

Resolution ?-13S

Funding of Approved Water for Life Projects Based on Actual Total Costs

County of St. Paul

WHEREAS municipalities are facing increasing funding challenges to address the infrastructure costs to develop new water and wastewater systems and maintain existing systems; and

WHEREAS municipalities throughout the province have received approval and funding for Water for Life projects for the development of new regional water and wastewater systems which are more cost-effective and/or environmentally desirable than independent systems; and

WHEREAS municipalities have commenced engineering and construction of these new projects in consultation with Alberta Transportation Water for Life consultants; and

WHEREAS these projects have exceeded original cost and engineering estimates due to current pricing, new technologies, etc., after the initial funding approval letter was received ; and

WHEREAS the Government of Alberta has historically provided funding of the project based on actual total costs rather than the approved amount; and

WHEREAS the Government of Alberta is hosting Water Conversations throughout the province and have indicated in their Water for Life Action Plan, item 1.5, need to “design and implement regional drinking water and wastewater solutions”;

WHEREAS in preparation for the Water Conversation, the Government of Alberta prepared a document titled *Our Water, Our Future* that validates the difficulty communities have to finance drinking water and wastewater systems through utility charges alone making it necessary to find ways to minimize or share these costs.

THEREFORE BE IT RESOLVED that the Alberta Association of Municipal Districts and Counties advocate on the behalf of municipalities for the Government of Alberta to continue to fund “projects” through the Water for Life program at the approved percentage of the estimate rather than to the amount indicated in the approval letter to reflect actual cost; and

FURTHER BE IT RESOLVED that the Government of Alberta ensures that current approved projects are funded based on actual total costs prior to the approval of new projects under the Water for Life Program.

Member Background

The County of St. Paul has two current projects occurring that have received Water for Life approval and funding. Both of these projects were based on a Regional Water

Study that was conducted in 2008/09. The funding requested for these projects was based on the information and engineering estimates outlined in the Regional Water Study. In both of these projects current engineering estimates indicate that the projects will exceed the approval dollars granted in the approval letter received by the County /Elk Point/St. Paul Regional Water Commission.

The County in the first project has tendered out and constructed the water transmission line during the 2012 fiscal year. Currently the County is ready to tender out the new Water Treatment Plant to serve two (and in the future three) communities. Engineering estimates for this project show that the funding shortfall on this project will be an estimated \$1,500,000.

In the second project where the County is part of the Elk Point/St. Paul Regional Water Commission who requested the funding, the project is estimated to fall short approximately \$4,500,000 in order to complete all the components of the project.

Many of the projects applied for and approved in the province under this program are a direct result of municipalities being unable to comply with the Code of Practice prescribed by Alberta Environment and Sustainable Resource Development for their water or wastewater facilities. Therefore in an effort to come back into or remain in compliance, municipalities have joined together to work regionally to provide safe drinking water to their residents and efficient, sustainable wastewater solutions for their regions. Municipalities are forced to meet the regulations set by Alberta Environment and Sustainable Resource Development, but the funding for them to do these projects comes from Alberta Transportation.

The municipalities/regional groups undertaking the project as well as Alberta Transportation and Alberta Environment and Sustainable Resource Development work collectively to find the appropriate solution for the approved project. Inevitably some of these projects end up exceeding the cost projections indicated in the Water for Life application. In the past, Alberta Transportation has funded the project based on the percentage they approved in their approval letter, even if it exceeded the original approved amount. More recently municipalities have been told that they need to live within the approved "amount" and are responsible for the cost overruns to complete the project.

Having Alberta Transportation continue with the past practice of funding the project will allow municipalities and Regional Commissions to complete their projects ensuring that their residents will have safe, reliable, affordable utilities.

AAMDC Background