



Elk Point / St. Paul Regional Water System

2015 Business Plan Update



Business Plan Review

- First Business Plan Prepared in 2011
- Updated in 2013, primarily to reflect increased capital cost of transmission line
- Section 5.5 of existing plan provides that *“the Commission will undertake a more extensive, full review of the Plan in the year following local elections”* - 2014

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Purpose of Plan Review

- Update to Reflect Evolution of the System Development, Financial Changes to Date
- Looking Forward: Establish Strategic Directions and set out how things are expected to unfold over the planning timeframe 2015 – 2018
- Support Request to Minister of Municipal Affairs for Debt Limit Increase

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Draft 2.0

- Reflects Changes identified by the Board on December 15, 2014
- Amendments to the 2013 Plan include changes:
 - To Financial and Non-financial Provisions
 - That are Reflective of Passage of Time

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● ● ● | Strategic Directions

- New Section 1.3.1
- 1. Primary Consideration – complete development of the System
 - Bring Transmission line into sustaining operational state
 - Seeing through the St. Paul WTP upgrades by Town of St. Paul
 - Extending water services into the County

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● ● ● | Strategic Directions

- 2. Seek to expand the System, seek new Members, Customers to reduce operating and capital costs to existing Members provided long term interests of Members, Commission and Town not prejudiced.

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● ● ● | Strategic Directions

- 3. Maintain System under Member's Control but will Seek Out Opportunities for Cooperation, Alliance or Combination to Enhance Administration, Operation, Development and Security of Supply

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● ● ● | Strategic Directions

- 4. Support Goals of AUMA Water Conservation, Efficiency and Productivity Plan and Implement to the Extent Possible, Actions Toward Achieving Targets set out in Plan

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● ● ● | Policy Objectives

- New Section 1.4 – Acknowledges requirement to Comply with ALSA North Saskatchewan Regional Plan
- Commission will Monitor and Participate in Development of NS Regional Plan to Extent Necessary to Safeguard and Advocate for Long Term Water Supply Interests of the Commission

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● ● ● | Policy Objectives

- New Section 1.5 – To ensure long term water supply interests, Commission will Remain Aware and Participate in Public Policy Areas:
 - Water Supply Systems in Larger Regional Context
 - Protection of watersheds and sources
 - Allocation, licensing of surface water

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● ● ● | Section 2 – System Description

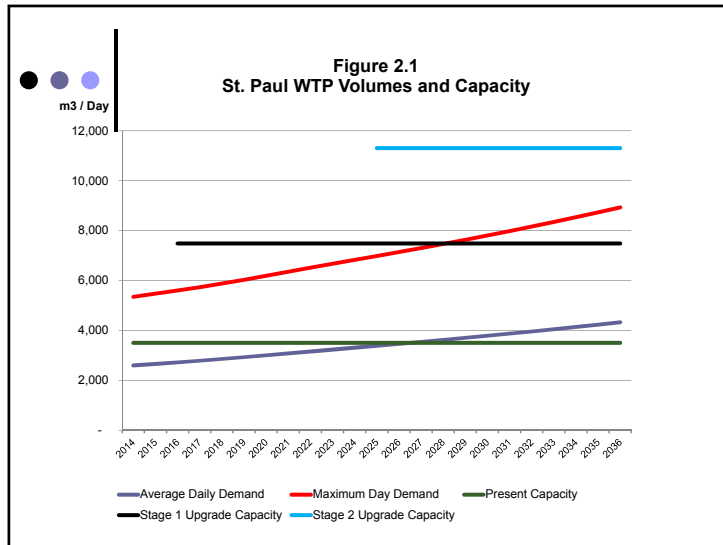
- S. 2.3.1 - Water License
 - Identifies that temporary license in name of Commission.
- S. 2.3.2 –Supply from St. Paul WTP
 - Reflects MPE Engineering 2013 Technical Brief
 - 1st Stage Upgrading – bring plant up to theoretical current capacity – would meet 10 Year Need

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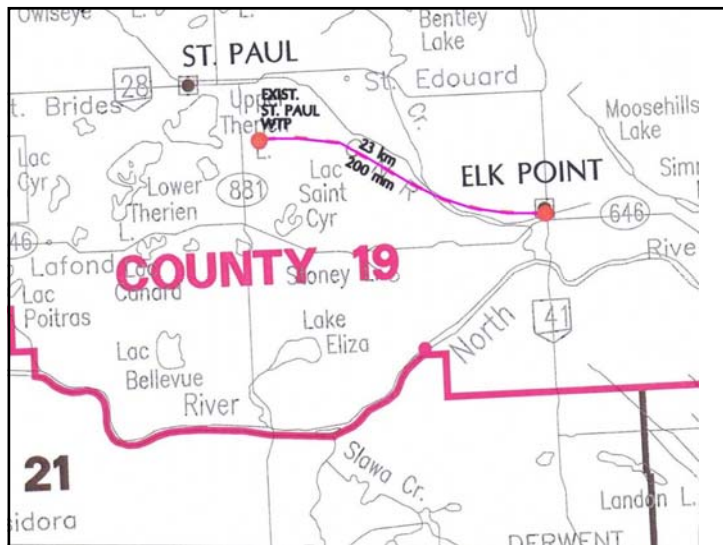
● ● ● | St. Paul WTP, Raw Water Supply

