

Utility Fund Summary

Approval of Sewer and/or Water Rates



**Saskatchewan
Municipal
Board**

This form constitutes the "Application for Approval of Sewer and/or Water Rates" pursuant to Section 23 of *The Municipalities Act* and Sections 24 and 47 of *The Northern Municipalities Act, 2010*

ABOUT THE FORM

This form is to be completed to request the approval of the Local Government Committee for sewer and water utility rates. ALL QUESTIONS MUST BE ANSWERED.

ADDITIONAL INFORMATION

For additional information on the sewer and water rate approval process, please visit the SMB's website at www.smb.gov.sk.ca or contact:

Local Government Committee
Saskatchewan Municipal Board
480 – 2151 Scarth Street
REGINA SK S4P 2H8
Telephone: (306) 787-6221
Fax: (306) 787-1610

**FOR FURTHER INFORMATION OR ASSISTANCE IN COMPLETING THE APPLICATION
CALL OUR OFFICE AT THE PHONE NUMBER INDICATED ABOVE.**

What the Committee Approves

The committee approves water and sewer rates, charges, tolls or rents set by a council as it relates to the use of the service as well as discounts or additional amounts or percentages to be charged for arrears relating to the rates, charges, tolls or rents.

Matters Considered by the Committee

When considering applications for water and sewer rate changes, the committee's approval is based on the following criteria:

- That rates are equitable to all users regardless of classification;
- That the revenue generated by the utility is sufficient to offset all expenditures including debt retirement resulting from borrowing for capital utility projects; and
- Municipalities are encouraged to set aside funds for future capital utility projects.

The intent is to have a self-sustaining utility. The goal is to have a Utility Surplus after operating expenses and debt repayment. This will allow the municipality to set aside reserves for future utility capital projects.

Factors Considered by the Committee in the Determination of Equity

In considering whether the rates are equitable, some factors the committee considers:

- Charges to customers are according to the cost of services they utilize. Based on:
 - the demands they place on the system; and
 - the impact they have on the system.
- Equal charges may not be equitable. If all users place the same demand and have the same impact on the system they may be equal.
- Social policy should not be factored into the rates. There are other mechanisms a municipality can utilize if they wish to subsidize a user than to adjust the utility rate to a lesser rate.

Public Utility Boards

The committee approves water and sewer rates for public utility boards (PUB) where the establishing municipalities have delegated the authority for the rates to the PUB.

On initial application to the SMB or when participation membership changes, the PUB is required to submit a copy of the bylaw that established the PUB from each of the participating municipalities and a copy of the corporate bylaw for the PUB.

**APPLICATION FOR APPROVAL OF SEWER AND/OR WATER RATES TO SASKATCHEWAN MUNICIPAL BOARD
PURSUANT TO THE MUNICIPALITIES ACT and THE NORTHERN MUNICIPALITIES ACT**

*****A FULLY COMPLETED APPLICATION WILL ASSIST IN THE TIMELY PROCESSING OF YOUR APPROVAL REQUEST;
INCOMPLETE APPLICATIONS MAY BE RETURNED TO THE MUNICIPALITY FOR COMPLETION*****

<p>Send this completed application form to: Secretary, Local Government Committee Saskatchewan Municipal Board #480-2151 Scarth Street REGINA SK S4P 2H8</p>	<p>Application Date: <u>January 1, 2017</u></p> <table border="0"> <tr> <td></td> <td align="center">Sewer</td> <td align="center">Water</td> <td align="center">Sewer/Water</td> </tr> <tr> <td></td> <td align="center" colspan="3">(Check appropriate box)</td> </tr> <tr> <td>Bylaw No(s): <u>2017-01</u></td> <td align="center"><input type="checkbox"/></td> <td align="center"><input type="checkbox"/></td> <td align="center"><input checked="" type="checkbox"/></td> </tr> <tr> <td></td> <td align="center"><input type="checkbox"/></td> <td align="center"><input type="checkbox"/></td> <td align="center"><input type="checkbox"/></td> </tr> </table>		Sewer	Water	Sewer/Water		(Check appropriate box)			Bylaw No(s): <u>2017-01</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Sewer	Water	Sewer/Water														
	(Check appropriate box)																
Bylaw No(s): <u>2017-01</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>														
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>														

CHECKLIST: Items marked with a must accompany the application. Mark in appropriate boxes for other items.

