

Rural Development Committee

Council Chamber	Tuesday, June 24, 2014
9909 Franklin Avenue, Fort McMurray	3:00 p.m.

Agenda

Call to Order

- 1. Adoption of the Agenda
- 2. Minutes of Rural Development Committee meeting May 27, 2014

New and Unfinished Business

3. Servicing, Funding and Phasing Strategy Selection, Rural Water and Sewer

<u>Adjournment</u>

Unapproved Minutes of a Meeting of the Rural Development Committee held in the Council Chamber at the Municipal Offices in Fort McMurray, Alberta, on Tuesday, May 27, 2014, commencing at 4:00 p.m.

Present:	J. Stroud, Chair M. Blake, Mayor J. Cardinal, Councillor A. Vinni, Councillor P. Meagher, Councillor
Administration:	M. Ulliac, Interim Chief Administrative Officer Surekha Kanzig, Chief Legislative Officer Sarah Harper, Legislative Officer

Call to Order

Chair J. Stroud called the meeting to order at 4:02 p.m.

1. Adoption of the Agenda

Moved by Councillor J. Cardinal that the Agenda be adopted as presented.

CARRIED UNANIMOUSLY

2. Minutes of Rural Development Committee Meeting - April 15, 2014

Moved by Mayor M. Blake that the Minutes of the Rural Development Committee Meeting - April 15, 2014 be approved as presented.

CARRIED UNANIMOUSLY

New Business

3. Rural Water and Sewer Servicing Update

Jeffrey O'Donnell, Conklin Rural Development Advisory Committee, made a presentation on rural infrastructure and his desire to see municipal dollars reinvested back into Conklin infrastructure.

<u>Arrival</u>

Councillor A. Vinni entered the meeting at 4:03 p.m.

Moved by Mayor M. Blake that the presentation be accepted as information.

CARRIED UNANIMOUSLY

Elmer Herman, President, Christina River Dene Association, made a presentation advocating for increased water and sewer services in the Janvier area.

Moved by Councillor A. Vinni that the presentation be accepted as information.

CARRIED UNANIMOUSLY

Rose Pratt, Vice President, Willow Lake Community Association made a presentation on the water and sewer services in the community of Anzac, and indicated her desire to see full water and sewer services piped into each home in the hamlet of Anzac.

Moved by Mayor M. Blake that the presentation be accepted as information.

CARRIED UNANIMOUSLY

Kevin Scoble, Director of Environmental Services made a presentation on Rural Water and Sewer Services.

Moved by Councillor A. Vinni that the Rural Water and Sewer Servicing Update be accepted as information. CARRIED UNANIMOUSLY

A request was made to have administration report back to the Committee on whether or not a subsidy exists for development in the downtown core and to complete a comparison between the costs of development in rural areas and Fort McMurray.

An additional request was made to have administration report back to the Committee on the costs of water and sewer hookups in Lac La Biche County, the County of St. Paul and the County of Grande Prairie. A \$17,000 cap on water and sewer hookups in Lac La Biche County was cited and administration was asked to provide information on why projected rates in the Regional Municipality of Wood Buffalo are higher.

<u>Arrival</u>

Councillor P. Meagher entered the meeting at 5:12 p.m.

4. Ditch Maintenance Schedule Update - Litter Clean-up and Grass Cutting

Moved by Councillor P. Meagher that the Ditch Maintenance Schedule Update be deferred. CARRIED UNANIMOUSLY

Adjournment

Moved by Councillor A. Vinni that the meeting adjourn. CARRIED UNANIMOUSLY

The meeting adjourned at 5:20 p.m.

Chair

Chief Legislative Officer



RURAL DEVELOPMENT COMMITTEE REPORT

Meeting Date: June 24, 2014

Subject: Servicing, Funding and Phasing Strategy Selection, Rural Water and Sewer

APPROVALS:

Marcel Ulliac, Interim Chief Administrative Officer

Administrative Recommendations:

THAT the following be recommended to Council for approval:

- 1. THAT the Municipality provide the following water and sewer systems:
 - Full pressure water/gravity sewer to the communities of Anzac and Conklin based on growth projections and development strategies as outlined in the Municipal Development Plan and Area Structure Plans; and
 - Trickle fill water/low pressure sewer systems to the communities of Draper, Gregoire Lake Estates and Janvier; and
 - Low pressure sewer to the community of Saprae Creek.
- 2. THAT Administration proceed with detailed engineering design of the community-specific systems and the respective grant applications.
- 3. THAT individual property owners in the above communities be assessed a fee of 10% of the total projects costs through a Local Improvement Program, one-time lump sum payment or other financing options and Administration evaluate available financing options to provide flexibility to individual property owners in paying the fee and provide recommendations to Council by September 23, 2014.
- 4. THAT a capital budget request for Rural Water and Sewer Construction be submitted for consideration as part of the 2015 Capital Budget deliberations.

Summary:

The Municipality is committed to, and presently engaged in, enhancing rural water and sewer services to ensure that all rural residents in Anzac, Conklin, Draper, Gregoire Lake Estates, Janvier and Saprae Creek are provided with high quality, uninterrupted and affordable water and sewer services in both the short and long terms. Administration is currently implementing new operational improvements and small capital projects to enhance tanked service in the short term. For the long term provision of this service, Administration requires Council direction on servicing, funding and phasing strategies to implement detailed design, apply for grant funding and maintain the project schedule. A range of servicing and funding options are provided for Council's consideration. After detailed analysis, Administration is recommending, consistent with Amalgamation principles, that full pressure water/gravity sewer systems be provided to Anzac and Conklin and that trickle fill water/low pressure sewer systems be provided to Draper, Gregoire

Lake Estates, Janvier and Saprae Creek (sewer only). Administration is recommending that the Municipality fund 65% of the total cost and that rural residents from these communities fund 10% of the total cost, with the remaining 25% of funding contingent on successful grant funding.

Council's direction on servicing and funding strategies will enable Administration to proceed with detailed design, apply for New Building Canada Fund Grants, and maintain the proposed project schedule.

