



## Town of Onoway Request for Decision

Meeting:	<b>Council Meeting</b>
Meeting Date:	October 27, 2022
Presented By:	Jennifer Thompson, Chief Administrative Officer
Title:	Septage Receiving Station (SRS) System Installation

### BACKGROUND / PROPOSAL

The Septage Receiving Station (SRS) system was approved as a capital purchase in 2021.

Council Meeting of July 8, 2021.	Motion #274/21	<p>MOVED by Councillor Pat St. Hilaire that the discussion on the grant submission for the purchase of a Septic Receiving Station (SRS) for the lagoon site be accepted for information and that Administration proceed with purchasing this SRS machine in due course (if grant not received fund to be covered through reserves – estimated at \$240,000 incl power upgrade).</p> <p style="text-align: right;"><b>CARRIED</b></p>
Council Meeting of March 24, 2022	Motion #120/22	<p><b>MOVED</b> by Councillor Bridgitte Coninx that the discussion with Mike Hudson be accepted for information, and that once the Septic Receiving Station (SRS) is operational at the lagoon the discussion on opening up lagoon access to additional haulers be revisited with Council.</p> <p style="text-align: right;"><b>CARRIED</b></p>
Council Meeting of April 14, 2022	Motion #162/22	<p><b>MOVED</b> by Councillor Bridgitte Coninx that the discussion on the Septic Receiving Station (SRS) machine for the lagoon, along with additional work required and associated costs to get it set up and operating, along with cost recovery options for same, along with future operation and acceptance of sewer effluent from outside the Town of Onoway at the lagoon in the future, be accepted for information.</p> <p style="text-align: right;"><b>CARRIED</b></p>

The SRS System was paid on March 22, 2022 at a cost of \$232,000. From this administration’s understanding a grant application was not approved. The 2022 budget did include amounts to be used from reserves as per the resolution motion #274/21 of July 8, 2021.

### DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES

Staff moved forward with the installation of the SRS system. Quotes and contractors have been obtained to complete the installation within the next week or two. The estimated cost of installation is \$60,000.

**Staff require Council’s decision regarding the completion of the project in 2022.**

The **benefits** of this project include:

- Accurate billing

- Accurate influent tracking
- Proactive in monitoring influent to prevent hydrocarbon contamination
- Meeting future regulatory requirements through Alberta Environment.

The **disadvantages** to this project include:

- Sewer variable and flat rates are not self-funding at this time and a financial analysis needs to be completed as rates will need to be reviewed and increased incrementally to cover operating costs and infrastructure renewal.

**Future works at the lagoon**

Staff have identified the following future works at the lagoon:

- 2024/2025 Desludging estimated cost \$250,000.
- 2024 Vegetation removal from berms to coincide with release of treated effluent. Cost unknown at this time.

The installation would allow Council to consider an additional revenue stream in the future by accepting effluent to regional businesses, in the future. Staff have not completed a cost/benefit analysis of this possible increased revenue stream, due to time constraints. The installation should be completed in 2022 and the revenue stream cost analysis can be completed in the near future.

**STRATEGIC ALIGNMENT**

Environmental stewardship  
 Potential legislative requirements  
 Capital Investment in future growth

**COSTS / SOURCE OF FUNDING**

<b>Total estimated costs of project.</b>	
<b>SRS System</b>	<b>\$232,000</b>
<b>Installation</b>	<b>\$60,000</b>
<ul style="list-style-type: none"> <li>• Transformer to pedestal electrical installation – directional drill under highway</li> <li>• Trenching underground power (120 m)</li> <li>• electrical hookup</li> <li>• concrete cutting</li> <li>• placement of SRS (Town of Onoway)</li> </ul>	
<b>TOTAL ESTIMATED COST</b>	<b>\$292,000</b>

While there should not be a depletion of reserves, there is a portion of Operating Reserves for Lagoon of \$215,773. There is also a utility reserve of \$157,647.

	<u>2021</u>	<u>2020</u>
Total Debt Limit	5,485,706	4,679,184
Total Debt	(1,398,161)	(1,483,350)
<b>Amount of Debt Limit Unused</b>	<b>\$4,087,545</b>	<b>\$3,195,834<sup>1</sup></b>

	<u>2021</u>	<u>2020</u>
Service on Debt Limit	914,284	779,864
Service on Debt	(153,566)	(153,565)
<b>Amount of Debt Servicing Limit Unused</b>	<b>\$760,718</b>	<b>\$626,299</b>

#### OPTION #1

Continuing the installation of the Septage Receiving Station (SRS) system by using reserves and the remainder from operating expense to complete the project.

#### OPTION #2

Continuing the installation of the Septage Receiving Station (SRS) system by securing a loan to be paid over 5 years, estimated debt servicing of \$66,000 per year. Interest rates posted for municipal purposes are approximately 4.72%. This would require a borrowing bylaw and securing financing.

#### OPTION #3

Discontinuing the installation and selling the SRS system unit. Staff are unsure if the sale would incur a loss.

Staff have not completed a full financial analysis at this time of the options provided above.

### **RECOMMENDED ACTION**

1. Option # 1 or 2) THAT the installation of the Septage Receiving Station (SRS) system be completed in 2022 AND THAT staff provide further detail related to financing.
2. Option #3) THAT the installation of the Septage Receiving Station (SRS) system be discontinued and the Town of Onoway sell the Septage Receiving Station (SRS) system.

<sup>1</sup> Data provided Debt Servicing obtained from the Town of Onoway Financial Statement 2021