

PUBLIC WATERWORKS INFORMATION

Name of Municipality: Town of Eatonia

Date: September 1, 2009

The following is information on the Town of Eatonia's waterworks, as required under *The Municipalities Regulations*:

2007 Waterworks Financial Overview:

total waterworks and sewage works revenues - \$98,102
total waterworks and sewage works expenditures - \$153,009
total debt payments on waterworks infrastructure loans - \$0
comparison of waterworks and sewage works revenues to expenditures plus debt payments, expressed as a ratio:
$$\frac{\$98,102}{(\$153,009) + (\$0)} = 0.64$$

For 2007, waterworks and sewage works revenues did not cover waterworks and sewage works expenditures. This is due to replacing a capital expenditure (two blocks of paving to cover watermain trenches) at a total cost of \$40,912.

$$\frac{\$98,102}{(\$153,009 - \$40,912) + (\$0)} = 0.88$$

2008 Waterworks Financial Overview:

total waterworks and sewage works revenues - \$115,526
total waterworks and sewage works expenditures - \$203,974
total debt payments on waterworks infrastructure loans - \$0
comparison of waterworks and sewage works revenues to expenditures plus debt payments, expressed as a ratio:
$$\frac{\$115,526}{(\$203,974) + (\$0)} = 0.57$$

For 2006, waterworks and sewage works revenues did not cover waterworks and sewage works expenditures. This is due to replacing a capital expenditure (two blocks of watermain replacement) at a total cost of \$97,771.

$$\frac{\$115,526}{(\$203,974 - \$97,771) + (\$0)} = 1.09$$

Current Reserves Balances

As of September 1, 2009 the balances in the term deposits are as follows:

| | |
|--|-------------|
| Fast Track Savings #003 - Capital Trust Fund | \$71,332.00 |
|--|-------------|

Monthly High Interest Savings Account

| | |
|---------------------------------------|-------------|
| Fast Track Savings #007 - MEEP Grant | \$49,083.81 |
| Monthly High Interest Savings Account | |

These term deposits are set aside for any capital projects that can not be afforded out of the general operating fund.

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Capital Plans

The plans that the town has in place for any capital projects as of September 1, 2009 is as follows:

Year 2009 - replaced irrigation pivot that was damaged due to ice build up on the towers causing them to break. Funds have been annually set aside in a reserve for the last four years. There was also money received from insurance proceeds from writing off the old pivot. The balance of the funds will come from the general operating fund.

Year 2010 - replace four blocks of watermain and then pave the blocks where the watermain were replaced. The town applied for a grant under the Building Canada Fund and was accepted June 29, 2009. A condition of this grant is that the project must be completed by March 31, 2011. The Building Canada Fund will fund 2/3 of the cost of this project and the town will fund the other 1/3 share. The town plans to borrow their 1/3 share and repay it back in ten annual instalments starting in 2011. The town will reduce the amount that they borrow with the money received from the MEEP Grant. This money has been set aside in a Fast Track Savings Account. For the watermain replacement, a special assessment will be charged as a local improvement to the residents who benefit from the project.

Year 2011 - the town does not have any capital projects planned for this year.

Waterworks Assessment

The Waterworks System Assessment required by Sask Environment was completed on January 12, 2006 by the town's engineer, Blue Sky Management Ltd.

Council passed a resolution to accept this public waterworks information on November 4, 2009.

Mayor

Administrator

TOWN OF EATONIA
NOVEMBER 4, 2009

WATERWORKS RATE POLICY

On November 4, 2009, Council passed a resolution on a waterworks rate policy.

Under the waterworks rate policy resolution, the per gallon water rate of \$0.0068 will continue, as adopted under the water rate bylaw dated February 12, 2008, but to work towards revenues that cover waterworks operating cost, beginning January 1, 2009, Council is planning to raise the per gallon water rate by 10 percent every second year for the next six years. At the same time, Council will closely monitor waterworks expenditures.

Council will review the waterworks policy on an annual basis to work towards waterworks revenues that cover waterworks operating costs and consider the needs for a waterworks infrastructure charge.

By planning the waterworks rate increases ahead of time, residents and businesses will be able to prepare for and adjust to the increases. Bylaws will be passed each year for the water rate changes.

The \$0.0068 per gallon water rate that was established on February 12, 2008 was chosen to be an acceptable rate for residents and businesses at that time. The per gallon water rate does not generate enough waterworks revenues to cover the waterworks operating costs. Waterworks operating costs, or expenditures, include waterworks' staff salaries, benefits and training, power, telephone, fuel, heat, insurance, chemicals, repairs, maintenance, supplies, etc. Also, the per gallon water rate does not include an infrastructure charge. Some municipalities use an infrastructure charge to collect revenue that is put into reserves so that they are able to address waterworks infrastructure problems that arise and replacing aging waterworks infrastructure as required.

Below is the breakdown for the planned per gallon water rate increases of 10 percent every second year for the next six years. To demonstrate the impact on residents and businesses, below are estimated monthly charges that reflect the rate increases, which are based on an average household consumption of 4,000 gallons of water every month.

| DATE | PER GALLON RATE | ESTIMATED MONTHLY CHARGE |
|-----------------|-----------------|--------------------------|
| January 1, 2008 | \$0.0068 | \$27.00 |
| January 1, 2010 | \$0.0075 | \$30.00 |
| January 1, 2012 | \$0.0083 | \$33.00 |
| January 1, 2014 | \$0.009 | \$36.00 |

The objective of the waterworks rate policy is to work towards waterworks that are self-financing, where the users pay for the costs of the service. To accomplish this, waterworks rates need to increase over time so that the revenues cover operating costs, to the extent possible. At the end of the sixth year of the planned rate increases, Council will review its waterworks policy to determine if revenues are covering costs. At that time, Council will also need to consider increasing rates to build the waterworks reserves in order to cover further infrastructure maintenance and replacement costs.

This waterworks rate policy will work towards financially independent waterworks that do not have to compete with other key municipal financial demands under the municipal general revenue fund. This will ensure our waterworks can provide safe drinking water. Also, rates that cover costs will influence consumer demand and water conservation, and self-financing waterworks will reduce pressures on property taxes.

TOWN OF EATONIA
NOVEMBER 4, 2009

WATERWORKS CAPITAL INVESTMENT STRATEGY

On November 4, 2009, Council passed a resolution on a waterworks capital investment strategy.

The objective of the waterworks capital investment strategy is to address anticipated waterworks infrastructure maintenance, the immediate drinking water infrastructure problems and future infrastructure replacements in a timely fashion so as to ensure the municipal waterworks provides safe drinking water to residents and businesses. The strategy uses the 2005 waterworks system assessment that was required by Saskatchewan Environment for infrastructure planning.

To cover the costs of future waterworks infrastructure maintenance and replacements, Council will likely need to undertake in the future a combination of increasing water rates to build the waterworks reserves, once the water rates cover waterworks operating costs, and long term borrowing.

This capital investment strategy will ensure that safe drinking water can be provided to the residents and businesses in the community in the present and future.