Administration will support the Rural Development Committee by preparing a Council Report reflecting the Committee's recommendations on servicing, funding and phasing strategies for the July 8, 2014 Council Meeting

Background:

Since Amalgamation in 1995, provision of rural water and sewer service levels have been under ongoing discussion with several related and sometimes conflicting documents. Amalgamation documents, while not detailed or specific, provide the following guidance:

- "The Amalgamation Steering Committee wants to ensure all rural hamlets receive the basic services of hard piped water delivery, garbage pickup, policing, ambulance and fire protection, to name a few."
- "In the rural areas the diseconomies associated with small hamlets and low density development precludes full cost recovery by user charge for utilities."
- The City and Improvement District agree that user charges can be applied in the rural area but the basis of setting rates will be on equivalent charges per unit of service (e.g. \$ per cubic meter of water) between urban and rural areas rather than on full cost recovery."

The documents do not specify cost apportionment for water and sewer systems.

From 1998 to 2002 the Municipality implemented the Private Rural Residential Water and Sewer Systems Grant Program to install/upgrade tank systems. Grants ranged from \$3,325 for upgrading of existing tanks to \$6,650 for installation of new tanks.

In 2006 Council Resolution 217/06 was passed: "...including a utility rate structure that meets a full cost recovery within 5 years commencing January 1, 2007 for urban customers and 7 years commencing in September 1, 2006 for rural customers." Full cost recovery has not been fully implemented, urban or rural, with no rate increases since 2010 and current subsidization of contracted water delivery services to Anzac, Gregoire Lake Estates, Janvier and Conklin is approximately 95% to maintain rural water rates at the same rates as urban customers.

In 2010 Council Resolution 10/133 approved the Rural Service Delivery Review as a guide for rural water and sewer service levels. Based on these guidelines, the communities are not eligible to receive hard piped water and sewer services, given their current densities.

For this report, Administration has developed its recommendation on the basis of the principles of Amalgamation, but has studied, and provided options for, different rural water and sewer servicing and funding strategies reflecting the policy decisions from 1995 to present. The recommendation, as presented, provides balance between stakeholders. The recommendation is more economical

for rural residents, with Anzac/Conklin residents paying costs of 5%-11% over the private infrastructure costs and receiving full pressure water/gravity sewer systems and the residents in the remaining communities receiving subsidies for trickle fill water/low pressure sewer systems which have higher private infrastructure capital and operating costs. The Municipality will have reduced costs of approximately \$82 million if full pressure water/gravity sewer systems were to be installed in all six communities with the Municipality paying all costs.

In 2009 Administration commenced engineering studies of different piped servicing options and associated costs. Piped servicing options and associated costs, along with continued water and sewer hauling costs, were presented to Council in 2010 and 2011. In 2012 Administration undertook a community survey of the rural communities to assess service levels desired and resident willingness to pay for these service levels. In the 2014 Capital Budget, \$15.75 million is currently approved for Rural Water and Sewer Pre-design and Design and \$91 million (100% grant funded) is allocated for construction in the 2015-2019 Capital Plan.

Significant associated water and wastewater treatment infrastructure is required prior to installation of water distribution and wastewater collection systems to manage increased consumer demand associated with piped systems. Significant treatment infrastructure has been commissioned in recent years, is currently in design and/or construction or is contemplated in the 2015-2019 Capital Plan to support implementation of rural water distribution and wastewater collection systems.

Over the past year, an engineering consultant, Urban Systems, was retained to analyze prior reports, engineering data and the communities' survey results to verify the funding/costing components of the project, proposed servicing options and to develop a community engagement plan. Investigation of possible grant funding is ongoing and subsequent grant opportunities have been identified; the probability of a successful grant application is contingent on the timing of selection of servicing and funding strategies.

In addition to the work on the capital components for the long term service provision, Administration is also undertaking new operational initiatives and small capital projects to enhance current tanked service in the short term. The Municipality is in the process of purchasing several haul trucks in 2014 to enable direct municipal provision of service as an option for residents.

The next phase of the project is completion of detailed design. There are several alternatives that require direction from Council on servicing, funding and phasing strategies to advance the design phase. Only limited detailed design (approximately 50%) can be completed without further direction. With Council's direction, the detailed design can be advanced, Administration will have the necessary information required to submit grant applications with a higher probability of acceptance and the proposed project schedule can be maintained.

Alternatives:

There are three key project strategies: servicing, funding and phasing for which Administration requires direction from Council. Servicing and funding strategies are inter-related and should be considered together, rather than individually.

Servicing Strategy: The viability of three different servicing strategies was assessed for each community. The three servicing options considered for all six communities are:

- 1. Full Pressure Water/Gravity Sewer Piped Service (\$236 million total),
- 2. Trickle Fill Water/Low Pressure Sewer Piped Service (\$135 million total), and
- 3. Truck Haul/Tanked Service (\$5.2 million: 8 Trucks and Heated Storage Building (\$2.45 million total) approved in 2014 and Automated Tank Level Indicators (\$2.75 million) proposed for the 2015 Capital Budget deliberations).

If the Municipality is successful in its grant application to the New Canada Building Fund the maximum grant will be 33% and the probable grant will be 25% due to the value of the project (greater than \$100 million requires a P3 (public private partnership) viability review by the Federal Government and a funding cap of 25%).

The costing is for water distribution and wastewater collection infrastructure only and does not include offsite levies, for water and wastewater treatment infrastructure, which is being assessed currently for completed assets and may be assessed for future assets.

Funding Strategy: Independent of the servicing strategy selected, a funding strategy is required. Administration has identified five funding approaches as follows:

- 1. Fully capital funded,
- 2. Fully grant funded,
- 3. Fully resident funded,
- 4. Local Improvement Program, or
- 5. A combination of the above.

To reflect these funding strategies, Administration has compiled a range of funding allocation scenarios for the Rural Development Committee's consideration:

- 1. 100% Municipal Funded / 0% Rural Resident Funded
- 2. Rural Resident Pays Cost of Private Infrastructure on their Lot and Public Infrastructure portion is Municipal Funded: average 83% Municipal Funded/17% Rural Resident Funded (Resident cost varies from 3%-45% depending on the community)
- 3. Rural Resident Pays Cap of \$31,000 (equivalent to water and sewer servicing cost for new lot development in Fort McMurray, value transferred in resale prices)
- 4. Rural Resident Pays Cap of \$38,800 (equivalent to Lac La Biche County Program)
- 5. Rural Resident Pays 40% (equivalent to City Centre Development Subsidy approved by Council)
- 6. 50% Municipal Funded / 50% Rural Resident Funded (implications if greater than 50% Municipal Funded if Local Improvement Program is selected by Council)
- 7. 0% Municipal Funded / 100% Rural Resident Funded

Cost sharing arrangements between the Municipality and rural residents above have been assumed, for illustration purposes only, to be administered under a Local Improvement Program to calculate annual payments over 25 years on property tax by the resident with the Alberta Capital Finance Authority rate of approximately 3.7% available to the Municipality. However, deeming this initiative a Local Improvement is entirely at the discretion of Council and/or residents under the Municipal Government Act, not Administration's.

