

The Town of Porcupine Plain

Utility System Information

2022

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Utility System Rate Policy

In 2022, the Town of Porcupine Plain left the water and sewer rates as they were. Rates had last been increased in 2017 by approximately 10%. For residential properties, the minimum monthly charges are \$21.00 for water services and \$12.00 for sewer services. These rates were deemed to be acceptable by the Saskatchewan Municipal Board, and were established under Bylaw #2016-05. Council is looking at getting approval to increase water and sewer rates by approximately 5% for 2024.

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 infrastructure, 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
Hydrants, valves	2018	\$20,000	Utility fund
Hydrants, valves	2019	\$20,000	Utility fund
WTP Mechanical Upgrades	2019	250,000	Grants/Utility Fund/Loan
Well Site Upgrades	2019	20,000	General Operations
New Well Site	2019	80,000	Utility Fund
Replace Well Line	2025	tba	Utility Fund

Our 2015 Waterworks System Assessment (WSA3) report recommended that \$650,000 be spent on improvements to the water treatment plant. The Town upgraded the electrical requirements in 2016 and mechanical upgrades in 2019. 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.

Annual Financial Overview

According to the Town's audited 2022 financial statements, the total revenue generated for the water and sewer utility system was \$344,091 and the total expenses were \$359,920. These expenses do not include capital expenditures. In 2019 the Town completed the mechanical upgrades at the water treatment and at the well site. \$150,000 of the infrastructure fees that have been set aside was utilized for these projects. Capital expenditures in 2019 were over \$380,000. With the major projects being completed 2022 saw regular maintenance, with no major capital expenditures.

For 2022, waterworks revenues covered .95% of the waterworks expenditures and debt payments. Total waterworks revenues (R), Total waterworks expenditures (E,) Total debt payments on waterworks infrastructure loans (D) as a ratio:

$$R \text{ divided by } E+D = 344,091/359,920 = .95\%$$

If you add in the late payment from the Canada Building Fund of \$26,636 the actual ratio is then: $370,727/359,920 = 1.03\%$

Town of Porcupine Plain Water and Sewer Utility System 2022	
Revenue: (Schedule 2-4)	
Water Charges	140,584
Sewer Charges	67,227
Grant – Gas Tax Program/Canada Bldg Fund	26,636
Infrastructure Fees	38,420
Waste Collection Fees	71,104
Connection Fees, Other (Schedule 2-4)	120
Expenditures: (Schedule 3-2 or 4)	344,091
Wages, Benefits	208,398
Contractual Services	43,353
Utilities	33,195
Maintenance, Materials, Supplies	19,701
Amortization	55,276
Surplus/(Deficit): – Utility Services (Schedule 4 – Utility Services)	359,920 <u>(15,829)</u>

Reserve Accounts

The amount of 2022 utility revenue transferred into to the Utility Reserve account was \$38,420.03. Note that this amount is included in the revenue above but should amounts be used for capital expenses, it is not taken out in the expenditures b/c it would be moved to assets.

2022 was a succession planning year with an employee being hired to replace the foreman.

Both of these employees' wages were put to Water & Utility.

In 2023 there will only be the one wage again.

In our 2022 fiscal year, the Gas Tax Fund only paid out one of the two payments.

We were to receive another \$26,636, which we had budgeted for.

Every year we add the infrastructure fees to the Utility Reserve Account, which will be used to provide water and sewer system capital infrastructure.

In 2022 \$38,420.03 plus interest of \$1,879.02 put the total to **\$221,969.98.**

In 2019 \$150,000 from the Utility Reserve was used for the mechanical upgrades to the Water Treatment Plant.

Information is Available at the Town Office

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