estimated monthly charges that reflect the rate increases, which are based on the average household consuming 3000 gallons of water each month.

Date	Per 100 Gal. Rate	Min. Monthly Rate	Sewage Rate	Est. Monthly Charge
January 1, 2010	\$1.02	\$30.50	\$ 8.00	\$38.50
January 1, 2011	\$1.17	\$35.00	\$ 9.00	\$44.00
January 1, 2012	\$1.35	\$40.50	\$10.50	\$51.00
January 1, 2013	\$1.55	\$46.50	\$12.00	\$58.50

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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. In addition, portions of surpluses gained will be returned to the general surplus to ensure there is sufficient surplus to cover current reserves. At the end of each year of the planned rate increases, Council will review its waterworks policy to determine if revenues are covering costs. They will also review waterworks rates to determine if waterworks infrastructure reserves will be sufficient to cover upcoming replacement and maintenance costs such as replacing the existing fire pump in approximately 2010 which was identified as a need in the 2005 waterworks assessment required by *The Waterworks Regulations, 2002*.

The 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.