The 2012 community surveys on desired service levels and residents' willingness to pay for these service levels indicates that if residents are to receive piped water and sewer service they generally desire full pressure water and gravity sewer systems but they generally have a very low willingness to pay for these systems.

Phasing Strategy: Based on the scale of the project, phasing for build-out of the servicing strategies and potential re-prioritization of proposed projects in the 2015-2019 Capital Plan, a phasing strategy is also required. This strategy is not critical to project timing and can be finalized during the upcoming 2015 Capital Budget and 2016-2020 Capital Plan deliberations. For the purposes of a grant application, Administration would provide the cash flows as outlined in the current Capital Plan.

Administration will undertake ongoing engagement with the rural communities commencing in the autumn of 2014 to discuss the direction provided by Council on servicing, funding and phasing strategies and project schedules specific to each community.

Budget/Financial Implications:

The piped water and sewer systems vary in full cost, depending on the servicing strategy selected, from approximately \$135 million to \$236 million. Currently the 2015-2019 Capital Plan has \$91 million allocated for Rural Water and Sewer Construction. The current funding source for this construction is 100% grant funding which is likely not achievable; if the Municipality is successful in obtaining New Canada Building Fund Grants, the maximum grant will be 33% and the expected grant is 25%. This project will impact the current Capital Plan and will require re-prioritization of currently proposed capital projects by Council.

Administration is recommending, consistent with Amalgamation principles, that full pressure water/gravity sewer systems be provided to Anzac and Conklin and that trickle fill water/low pressure sewer systems be provided to Draper, Gregoire Lake Estates, Janvier and Saprae Creek (sewer only). Administration is recommending that the Municipality consider funding 65% (approximately \$111 million) of the total cost during 2015 Capital Budget deliberations, which may require re-prioritization of the 2015 Capital Budget and 2016-2020 Capital Plan by Council. Rural property owners would be responsible to fund 10% (approximately \$17 million total or approximately \$16,000 per lot) and the remaining 25% (approximately \$43 million) will be contingent on successful grant funding.

Rationale for Recommendation:

To advance the project beyond limited detailed engineering design for long term servicing to the communities, Administration requires direction from Council on servicing, funding and phasing strategies. The recommendation, based on Amalgamation principles, as presented, is balanced in allocation of costs to all stakeholders.

Attachment:

1. PowerPoint Presentation for June 24th 2014 Rural Development Committee Meeting



Attachment 1

Rural Water and Sewer Servicing Servicing, Funding and Phasing Strategy Selection

Rural Development Committee June 24, 2014



PURPOSE

Identify long term water and wastewater servicing, funding, and phasing strategies for Anzac, Conklin, Draper, Gregoire Lake Estates, Janvier, and Saprae Creek to:

- Enable Council to provide Administration direction on desired strategies to implement
- Enable Administration to execute detailed engineering design, apply for grants, and adhere to project implementation schedule

SERVICE OBJECTIVE

The Municipality ensures that all rural residents are provided with short term (operational enhancements) and long term (capital improvements) high quality water and sewer servicing that is uninterrupted and economical

RECOMMENDATIONS

- 1. THAT the Municipality provide the following water and sewer systems:
 - Full pressure water/gravity sewer to the communities of Anzac and Conklin based on growth projections and development strategies as outlined in the Municipal Development Plan and Area Structure Plans;
 - Trickle fill water/low pressure sewer systems to the communities of Draper, Gregoire Lake Estates and Janvier, and
 - Low pressure sewer to the community of Saprae Creek.

RECOMMENDATIONS (continued)

- 2. THAT Administration proceed with detailed engineering design of the community-specific systems and the respective grant applications.
- 3. THAT individual property owners in the above communities be assessed a fee of 10% of the total projects costs through a Local Improvement Program, one-time lump sum payment or other financing options and Administration evaluate available financing options to provide flexibility to individual property owners in paying the fee and provide recommendations to Council by September 23, 2014.

RECOMMENDATIONS (continued)

4. THAT a capital budget request for Rural Water and Sewer Construction be submitted for consideration as part of the 2015 Capital Budget deliberations.

BACKGROUND - Amalgamation

- "The Amalgamation Steering Committee wants to ensure all rural hamlets receive the basic services of hard piped water delivery, garbage pickup, policing, ambulance and fire protection, to name a few."
- "In the rural areas the diseconomies associated with small hamlets and low density development preclude full cost recovery by user charges for utilities."
- The City and Improvement District agree that user charges can be applied in the rural area but the basis of setting rates will be on equivalent charges per unit of service (e.g. \$ per cubic meter of water) between urban and rural areas rather than on full cost recovery."

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- The City and Improvement District agree that user charges can be applied in the rural area but the basis of setting rates will be on equivalent charges per unit of service (e.g. \$ per cubic meter of water) between urban and rural areas rather than on full cost recovery."

BACKGROUND – 1998 to Present

- 1998-2002 Private Rural Residential Water and Sewer Systems Grant Program implemented to install/upgrade tank systems – Grants from \$3,325 (upgrade) to \$6,650 (new systems)
- 2006 Council Resolution 217/06: "... to include a utility rate structure that meets a full cost recovery within 5 years commencing January 1, 2007 for urban customers and 7 years commencing September 1, 2006 for rural customers."

