

Policy statement

The Leduc County recognizes the need for a fiscally responsible and, self-sustaining utility that manages rate increases and creates produces financial stability. This helps secure while ensuring sufficient funding for capital projects at the most economical cost to the utility customers.

Definitions

Administration means the staff of Leduc County under the direction of the county manager.

Capital Repair and Replacement Reserve means reserve funds that will be used to fund budgeted or unforeseen capital projects related to facility and equipment repair and/or replacement.

Capital Plan means the plan approved by the council that outlines the capital expenditures for Leduc County.

Council means the duly elected council of Leduc County.

County means the municipal district of Leduc County in the Province of Alberta.

Customer Classes means general utility customer groups that are unique when compared to other utility customer groups in terms of service delivery, level of service provided to them, and/or infrastructure needed to support the group.

Direct costs means that the cost for the utility can be directly traced to a specific productive or service.

Indirect costs means that the cost for the utility cannot be directly traced to a single product or service

Operating Rate Stabilization Reserve means reserve funds used to mitigate the impact of rate increases within the annual operating budget and for stabilizing unbudgeted impacts resulting from unanticipated events.

Operating Repair and Replacement Reserve means reserve funds used to fund either budgeted or unforeseen facility or equipment repair and/or replacement.

Utility means a water, wastewater, or stormwater utility within Leduc County jurisdiction as set out in County bylaws.

Policy authority*Legislative implications:*

- Municipal Government Act, R.S.A. 2000. Latest revision thereof

Bylaw implications:

- Leduc County Utilities Fees and Charges Bylaw. Latest revision thereof.
- Water Services Bylaw. Latest revision thereof.
- Wastewater Services Bylaws. Latest revision thereof.

Policy Implications:

- FP-01 Financial Reserves Policy

Policy standards

Utility rate model shall:

1. Comply with the Utility Governance policy.
2. Be based on user-pay methodology whereby the customer pays the cost of owning and operating the utility.
3. Adhere to ~~County~~ Council strategic messages based on ~~the~~ County rate setting objectives.
4. ~~Monitor rate increases by evaluating the rates against affordability measures. Manage rate increases by developing, at a minimum, a three year incremental rate plan based on a three or more year budget forecast~~
5. Include reserve allocations as set out in the Financial Reserves policy for the:
 - Operating rate stabilization reserve
 - Operating repair and replacement reserves
 - Capital repair and replacement reserves
6. Consider alternative revenue streams including grant funding ~~for capital projects~~.
7. Be operated financially as a single water utility, ~~a single stormwater utility~~, and a single wastewater utility using a cost-based approach for different customer classes and where appropriate, apply separate rate structures to the different customer classes.
8. ~~Provide the necessary Ensure~~ funding ~~that is~~ available to meet or exceed regulatory requirements and adequately maintain and replace utility infrastructure.

Policy responsibilities

Council responsibilities:

Council will,

- ~~Review and approve this policy. Approve the utility fiscal policy.~~
- Review annual utility rates, utility capital projects and the contributions to reserve accounts.

Utilities

~~Utilities will, Director of Engineering and Utilities will,~~

- Maintain, update, and adhere to the policy
- ~~Provide the Ensure that~~ appropriate resources that are available to meet the service levels.
- Recommend to Council the annual utility rates for the upcoming year, based on a three-year planning horizon.
- Provide Council with the recommended capital and reserve contribution amounts.

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- Develop a capital plan for utilities.
- Implement the policy.
- Assist in developing budgets, rates, and capital plan.
- Adhere to this policy.

Finance responsibilities:

~~Director~~ Finance will,

- ~~Support~~~~Supporting~~, track and report the financial requirements of the policy.
- Maintain adequate reserves for:
 - Operating rate stabilization reserves.
 - Operating repair and replacement reserves.
 - Capital repair and replacement reserves.
- Include County utilities direct and indirect costs to the extent that they are reasonably tracked.

Finance and Utilities responsibilities:

Finance and Utilities will,

- Review utility rate structure and rate setting priorities with Council every four years.

~~Leduc County staff will,~~

- ~~Be aware of and follow the policy.~~

Monitoring and updating

- This policy will be posted on Leduc County's website.
- This policy will be reviewed at least once every four years.
- This policy will be reviewed in conjunction with UT-04 Utility Governance policy.