



September 6, 2011

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County of St. Paul
5015 - 49 Avenue
St. Paul, Alberta
T0A 3A4

Via email: skitz@county.stpaul.ab.ca
Attention: Sheila Kitz, Chief Administrative Officer

RE: COUNTY OF ST. PAUL WATER POLICIES

Thank you for the opportunity to talk with you about the water policy needs of the County. Further to our meeting on August 23, 2011, we have prepared this scope of work to develop Water Policies to reflect those needs, as well as other water concerns of the County as discussed in the Council meeting. We suggest that this work will take place in autumn 2011 and winter 2012, and we plan to conclude by April of 2012. Our proposed key work activities are described below:

A PROJECT SCOPE

1 COUNCIL VISIONING SESSION

The goal of this stage of the project is to create a vision (including values and guiding principles) for water policy in the County.

1.1 Create and Review Visioning Session Materials with Administration

Based on what we have learned about the County through our meetings with Council and administration, we will prepare the material required for a Council visioning session. This information will help Council explore options towards its water policy, including values such as sustainability, fairness and affordability and their potential impact on water-related decision-making.

We will review the draft material with administration prior to the visioning session with the Council and finalize it, using any input received as appropriate.

1.2 Meet with the Council and Visioning Session

Using the material created above, we will lead a visioning session with Council. As described above, the session will allow Council to explore water issues within the County, and describe values and guiding principles that will help water-related decision-making in the future.



1.3 Compile Results and Prepare Summary Report

Following the Visioning Session, we will create a summary report that will include the results of the council meeting including values, guiding principles, and any implications on the process moving forward. This will be submitted to administration for circulation to Council.

2 DEVELOP POLICIES BASED ON GUIDING PRINCIPLES

Based on Council's direction, the summary report and the results of the first stage of the public consultation (refer to section 4); we will prepare water policy statements for the County. These general statements will be presented in a policy document and can be communicated to public for their information.

3 DETERMINE COST OF WATER

Using the vision, values and guiding principles created above, we will review a number of water-related issues and perform a cost of water analysis. To determine the cost of water, we will perform the following tasks:

3.1 Define Level of Service and User Types

We will outline different user types (users with distribution system, rural users, truck fills, co-ops, etc.) and determine the level of service for each of them. The level of service addresses matters such as providing fire flows, storage requirements, emergency response etc.. All these factors will impact the cost of water for each user.

3.2 Update Capital, Operation and Maintenance Cost

With assistance from the county, and information presented in the Draft Ashmont Regional Water Business Plan and County of St. Paul Water Treatment Plant Upgrades/Water Transmission Line, Ashmont - Lottie Lake Study, we will update the capital, operation and maintenance and life cycle costs.

3.3 Cost of Water Analysis

Using the water demand projections in the Water Treatment Plant Upgrades/Water Transmission Line, Ashmont - Lottie Lake Study, and the results of task 3.2., we will determine the true cost of water for each user type.



3.4 Review the Results with Administration

The results of the cost of water analysis will be presented to you in a Technical Memorandum format. We will then meet with you to review the memorandum. After our discussion, we will revise the memorandum as needed.

4 PUBLIC CONSULTATION

This task will be performed as part of the Water Treatment Plant Upgrades/Water Transmission Line, Ashmont - Lottie Lake Study. However, in setting up the timing for public engagement, the requirements for both projects have been taken into consideration. This will allow for an efficient use of both provincial and County funds, while ensuring public access and input in to both projects.

4.1 Strategy Development and Initial Communication

In the initial phase of the public communication program, we will meet with administration and Council to define the scope, format and content for messages that will be relayed to the public. We will also review target dates for mailouts, meetings, and any other actions discussed. Using the information from the meeting, we will draft the initial communications materials, review them with administration, and then finalize. Printing and distribution will be the County's responsibility.

4.2 Share Principles and Next Steps

Using information gathered from the Council visioning session (Stage 1 of the Water Policy project), we will create the draft communications materials that will be distributed to the public, including guiding principles for the County's water policies. We will review the drafts with administration, and then finalize the communications. Printing and distribution will be the County's responsibility.

4.3 Information Gathering

This stage encompasses the information gathering activities. We will assist the County in soliciting feedback from the public regarding thresholds for potential water rates in the County. We assume, and have budgeted for, two open houses in order to gather this input from the public. We have also included a simple survey to be included on the County's website and added to resident's water bills. We will collate this information and create a report for Council and administration that reports the finding of the information gathering. Following review of this report, we will draft communications materials for the public, including rate threshold feedback, outcomes and next steps (including construction timelines) to be reviewed by administration. We will finalize the materials based on administration's feedback. Printing and distribution will be the County's responsibility.