BACKGROUND – 1998 to Present (continued)

- 2009 to Present Engineering studies, community surveys, Council presentations by Administration on Piped Water and Sewer Systems
- 2010 Council Resolution 10/133 approved the Rural Service Delivery Review (RSDR), as a guide for rural water and wastewater service levels

	Draper	Gregoire Lake	Anzac	Janvier	Conklin	Full System Criteria
Population*	197	275	714	171	318	250
Dwelling Density (units/ha)	0.56	7.4	1.7	1.23	1.33	≥ 12 units/net hectare
Average Lot Frontage (m)	82.34	28.3	53.5	68.1	61.1	≤ 20 meters

CURRENT LEVEL OF SERVICE

- All communities are currently on water and sewage tank service, with the exception of Saprae Creek, which has piped water and septic fields
- Anzac, Conklin, Gregoire Lake Estates and Janvier have their water subsidized by the Municipality (by approximately 95%)
- In Draper residents are provided \$135/month towards water, and make their own delivery arrangements
- Historically, the Municipality has not been involved in, nor has it subsidized, septage hauling

CURRENT COST ALLOCATION

- \$1,920 is current average water and septage truck hauling costs rural residents pay annually based on a limited survey (noting true cost is higher with RMWB water subsidy)
- Current (2014) Average Urban Tax and Utility Rates = \$1,317 (tax) + \$953 (Utility Rates) = \$2,270
- Current (2014) Average Rural Tax and Truck Hauling
 + Utility Rates = \$494 (tax) + \$2,210 (hauling + utility rate charges) = \$2,704

SHORT TERM SERVICE IMPROVEMENTS

OPERATIONAL ENHANCEMENTS

Administration of Water and Septage Hauling Services

- Providing top level customer service at a competitive price as an alternative for rural residents
- Purchase of 4 water and 4 septage hauling trucks to be tendered June and ready for service by November, 2014
- 2014 Approved Capital Budget \$2,000,000

SHORT TERM SERVICE IMPROVEMENTS

OPERATIONAL ENHANCEMENTS (continued)

Heated Storage Facility

To accommodate the storage of 8 water and septage hauling trucks in the rural service area

- Delivery and erection of the facility slated to be completed by September, 2014
- Located in the Anzac Community next to the Wastewater Treatment Plant
- 2014 Approved Capital Budget \$450,000

SHORT TERM SERVICE IMPROVEMENTS

OPERATIONAL ENHANCEMENTS (continued)

Automated Tank Level Indicators

- Water and septage tank levels monitored remotely and in real time optimizing the weekly schedule of service to each residence
- Accurate and reliable data instantaneously transmitted through Regional SCADA system assuring ongoing provision of service without disruption

Retrofits to existing tanks required

• 2015 Capital Budget Request - \$2,750,000

Short Term Service Improvements

OPERATIONAL ENHANCEMENTS (continued)

Around the Clock Residential Support

Immediate response to urgent matters and providing education and maintenance support to rural residents

- 24 hour call line for urgent matters Phone: 780-799-5823
- Residential tank cleaning and routine maintenance

RURAL WATER AND WASTEWATER TREATMENT - CAPITAL PROJECTS

- Significant water and wastewater treatment infrastructure is required before water distribution and wastewater collection systems can be implemented
- Significant treatment infrastructure to support piped systems has been commissioned, is in design/construction, or is proposed in the Capital Plan

RURAL WATER AND WASTEWATER TREATMENT - CAPITAL PROJECTS

Γ	<u>Total</u>	2014 and Prior	2015 and Beyond	<u>Comments</u>
		(Allotted Funds)	(Available Funds)	
Completed or Substantially Complete				
Anzac Truck Fill	\$17,000,000	\$16,600,000	\$400,000	Substantially Completed
				2014
Conklin WTP Expansion	\$20,700,000			Construction Completed
Subtotal:	\$37,700,000	\$16,600,000	\$400,000	
Current Capital Projects				
Conklin Lagoon Design and Construction	\$36,500,000	\$1,440,000	\$35,060,000	Completion 2016
Janvier Sewage Lagoon Pre-Design/Design	\$1,500,000	\$140,000	\$1,360,000	Completion 2015
Rural Water and Sewer Pre-Design/Design	\$15,750,000	\$2,000,000	\$13,750,000	Completion 2015
South East 881 Water Supply Line	\$5,500,000		\$5,500,000	Completion 2015
Pre-Design/Design (South Utility Corridor)				
Janvier WTP Intake - Construction	\$5,500,000	\$5,496,000	\$4,000	Completion 2014
Anzac WWTP Upgrade Design/Construction	\$51,500,000	\$35,900,000	\$15,600,000	Completion 2015
& Pipeline				-
Subtotal:	\$116,250,000	\$44,976,000	\$71,274,000	
Total:	\$153,950,000	\$61,576,000	\$71,675,000	

LONG TERM SERVICING STRATEGIES

Pre-design Report

 Urban Systems analyzed past reports and updated the project costs for various servicing strategies for each community; Administration reviewed grant funding sources and Municipal funding strategies

Detailed Engineering Design

• The project team is ready to move forward with Detailed Design; Council direction on the servicing, financing and phasing strategies is required for completion of this task

Capital Improvements

- Full Pressure Water and Gravity Sewer
- Trickle Fill Water and Low Pressure Sewer
- Truck Haul Water and Septage

WATER SERVICING STRATEGIES



WATER SERVICING STRATEGIES COMPARISON

Feature	Full Service (Typical Urban)	Trickle Service (Typical Rural)	Truck Haul
Treatment to Provincial Standards	\checkmark	\checkmark	\checkmark
Operated by Municipality	\checkmark	\checkmark	*
Piped Service to Individual Lots	\checkmark	\checkmark	
Municipal Curb Stop and Meter	\checkmark	\checkmark	
Domestic Flow	\checkmark	\checkmark	
Fire Protection	\checkmark	Limited Flow	
Storage Tank (Private)		\checkmark	
Re-Pump to Home (Private)		\checkmark	

* Can be provided by Municipality or Contractor

SEWER SERVICING STRATEGIES



SEWER SERVICING STRATEGIES COMPARISON

Feature	Full Service (Typical Urban)	Low Pressure Service (Typical Rural)	Truck Haul
Treatment to Provincial Standards	\checkmark	\checkmark	\checkmark
Operated by Municipality	\checkmark	\checkmark	*
Piped Service from Individual Lots	\checkmark	\checkmark	
Gravity Flow to Municipal Pump Station	\checkmark		
Typical Main 200mm+ (8")	\checkmark		
Typical main 75mm+ (3")		\checkmark	
Storage Tank (Private)		\checkmark	
Re-Pump from Home (Private)		\checkmark	

