

Village of Leask Waterworks Rate Policy

2016

On September 29, 2011 Council passed Bylaw 2/2011 to fix the rates to be charged for the use and consumption of water and to fix the rates to be charged for the use of sewer, implementing an infrastructure fee for both services. This was done in preparation of replacing our water treatment system with a Reverse Osmosis treatment plant which was put into commission in February 2013. This project was fully funded by the Village due largely in part to the infrastructure fees and increases implemented previously in preparation.

At the time of reviewing the RO system that would meet the needs of its residents, Council also looked at the potential to sell RO water to area farmers to be used in the spraying and chemical operations. Contracts were signed and Council then increased the size of its RO trains to accommodate the additional volumes that would be going through. The water is provided at the same cost to the farmers as to residents inclusive of the 20% sewer rate despite the fact that none of the water used will be going through the lagoon. This relationship has benefited both parties and continues to be renewed yearly. The revenue generated from this agreement from 2013 to 2016 is on average \$8,252.00 annually which is equivalent to 113 residences, over half of the Villages 204 service connections, allowing Council to maintain lower rates.

Due to the increase in waste water generated by the RO System, the Permit to Operate issued to The Village of Leask was done on the condition that the lagoon capacity be increased by 2017. In preparation of this large and costly undertaking, Council is in process of involving engineers to review options available to them and to do testing of the current function of the lagoon. The infrastructure fee implemented in 2011, along with sewer fees based on percentage of water used, will assist in funding such sewer upgrades and projects. As this project progresses and costs are determined, Council will continue to review the current rates to ensure adequate revenue is generated.

In January 2016, the water works revenue and expenses were reviewed by Council and it was felt current waterworks rates were sufficient to meet their goals for the upcoming year. The rate policy of \$1.47 per 100 gallons remained unchanged for the 2016 billing year under the approval of the Sask. Municipal Board, as adopted under the water bylaw dated September 29, 2011. Council will continue to closely monitor rates and service billing to ensure waterworks revenues cover waterworks operating costs and to meet system upgrades where required. They will continue with a proposed 15% increase for 2016 and each of the following 2 years only when required. At the same time, Council will closely monitor waterworks expenditures.

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.

Below provides the per 100-gallon water rate used for 2013 as outlined above. The intention was to increase rates by 15% by year, however, council decided to leave current rates for the 2016 year, as residents were adjusting to the new billing system, fee structure and the significant increase in rates from 2011. Since the installation of a Reverse Osmosis system in 2013, Council is in the process of reviewing the impact on the sewer system and lagoon and will be considering changes to the sewer rate portion of the waterworks rate, but at this time, current charges were felt to be accurate.

Date	Per 100 Gal. Rate	Min. Monthly Rate	Sewer Rate	Infrastructure Fee	Est. Monthly Charge
January 1, 2013	\$1.47	\$44.00	20% of Usage	\$10/water - \$10/Sewer	\$73.00
January 1, 2014	\$1.47	\$44.00	20% of Usage	\$10/water - \$10/Sewer	\$73.00
January 1, 2015	\$1.47	\$44.00	20% of Usage	\$10/water - \$10/Sewer	\$73.00
January 1, 2016	\$1.47	\$44.00	20% of Usage	\$10/water - \$10/Sewer	\$73.00
January 1, 2017	\$1.69	\$51.00	20% of Usage	\$10/water - \$10/Sewer	\$81.00
January 1, 2018	\$1.86	\$56.00	20% of Usage	\$10/water - \$10/Sewer	\$87.00

The objective of the waterworks rate policy is to work towards waterworks that are self-financing, where the users pay for the cost of 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.

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.