

CITY OF WHITEHORSE

COUNCIL POLICY

Policy: Fiscal Management – Water and Sewer Cost Recovery

Purpose: To establish a cost recovery policy in order to develop a fee structure for the provision of Water and Sewer services for the City of Whitehorse.

Authority: Council Resolution #2004-19-03 dated September 13, 2004

WATER AND SEWER COST RECOVERY POLICY

Background

The City of Whitehorse uses fees and charges to help fund the provision of goods and services it provides. In order to provide a basis for the setting of a charge or fee, the full cost of providing the service should be known. In order to determine the full cost of providing the services a policy statement identifying the costs to be included in the rate structure is required.

Policy Statement

The City of Whitehorse will recover the total annual operating cost of providing water and sewer services from the water and sewer user fees levied in each year.

Scope

This policy applies to the calculation of user fees that will fund the full cost of providing potable water and sewerage disposal services.

General Objectives

To identify the expenditures included as the full cost of providing the service to the community and to formalize the process of calculating user fees.

Expenditures

The following list of expenditures will be included to determine the full cost of operating the water and sewer function.

Administration – includes an equitable portion of Public Works Managers and Supervisors salaries, wages, benefits and general office costs.

Debt Servicing – Includes the annual cost of repaying all funds borrowed for capital and operating expenditures in the water and sewer function.

Overhead – the allocation of service related costs such as payroll, engineering, etc based on the ratio department costs are of total operating costs.

Sewerage Operating Costs – Includes sanitary and storm sewer system maintenance, lift stations and sewage lagoons.

Transfer to Reserves – funding of reserves to replace infrastructure (amortization) and environmental grants in accordance with Reserve Bylaw 2001-34.

Water Operating Costs – Include pumping, treatment, system maintenance, main breaks, meters, reservoirs and bulk water disbursement.

Process

Each year during the budget process the cost of providing the service is estimated, once service levels have been defined. At the same time an estimate is completed of the revenue to be generated at the current fee structure level and adjusted for changes in the number of service connections. If the variance between total expenditures and total revenue exceeds 1% of the total expenditures, a recommendation will be brought forward to Budget Committee to adjust user fees accordingly.

◆ 2004-09-14