

Steven Petek has requested that the town address seven action items (as outlined in his correspondence to council, reviewed at the October 10th meeting) related to the town’s water and sewer utility and its associated bylaw (#1659). Administration will address these concerns in this document.

Action Item 1: *Conduct a formal review of the metering bylaw, including financial, legal and environmental implications.*

Administration is currently reviewing the town’s Water and Sewer Utility Bylaw. We will discuss the financial, legal and environmental implications of the bylaw as we address the other concerns.

Action Item 2: *Provide a public report detailing the revenue generated, reserve fund allocations and conservation outcomes.*

The town provides a yearly report of revenues and reserve fund allocations via the financial statements, which are publicly available. We do not provide a report on conservation outcomes. Administration has prepared the below chart specifically for this inquiry.

Revenue Generated and Reserve Fund Allocations

Figure 1 – Water and Sewer Capital Reserve History

Water & Sewer Capital Reserve History - 2020 to 2024						
Water and Sewer Capital Reserve	Prior Year Balance Forward	*Transfers To Reserve (BUDGETED)	*Transfers To Reserve (ACTUAL)	Transfers From Reserve	Year Ending Balance	Expense Notes
2020	228,812.86	380,796.00	586,642.43	-\$10,494.25	804,961.04	1
2021	804,961.04	500,602.00	1,142,517.50	-\$503,446.88	1,444,031.66	2
2022	1,444,031.66	739,129.00	1,050,267.70	-\$420,154.51	2,074,144.85	3
2023	2,074,144.85	986,249.00	891,915.66	-\$499,631.88	2,466,428.63	4
2024	2,466,428.63	776,221.00	955,910.80	-\$689,661.19	2,732,678.24	5&6
1 Cost incurred for engineering for lagoon holding cell project.						
Lagoon Holding Cell (\$385,795.01), 2nd Street Rehabilitation (\$83043.11), SCADA Device Net						
2 Communications (\$34609.76).						
Hwy#2 Sewer Repairs (\$18,847.37), 2nd Street Rehabilitation (\$193,307.46), Westrose Drive						
3 (\$116,139.00), Lagoon Outlet (\$91860.68).						
Hwy#2 Sewer Repairs (\$87,778.09), 45th Ave Water Main (\$236,630.48), Storm outfall Westlyn						
4 (\$163,866.93), Bulk Water Station (\$11,356.38).						
HPSBackup Generator (\$108,079.98), SCADA Computer & Upgrades (\$52,983.53), G3 Numatics						
5 Upgrade (\$75,829.79), 2nd Street E& Pine Place Mains (\$247,500), Westlyn Strom (\$194,867.89), Supplemental Pumping Strategy (\$10,400).						
6 This ending balance will be carried forward to 2025. All transfers to and from will be recorded through year end.						
Transfers to Reserves consist of budgeted transfers, any department surplus due to revenues being higher than budgeted and/or expenditures that came in under budget in the year. In addition to the						
* budgeted transfer amounts annual interest is calculated and applied to capital reserves.						

There are years when the town has generated more revenues than it anticipated, with 2021 and 2022 standing out in terms Actual reserve transfers significantly exceeding Budgeted reserve transfers by 128% and 45% respectively. Administration has previously noted these discrepancies during the town’s financial audit. There are several factors that can affect budgetary projections from year to year, including water usage and operational and treatment costs. In 2023 Actual transfers to reserves were less than Budgeted, and in 2024 Actuals exceeded Budgeted by 23%.

The funding structure for the town’s utility department, consisting of fixed costs and consumption charges, is designed to cover the operational costs of the department, and account for replacement of existing infrastructure. Excess revenues are transferred to the water and sewer utility reserve at year end. They do not flow into general accounts or ‘discretionary reserves’ as suggested in Steven Petek’s letter to Council. Rather, they stay in the utilities department to fund capital projects.

