

Town of Colonsay

Waterworks Rate Policy

On July 14, 2021 Council passed bylaw 4/2021. This bylaw will show a sewer rate increase of \$18.00 bi-monthly from \$32.00 to \$50.00 for the residential sewer flat rate charge and additional water will be at a rate of \$13.00 per 1000 gallons. (See sewer service charges below for charges by category)

Under this Bylaw, the current bi-monthly rates and fees charged are included in the fee schedule of the Town of Colonsay's Water and Sewer Rates as follows:

BI-MONTHLY WATER RATES:

4,500 gallons or less	Minimum - \$78.00
4,501 gallons and over	- \$13.00 per 1,000 gallons or part thereof.

BI-MONTHLY SEWER SERVICE CHARGES:

Restaurants, Stores, Hotels, Apartments, Schools	\$ 82.00 each
Car wash per stall	\$ 50.00 each
All others	\$ 50.00 each

YEARLY SEWER SERVICE CHARGES:

Churches	\$ 50.00 each
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Annual Financial Overview

2020 audited

Total Revenue	\$194,242
Total expenditure (including amortization)	\$191,443
Long term Debt Principal	0
Surplus (Deficit)	\$ 2,799

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

$\frac{\$194,242}{\$191,443} = 1.01$	for 2020 waterworks revenue covered 101% of waterworks expenditures
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ADDITIONAL INFORMATION

The objective of the waterworks rate increase was to provide a self-financing waterworks, where the users pay for the cost of the service. To accomplish this, the rates are set so that the revenues cover the operating costs, to the extent possible. Each year council will review the waterworks rate policy to determine if rates are covering costs and provide a reserve (tangible asset costs) in order to cover future infrastructure maintenance and infrastructure replacement costs. The waterworks

rate policy will work toward a financially independent waterworks that does not have to compete with other financial demands under the municipal revenue fund. This will ensure the waterworks can provide safe drinking water and safe sewage disposal now and into the future. Also rates that cover costs will influence consumer demand and water conservation and a self-financing waterworks will reduce pressure on property taxes, which will impact future mill rates. Council and its administration strived to ensure the sewer rates reflected a user pay policy by maintaining approximately a rate for non-residential users of 2 times the residential users.

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

$$\frac{\$194,242}{\$191,443} = 1.01$$

Waterworks Capital Investment Strategy

In 2000 a new R.O, water plant was set up to provide good and affordable drinking water for the community and others in the district who haul water for their own use. It was financed through local funds and a debenture issue repayable over 12 years.

The objective of the capital investments strategy is to address anticipated waterworks infrastructure maintenance in a timely fashion so as to ensure the municipal waterworks continues to provide safe drinking water and proper sewage disposal for all residents and businesses now and into the future. The strategy is based on tangible capital asset accounting which amortizes waterworks infrastructure. Each year, beginning in 2011, the amount of amortization expense is set aside in a reserve account. This future expenditure fund was established to cover the costs of the infrastructure maintenance and replacement and to build a reserve. Council monitors the cost of water & sewer rates to ensure future waterworks needs are met and that sufficient funds are in place for necessary repairs and upgrades. Based on an aging Reverse Osmosis water treatment plant Council is anticipating an increase in funds drawn from reserves to deal with mechanical repairs to the water plant.

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

<i>Project</i>	<i>Planned year of Completion</i>	<i>2020 cost</i>	<i>Future Cost</i>	<i>Funding Source</i>
<i>Install Hydrants & Valves</i>	<i>2021</i>	<i>\$23,000</i>	<i>n/a</i>	<i>MEEP</i>
<i>Upgrades to Lift Station</i>	<i>2021</i>	<i>\$82,500</i>	<i>n/a</i>	<i>Reserves</i>
<i>Control Panel Upgrade-Phase 2</i>	<i>2021</i>	<i>\$13,250</i>	<i>n/a</i>	<i>MEEP</i>

For future waterworks capital plans, projects will be prioritized on what is needed to ensure safe drinking water and proper sewage disposal

Current waterworks reserves – \$122,118 - \$82,500 = \$39,618 (balance after transfer of expense for lift station – does not include 2021 amortization expense transferred at year end)

List of waterworks information available at the Town of Colonsay:

- *Waterworks rate policy
- *Capital investment strategy
- *2020 total revenues, expenditures and debt payments
- *Current waterworks reserves – \$39,618 (prior to year end amortization expense to reserves)
- *Waterworks assessments – Saskatchewan Environment
- *Capital plans for waterworks infrastructure projects and sources of funding
- *Agreements for the provision of waterworks services