Included	Material Required
<input checked="" type="checkbox"/>	Finally passed bylaw – three copies certified and sealed
<input checked="" type="checkbox"/>	Latest audited financial statements. If latest audited financial statements are not for the immediate preceding calendar year, also include the trial balance for the year. I.e. Submitting application in 2015– send 2013 financial statement and 2014 trial balance
<input checked="" type="checkbox"/>	Current year trial balance
<input checked="" type="checkbox"/>	Current year sewer and water utility budget (if available)
<input checked="" type="checkbox"/>	Water Rate Policy (if available) (For further detail see: www.municipal.gov.sk.ca/Health-Safety/Public-Health-Welfare ,
<input checked="" type="checkbox"/>	Capital Investment Strategy (if available) under Waterworks Regulatory Requirements)
<input type="checkbox"/>	Organized Hamlets only – copy of revenue and expenses for the organized hamlet
<input type="checkbox"/>	Public Utility Boards only – on initial application provision of copies of bylaws establishing the public utility board and corporate bylaw. If membership changes provide updated copies of bylaws.

Section I – APPLICANT INFORMATION

Name of Municipality:	Sample Town	Mailing Address:	123 ABC Street, Sample Town	Office Hours:	Days M,T,Th,F 9:00am-5:00pm
Contact Person:	Name:	Ms. Ima Admin		Position:	Administrator
	Telephone Number:	306 123 4567	Fax Number:	306 123 4568	Email Address: admins@sample@sasktel.net

Section II – FINANCIAL INFORMATION

Total Sewer and Water Utility Reserve, as at December 31, 2014 :	\$83,000	Reserve Name:	Water Utility
	\$40,000	As indicated on Schedule 8 of financial statement	Sewer Utility

If not presently reserving the full amount of the annual utility surplus, why is this not occurring and what is council's future plan?
Full amount is being reserved.

If the sewer and water utility is having on-going utility deficits what is council's plan to bring the utility to a self-sustaining status? Self-sustaining is defined as revenues being sufficient to cover operations, debt repayments, capital and setting aside amounts for reserves.
Revenues presently cover operating expenses and debt repayments and any surplus is set aside in reserves. Council intends to increase rates by 5% per year over the next 3 years in order to increase the contribution to reserves for the future replacement of the water treatment plant in 2018.

If the audited financial statement indicates an overall decrease in the net financial position for the municipality in the current and/or previous year, please provide further explanation of why the decrease occurred. Indicate council's plan for recovery. (Attach additional sheets if required).
The overall financial position of Sample Town declined in 2014 as a result of greater than anticipated snow removal costs. Council will include an offsetting amount in the current year budget.

Section III – RATE INFORMATION

If a penalty is charged on overdue sewer and water accounts, is it charged pursuant to this bylaw? Yes x No _____

If not pursuant to this bylaw indicate the name of the bylaw that the penalty is charged pursuant to:

What factors did council consider in establishing the rate structures i.e. water, sewer, infrastructure, etc.? (Attach additional sheets if required).

Water-flat rate-council considered the estimated amount of water that each category of user would use, i.e. four suite apartment charged at three times the rate of residential as the apartment does not do summer watering
Sewer-flat rate-council considered the demand of the user category i.e. four suite apartment would be utilizing more sewer than residential

Reason(s) for requested rate change. Provide reason for each rate change i.e. sewer, water, on-off charges, etc. (Attach additional sheets if required).

Water-chemical costs increasing 3% and wages increasing 2%
Sewer-wages increasing 2%

Section IV – UTILITY FUND SUMMARY

NOTE: If financial statement data for a year was provided with a previous application, it is not required to complete the data for that year.

