

WATERWORKS RATE POLICY AND CAPITAL INVESTMENT STRATEGY

Name of Municipality

Town of Kamsack

Date

June 22, 2015

WATERWORKS RATE POLICY (to be established by bylaw or resolution by July 1, 2006)

There were no changes to the Waterworks Rate Policy and Capital Investment Strategy was reviewed in June, 2015. In 2014 & 2015 additional costs related to the sewer infrastructure were incurred due to the need to partially dredge one cell at the lagoon and the failure of the high pressure sewer line from the lift station to the lagoon.

As a result of these increased costs, the waterworks revenue for the Town of Kamsack fell below 100% for the first time since 2010. To address this shortfall, Council passed a resolution to increase sewer rates by \$3.00 per month (for commercial and residential users). A revised 'Utilities Bylaw' was passed on June 22nd, 2015 and will be forwarded to the Municipal Board for approval.

(Describe the waterworks rates and fees charged by the municipality, including the price per unit.)

- The existing Utility Bylaw (08-2012) was approved by the Municipal Board on March 12, 2012. The historic and current water rates are:
 - April 20, 2012 \$35.50 plus \$9.60 per 1,000 gal in excess of 2,500 gal
- Sewer
 - June 22, 2015 \$15.00 plus \$2.00 per 1,000 gal in excess of 2,500 gallons of water used.

(Describe the objectives of the waterworks rate policy)

The objective of the waterworks rate policy is to establish 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. On a yearly basis, Council will review its waterworks policy to determine if revenues are covering costs. Council will also need to consider increasing rates to build the waterworks reserves in order to cover future infrastructure maintenance and replacement costs.

This 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.

WATERWORKS CAPITAL INVESTMENT STRATEGY

On December 10, 2012, Council passed a resolution on a capital investment strategy.

(Describe the objectives of the waterworks capital investment strategy.)

The objective of the waterworks capital investment strategy is to address anticipated waterworks infrastructure maintenance, and future infrastructure replacements in a timely fashion so as to ensure the municipal waterworks provides safe drinking water to residents and businesses.

Over the past five years the Town of Kamsack has constructed a new reverse osmosis water treatment plant, expanded the sewage lagoon and replaced all cast water lines. Given these expenditures and the nearly new condition of the water system, there are no short term capital plans in place.

To cover the costs of future waterworks infrastructure maintenance and replacements, Council will likely need to monitor the ratio of revenue to expenses and may increase to the water rates to build the waterworks reserves and offset amortization expenses.

This capital investment strategy will ensure that safe drinking water can be provided to the residents and businesses in the community in the present and future.