

ANNUAL WATERWORKS INFORMATION

For the Year 2019

Town of Lemberg

Report Date: August 27, 2019

WATERWORKS RATE POLICY

On May 8, 2018, Council enacted a bylaw to fix the rates to be charged for the use and consumption of water and to fix the rates by way of rent and service charge for the use of sewer commencing June 2018.

The monthly water was chosen to be a rate that would be affordable for residents and businesses. It is anticipated the monthly fees that include water, sewer and an infrastructure fee will generate enough waterworks revenue to cover the waterworks operating cost. With the addition of an infrastructure fee, that amount will be put into reserves so Council is able to address future waterworks infrastructure problems that arise and replace aging waterworks infrastructure as required. Council will be monitoring those expenses to determine if a rate increase is required in future years to ensure this user service is self-sustaining.

Current Monthly Water Rates as approved by Bylaw 2018-06

Water

- Minimum Charge - \$20.00/month (3,000 gallons)
- Over 3001 gallons - \$1.50 per 1000 gallons pro-rated per usage

Sewer

- Banks, Credit Unions \$30.00 each
- Cafes \$33.00 each
- Churches \$30.00 each
- Garages \$30.00 each
- Hotel \$46.50 each
- Offices \$30.00 each
- Residences \$30.00 each
- Schools-Elementary \$46.50 each
- Schools-High \$46.50 each
- Post Office \$31.50 each

Infrastructure

- Per water or sewer connection - \$25.00 regardless if water or sewer is used.

The objective of the waterworks rate policy is to work towards waterworks that are self-financing, where the users pay for the cost of the service. To accomplish this, waterworks rates will need to increase over time so that the revenues cover operating costs, to the extent possible. Council will review its waterworks policy to determine if revenues are covering costs. Council will consider increasing rates to build waterworks reserves in order to cover future infrastructure maintenance and replacements costs identified in the 2019 Conceptual Study for Water and Wastewater System Upgrades.

This waterworks rate policy will work towards a financially independent waterworks that does 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. Self-financing waterworks will reduce pressures on property taxes. Reduced funding for the waterworks from the general revenue fund will be reflected in future mil rates.

WATERWORKS CAPITAL INVESTMENT STRATEGY

The objective of a waterworks capital investment strategy is to address anticipated waterworks infrastructure maintenance and replacements in a timely fashion so as to ensure the municipal waterworks provides safe drinking water to residents and businesses. Council contracted Associated Engineering to complete a Downstream Use and Impact Study (DUIS) and a Conceptual Study for Water and Wastewater Treatment System Upgrades. Within the report, recommendations for upgrades to both water and wastewater/lagoon facilities are included. Funding for a lagoon upgrade was applied for and the application was successful. Requests for proposals for engineering services and pre-design/design were received and the upgrade is anticipated to cost the ratepayers of the Town of Lemberg almost \$2,100,000.00 with construction to commence in the spring of 2020. Funding sources include the Federal and Provincial governments with 2/3 of the project costs and the remaining to be funded through the Town by way of debentures.

To cover the costs of future waterworks infrastructure maintenance and replacements, Council will need to continually review a future possibility of increasing water rates. New funding streams are being researched to provide for financial assistance for a new water treatment plant/upgrade to address ongoing high ammonia.

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.

2019 ANNUAL FINANCIAL INFORMATION OVERVIEW

Total 2019 Waterworks Revenues - \$152,468

Total 2018 Waterworks Expenditures - \$138,529

Total debt payments on waterworks infrastructure loans – \$0

Comparison of waterworks revenues to expenditures plus debt payments,
Expressed as a ratio – 1.10

For 2019, waterworks revenues covered 110% of the waterworks expenditures, down from 128% previously.

The following additional information is available at the municipal office of the waterworks:

- The waterworks rate policy (Bylaw 2018-06)
- 2019 Audited Financial Statement
- Waterworks reserves
- A copy of the 2018 waterworks assessment
- 2019 Water and Wastewater Treatment Upgrades Conceptual Study by Associated Engineering