



Policy Type:	Utility
Policy Title:	Water Rate Policy
Policy Number:	800-01

Authority:	
<i>Council Resolution #</i>	#46/22

Purpose:

The objective of the waterworks rate policy is to work towards waterworks that are self-financing, where the users pay for the cost of the service. To accomplish this, waterworks rates need to increase over time so that the revenues cover operating costs, to the extent possible.

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 will reduce pressures on property taxes. Reduced funding for the waterworks from the general revenue fund will be reflected in future mill rates.

Scope:

This policy applies to all users connected to the water service within the Village of Loon Lake, without exception.

Previous waterworks revenue was covering approximately 80% of the cost of operating the water treatment plant and water distribution system. Waterworks operating costs, or expenditures include waterworks' staff salaries, benefits and training; power; heat; insurance; chemicals; repairs; maintenance; supplies, and amortization.

Waterworks rate increases took effect on January 1, 2021. Council feels at this time the increase will cover all of the operating costs of the water treatment plant and distribution system, however:

Policy:

1. Council will annually review its waterworks policy to determine if revenues cover operating costs, to the extent possible.
2. Council will consider on an annual basis increasing waterworks rates to cover operating costs.
3. Council will consider on an annual basis increasing waterworks rates to build the waterworks reserve in order to cover future infrastructure maintenance and replacement costs of lines and equipment at the water treatment plant.
4. Council will establish an infrastructure fee to cover capital costs of future upgrades. All fees collected shall be placed into a Utility Capital Reserve annually.
5. Amount of amortization recorded as a utility expense will be transferred to the Utility Capital Reserve annually if total amount expensed exceeds amount spend on capital expenditures.
6. Surplus revenue will be deposited into Utility Capital Reserve annually.
7. Bylaws will be passed for each increase.

Effective Date/Repeal

This policy will come into effect on September 1, 2021 unless otherwise specified and shall be implemented as outlined in this policy. This policy repeals and replaces all resolutions and any policies pertaining to fire bans that have been consolidated into this policy and replaces all past practices. This policy may only be amended or repealed by resolution of Council.