Figure 1 shows that the town has spent over \$2,000,000 from this account between 2020 and 2024. In 2025, Council approved the following projects to be funded from the water and sewer utility reserve account:

- water meter replacement program: \$1,100,000.
- Watermain and Pavement 4th St. Harvest Square to 59 ave: \$250,000.
- Variable Frequency Drive Replacement: \$380, 400

Total monies spent from this reserve from 2020-25 is upwards of \$3.8 million.

Conservation Outcomes

In 2008, the town implemented water metering to comply with provincial requirements and as a condition of receiving funding for the raw water line. Water metering was a conservation initiative. Figure 2 below shows the town used 1,915,023m³ of water in 2008 and 745,912m³ the following year, or 61% less water. Moreover, the average water consumption in the town from 2021-24 was 506,197m³, or 73% less water usage.

Figure 2 – Town Water Usage 2008-2025 (measured in m³)

2007		Water Meter Project Begins					
2008	1,915,023	Water Meters Installed					
2009	745,912						
2010	353,673	Regional Water Treatment Plant Upgrade					
2011	426,690						
2012	444,121						
2013	454,431						
2014	424,712						
2015	492,269						
2016	511,196						
2017	581,005						
2018	598,543						
2019	513,711						
2020	514,730						
2021	563,840						
2022	531,264						
2023	484,272						
2024	445,415						
2025	484,803 (as of October 23, 2025)						

Action Item 3: *Clarify the legal basis for using water billing as a revenue-generating mechanism under provincial law.*

The Municipal Government Act (MGA) identifies both water and sewage disposal as a 'public utility' or a 'municipal utility service', and indicates in section 42 that 'the charges for a municipal utility service provided to a parcel of land are an amount owing to the municipality by the owner (or occupant) of the parcel.' There is an implication in this legislation that a municipality can charge for the utility service. Moreover, Section 7 of the MGA indicates that the municipality has the jurisdiction to pass bylaws dealing with public utilities. This includes setting fees and rates by way of bylaw.

Administration has sought a legal opinion on this matter, which confirmed that the town has the authority through the MGA to pass a bylaw governing the water and sewer utility, including the ability to set associated rates and fees.

Action Item 4: *Reassess the fairness and sustainability of the current billing structure, particularly for primary residences not engaged in commercial activity.*

Administration has prepared charts comparing Claresholm's water charges with other municipalities close to us.

Figure 3 – Municipal Residential Water Charges (2025)

Municipality	Flat Rate	Consumption Charge (/m ³)
Claresholm	\$37.87	\$1.782
Calgary	\$46.17	\$1.504
Lethbridge	\$15.00	\$1.354
Fort Macleod	\$40.87	\$1.00
Cardston	\$29.12	\$1.42
Nanton	\$68.47	\$0.00 (up to 18m3)
High River	\$20.86	\$1.08
Average	\$38.20	\$1.36

(Source: Utility Bylaws Sourced From Their Respective Municipal Websites)

Claresholm's flat rate of \$37.87 is below the average of \$38.20, and the consumption charge of \$1.782 is above the average of \$1.36/m³.

Figure 4 – Typical User Water Costs

Municipality	/Month	/Year
Claresholm	\$94.78	\$1,137.36
Calgary	\$110.09	\$1,321.05
Lethbridge	\$84.96	\$1,019.20
Fort Macleod	\$ 123.94	\$1,487.64
Cardston	\$120.09	\$1,441.07
Nanton	\$135.68	\$1,628.16
High River	\$66.59	\$799.02
Average	\$102.67	\$1,232.07

(Source: Canada Water Portal [Canada WaterPortal | Understand Canada's Water](#))

Claresholm's typical user costs of \$94.78/month and \$1,137.36/year were less than the average of \$102.67/month and \$1,232.07/year as depicted in Figure 4. According to the [Canada Water Portal](#), the mean typical user costs per month for municipalities across the entire province is \$110.41 and the mean costs for the year is \$1,324.90, both of which are higher than water costs in Claresholm. Additionally, the provincial average for a cubic meter of treated water is \$2.84 and Claresholm's rate is \$1.78.

