

Town of Regina Beach
Water Rate Policy
The Municipalities Regulations Section 50-55

Under the water rate policy, the per 1,000 gallon (in excess of 5,000 gallons quarterly) water rate of \$10.00 plus the quarterly base rate of \$50.00 will continue, as adopted by the water rates bylaw dated May 9, 2006. However, to work towards water revenues that continue to cover water costs, beginning July 1, 2007, Council is planning, along with a \$50.00 per property increase to the base tax, to raise the rate a maximum of \$1.00 per 1,000 gallons per year for the next four years. At the same time, Council will closely monitor water expenditures. Within this time there is a need for additional infrastructure monies for the water treatment plant (estimated cost \$2,100,000.) which must be operational by December 5, 2008.

By planning the water rate increases ahead of time, residents and businesses will be able to prepare for and adjust to increases. Bylaws will be passed each year for the water rate changes.

The water rates that were established on May 9, 2006 were chosen to be an acceptable rate for residents and businesses at that time. The rates generate enough revenue to cover the water operating costs. Water operating costs, or expenditures, include waterworks' and administrative staff salaries, benefits, power, telephone, fuel, heat, chemicals, repairs, maintenance, supplies; etc. Also, rates include debt retirement, capital expenditures and reserves. Reserves are required to assist in addressing water infrastructure problems and replace aging water infrastructure as required.

Below provides the planned water rate increase of forty percent over the next four years. To demonstrate the impact on residents and businesses, rates below are estimated quarterly charges that reflect the rate increases:

Date	Per 1,000 Gallon Rate	Quarterly Minimum
July 1, 2006	\$10.00	\$50.00
July 1, 2007	\$11.00	\$55.00
April 1, 2008	\$12.00	\$60.00
April 1, 2009	\$13.00	\$65.00
April 1, 2010	\$14.00	\$70.00

The objective of the water rate policy is to work towards water works that are self-financing, where the users pay for the cost of the utility. To accomplish this, the rates need to increase over time so that the revenue covers operating costs, to the extent possible. At the end of every year of the planned increases, Council will review its policy to determine if revenues are covering costs. At that time, Council will also need to consider increasing rates to budget for reserves in order to cover future infrastructure maintenance and replacements.

This water works rate policy will work towards financially independent water works that do not have to compete with other key municipal financial demands under the municipal general revenue fund. This will ensure waterworks can provide safe drinking water. Also, rates that cover costs will influence consumer demand and water conservation, and self-financing utility works will reduce pressure on property taxes.

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WATERWORKS CAPITAL INVESTMENT STRATEGY

The objective of the waterworks capital investment is to address anticipated waterworks infrastructure maintenance, the immediate drinking water infrastructure problems and future infrastructure replacements in a timely fashion so as to ensure the municipal waterworks provides safe drinking water to residents and businesses. The strategy uses the 2005 waterworks system assessment required by Saskatchewan Environment for infrastructure planning.

To cover the costs of future waterworks infrastructure maintenance and replacements, Council will likely need to undertake, in the future, an increase to water rates to build the utility reserves for future infrastructure needs, and to continue to cover waterworks operating costs and long term borrowing.

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.

Capital plans are being formulated to address the waterworks infrastructure deficiencies. MR2 McDonald & Associates have been engaged to design a water treatment plant, an elevated water storage reservoir, make improvements to the pumping systems and construct a holding reservoir for the wastewater from the treatment process. These improvements will provide a potable water supply to meet the requirements of Saskatchewan Environment.

Town of Regina Beach
2006 ANNUAL FINANCIAL OVERVIEW
WATER UTILITY

Total waterworks revenues	\$233,390
Total waterworks expenditures	\$147,707
Total debt payments of waterworks infrastructure loans	\$ 68,865
Total transfer to waterworks reserve	\$ 30,000

Reserve available for capital infrastructure is \$143,015

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

$$\frac{\$233,390}{(\$147,707) + (\$68,865) + (\$30,000)} = 0.95$$

The 2005 waterworks system assessment, as received under Section 35 of The Water Regulations, 2002 is available at the Town Office.