

VILLAGE OF PARADISE HILL

2025 WATERWORKS CONSUMER REPORT

Prepared for Village water consumers in accordance with The Municipalities Regulations

Waterworks Rate Policy

The objective of the Village's waterworks rate policy is to collect sufficient revenue to operate and maintain the waterworks system, support debt repayment and future capital needs, encourage responsible water use, and gradually reduce the difference between the revenue collected from users and the actual cost of providing water service.

The infrastructure charge began as a \$10.00 increase to the minimum water charge on January 1, 2007 to help pay the long-term debt incurred to construct the reverse osmosis Water Treatment Plant. The charge increased to \$15.00 per month in 2015. Funds raised through the infrastructure charge are directed toward future capital requirements and have also supported debt associated with the joint aerated lagoon project, which became operational in 2019, and the Water Treatment Plant Biological Upgrade undertaken in 2025/26.

Increases to the water usage charge above the minimum, effective January 1, 2011 and January 1, 2012, were introduced in part to help fund amortization costs that increased significantly following construction of the new Water Treatment Plant. A further increase in 2015 was intended to encourage water conservation and help reduce operating costs.

Water rates are reviewed in relation to operating costs, amortization, interest and debt repayment, infrastructure requirements, inflation, conservation objectives and long-term capital needs. The Village's approach has generally been to make gradual adjustments rather than large increases in a single year.

2025 Water & Sewer Rates

Charge	2025 Rate
Minimum Water Charge	\$20.00
Infrastructure Charge	\$15.00
Water Usage / Overage	\$0.017 per gallon
Residential Sewer Charge	\$25.00

Water rates and the infrastructure charge have remained unchanged over the past several years. The residential sewer charge was last increased in April 2021.

Historical rate-policy information also noted the following four-year changes at the time the sewer rate was increased in April 2021: minimum water charge - 0%; water overage - 0%; sewer charge - 25%; and infrastructure charge - 0%. Since that April 2021 sewer adjustment, the current water, sewer and infrastructure rates have remained unchanged through 2026.

History of Water & Sewer Rates

The following history shows changes to the Village's water and sewer rates. An infrastructure charge was implemented effective January 1, 2007 to help fund construction of the Water Treatment Plant. The infrastructure charge was increased to \$15.00 in 2015 and continues to support water and wastewater infrastructure and related debt.

Effective Date	Minimum Water	Infrastructure	Water Overage	Residential Sewer
Jan. 1, 2007	\$15.00	\$10.00	\$8.00 – 2nd 1,000 gal. \$8.00 – 3rd 1,000 gal. \$8.00 – 4th 1,000 gal. & thereafter	\$13.00
Jan. 1, 2012	\$15.00	\$10.00	\$0.015 per gallon	\$13.00
Jan. 1, 2017	\$20.00	\$15.00	\$0.017 per gallon	\$15.00
Jan. 1, 2018	\$20.00	\$15.00	\$0.017 per gallon	\$20.00
Jan. 1, 2019	\$20.00	\$15.00	\$0.017 per gallon	\$20.00
Jan. 1, 2020	\$20.00	\$15.00	\$0.017 per gallon	\$20.00
Jan. 1, 2021	\$20.00	\$15.00	\$0.017 per gallon	\$20.00
Apr. 1, 2021	\$20.00	\$15.00	\$0.017 per gallon	\$25.00
Jan. 1, 2022	\$20.00	\$15.00	\$0.017 per gallon	\$25.00
Jan. 1, 2023	\$20.00	\$15.00	\$0.017 per gallon	\$25.00
Jan. 1, 2024	\$20.00	\$15.00	\$0.017 per gallon	\$25.00
Jan. 1, 2025	\$20.00	\$15.00	\$0.017 per gallon	\$25.00
Jan. 1, 2026	\$20.00	\$15.00	\$0.017 per gallon	\$25.00

Cost of Providing Water

The Village monitors both the revenue generated from water sales and the actual cost of treating water.

2025 Water Treatment	Per 1,000 Gallons
Revenue Generated	\$15.32
Operating Cost to Treat	\$20.46
Cost Including Interest & Amortization	\$26.88

Operating costs include plant operator wages, a portion of Public Works costs, utilities, repairs and maintenance, chemicals, laboratory testing, technical support and other supplies.

Operating expenses decreased by approximately 6.26% in 2025, primarily due to lower chemical and interest costs.

Water Usage & Metering

Water consumption was fairly stable in 2021 and 2022, increased slightly in 2023 and 2024, and decreased in 2025. There were no major water line breaks in 2025. Overall water usage decreased by approximately 12,605 gallons compared with 2024. Public facilities used approximately 8,104 fewer gallons, while residential water usage increased slightly. Unaccounted-for water also decreased. Monitoring usage at public facilities where water is not directly billed has helped identify leaking toilets and other problems so they can be repaired promptly.

Approximately 95% of the Village has been converted to radio-frequency water meters. The conversion allows water consumption to be read and billed more accurately and efficiently. Rates above the minimum are calculated per gallon rather than per 1,000 gallons, reducing inequalities that can result from rounding usage. Conversion costs have declined substantially as the program nears completion; however, as the installed meters age, repairs and maintenance are beginning to increase.

Waterworks Infrastructure

The Village's reverse osmosis Water Treatment Plant and additional treated-water storage reservoir were completed in 2008.

The joint aerated lagoon, constructed in partnership with the RM of Frenchman Butte No. 501 and the Town of St. Walburg, became operational in 2019.

Upgrades to the Water Treatment Plant are being completed in 2026.

The existing two reverse osmosis units continue to meet the Village's current water demand. The Water Treatment Plant was designed to accommodate an additional RO unit should future demand require additional treatment capacity.

