

# Town of Colonsay

## Waterworks Rate Policy

On October 20, 2014 Council passed bylaw 3/2014. This bylaw will show a water and sewer rate increase of \$10.00 bi-monthly from \$90.00 to \$100.00 for the basic charge and additional water will be at a rate of \$12.00 per m. Sewer rates were increased for non-residential users based on the chart below.

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 - \$68.00  
4,501 gallons and over                - \$12.00 per 1,000 gallons or part thereof.

### **BI-MONTHLY SEWER SERVICE CHARGES:**

Restaurants, Stores, Hotels, Apartments, Schools        \$ 64.00 each  
Car wash per stall    \$ 32.00 each  
All others    \$ 32.00 each

### **YEARLY SEWER SERVICE CHARGES:**

Churches    \$ 32.00 each

## Annual Financial Overview **2016 audited**

Total Revenue	420,762
Total expenditure (including 35,713 amortization)	232,252
Long term Debt Principal	0
Surplus (Deficit)	188,510

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

420,762	= 1.81
232,232	for 2016 waterworks revenue covered 181% of waterworks expenditures

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## **ADDITIONAL INFORMATION**

The objective of the waterworks rate increase is 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:

$$\frac{420,762}{232,252} = 1.81$$

**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. 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:*

Project	Planned year of Completion		2017 cost	Future Cost	Funding Source
	2017	2017			
Backup fire pump & generator			\$80,000	n/a	Reserves
Fire hydrants - 1			\$10,000	n/a	Reserves

*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 – \$85,189