

RESORT VILLAGE OF THODE ANNUAL WATERWORKS REPORT

As at December 31, 2021¹

July 31, 2022

WATERWORKS RATE POLICY - Including amendments to December 31, 2021²

- 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 2020 water system financial statements have been res-stated and included in Schedule 2-4 of the Schedule of Operating and Capital Revenue by Function and Schedule 3-3 of the Total Expenses by Function. This statement for 2021 shows a surplus of \$2,754.00. The surplus has been transferred to the utility surplus.
- Water consumption was 3.52 million gallons in 2021. The volume of unaccounted for water - also known as slippage, was partially addressed in 2019, but volumes increased through out the year. The loss of revenue for the Utility due to the 'slippage' of approximately 1,000,000 gallons annually over the past several years has resulted in annual losses of revenue to the Municipality of \$31,500 or \$290.00 per residential property. During 2020 the unaccounted for water was 1.2 million gallons – a large leak was detected in February of 2021.
- In 2021, property owners were charged a base fee of \$400 for water and either \$100 or \$500 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 depending on the impact of the repairs done in early 2021 to the volume of lost water.

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 may 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 \$295,400. Due to COVID-19 concerns, amortization was not collected nor transferred to funded reserves.

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, 2021 – December 31, 2021

Income/Expense Summary

Total Water System Revenue	\$ 156,361.00
Total Water System Expenditures	<u>\$ 153,607.00</u>
Gain/Loss	<u>\$ 2,754.00</u>

Water System Debt Servicing

Total Debt Payments Due on Water (potable) Infrastructure Loans³ \$ NIL

Comparison of waterworks revenues to expenditures plus debt payments, expressed as a ratio:

$\frac{\$156,361.00}{\$153,607.00} = 1.02$ (For 2021, waterworks revenues covered 102% of the waterworks expenditures)⁴

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

- The February, 2021 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'.