

Annual Waterworks Information

Year: 2016

Name of Municipality: **Town of Grenfell**

Date: July 27, 2017

Waterworks Rate Policy

Water rates are established to generate enough revenue to cover the water operating costs. Water operating costs or expenditures include water and administrative staff salaries, benefits, power, telephone, fuel, heat, chemicals, repairs, maintenance supplies, etc. In addition, 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.

The objective of the water rate policy is to work towards waterworks 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.

Annual Financial Overview

Revenues are at the current rates of \$58.00 for a minimum of 4000 gallons and \$7.00 per 1000 gallons over the minimum usage.

Total 2016 waterworks revenues: \$354,442.38

Total 2016 waterworks expenditures: \$334,569.91

Total surplus at the current revenues and expenditures: **\$19,872.47**

Comparison of waterworks revenues to expenditures plus debt payments (if any), expressed as a ratio:

$$\frac{\$354,442.38}{\$334,569.91} = 1.059$$

Waterworks Capital Investment Strategy

The objective of the waterworks capital investment strategy is to:

- 1) Address anticipated waterworks infrastructure maintenance – see Table 1.

Table 1

Year	Project Details	2011 Cost	Future Cost	Source
2018	Dredge lagoon	28,000.00	33,462.59	Reserves
2021	Replace well pumps	22,000.00	26,817.88	Reserves
2023	Replace membranes	72,000.00	91,313.41	Reserves
2029	Replace membranes	72,000.00	102,833.73	Reserves
2030	Dredge lagoon	28,000.00	40,790.71	Reserves
2031	Rehab wells	22,000.00	32,690.84	Reserves
2031	Replace well pumps	20,000.00	29,718.95	Reserves

- 2) Cover costs of future waterworks infrastructure replacements.

Reserves

The Town of Grenfell currently has \$46,138.68 in reserves for waterworks capital infrastructure.

The following additional information is available at the Municipal Office on the waterworks:

- Capital Plans in place and related sources of funding for projects
- 2016 financial overview of the waterworks
- Waterworks reserves
- A copy of the 2010 waterworks assessment.