

The Town of Porcupine Plain

Utility System Information

2015

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Utility System Rate Policy

In 2011, the Town of Porcupine Plain implemented an increase of approximately nine percent (9%) to the water and sewer rates. For residential properties, the minimum monthly charges are \$19.00 for water services and \$10.70 for sewer services. These new rates were deemed to be acceptable, and were established under Bylaw #3-11.

Council will continue to review this Utility System Rate Policy on an annual basis to work towards generating utility system revenue that will cover the system's operating and maintenance costs. These costs include utility staff salaries, staff training, power, telephone, heat, chemicals, repairs, supplies, lab testing, etc. To achieve a utility system that is self-financing (the users pay for the cost of the service), consumer rates will need to increase over time so that, to the extent possible, the revenue covers the operating costs.

The Town will continue to work towards a financially independent utility system which does not compete with other financial demands under the Town's general revenue fund. A self-financing utility system will reduce pressure on the municipal property tax system. As well, rates that cover costs help to encourage water conservation, resulting in lower volumes of water distribution and somewhat lower related costs.

Capital Investment Strategy

The objective of the Capital Investment Strategy is to address anticipated infrastructure maintenance and replacement issues in a timely fashion to ensure the continued provision of safe drinking water to our citizens. The strategy of the Town of Porcupine is to have a self-financing system, to retain the current infrastructure, and to minimize any debt for future infrastructure investment.

A capital plan has been established to address the utility system infrastructure as follows:

Project	Planned Year of Completion	Cost	Sources of Funding
WTP & Well 3 Phase Protection	2016	\$40,000	General Operations
WTP Electrical Upgrades	2016	\$150,000	Loans/Grants
Hydrants, Valves	2017	\$20,000	General Operations
WTP Mechanical Upgrades	2018	\$150,000	Grants/Utility fund/Loan
Hydrants, valves	2019	\$20,000	Utility fund
Hydrants, valves	2020	\$20,000	Utility fund

Our 2015 Waterworks System Assessment (WSA3) report recommends that, within the next few years, \$650,000 be spent on improvements to the water treatment plant. The Town is upgrading the electrical requirements in 2016. The report also estimates that, within the next twenty to sixty years, a total of \$6,400,000 in capital investment will be required for the Town's water system.

The Town of Porcupine Plain realizes that, in order to allow for future capital costs, funds should be set aside in a reserve account. In 2011, we implemented a new Infrastructure Charge to generate revenue to be set aside for this purpose. However, because it is basically impossible for us to set aside \$200,000+ per year, we will have to rely on grant funding and long-term borrowing for infrastructure replacement. We are also looking at increasing our water rates.

Annual Financial Overview

According to the Town's audited 2015 financial statements, the total revenue generated for the water and sewer utility system was \$278,456. The total expenses totalled \$256,210 but the Town needs to rethink the wages that we are allocating to water & sewer as it is a low presentation of the time spent there.

Town of Porcupine Plain Water and Sewer Utility System 2015	
Revenue: (Schedule 2-4)	
Water Charges	126,363
Sewer Charges	58,869
Grant – Gas Tax Program	48,479
Infrastructure, Connection Fees	26,186
Other (Schedule 2-4)	<u>600</u>
Expenditures: (Schedule 3-3)	260,582
Wages, Benefits	118,107
Contractual Services	109,941
Utilities	30,574
Maintenance, Materials, Supplies	42,338
Amortization	<u>41,842</u>
Surplus/(Deficit) :	<u>342,802</u>
	<u><u>(82,220)</u></u>

Using these figures, the comparison ratio of revenues to expenditures equals 260,582 / 342,802 or 76 / 100.

Reserve Accounts

The amount of 2015 utility revenue transferred out of the utility was \$26,186 to the Utility Reserve account.

The amount that has been set aside in the Utility Reserve account to be used to provide for water and sewer system capital infrastructure is now \$132,332.

Town Information

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