

ANNUAL WATERWORKS INFORMATION

AVAILABLE TO THE PUBLIC ON TOWN WEBSITE (www.lumsden.ca)

Name of Municipality:	Town of Lumsden
Date:	September 1, 2011

ANNUAL FINANCIAL OVERVIEW – For the 2010 Year

The following is information on the Town of Lumsden Water and Sewer Utility, as required under *The Municipalities Act*.

Water and Sewer Utility Financial Overview:

For the Year 2010	Waterworks	Wastewater	Total
Revenues	\$401,970.92	\$202,265.67	\$604,236.59
Expenditures (incl. amortization)	332,292.87	141,012.99	473,305.86
Surplus / (Deficit)	69,678.05	61,252.68	130,930.73
Tangible Capital Asset costs	(23,937.14)	0	(23,937.13)
Less: Gain of sale of Assets	0	0	0
Less: Amortization costs	130,570.48	31,964.34	313,768.04
Debt costs (<i>principal</i>)	(119,010.85)	0	(119,010.85)
Net Profit / (Loss)	57,300.54	93,217.02	150,517.56

Comparison of waterworks revenues to expenditures plus debt costs, expressed as a ratio is 1.33

The waterworks revenues represented **1.33 percent** of the waterworks expenditures.

The following additional information on the utility operation is available at the municipal office for public viewing:

- Five year capital plan adopted by council and related project funding sources,
- 2011 Waterworks System Assessment Final Report.

WATER AND SEWER UTILITY – Transfers To or From

There were no transfers to or from the Water and Sewer Utility, only transfers within the utility and its reserve.

RESERVES – DECEMBER 31, 2010

The Water and Sewer utility has reserves available for future capital infrastructure of **\$338,424**

WATERWORKS RATE POLICY

On August 11, 2008, Council passed a bylaw setting a waterworks rate policy.

The following per gallon water rates are adopted for 2010 to 2011:

Effective Date	Per Gallon Rate	Estimated Monthly Charge
January 1, 2010	\$8.98 per 1,000 gallons	\$59.83
January 1, 2011	\$9.21 per 1,000 gallons	\$61.36

Council reviewed the waterworks rate policy during the 2011 budget deliberations and have determined that an increase in the rates is required to build utility reserves to cover future infrastructure maintenance and replacement costs and capital expenditures. At the April 26th council meeting the following resolution was passed:

Water & Sewer - Rate Increases:

188-11 Kirby/Sulma: “That we authorize the Administrator to draft a bylaw setting the Water and Sewer rates for the years 2012-2014, based on increases presented in the Administrator’s report (Water rate 12% per year, Sewer rate 20% for 2012, 12% for 2013 and 12% for 2014).” **CARRIED**

Council will closely monitor waterworks revenue and expenditures each year, as well review the impact of debt costs associated with infrastructure upgrades. By basing planned waterworks rate increases on costs projected for maintenance and infrastructure upgrades, residents and businesses will be able to prepare for and adjust to these increases. Bylaws passed will include the proposed multi year water rate changes.

The objective of the waterworks rate policy is to ensure that waterworks 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 will continue to cover operating costs. Expenditures in recent years have been significantly impacted by federal and provincial regulations intent on providing safe drinking water for consumers.

WATERWORKS CAPITAL INVESTMENT STRATEGY

The objective of the waterworks capital investment strategy is to address the immediate drinking water infrastructure problems, anticipated waterworks infrastructure maintenance, and future infrastructure replacements; including a new wastewater treatment facility, in a timely fashion so as to ensure the municipal waterworks system provides safe drinking water to residents and businesses.

The strategy uses the waterworks system assessment report required by Saskatchewan Environment, and capital infrastructure needs identified by the municipality to develop a comprehensive capital works plan. Source funding models are developed to set rates and infrastructure charges at a level adequate to cover all costs associated with the plan.

The municipality has utility reserves that are adequate to cover planned replacement of the aging waterworks infrastructure, as well as, problems which may arise from time to time due to unexpected fatigue or failure.

Some municipalities use an infrastructure charge to collect revenue that is put into reserves so that they are able to address long term utility infrastructure replacement or upgrade needs called for in their five year capital plan.

In 2011 the municipality contracted KGS Group to complete a waterworks system assessment as required by *The Water Regulations*. This final report identified recommendations for future work the Town should include in their waterworks capital plan as follows:

- to engage a consultant to do a “Study of groundwater to determine influence by surface water” (GUDI study) on the new existing Well No. 5, at an estimated cost of \$5,000-\$15,000
- “Study to research chlorine contact times” (CT study) in case of using backup Well No. 3
- To engage a consultant to review the water distribution system and Well No. 3 supply line in detail with emphasis placed on available CT (Est. cost of CT Study \$5,000-\$15,000)

In 2011 the municipality engaged Associated Engineering to do a conceptual study and a preliminary design for a Wastewater Treatment Facility for the municipality. Upon completion of the reports, the municipality will be in a position to apply for any applicable grant opportunities that may arise, to aid in the funding of the Wastewater Treatment Facility that is scheduled to commence construction in 2014.

The goal of the capital works plan is to address recognized utility infrastructure deficiencies. Projects are identified and prioritized to ensure safe drinking water maintenance or upgrades have a higher priority. The current utility capital works plan and planned sources of funding are as follows:

Project / Year	Planned Year of Completion	Estimated Cost	Future Cost*	Source of Funding
Lift Station Renovation	2011	60,000	60,000	Operations
Water Meters/Hydrant	2011	20,000	20,000	Operations
6" John Deer Pump & Motor	2011	21,000	21,000	Operations
Sewer Mainline Looping	2011	25,000	25,000	Operations
Wastewater Treatment Facility-Study & Design	2011	250,000	250,000	Surplus
Fire Hydrant Replacement	2012	15,000	15,000	Operations
Portable Generator	2012	20,000	20,000	Operations
Mainline Looping Crossing River	2012	125,000	125,000	Operations/Reserves
Sewer Mainlining	2012	25,000	25,000	Operations
Wastewater Treatment Facility Expenses	2012	50,000	50,000	Reserves
Mainline Looping	2013	25,000	25,000	Operations
Fire Hydrant Replacement	2013	15,000	15,000	Operations
Sewer Mainlining	2013	25,000	25,000	Operations
Wastewater Treatment Facility Expenses	2013	50,000	50,000	Reserves
JD 310D Backhoe/Loader	2014	105,000	105,000	Capital Trust Fund
Wastewater Treatment Facility	2014	\$8,400,000	\$8,400,000	Grants/Borrowing
Fire Hydrant Replacement	2014	15,000	15,000	Operations
Sewer Mainlining	2014	25,000	25,000	Operations
Mainline Looping	2014	25,000	25,000	Operations

*Assuming a 3% rate of inflation per year.

Future projects in the capital works plan, will be prioritized based on what is needed to ensure safe drinking water.