



ANNUAL WATERWORKS INFORMATION October 11, 2023

As required pursuant to The Municipalities Regulations, the following is information on the Town of Carrot River waterworks operations for 2022.

WATERWORKS RATE POLICY

On February 21, 2023, Council passed a bylaw to fix the rates to be charged for the use and consumption of water and to fix the rates to be charged by way of rent and service charge for the use of the sewer as follows:

Monthly Water use:

3,000 gallons (14 cubic meters) or less charged a minimum rate of \$56

More than 3,000 gallons (14 cubic meters) charged \$9.57 per thousand gallons (\$2.05 per cubic meter) or portion thereof

Monthly Sewer will be charged at a rate of 50% of Water Rate (\$28).

Connections outside the Corporate Limits of the Town of Carrot River shall pay an annual Utility Infrastructure Fee of \$200 for both sewer and water connections or \$120 for water connections only. In addition, all new connections outside the Corporate Limits of the Town of Carrot River shall pay a one time fee of \$4,000 for each water connection and each sewer connection.

Dormant water accounts (not shut off at curbside) will now be charged \$14 per month for water. The sewer will be charged at a rate of 50% of the water rate (\$7).

Carrot River Town Council first established a Waterworks Rate Policy and Capital Investment Strategy in 2007. The document was to serve as a working document, being revisited and updated at least once during each Council's term of office. This strategy is revisited and updated at least every three years AT A MINIMUM and was last updated February 2023. Council policy is that the rates ensure that the utility continue to be self-funding.

WATERWORKS CAPITAL INVESTMENT STRATEGY

On February 21, 2023 council updated its capital investment strategy which was originally passed March 21, 2007. Bullee Consulting Ltd. prepared a proposal for the Waterworks Systems Assessment Report in November, 2022. Recommendations of the report are to maintain adequate revenue to recapitalize the facility when required.

The Town of Carrot River applied to the Build Canada Fund and was approved for 2/3 funding to build the new water treatment plant including reverse osmosis which would serve the community well in the future. This project started in 2019 with Wood Environmental having been contracted for the engineering services. A pilot study was performed in the fall of 2019 by Delco. The results of the pilot showed that reverse osmosis was the most economically feasible answer to providing quality water that exceeded the safe drinking standards of Canada and the Province of Saskatchewan to the levels that

should serve the Town of Carrot River well for many years to come. The project has been deemed 98% complete with only minor issues being addressed in 2023.

In 2015, the Town began a program to identify water and sanitary sewer lines in need of replacement and will systematically replace one or two blocks at a time, while also replacing storm sewer lines as needed and notifying Saskenergy and Saskpower of the planned work in case they have lines needing work in the same area. This is now a part of the Town of Carrot River's Asset Management plan. Paving projects will NOT proceed before it is determined that the water and sewer lines underground are not in need of replacement for at least 10 years. Due to multiple occurrences of line fails, replacement of sewer and water lines on First Street West between Oak Avenue and Third Avenue as well as Railway Avenue between Main Street and First Avenue will be needing replacement in the upcoming years. These capital projects are appearing to be a necessary addition to the long term capital plan. The Town is will most likely have to borrow to complete these projects.

The new subdivision planned behind the Community Hall has been postponed indefinitely due to the need for a new lift station as well as sanitary sewer and water mains. There is hope that this subdivision will become a reality in the next five to ten years.

The water and sanitary sewer line replacement program resumed in 2019 and was funded by the utility capital reserve and a debenture to the Town. More Radio Frequency Water Meters were purchased and put online in 2022 which continued the program. The Town plans to fully incorporate RF meters at every utility service in the next five years by purchasing and replacing, through capital expenditure, a small number each year.

It shall remain Council's priority that waterworks rate policy continues to ensure that the utility continues to be self-funded. Annual operating costs for the utility continue to rise. At the same time, Council's objective is to aggressively replace aged water and sewer lines that are failing first while attempting to build a reserve account in order to fund future utility capital needs while providing water and sewer services to its customers at a reasonable price. Council wishes to invest the full utility surplus (net of costs for amortization) back into the utility by either transferring to the reserve account OR investing in utility capital projects. Future increases either to the base rate (minimum) or overage charges will take into consideration future financing of utility capital projects. Council wishes to strive to budget for a minimum investment of \$75,000 per year as a combination of transfer to the utility capital reserve account plus utility capital projects.

ANNUAL WATERWORKS FINANCIAL OVERVIEW

The following is information on the waterworks, as required under The Municipalities Regulations:

2022 Waterworks Overview:

Total waterworks revenues: \$578,361

Total waterworks expenditures: \$383,454

Total debt payments on waterworks infrastructure loans: \$110,511

Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio:
$$\frac{\$578,361}{\$383,454 + \$110,511} = 1.17$$

RESERVES

The reserves were used for water and sewer projects along with loans and grants. The water treatment plant upgrade was funded fully by grants and a debenture. There is nothing left in the funded reserve while water and sewer projects continue to be a priority. The Town has invested \$42,000.00 in a redeemable GIC portfolio to be used for Water and Sewer Line Repair on First Street West between Oak and Third Avenue in addition to funds from ICIP should the grant application be approved. The increase in Utility Rates will be put towards revitalizing the Utility Reserves as of 2023.

The following additional information is available at the Town of Carrot River Office on the waterworks:

- The February 21, 2023, waterworks rate policy and capital investment strategy (also on website – www.carrotriver.ca)
- The 2022 waterworks assessment, as prepared by Bullee Consulting Ltd.