*Can be provided by Municipality or Contractor

SERVICE COMPARISON TO OTHER MUNICIPALITIES

Based on research into other water/wastewater projects in Alberta

- Full Pressure Water/Gravity Sewer service is typically included in new developments in:
 - Cities
 - Towns
 - Larger Hamlets
- Trickle Flow Water/Low Pressure Sewer service is typically included in:
 - New Rural Subdivisions
 - Retrofits or extension in Hamlets

SERVICE COMPARISON TO OTHER MUNICIPALITIES

- Consultant's report recommends full pressure water/gravity sewer systems for Anzac and Conklin, based on growth projections and planning outlined in the Municipal Development Plan and Area Structure Plans
- Consultant's report recommends trickle fill water/low pressure sewer systems for Draper, Gregoire Lake Estates, Janvier and Saprae Creek (sewer only) contingent on successful grant applications, consistent with similar communities with limited anticipated development as outlined in the Municipal Development Plan and Area Structure Plans

CAPITAL COST ESTIMATES

The cost estimates include the following components for each community, where applicable:

- Water Distribution System (Trickle Fill / Full Pressure)
- Sewer Collection System (Low Pressure / Gravity)
- Road Restoration
- Raw Water Pump and Reservoir Upgrades
- Treated Water Reservoir and Pump house
- Sewage Lift Stations

CAPITAL COST ESTIMATES (continued)

				Gregoire		Saprae	
Service Level	Anzac	Conklin	Draper	Lake	Janvier	Creek	Total
Trickle Fill	\$12.2 M	\$13.0 M	\$7.5 M	\$3.6 M	\$14.2 M	n/a	\$50.5 M
Low Pressure	\$16.6 M	\$11.2 M	\$11.5 M	\$8.3 M	\$10.5 M	\$26.6 M	\$84.7 M
Total Cost	\$28.8 M	\$24.2 M	\$19.0 M	\$11.9 M	\$24.7 M	\$26.6 M	\$135.2 M
Full Pressure	\$15.1 M	\$18.1 M	\$12.0 M	\$4.6 M	\$23.7 M	n/a	\$73.5 M
Gravity	\$26.3 M	\$27.8 M	\$36.2 M	\$8.7 M	\$29.8 M	\$33.5 M	\$162.3 M
Total Cost	\$41.4 M	\$45.9 M	\$48.2 M	\$13.3 M	\$53.5 M	\$33.5 M	\$235.8 M

CAPITAL COST ESTIMATES (continued)

Total Co	ost of Servic	ing*					
V	Vater	Anzac	Conklin	Draper	Gregoire Lake	Janvier	Saprae Creek
	Total Capital	\$12,102,313	\$13,033,813	\$7,467,094	\$3,554,219	\$14,185,969	NA
Trickle	Ann Capital	\$746,059	\$803,482	\$460,316	\$219,103	\$874,508	NA
Fill	Ann Cap/Lot	\$3,033	\$4,274	\$5,172	\$2,578	\$7,474	NA
	Ann Cost/Lot	\$3,571	\$4,812	\$5,711	\$3,116	\$8,013	NA
	Total Capital	\$15,026,906	\$18,134,063	\$11,954,969	\$4,628,751	\$23,700,063	NA
Full	Ann Capital	\$926,348	\$1,117,892	\$736,976	\$285,344	\$1,461,014	NA
Pressure	Ann Cap/Lot	\$3,766	\$5,946	\$8,281	\$3,357	\$12,487	NA
	Ann Cost/Lot	\$4,304	\$6,485	\$8,819	\$3,895	\$13,026	NA
Truck	Ann Cost/Lot	\$290	\$290	\$290	\$290	\$290	NA
S	ewer	Anzac	Conklin	Draper	Gregoire Lake	Janvier	Saprae Creek
	Total Capital	\$16,647,688	\$11,162,188	\$11,510,063	\$8,377,751	\$10,516,032	\$26,598,063
Low	Ann Capital	\$1,026,263	\$688,104	\$709,549	\$516,455	\$648,271	\$1,639,664
Pressure	Ann Cap/Lot	\$4,172	\$2,797	\$2,884	\$2,099	\$2,635	\$6,665
	Ann Cost/Lot	\$4,456	\$3,336	\$3,423	\$2,638	\$3,174	\$7,204
	Total Capital	\$26,326,375	\$27,791,907	\$36,266,688	\$8,711,251	\$29,769,907	\$33,531,844
Low A Pressure A A Gravity A	Ann Capital	\$1,622,915	\$1,713,259	\$2,235,695	\$537,014	\$1,835,195	\$2,067,103
Gravity	Ann Cap/Lot	\$6,597	\$9,113	\$25,120	\$6,318	\$15,685	\$17,668
	Ann Cost/Lot	\$6,882	\$9,652	\$25,659	\$6,856	\$16,224	\$18,206
Truck	Ann Cost/Lot	\$1,920	\$1,920	\$1,920	\$1,920	\$0	\$0

*Full cost divided into existing lots, includes financing rate of 3.647% over 25 year period, and assumes both services are installed at the same time. Annual Truck costs are based on consumption and hauling estimates.

RESIDENT SERVICE/PRICING STUDY (2012)

Survey Response in Favor of Various Service Types*									
Water	Anzac	Conklin	Draper	Gregoire Lake	Janvier	Saprae Creek			
Truck (Status Quo)	30%	45%	30%	39%	31%	NA			
Trickle Fill	42%	46%	63%	56%	18%	NA			
Full Pressure	79%	60%	60%	77%	72%	NA			
Sewer	Anzac	Conklin	Draper	Gregoire Lake	Janvier	Saprae Creek			
Truck (Status Quo)	22%	21%	56%	44%	8%	58%			
Low Pressure	51%	54%	43%	53%	52%	34%			
Gravity	77%	71%	34%	68%	95%	54%			
*=	/								

*Total can exceed 100% as respondents were permitted to select all answers that applied

Piped Water:

- 38% of respondents in favor of paying \$150 month for 25 years
- 16% of respondents in favor of paying one-time fee of \$25,000 **Piped Wastewater:**
- 28% of respondents in favor of paying \$250 month for 25 years
- 10% of respondents in favor of paying one-time fee of \$40,000

