

**Schedule A
Of**

MINUTES OF THE FIVE HUNDRED AND FIFTY FIRST (551ST) 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 2021, WHICH WAS HELD IN THE ROSE VALLEY TOWN OFFICE AT 217 CENTRE STREET ON JULY 27TH, 2021 COMMENCING AT 7:00 P.M.

The Waterworks Rate Policy 2021

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

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)

Description of Waterworks Rates and Fees charged by the Municipality:

1. Water rates for the year 2021 were adopted
 - a. For the first quarter of the year 2021 and until Bylaw 2 / 2021 comes into force: Pursuant to Bylaw 2/ 2018 the rate for water service shall be a flat rate of \$117.00 per month and the residential sewer rate shall be \$31.00 per month. Combined residential rate shall be \$148 per month.
 - b. Pursuant to Bylaw 2 / 2021 for the remainder of the year 2021 (upon approval by the Local Government Committee) the rate for water service shall be a flat rate of \$121.00 per month and the residential sewer rate shall be \$32.00 per month. Combined residential rate shall be \$153.00 per month.
 - c. Commercial and institutional users pay a higher sewer rate per the Bylaw in force to reflect greater use of both water and sewer services.
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 are increased due to increasing costs as explained below. Commercial and institutional are levied proportionate rate increases.
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.

The rate increase is necessary to meet increasing operating costs and contribute a small portion to the utility reserve.

- 2) In setting the rates 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. Annual debt repayment for this infrastructure is \$114,735.

- ii) Declining number of services. Rates are set by dividing the total system costs for operating and debt payments between system users. The number of vacant residences (which generally have water shut off) and abandoned residences have risen over the past years leading to declining revenue.
 - iii) 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.
 - iv) Increasing costs of replacing components of the legacy distribution line system (installed in 1962) contribute to increasing system costs.
 - v) 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

- 1) 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.
- 2) 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*.
- 3) 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.