- S. 2.3.2 –Supply from St. Paul WTP
 - 1st Stage – Begin 2015, complete in 2016
 - 2nd Stage Upgrading – add further capacity at about 2025 to meet 25 year (2036) combined needs of Town and System.
- S. 2.3.4 – Raw Water Supply – Additional raw water pump needed in long term to meet 25 year demand

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- Transmission Line**
- o S. 2.3.5 – Existing clause has statement “*the transmission line is expected to effectively operate by gravity flow.*”
 - o Text changed to reflect that pumping is required and System pumphouse constructed.
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- Section 3 – Governance & Management**
- o Capital Cost Allocation – Changed to reflect ongoing understanding
 - 25 Year Capacity
 - Elk Point – 305,958 m3 – 80%
 - County – 76,490 m3 – 20%
 - o Governance/Administration Cost Allocation – No Change
 - Elk Point – 80%
 - County – 20%
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● ● ● | **Section 3 – Governance & Management**

- Section 3.8 – Town of St. Paul
 - Now reflects that Commission has entered into a 25 Year supply agreement with the Town sharing net capital cost

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● ● ● | **S. 4 – Capital Costs & Funding**

Component	\$
Capital Costs	
St. Paul WTP Upgrade	\$5.67 Million
Pipeline to Elk Point	\$8.55 Million
Interim Borrowing Costs	<u>\$690,000</u>
Total	\$14.9 Million
Financing	
Water for Life	\$13.1 Million
Commission Borrowing	\$1.37 Million
Reimbursed Interim Borrowing	<u>\$440,000</u>
Total	\$14.9 Million

● ● ● | **S. 4 – Capital Costs & Funding**

- Sections Revised to Reflect Increased Cost and Increased Financing
- Section 4.2.1 – References Minister’s Letter Approving Funding, Possibility of Delay in Receiving Grant Funds
- Financial Model Assumes Final Installment of Water for Life Grant in 2018.

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● ● ● | **S. 4.2.3 – Debenture Borrowing**

- Sets out the Terms of the Debenture Agreement with the Town which Identifies Two Debentures:
 - Debenture A – \$730,050 to complete the pipeline. 25 year term, repaid by Commission
 - Debenture B – Remaining Funds to Complete Pipeline and WTP Upgrade, plus Net Interim Borrowing Costs

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● ● ● | S. 4.2.3 – Debenture Borrowing

○ Debenture B

- 10 Year Term. Drawn Latter 2016, Payments begin in 2017
- Shared between Commission and Town, Debenture in the name of the Commission.
- Actual Amount Based on Final Capital Costs, Estimated at \$640,000 in Financial Model.

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● ● ● | S. 4.2.3 – Debenture Borrowing

○ Debenture B

- Annual Payments funded by \$/m3 levy on actual water volume supplied to Commission and to Town.
- Funds collected by Town and given to Commission to pay debenture
- Commission share included in water rates

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● ● ● | S. 4.2.4 – Debt Limit

○ Current Approval

- \$1 Million for Long Term Borrowing and Operating Line of Credit
- \$1 Million for Interim Borrowing of Capital Grant Funding (expires Dec 31, 2015)

○ Revised Limit

- \$1.7 Million Long Term, Line of Credit
- \$5.1 Million for Interim Borrowing of Capital Grant Funding (to expire Dec 31, 2019)

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● ● ● | S. 6 – Operating Costs, Revenue and Rates

- 5 Year Period – 2014 to 2018
- Treated Water Costs – St. Paul WTP \$1.07 / m3 in 2015
- Debenture Agreement Repayment Funds – Estimated \$.08/m3 for Debenture B, payments beginning in 2017
- Plan Draft 2.0 reflects draft 2015 Budget
- Added County connections each year

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● ● ● | Rate Principles

- Uniform Rates
- Cash Basis
- Full Annual Cost Recovery
- Rate per Unit of Actual Volume for Operating Costs, Operating Reserve Transfers - subject to 90% minimum

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● ● ● | Rates

- Projections
 - 2015 - \$1.45 /m³
 - 2016 - \$1.50 /m³
 - 2017 - \$1.57 /m³
 - 2018: \$1.70 /m³
- Includes adding funds to reserves
- 2018 - \$15,000 in operating reserves and \$25,000 in capital reserves

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● ● ● | Rate Comparisons (s. 6.3.3)

- Others (/ m³)
 - Elk Point/St.Paul - \$2.15 (all in)
 - Aspen - \$2.95
 - Mountain View - \$1.35 in 2015,
 - Westlock - \$1.85,
 - Shirley McLellan - \$ 2.24,
 - North Red Deer - \$2.02,
 - Highway 12/21 - \$2.85,
 - Aqua 7 - \$2.76.

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● ● ● | S. 7 – Risks and Barriers

- Updated to reflect current situation
- Identifies need for
 - Increased Debt Limit
- Consequences of Delays in Government Approvals
 - Higher Capital Costs
 - Risk of Treated Water Shortages

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