

RESORT VILLAGE OF THODE ANNUAL WATERWORKS REPORT

As at December 31, 2017¹

February 8, 2018

WATERWORKS RATE POLICY - Including amendments to December 31, 2017²

- The waterworks rate policy was amended to provide for an increase to cover the increased cost of water from Dundurn Rural Water Utility as well as the increases in costs to operate our distribution system at the beginning of 2017. The current base fee for water is \$400/year (\$100/quarter) and consumption at \$31.50/1000 gallons effective January 1, 2017.
- The water system financial statement has been consolidated with the sewer system financial statement and will now be known as the Utility System Financial Statement. This consolidated statement for 2016 shows a surplus of \$23,442.76. This surplus was generated as a result of a surplus on the sewer account of \$8,840.28, and \$14,602.48 for the water system, however the annual invoice to cover Thode's share of the \$88,000 amortization expense to Dundurn Area Waste Water Utility was not considered an expense, but rather an increase in our interest in the Utility. Therefore, the sewer surplus will not be transferred to the Utility surplus account, but will remain in the general surplus account to offset the invoice for amortization of \$16,711.20 which was used to fund the Tangible Capital Asset Reserve for the sewer utility infrastructure. The \$14,602.48 surplus for the water system will be transferred to the water surplus.
- Water consumption was 3.24 million gallons in 2017. The volume of unaccounted for water - also known as slippage, continues to be reduced by cleaning the meters that were "stuck", but there was still approximately 800,000 gallons of unaccounted for water which is about 25% of the water purchased from Dundurn Rural Water Utility. The installation of a flush out hydrant in 2012 seems to have resolved the issue of continuous non operational meters on the line along the lake. The loss of revenue for the Utility due to the 'slippage' of 800,000 gallons results in a loss of revenue to the Municipality of \$24,000 or \$226.42 per residential property.
- In 2017, property owners were charged a base fee of \$400 for water and either \$200 or \$400 per year for sewer depending on if they are connected to the collection line or not. The base fee for water includes the amortization of the water system which Council by resolution has directed be placed in a reserve for future system or line replacement costs. The 2010 Waterworks System Assessment identified "no immediate" issues and risks, but we are aware that the distribution line does not meet the expectations of a line that would be acceptable by today's standards and have obtained a Predesign Report in anticipation of pending grant programs to replace same. The pump house, reservoir and distribution line on Pelican Pass are relatively new and therefore are not a concern at this time. It is possible that Council may consider an infrastructure charge to cover the pending 1.7 million dollar distribution line for Summerfeldt Dr. & Wilson Road.

Our Municipality is committed to maintaining a financially sustainable waterworks system which can provide safe drinking water and also enhance the capacity of the Dundurn Volunteer Fire Department in firefighting efforts. Maintaining these assets benefits our community and the Blackstrap Region for the long term.

WATER SYSTEM CAPITAL INVESTMENT STRATEGY (Potable Water Supply System)

On January 8, 2007, Council passed a resolution on capital investment strategy. This strategy is updated annually.

The objective of the Water System Capital Investment Strategy is to ensure that funds are available to replace the waterworks infrastructure as required. The recently constructed pump house and reservoir are not a concern; however, the distribution system on Summerfeldt Drive and Wilson Road will need to be replaced within the next decade. It is the intent of this Council to allocate funds equal to the amount of the amortization expense to provide a funded reserve for future capital costs. This may need to be augmented by a Local Improvement Levy and then leveraged to access federal and provincial infrastructure funding available. The current balance in the Funded Amortization Account is \$258,045.

¹ Information available at the Municipal Office by September 1 of each year per *The Municipalities Regulations*

² Waterworks includes both water and sewer utilities

RESORT VILLAGE OF THODE

ANNUAL FINANCIAL OVERVIEW – WATERWORKS

January 1, 2016 – December 31, 2016

Income/Expense Summary

Total Water System Revenue	\$ 117,936
Total Water System Expenditures	<u>\$ 103,333</u>
Gain/Loss	<u>\$ 14,603</u>

Water System Debt Servicing

Total Debt Payments Due on Water (potable) Infrastructure Loans ³	\$ NIL
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Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio:

$\frac{\$117,936}{\$103,333} = 1.14$ (For 2017, waterworks revenues covered 114% of the waterworks expenditures)⁴

The following waterworks information is available at the municipal office for public viewing:

- The February, 2018 waterworks rate policy and capital investment strategy
- The above financial information, plus the transfer of funds to and from the waterworks
- Waterworks reserves
- The 2010 Water System Assessment
- The Agreement with the Dundurn Rural Water Utility for supply of water.

³ A loan for the sewer collection line is being repaid at \$32,323.00 annually plus interest at 4.7%. Final payout date is 2020.

⁴ Council and administration continue measures to mitigate the impact of lost revenue due to 'slippage'.