Capital Investment Strategy

The Village's capital investment strategy is intended to ensure the water and wastewater systems continue to provide reliable service while planning for future growth, major repairs, upgrades and debt repayment.

The reverse osmosis Water Treatment Plant and an additional 105,000-gallon treated-water storage reservoir were completed in 2008. The reverse osmosis system was selected because of the improved quality of treated water and the potential for consumer savings through reduced need for water softening and fewer repairs to taps, toilets and hot water heaters.

The Water Treatment Plant was designed to accommodate an additional reverse osmosis unit if future demand exceeds the capacity of the two existing units. At present, the two units continue to meet the Village's water demand.

Estimated Required Capacity

The following capacity schedule was provided by Bullee Consulting and compares the existing system capacity with estimated requirements for 2016, 2021 and 2026.

Capacity Item	Existing Capacity (2009)	2016	2021	2026
Population	500	548	570	593
Water Supply	—	7.26 L/s	7.90 L/s	8.58 L/s
Water Treatment	5.04 L/s	5.81 L/s	6.32 L/s	6.86 L/s
Storage Reservoir	705,000 L	545,800 L	593,600 L	644,500 L
Distribution Pumping	22.0 L/s	11.05 L/s	12.02 L/s	13.05 L/s
Lagoon Treatment	1.57 ha	1.41 ha	1.46 ha	1.52 ha
Lagoon Storage	44,000 m³	49,122 m³	53,420 m³	58,000 m³

Capital commitments and priorities include:

- Water Treatment Plant upgrades being completed in 2026, with grant funding of \$1,062,000 and loan financing of \$450,000 obtained to assist with the project costs.
- The possible addition of another reverse osmosis unit in the future if treatment capacity becomes inadequate.
- Ongoing repairs, maintenance and replacement of aging water and sewer infrastructure and equipment.
- Continued planning and funding for the joint aerated lagoon and related wastewater infrastructure.
- Maintaining reserves and long-term financial planning for future water and sewer capital requirements.

The joint aerated lagoon became operational in 2019 and was completed in partnership with the RM of Frenchman Butte No. 501 and the Town of St. Walburg. The project was funded through contributions from the federal and provincial governments and the three municipal partners. The Village's share of the anticipated project cost was \$1,315,916, and a \$1,200,000 loan was obtained to fund this commitment.

The Village sets aside funds annually for future water and sewer capital needs and uses long-term projections to anticipate cash-flow and funding requirements. Capital projects are identified and prioritized based on system capacity, condition of infrastructure, regulatory requirements, available grant funding, affordability and the need to maintain reliable water and wastewater service.

Council will continue to pursue grant opportunities where available to reduce the amount of major capital costs that must be funded directly by water and sewer users.

ANNUAL FINANCIAL OVERVIEW

The Village's waterworks system has significant operating and infrastructure costs. In addition to regular operating expenses, the Village continues to make debt payments related to previous water and wastewater infrastructure projects.

The following provides an overview of the Village's 2025 waterworks revenues, expenditures, debt payments and reserves.

2025 Waterworks Financial Information	Amount
Total waterworks revenue (R)	\$276,675.89
Total waterworks expenditures - operating (E)	\$229,375.91
Total waterworks expenditures - capital	Nil
Debt payments - principal	\$125,292.44
Debt payments - interest	\$16,823.78

Comparison of Waterworks Revenues to Operating Expenditures and Debt Repayment

Revenue (R) ÷ Operating Expenses + Debt Repayment (E + D)

\$276,676 ÷ \$371,492 = 0.74

This means that in 2025, waterworks revenues covered approximately 74% of operating expenses and debt repayment costs.

Comparison of Waterworks Revenues to Operating Expenditures

Revenue (R) ÷ Operating Expenses (E)

\$276,676 ÷ \$229,376 = 1.21

This means that in 2025, waterworks revenues were approximately 121% of operating expenses, before debt repayment costs were included.

Future Financial Planning

Future financial planning will continue to take into account ongoing amortization, debt repayment commitments, operating costs and future infrastructure requirements. The current waterworks loan is scheduled to be fully repaid in 2028.

The Village is also completing upgrades to the Water Treatment Plant in 2026. The project is being supported by \$1,062,000 in grant funding and \$450,000 in loan financing. The loan obtained for the Water Treatment Plant upgrades is scheduled to be fully repaid in 2030.

Long-term financial planning will continue to include maintaining reserves for future water and sewer capital requirements, infrastructure repairs and replacements, and other improvements necessary to maintain reliable water and wastewater services.

RESERVES - DECEMBER 2025

Reserve	Amount
Reserve for future water and sewer capital expenses	\$699,208
Cash reserves in retained earnings and undesignated reserves*	\$573,430

*Available for future capital expenses but not specifically designated for water and sewer.

Looking Ahead

Council's objective is to maintain a safe and reliable water and wastewater system while planning responsibly for future infrastructure needs and keeping rate adjustments as gradual and predictable as reasonably possible.

To further reduce the gap between revenue generated and the cost of treating water, future fee increases may be necessary. Gradual increases can also help offset inflationary increases in annual operating expenses. Historically, future increases were expected to focus on the minimum water charge because it had been adjusted less frequently than other components of the rate structure.

An earlier rate-policy projection estimated that a \$1.00 annual increase in the minimum water charge would generate approximately \$3,000 in additional annual revenue. That estimate was based on the Village's 2014 operating costs and is retained as historical planning information rather than a current rate commitment. Council will continue to review actual revenues, operating costs, debt repayment, water consumption and capital requirements when considering future rates.