FUNDING COMPARISON URBAN / RURAL AREA

• \$31,000 – The average cost to service a new urban lot with full water and sewer services in Fort McMurray

	Full				
Community	Average Lot Frontage	Frontage Cost to service Equivalency each Lot		Cost per Lot per Year	Service Cost Est.* (\$/lot/year)
Urban Area	12m	-	\$ 31,000	-	-
Anzac	50m	4.17	\$ 129,167	\$ 7,963	\$ 10,363
Conklin	60 m	5.00	\$ 155,000	\$ 9,555	\$ 15,059
Draper	80m	6.67	\$ 206,667	\$ 12,740	\$ 33,401
Gregoire Lake	30 m	2.50	\$ 77,500	\$ 4,778	\$ 9,675
Janvier	70m	5.83	\$ 180,833	\$ 11,148	\$ 28,173
Saprae	50 m	4.17	\$ 129,167	\$ 7,963	\$ 7,279

LOT COMPARISON

URBAN / RURAL



FUNDING COMPARISON

Strathcona and Sturgeon Counties

- New low pressure wastewater collection systems connect to existing forcemains
- Developer pays offsite levies to Municipal Government and cost to construct the collection system
- Cost is 100% recovered by developer when property is sold

Northern Sunrise County

• Residents pay the connection fee and private infrastructure costs (approximately \$25,900)

FUNDING COMPARISON (continued)

Lac La Biche County

- Individual Property Owners required to pay the connection fee, private infrastructure costs and a local improvement fee (approximately \$38,800)
- New developments have to connect
- Existing subdivision are encouraged to connect
- Bylaws can be implemented forcing connection

FUNDING SCENARIOS

CAPITAL COST

Scenario	% Capital Funding	% Affected Individual Property Owner Funding
Fully Municipal Funded	100%	0%
Individual Property Owners Cover Cost of Private Lot Infrastructure	55% - 97% (avg. 83%)	3% - 45% (avg. 17%)
Urban Servicing Cost Equivalent	Varies	\$31,000 (one time resident fee)
Lac La Biche Servicing Cost Equivalent	Varies	\$21,435 LIT (maximum) + \$3,000 connection fee + Private Lot Infrastructure
City Centre Development Subsidy Cost Equivalent	60%	40%
Half and half	50%	50%
Fully Individual Property Owner Funded	0%	100%

Funding Scenarios – Anzac

	MUNI	CIPAL CO	ST		PROPERTY OWNER COST / LOT			
	Full Pressure	Trickle Fill	% Fur	nded	Full Pi & G	ressure ravity	Trickle Low Pre	Fill & essure
	& Gravity	& LOW Pressure			Total	(Annual)	Total	(Annual)
Fully Municipal Funded	\$ 41.4 M	\$ 28.8 M	100%	0%	\$0	(\$ 0)	\$ 0	(\$ 0)
Property Owner Pays	\$ 37.8 M		91%	9%	\$ 14,375	(\$ 886)		
for Private Infras.		\$ 18.3 M	65%	35%			\$ 42,406	(\$ 2,614)
Urban Equivalent	\$ 33.7 M	-	82%	18%	\$ 31,000	(\$ 1,911)	-	-
Lac La Biche	\$ 31.8 M		77%	23%	\$ 38,811	(\$ 2,393)		
Comparison		\$ 12.3 M	43%	57%			\$ 66,842	(\$ 4,121)
City Centre Subsidy Equivalent	\$ 24.8 M	\$ 17.3 M	60%	40%	\$ 67,241	(\$ 4,145)	\$ 46,748	(\$ 2,882)
Half & Half	\$ 20.7 M	\$ 14.4 M	50%	50%	\$ 84,051	(\$ 5,181)	\$ 58,435	(\$ 3,602)
Fully Property Owner Funded	\$ 0.0 M	\$ 0.0 M	0%	100%	\$ 168,103	(\$ 10,363)	\$ 116,870	(\$ 7,205)

Funding Scenarios – Conklin

	MUNICIPAL COST				PROPERTY OWNER COST / LOT			
	Full Pressure	FullTrickle FillPressure& Low		nded	Full Pr & Gi	Full Pressure & Gravity		e Fill & essure
	& Gravity	Pressure			Total	(Annual)	Total	(Annual)
Fully Municipal Funded	\$ 45.9 M	\$ 24.2 M	100%	0%	\$0	(\$ 0)	\$ 0	(\$ 0)
Property Owner	\$ 43.1 M		93%	7%	\$ 15,293	(\$ 943)		
Pays for Private Infras.		\$ 17.4 M	71%	29%			\$ 35,938	(\$ 2,215)
Urban Equivalent	\$ 40.1 M	-	87%	13%	\$ 31,000	(\$ 1,911)	-	-
Lac La Biche	\$ 38.5 M		84%	16%	\$ 39,728	(\$ 2,449)		
Comparison		\$ 12.8 M	53%	47%			\$ 60,373	(\$ 3,722)
City Centre Subsidy Equivalent	\$ 27.6 M	\$ 14.5 M	60%	40%	\$ 97,715	(\$ 6,024)	\$ 51,481	(\$ 3,174)
Half & Half	\$ 23.0 M	\$ 12.1 M	50%	50%	\$ 122,144	(\$ 7,530)	\$ 64,351	(\$ 3,967)
Fully Property Owner Funded	\$ 0.0 M	\$ 0.0 M	0%	100%	\$ 244,287	(\$ 15,059)	\$ 128,702	(\$ 7,934)

Funding Scenarios – Draper

	MUNICIPAL COST				PROPERTY OWNER COST / LOT				
	Full PressureTrickle Fill & Low% Fur		nded	Full Pressure ded & Gravity		Trickle Fill & Low Pressure			
	& Gravity	Pressure	Pressure		Total	(Annual)	Total	(Annual)	
Fully Municipal Funded	\$ 48.2 M	\$ 19.0 M	100%	0%	\$ 0	(\$ 0)	\$ 0	(\$ 0)	
Property Owner	\$ 45.7 M		93%	7%	\$ 28,750	(\$ 1,772)			
Pays for Private Infras.		\$ 14.7 M	77%	23%			\$ 48,156	(\$ 2,969)	
Urban Equivalent	\$ 45.5 M	-	94%	6%	\$ 31,000	(\$ 1,911)	-	-	
Lac La Biche	\$ 43.5 M		90%	10%	\$ 53,186	(\$ 3,279)			
Comparison		\$ 12.5 M	66%	34%			\$ 72,592	(\$ 4,475)	
City Centre Subsidy Equivalent	\$ 28.9 M	\$ 11.4 M	60%	40%	\$ 216,727	(\$ 13,360)	\$ 85,291	(\$ 5,258)	
Half & Half	\$ 24.1 M	\$ 9.5 M	50%	50%	\$ 270,908	(\$ 16,700)	\$ 106,613	(\$ 6,572)	
Fully Property Owner Funded	\$ 0.0 M	\$ 0.0 M	0%	100%	\$ 541,816	(\$ 33,401)	\$ 213,226	(\$ 13,145)	

