Drilling down... Finances

There are two options for a central water system in the Village of Chester: groundwater (possibly Middle River) or surface water (Spectacle Lake). Therefore, there are two pricing options. The figures in brackets below the costs reflect the the Class D range of 35% higher or 22.5% lower.

System	Mandatory Costs * (per year)	Optional Costs** (per year)	Usage Costs*** (per year)	TOTAL (per year)
Groundwater (drilled in Middle River) $47,921,000	$800 Years 1-10 *($620 - $1,080)*****	$417 Years 1-10 *($323 - $563)*	$76 (see below)	$1,293 Years 1-10 *($1,019 - $1,719)*
	$634 Years 11-25 *($491 - $856)*	$0 Years 11-25		$710 Years 11-25 *($567 - $32)*
Surface Water (Spectacle Lake) $45,742,000	$800 Years 1-10 *($620 - $1,080)*	$417 Years 1-10 *($323 - $563)*	$207 (see below)	$1,424 Years 1-10 *($1,150 - $1,850)*
	$582 Years 11-25 *($451 - $785)*	$0 Years 11-25		$789 Years 11-25 *($658 - $992)*

* Mandatory costs are based on 1,103 properties identified as being in the service area. These properties will pay the remainder of capital costs after funding. This figure includes financing charges.

** It is optional to connect to the central water system. If you decide to connect, this is the estimated cost.

*** Usage costs are based on average use. It depends on how much or how little you consume per year. This covers how much it will cost the Municipality to treat water. **Additional costs for distribution will depend on system size and are unknown at this time.**

**** The range in brackets reflects the Class D estimate range of 35% higher or 22.5% lower.

THE MUNICIPALITY OF CHESTER

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Over for more

- All of these estimates are based on a Class D estimate; therefore, it could be 35% higher or 22.5% lower (as indicated in brackets and in italics below the costs in the table on the first page). If we proceed to the next step (design), we will get a Class A estimate, which is more accurate. Design will cost $1.7 Million.
- To use realistic pricing, we have applied inflation to when we estimate proposed construction to end. These are Year 2024 numbers.
- Funding up to 75% of these costs will be sought from federal and provincial governments, with the remainder shared among property owners in the service area (1,103 properties).
- Funding will be applied for in phases. This is to maximize our chances for receiving the amount we need. We have heard from the higher levels of government that if we apply for the full 75% at once, we will not receive it.
- Based on best practices of other municipal units, usage costs are based on maintenance and operation costs divided by the amount of treated water consumed. That unit cost is applied to the amount of water used. Any formula used to apply a utility rate is pending approval of the Utility and Review Board.
- Financing costs are what it costs us to borrow the money. Financing costs over 25 years for the surface water system is $7,011,944 and for the groundwater system, they are $7,338,956.
- The connection charge to hook on to either system is averaged at $2,564. This amount can be paid for up front, or it can be financed over 10 years. Financing costs will average $1,609.



BACKGROUND QUESTIONS?

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