5 DEVELOP IMPLEMENTATION PLAN

The objective of this task is to provide assistance to the Administration to develop a strategy for implementing the proposed water policies. This process will begin after the Council and Administration has established the cost of water to be charged to the residents (completing Task 3: Determine Cost of Water and 4.3 Public Consultation - Information Gathering) and will incorporate the guiding principles as well as public input. The implementation plan addresses matters such as charging true cost of water to residents through utility rates, covering all or part of the cost of water through other sources of revenue, and outlines the process to achieve the objective.

5.1 Develop Implementation Scenarios

As part of outlining this process, we will develop up to 3 implementation scenarios with different timelines (3, 5 and 10 year implementation). We will work with the Administration to prepare the cost-revenue cash flow for the County and evaluate the revenue implications and the impact on public for each scenario.

5.2 Council Presentation

We will present the results to Council and assist them in selecting the preferred scenario. The implementation plan will be finalized utilizing the preferred scenario.

6 PREPARE FINAL REPORT

6.1 Prepare Draft Report

We will prepare a draft report including the project history and background, guiding principles as defined by council, water policy statements, cost of water analysis and the results of the public consultations. This report will also outline the next steps and process to move forward with implementation.

6.2 Review with Administration

The draft report will be presented to you for your review. We will incorporate your comments and input, and prepare the final report.

7 PRESENTATION OF THE RESULTS TO COUNCIL

We will present the final report to Council, guiding them through the document and facilitating questions and discussion.



8 PROJECT MANAGEMENT

Effective communication, coordination and project management is key to providing high quality service and successfully completing the project. Urban Systems will ensure that Council and administration are engaged during the process and all tasks are completed on time and within the approved budget.

B NEXT STEPS - OPTIONAL FUTURE WORK:

After developing the water policies and determining the implementation plan, the county can proceed with the development of the connection policies and the water rate structure. As at this point there are still unknown factors that will impact the scope of the above studies, we will recommend that the detailed scope be prepared after the guiding principles are set and the implementation plan is finalized. The brief description of these future steps is provided below:

1) DEVELOP FUTURE CONNECTIONS REQUIREMENTS

This plan will outline the connection requirements and procedures for potential future users. These users can be single rural, co-ops, industrial and commercial and future subdivisions. The process, engineering and technical requirements and operating procedures will be determined as part of this plan to ensure clarity and consistency when considering the addition of connections.

2) DEVELOP WATER RATE STRUCTURE

Using the cost of water analysis, the guiding principles and procedures set in the implementation plan, the water rate structure will be prepared. This rate structure can apply only to Ashmont / Lottie Lake System or if the county desires, it can be developed as a consistent approach for all existing and future County water systems.



C PROJECT SCHEDULE

The proposed milestone dates to complete the project are presented in Table 1. These dates are based on receiving your authorization to proceed with the proposed work program by the end of this month and the official start date of October 3, 2011.

Table 1: Proposed Milestone Dates

Task	Description	Completed by
1.0	Council Visioning Session	October 14, 2011
2.0	Develop Policies Based on Guiding Principles	November 18, 2011
3.0	Determine Cost of Water	December 19, 2011
4.0	Public Consultation	Ongoing – with Public Open Houses tentatively scheduled in January 2012
5.0	Develop Implementation Plan	March 5, 2012
6.0	Prepare Final Report	March 19, 2012
7.0	Presentation of the Results to Council	April 8, 2012
8.0	Project Management	Ongoing



D URBAN SYSTEMS FEES FOR SERVICE

Urban Systems total fees to complete the proposed work program are \$74,000.00. Table 2 outlines our fees to complete each task. Based on the project schedule (Table 1), it is estimated that \$38,500 will be spent in 2011 with the remaining \$35,500 being spent in 2012. Please note that our fees for Task 4.0 Public Consultation is not included in this work program and will be part of the scope of the Water Treatment Plant Upgrades/Water Transmission Line, Ashmont - Lottie Lake Study.

Table 2: Proposed Fees for Service

Task	Description	Fees
1.0	Council Visioning Session	\$15,000.00
2.0	Develop Policies Based on Guiding Principles	\$6,000.00
3.0	Determine Cost of Water	\$15,000.00
4.0	Public Consultation	Included in Water Treatment Plant Upgrades/Water Transmission Line, Ashmont - Lottie Lake Study
5.0	Develop Implementation Plan	\$12,000.00
6.0	Prepare Final Report	\$16,000.00
7.0	Presentation of the Results to Council	\$5,000.00
8.0	Project Management	\$5,000.00
Total (excluding GST)		\$74,000.00

If you have any questions regarding this proposal, please do not hesitate to contact us at 780-430-4041.

Sincerely,
URBAN SYSTEMS LTD.

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Water Resources Management

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