Funding Scenarios – Gregoire Lake

	MUNICIPAL COST				PROPERTY OWNER COST / LOT				
	Full Pressure	Trickle Fill & Low	% Fu	nded	Full Pr & Gr	essure avity	Trickl Low P	e Fill & ressure	
	& Gravity	Pressure			Total	(Annual)	Total	(Annual)	
Fully Municipal Funded	\$ 13.3 M	\$ 11.9 M	100%	0%	\$0	(\$ 0)	\$ 0	(\$ 0)	
Property Owner Pays	\$ 12.1 M		90%	10%	\$ 14,375	(\$ 886)			
for Private Infras.		\$ 9.1 M	74%	26%			\$ 33,781	(\$ 2,082)	
Urban Equivalent	\$ 10.7 M	-	80%	20%	\$ 31,000	(\$ 1,911)	-	-	
Lac La Biche	\$ 10.0 M		75%	25%	\$ 38,811	(\$ 2,393)			
Comparison		\$ 7.0 M	59%	41%			\$ 58,217	(\$ 3,589)	
City Centre Subsidy Equivalent	\$ 8.0 M	\$ 7.2 M	60%	40%	\$ 62,776	(\$ 3,870)	\$ 56,150	(\$ 3,461)	
Half & Half	\$ 6.7 M	\$ 6.0 M	50%	50%	\$ 78,471	(\$ 4,837)	\$ 70,188	(\$ 4,327)	
Fully Property Owner Funded	\$ 0.0 M	\$ 0.0 M	0%	100%	\$ 156,941	(\$ 9,675)	\$ 140,376	(\$ 8,654)	

Funding Scenarios – Janvier

	MUNICIPAL COST				PROPERTY OWNER COST / LOT				
	Full Pressure	Trickle Fill & Low % Fund		nded	Full Pr & Gi	ressure ravity	Trickle Low P	e Fill & ressure	
	& Gravity	Pressure			Total	(Annual)	Total	(Annual)	
Fully Municipal Funded	\$ 53.5 M	\$ 24.7 M	100%	0%	\$ 0	(\$ 0)	\$ 0	(\$ 0)	
Property Owner	\$ 51.8 M		97%	3%	\$ 14,375	(\$ 886)			
Pays for Private Infras.		\$ 20.7 M	83%	17%			\$ 33,781	(\$ 2,082)	
Urban Equivalent	\$ 49.8 M	-	93%	7%	\$ 31,000	(\$ 1,911)	-	-	
Lac La Biche	\$ 48.9 M		92%	8%	\$ 38,811	(\$ 2,393)			
Comparison		\$ 17.9 M	72%	28%			\$ 58,217	(\$ 3,589)	
City Centre Subsidy Equivalent	\$ 32.1 M	\$ 14.8 M	60%	40%	\$ 182,803	(\$ 11,269)	\$ 84,451	(\$ 5,206)	
Half & Half	\$ 26.7 M	\$ 12.4 M	50%	50%	\$ 228,504	(\$ 14,086)	\$ 105,564	(\$ 6,508)	
Fully Property Owner Funded	\$ 0.0 M	\$ 0.0 M	0%	100%	\$ 457,008	(\$ 28,173)	\$ 211,128	(\$ 13,015)	

Funding Scenarios – Saprae

	MUNIC		PROPERTY OWNER COST / LOT					
	Gravity	Low % Fun Pressure		unded Gravity Se		y Sewer Low Pres		ressure wer
	Sewei	Sewer	(Average)		Total	(Annual)	Total	(Annual)
Fully Municipal Funded	\$ 33.5 M	\$ 26.6 M	100%	0%	\$0	(\$ 0)	\$ 0	(\$ 0)
Property Owner Pays for Own Lot Infras.	\$ 29.4 M	\$ 16.0 M	88% 60%	12% 40%	\$ 14,375	(\$ 886)	\$ 37,375	(\$ 2,304)
Urban Equivalent	\$ 24.7 M	-	74%	26%	\$ 31,000	(\$ 1,911)	-	-
Lac La Biche Comparison	\$ 22.5 M	\$ 9.0 M	67% 34%	33% 66%	\$ 38,811	(\$ 2,393)	\$ 61,811	(\$ 3,810)
City Centre Subsidy Equivalent	\$ 20.1 M	\$ 16.0 M	60%	40%	\$ 47,228	(\$ 2,911)	\$ 37,462	(\$ 2,309)
Half & Half	\$ 16.8 M	\$ 13.3 M	50%	50%	\$ 59,035	(\$ 3,639)	\$ 46,828	(\$ 2,887)
Fully Property Owner Funded	\$ 0.0 M	\$ 0.0 M	0%	100%	\$ 118,070	(\$ 7,279)	\$ 93,655	(\$ 5,773)