Total Number of Customers:					
2014	2015	2016	2017	2018 Forecast	
From financial statement	From financial statement	_x Preliminary _ Financial statement	_x Budget _ Forecast		
102 Sewer	_104_ Water				

OPERATIONS:

Revenue: (Note: Schedules referenced are those on the financial statements) → carry forward value from previous column

Total Sewer and Water Operating Revenue (Schedule 2-4);	\$ 45,123	\$ 50,174	\$ 52,035	\$ 52,035	\$ 58,355
<i>Plus:</i> Additional revenue for rate changes effective for only a portion of prior year (show in Calculation Area "A" how amount was calculated)				4,160	432
<i>Plus:</i> Additional revenue for rate changes effective in the current year (show in Calculation Area "B" how amount was calculated)				2,160	
<i>Plus:</i> Other Revenue (description and amount if more than one) i.e. SIGI grant _____					
TOTAL ANNUAL OPERATING REVENUE (a)	\$ 45,123	\$ 50,174	\$ 52,035	\$ 58,355	\$ 58,787

Expenditure:

Total Sewer and Water Expense (Schedule 3-3) Includes amortization.	\$ 38,569	\$ 41,343	\$ 42,060	\$ 42,060	\$ 44,260
<i>Plus:</i> Estimated increase/decrease in utility expense (if any) (describe). This will include any one-time or incremental operating costs.					
____ Wages 2% - \$1500; Chemical 3% - \$700 _____ (per year increase)				\$ 2,200	\$ 2,200
____ Line repair (one time cost in 2016) \$5,000 _____					\$ 5,000
TOTAL ANNUAL OPERATING EXPENSES (b)	\$ 38,569	\$ 41,343	\$ 42,060	\$ 44,260	\$ 51,460
UTILITY OPERATING SURPLUS/(DEFICIT) (a)-(b)	\$ 6,554	\$ 8,831	\$ 9,975	\$ 14,095	\$ 7,327

DEBT REPAYMENT:

Annual debt payment for the utility (<u>principal only</u> – from Notes to the Financial Statement)	\$	\$	\$	\$	\$
Annual debt payment (<u>principal and interest</u>) associated with anticipated new debt (explain in Calculation Area "C" how amount was calculated and what debt is for)				\$	\$ 17,911

CAPITAL:

Capital Acquisition Expenditures (Schedule 7). (describe) i.e. treatment plant upgrade					
____ Sewer Lift Station upgrade _____	\$	\$	\$	\$ 230,000	\$ 20,000
_____	\$	\$	\$	\$	\$
_____	\$	\$	\$	\$	\$
Capital Revenue (describe) i.e. grants, donations, etc					
____ None _____	\$	\$	\$	\$	\$
_____	\$	\$	\$	\$	\$

Calculation Area (Attach additional sheets if required): e.g. 420 users x \$1.50 per month x 12 months = \$7,560.

"A" – Additional revenue for rate changes effective for only a portion of last calendar year i.e. if rate change went into effect June 1, 2014 then only 7 months of the additional revenue would be included in the 2014 revenue. A further 5 months of additional revenue would be in effect in 2015.

2017: Water rates increased in 2016 - \$5 per month for September – December; Increase for 2017 - \$5 x 104 users x (January – August) 8 mos. = \$4,160.

2018: Sewer rates increasing in 2017 - \$2 per month for January – February. Increase for 2018 - \$2 x 100 users x 2 mos. Plus \$8 x 2 users x 2 mos. = \$432

"B" – Additional revenue for rate changes effective in the current year i.e. if rate change will only be for part of current year include only the additional revenue to be collected in the current year. The balance of the revenue would show under "A" above, for the next calendar year.

Sewer rates increasing effective March 1, 2017 - \$2 per month for residential and \$8 per month for 4 suite apartment:

2018: \$2 x 100 users x 10 mos. Plus \$8 x 2 users x 10 mos. = \$2,160.

"C" – Annual debt payment associated with anticipated new sewer and water utility debt. Include what borrowing is for and terms of repayment.

Upgrade to sewer lift station - \$250,000 – financed \$40,000 from sewer utility reserve and \$210,000 from long term debt over 15 years – estimate annual payments at 3.25% = \$17,910.60

Borrowing for Utility – Details of borrowing related to the utility that **did not** require Saskatchewan Municipal Board approval.

Purpose	Amount	Total Annual Repayment	Term	Terms
i.e. Water Treatment Plant	i.e. \$250,000	i.e. \$89,912.69	i.e. Feb 2013 - Jan 2016	i.e. \$7,492,72 monthly
(1) None				
(2)				

Please review the application and ensure all sections are complete. Double check the checklist to ensure all material is enclosed. Additionally, please review the last approval letter from the Committee and provide requested information, if not previously supplied.