

*The Town of Porcupine Plain*

*Utility System Information*

*2016*

## Town of Porcupine Plain Utility System Information 2016

### 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	Grants/General Operations
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 will be increasing our water rates in 2017.

### Annual Financial Overview

According to the Town's audited 2016 financial statements, the total revenue generated for the water and sewer utility system was \$261,713. The total expenses totalled \$260,097 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 on water and sewer.

Town of Porcupine Plain Water and Sewer Utility System 2016		
<b>Revenue: (Schedule 2-4)</b>		
Water Charges	124,490	
Sewer Charges	60,074	
Grant – Gas Tax Program	49,761	
Infrastructure, Connection Fees	26,816	
Other (Schedule 2-4)	572	
	261,713	
<b>Expenditures: (Schedule 3-3)</b>		
Wages, Benefits	117,507	
Contractual Services	34,453	
Utilities	29,389	
Maintenance, Materials, Supplies	37,568	
Amortization	41,180	
	260,097	
Surplus/(Deficit) :		1,616

#### Reserve Accounts

The amount of 2016 utility revenue transferred out of the utility was \$26,816 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 \$159,148.

#### Town Information

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