Funding Scenarios – All Communities

	MUNICIPAL COST				PROPERTY OWNER COST / LOT				
	Full Pressure	Trickle Fill & Low	% Funded		Full Pressure & Gravity		Trickle Fill & Low Pressure		
	& Gravity	Pressure			Total	(Annual)	Total	(Annual)	
Fully Municipal Funded	\$ 235.8 M	\$ 135.2 M	100%	0%	\$ 0	(\$ 0)	\$ 0	(\$ 0)	
Property Owner	\$ 219.9 M		92%	8%	\$ 16,924	(\$ 1,043)			
Pays for Private Infras.		\$ 96.2 M	72%	28%			\$ 38,573	(\$ 2,378)	
Urban Equivalent	\$ 204.6 M	-	85%	15%	\$ 31,000	(\$ 1,911)	-	-	
Lac La Biche	\$ 195.2 M		81%	19%	\$ 41,360	(\$ 2,550)			
Comparison		\$ 71.6 M	54%	46%			\$ 63,009	(\$ 3,884)	
City Centre Subsidy Equivalent	\$ 141.5 M	\$ 81.1 M	60%	40%	\$ 112,415	(\$ 6,930)	\$ 60,264	(\$ 3,715)	
Half & Half	\$ 117.9 M	\$ 67.6 M	50%	50%	\$ 140,519	(\$ 8,662)	\$ 75,330	(\$ 4,644)	
Fully Property Owner Funded	\$ 0.0 M	\$ 0.0 M	0% 1	00%	\$ 281,038	(\$ 17,325)	\$ 150,660	(\$ 9,288)	

LOCAL IMPROVEMENT PROGRAM

(MGA Division 7, Sections 391 to 409)

- Local improvement is a project that Council considers to be of greater benefit to an area of a municipality than to the whole municipality
- Property owners may submit valid petition or a Council on its own initiative may propose a local improvement, which requires Council Resolution
- If council decides on a local improvement plan, must be prepared and notice with plan summary provided to persons liable to pay Local Improvement Tax (LIT)

LOCAL IMPROVEMENT PROGRAM (continued)

- Upon notice, property owners may petition against LIT – local improvement cannot proceed if 2/3 of affected owners, owning at least 50% of value of land parcel assessments, are against
- If local improvement is to proceed, LIT bylaw is required
- If Municipality contributes more than 50% of LI cost, less any Crown financial assistance, bylaw must be advertised

GRANTS

Decisions on servicing, funding and phasing increases the probability of receiving grants

Grant Funding New Building Canada Fund

Provincial-Territorial Infrastructure Component (PTIC) \$10 billion total, \$250 million plus per capita allowance annually for 10 years for each province

- Application should demonstrate how the project contributes to Stronger Community, Economic Growth and Better Environment
- Submitted Initial Review; Province not ready to take applications at this time, will resubmit in the fall as directed by Alberta Infrastructure

GRANTS (continued)

Grant Funding New Building Canada Fund

PTIC Component (continued)

 Application should identify how the project is funded (cost recovery methods), and cash flow projections (project phasing)

GRANTS (continued)

Grant Funding New Building Canada Fund

National Infrastructure Component (NIC)

- Project likely does not fall under one of the funded categories, but Administration will still apply; funds are given on a first come first served basis
- Business Case to be prepared funding options and cash flow projections

GRANTS (continued)

Grant Funding New Building Canada Fund – General

- Project will have to undergo a P3 review due to project value being over \$100 million dollars, Federal Government authority to require a P3
- Maximum grant is 33% and cap is 25% if P3 is selected

RECOMMENDATIONS

- 1. THAT the Municipality provide the following water and sewer systems:
 - Full pressure water/gravity sewer to the communities of Anzac and Conklin based on growth projections and development strategies as outlined in the Municipal Development Plan and Area Structure Plans;
 - Trickle fill water/low pressure sewer systems to the communities of Draper, Gregoire Lake Estates and Janvier, and
 - Low pressure sewer to the community of Saprae Creek.

RECOMMENDATIONS (continued)

- 2. THAT Administration proceed with detailed engineering design of the community-specific systems and the respective grant applications.
- 3. THAT individual property owners in the above communities be assessed a fee of 10% of the total projects costs through a Local Improvement Program, one-time lump sum payment or other financing options and Administration evaluate available financing options to provide flexibility to individual property owners in paying the fee and provide recommendations to Council by September 23, 2014.

RECOMMENDATIONS (continued)

4. THAT a capital budget request for Rural Water and Sewer Construction be submitted for consideration as part of the 2015 Capital Budget deliberations.

ANALYSIS

- Administration's recommendation is based on Amalgamation principles but a full suite of options is provided for Council's consideration
- Recommendation provides balance:
 - more economical (approximately \$16,000 per lot) for individual property owners
 - Conklin/Anzac charged more (5%-11%) than private portion cost, but receive full pressure water/gravity sewer systems
 - Remaining communities receive subsidy to offset higher private portion capital costs for trickle fill water/low pressure sewer systems (will also have higher operating costs)
 - Reduced cost (approximately \$82.1 million) to Municipality if full pressure water/gravity sewer systems were implemented in all communities

ANALYSIS (continued)

Options	Total Costs*	Per Lot	Per Capita
100 % Full Pressure/Gravity	\$176,900,000	\$165,800	\$68,000
100% Urban's Recommendations	\$127,100,000	\$119,100	\$48,900
Urban's with Private Portion Can			
of \$16,000	\$111,000,000	\$104,000	\$42,700
100% Trickle/Low Pressure	\$ 87,900,000	\$ 82 <i>,</i> 400	\$33,800

*Net - Assumes successful grant application of 25% of total costs

ANALYSIS (continued)

Future Cost Allocation

- Average Urban Tax and Utility Rates = \$1,317 (Tax) + \$953 (Utility Rates) = \$2,270
- Average Rural Tax and Utility Rates (current) = \$494 (Property Tax) + \$2,210 (hauling and utility rate charges = \$2,704
- Average Rural Tax and Utility Rates (future) = \$494 (Property Tax) + \$986 (Local Improvement Tax) + \$953 (Utility Rates) = \$2,433

MOVING FORWARD – PROJECT ACTIONS

With council direction, Administration to proceed with:

- Grant Applications
- Detailed Engineering Design of selected servicing options
- Ongoing Community Consultation
- Inclusion of Rural Water and Sewer Servicing in proposed 2015 Capital Budget and Capital Plan for Council Debate

PROPOSED PROJECT SCHEDULE

Rural Water and Sewer Servicing Project Timeline						
Project Phase	Phase Timeline					
Pre-design	June 2014					
Council Direction on Strategy Implementation	June - July 2014					
RFP for Detailed Design	September 2014					
Grant Applications	October 2014					
Detailed Engineering Design	October 2014 - July 2015					
Community Engagement	October 2014 - Ongoing					
Tendering for Construction	July - August 2015					
Construction	August 2015 - 2018					
Rural Development Committee Updates	Quarterly					

QUESTIONS