Action Item 5: *Amend a bylaw to require contractual consent for entry into private residences for water meter servicing.*

Section 38 of the MGA gives municipalities the 'authority to construct, maintain and repair a (municipal utility) service connection located above, on, or underneath a parcel. A municipality that has the authority to construct, maintain or repair a service connection...may enter on any land or building for that purpose.'

Section 5.4 of the town's Water and Sewer Utility Bylaw (1659) permits the town to enter homes and buildings for the purpose of water meter servicing. The town must provide reasonable notice and the time of day must be reasonable, but the town can do this. Administration has confirmed this with legal, who have advised that amending the bylaw to require contractual consent would make it impossible to enter someone's house for service maintenance if they refused to allow it. Legal also advised that there are no amendments required to the bylaw in this regard.

Action Item 6: *Consider a household water exemption of 1250 m³/year for primary residences consistent with provincial standards and rural community needs.*

This would be unwise, as the Town's license to divert water is approximately 1.3 million m³/year, and an allotment of 1250 m³/year to our approximately 1500 residential meters would be an allotment of 1.875 million m³/year. Outside of the financial ruin this would create for the town, the town couldn't offer this much water to its residents and remain in compliance with its diversion license.

The request for a 1,250 m³/year allotment comes from Alberta Water Act legislation, where irrigators holding a water license are allotted 1,250 cubic meters per year for household purposes:

- **Section 51 (6):** A licensee of water for irrigation purposes or a person who, under a license, has acquired water from a license of water for irrigation purposes is entitled to divert, as a part of the acquired water:
 - A) up to a maximum of 1250 cubic meters of water per year for household purposes, and
 - B) Up to a maximum of 6250 cubic meters of water per year for the purpose of raising animals or applying pesticides to crops, as part of a farm unit

This section refers to irrigators with a water license having the right to 1250 cubic meters of water for household use, and 6250 for raising animals and applying pesticides. All residents in town

have access to water via the town’s license. Town residents are not direct licensees, nor do they have licenses for irrigation purposes.

Action Item 7: *Review the wastewater billing model to ensure it reflects actual sewer usage and does not unfairly penalize outdoor water use.*

Figure 5 – Municipal Residential Sewer/Wastewater Charges (2025)¹

Municipality	Flat Rate	Consumption Charge (/m ³)	Percentage of Water Consumption
Claresholm	\$19.59	\$0.98	50
Calgary	\$27.10	\$1.62	88
Lethbridge	\$9.74	\$1.10	100
Nanton	\$79.00	\$0.00 (up to 18m ³)	100
High river	\$18.94	\$2.06	100
Average	\$30.67	\$1.60	88

Source: Utility Bylaws found on Municipal Websites

As show in Figure 5 above, the town’s flat rate of \$19.59 is under the average flat rate of \$30.67, as is its consumption charge of \$0.98/m³, as well as the average of \$1.60/m³. Furthermore, in Claresholm, residential sewer charges are based on 50% of the water consumed at a given dwelling, whereas the average is 88%. The 50% number has been established in Claresholm to recognize that some residential water use will not enter the town’s sanitary system (i.e. garden and yard watering). Residents are thus not charged sewer consumption at 100% of their treated water use.

According to the [Canada Water Portal](#), the mean fixed cost for sanitary sewer for all municipalities across Alberta is \$21.45 and the mean consumption cost is \$1.96/m³.

¹ Fort Macleod and Cardston were not included in Figure 5 (they were included in Figures 2 and 3) because their fee structure is different enough from the other municipalities in that they skew the results in each category significantly. The Fort Macleod flat rate is \$50.36 and the Cardston flat rate is \$56.82, and neither municipality charges consumption.