

Martensville Sewer Rate Framework

ISSUE

The City of Saskatoon and the City of Martensville have been working on a strategy to have Martensville's wastewater treated by the City of Saskatoon. This report seeks City Council's approval on the structure for charging the City of Martensville for the City of Saskatoon to treat their wastewater.

RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council that:

1. The volumetric charge to the City of Martensville for wastewater treatment be equal to the commercial volumetric rate in Bylaw No. 9466, *The Sewer Use Bylaw, 2017*, and subject to any high strength wastewater surcharges should the quality of Martensville's wastewater be of that quality; and
2. That the City of Martensville be charged a 2% per year capital replacement value of the pipeline connecting the Biosolids Handling Facility to the Wastewater Treatment Plant for pipeline asset management.

BACKGROUND

The City of Martensville and the City of Saskatoon (City) are currently in the detailed design phase of parallel projects to connect wastewater pipelines to the Biosolids Handling Facility north of Saskatoon. Once design and construction are complete, the City will need to charge the City of Martensville for treating their wastewater.

The City of Martensville currently uses lagoons to treat their wastewater, annually they discharge into the Opimihaw Creek which runs through the Wanuskewin Heritage Park. The Water Security Agency and the City of Martensville desire a lower environmental impact for Martensville's wastewater.

The City's H. M. Weir Wastewater Treatment Plant (WWTP) is a Biological Nutrient Removal facility and one of the most advanced in Western Canada, it is a Class IV Plant – the highest rating available and produces a high-quality effluent to the South Saskatchewan River. The WWTP has the ability to treat Martensville's wastewater to a higher quality than lagoons.

DISCUSSION/ANALYSIS

The City and the City of Martensville Administrations have developed a rate structure for the City of Martensville to ensure wastewater treatment costs are appropriately accounted for. The American Water Works Association publishes guidance manuals for trans boundary water charges between communities, which identifies key items to include in these charges:

- All operating and maintenance costs;
- Asset replacement and rehabilitation;
- Taxes and transfer payments (Grants in Lieu); and
- Return on Investment.

Using these categories, the volumetric charge to the City of Martensville was calculated and was almost identical to the existing volumetric commercial rate in Bylaw No. 9466, *The Sewer Use Bylaw, 2017*. As such, the Administration recommends using this rate for the City of Martensville for simplicity and transparency. Martensville is predominantly residential; however, the commercial rate also provides protection to the City with the high strength wastewater surcharge such that if the development mix of Martensville changes, appropriate charges for wastewater are built in.

The above charges capture all the treatment, lift station, and laboratory costs but do not capture the costs of maintaining the pipeline. Within the City, these costs are recovered through the Infrastructure Levy. In lieu of applying the Infrastructure Levy, the Administration is proposing that the City of Martensville be charged an Asset Management Cost Recovery Fee of 2% of the pipe replacement value annually. This is in line with the 50-year expected life of the pipeline.

The share of capital costs of this project will be determined through the detailed design process, which is being led by an external engineering firm. The City of Martensville has yet to confirm whether they will pay the capital costs upfront or include those costs amortized over the term of a contract. Both the Cities of Saskatoon and Martensville are taking advantage of federal funding programs to support the project and it is the intention to share a trench, engineering firms, and construction firms to minimize costs to both Cities.

FINANCIAL IMPLICATIONS

The City of Martensville has a population of approximately 12,000 people and is using 220 litres per capita per day of wastewater, which would result in a gross wastewater revenue to the City of \$1.15 million. Based on a Return of Investment of 10%, this is \$115,000 in additional general revenue to the City. All operating, maintenance, and asset management costs are contained in these rates.

OTHER IMPLICATIONS

The WWTP will produce a higher quality effluent than the Martensville Lagoons – which currently discharge to the South Saskatchewan River via the Opimihaw Creek. This will result in improved water quality in the South Saskatchewan River.

NEXT STEPS

The City of Martensville will be taking a similar report to their City Council this month. With both City Council's approval of the rate structure, a formal Service Agreement between the two Cities can be developed. Detailed Design of the pipelines will take place in 2024 with construction starting in 2025. Completion of both projects is scheduled for the end of 2026.

Report Approval

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