

Sanitary Services Strategy Oversight Committee - Governance Options - Additional Collaboration

Recommendation

That the April 12, 2021, Urban Form and Corporate Strategic Development report CR_6671rev, be received for information.

Previous Council/Committee Action

At the April 12, 2021, Executive Committee meeting, the April 12, 2021, Urban Form and Corporate Strategic Development report CR_6671rev was postponed to the May 10, 2021, Executive Committee meeting.

At the November 27, 2018, City Council meeting, the following motion was passed:

That Administration report to Executive Committee on governance options that provide appropriate City Council oversight, transparency and public input on the operations and decisions made by the Sanitary Services Strategy Oversight Committee.

At the September 30, 2019, Executive Committee meeting, the following motion was passed:

That the September 30, 2019, Urban Form and Corporate Strategic Development report CR_6671, be referred to Administration, to work with EPCOR, Urban Development Institute (UDI) and community stakeholders to:

1. Further refine Option 1, with concrete examples of what items would be presented for information and public input at Utility Committee, and what decisions would be recommended to Council for final approval.
 2. Confirm transparency protocols as they pertain to the Oversight Committee's decisions.
 3. Administration provide options for a process to re-examine the South Edmonton Sanitary Sewer (SESS) decision.
- and return to Executive Committee with additional clarity.

At the April 12, 2021, Executive Committee meeting, the following motion was passed:

That the April 12, 2021, Urban Form and Corporate Strategic Development report CR_6671rev, be postponed to the May 10, 2021, Executive Committee meeting.

Executive Summary

Edmonton's sanitary trunk network is a system of deep pipes that hold and convey sanitary flows to the region's wastewater treatment plants. Deep sanitary trunks are foundational to the City of Edmonton's ability to grow, and to manage growth within our boundaries through financing mechanisms and with integrated stakeholder oversight. The Sanitary Servicing Strategy Fund (SSSF or the Fund) program ensures that Edmonton is a Rebuildable City, and that phasing and activation of growth follow The City Plan. The SSSF program provides a long-range plan and funding strategy for Edmonton's sanitary deep trunks that support growth in developing areas of Edmonton. Additions to the deep trunk system are funded through the SSSF with consideration of The City Plan growth priorities and updated growth forecasts. These conditions are considered when implementing the deep trunk network.

Through the SSSF Oversight Committee, Administration works in partnership with EPCOR and representatives from the Urban Development Institute to guide implementation of the plan and manage the Fund. Under the existing model, Administration has decision making authority over the SSSF, and exercises that through authorizing the release of funds to construct the approved trunk network. Council has retained authority for rate-setting for contributions to the Fund and exercises this authority annually during the budget process.

In response to the above motion, Administration engaged more than 1,900 Edmontonians on how decisions are made and shared related to the construction of a sanitary trunk network per the approved SSSF system plan. The engagement found a gap in knowledge of the SSSF, its goals, and how it is governed. Moreover, a subset of stakeholders had a strong interest in the process for re-visiting the routing of the trunk system in south Edmonton. Administration consulted with EPCOR and the Alberta Capital Region Wastewater Commission (ACRWC) to identify how SSSF planning decisions interact with long-term planning for Edmonton's sanitary and wastewater treatment systems, and how regional governance requirements could be addressed in a revised SSSF governance model.

Option 1 from the previous report (escalated governance) has been refined to:

- Require Council approval of decisions that could directly or indirectly impact development charges and utility rates
- Require Council approval of material changes to the approved trunk network funded by the SSSF
- Confirm that EPCOR's Sanitary Integrated Resource Plan (SanIRP) will revitalize and revise large sanitary trunk plans for the sanitary trunk network, including the SESS, as outlined in Attachment 4, to ensure the long term operational, environmental and financial sustainability of the sanitary servicing system in

Edmonton, including the trunk network. The SanIRP will be presented to Utility Committee to enable input from the public and approved by Council.

Background

In 1998, City Council approved the SSSF program, a sanitary servicing network composed of deep tunnels to enable growth in developing areas and the funding mechanism to enable the construction of those tunnels. The trunk network is shown on the map in Attachment 1 for reference. The deep tunnels store sanitary flows during wet weather and convey flows to wastewater treatment plants when the downstream system has capacity. The program is primarily funded through development fees, with some contributions from EPCOR, and stewarded by an Oversight Committee led by City Administration. The Committee includes development industry and EPCOR representatives. This representation provides the necessary technical expertise to inform recommendations to Council. The SSSF has been in place for more than 20 years, and has overseen the construction of an extensive trunk system that supports growth and resiliency in Edmonton.

On September 30, 2019, Administration presented Executive Committee with three options that would increase Council oversight over the governance of the SSSF. These options included elevating certain policy issues to Utility Committee for discussion (*Option 1 - Increased Oversight*). This includes decisions that impact development charges and utility rates, and material changes to the long-term system plan. Committee directed Administration to further refine Option 1 ensuring that it provides appropriate Council oversight, public input, and transparency for decisions made by the SSSF Oversight Committee.

This report provides the findings of public engagement and consultation with EPCOR and development industry representatives. Engagement identified that improved public communication is needed, including clarity on the roles of Council and the SSSF Oversight Committee. The report outlines a framework for long-term system planning that includes Council's role in finalizing the destination for trunk systems in development (currently the SESS) as well as a model for reconciling any differences with other regional partners like the Alberta Capital Region Wastewater Commission (ACRWC).

Engagement Process and Outcomes

Through October and November 2020 Administration engaged with Edmontonians to gather feedback on how decisions are made and shared information in relation to the SSSF. An online survey was used to understand public awareness of the SSSF and how the public would like to be informed about decisions related to the fund. More than 1,900 residents participated in the survey, some of whom also participated in a subsequent virtual engagement session to further explore the findings from the survey.

During the virtual engagement session, with 42 participants in attendance, there was a strong interest in understanding how the destination for the SESS could be revisited. Administration also heard a desire for the destination of the SESS to be determined through a public process with City Councillors as decision-makers.

The following key insights were identified from the public engagement. Further details can be found in the What We Heard Report in Attachment 2.

- There are low or limited levels of awareness regarding the purpose and function of the SSSF and the role of the Oversight Committee.
- There is a desire for enhanced communication and information sharing throughout all stages of sanitary projects.
- The majority (75 percent) agree that major changes to the long-term sanitary servicing plan, for example removal, addition or re-routing of a trunk, should be elevated to Council for approval.

The SSSF Oversight Committee was also engaged to share the public feedback received and to gather input to refine the Option 1 governance model. The Oversight Committee appreciated that there was not a full understanding of the trunk system in general, and the SSSF in particular. With respect to the SESS routing decision, the committee indicated that the SESS system would not connect to a wastewater treatment plant until the late 2030s (the current expectation is 2038), and that the destination would need to be finalized about 10-years prior to connection (approximately 2028) based on the best information and input available at that time.

Transparency and Information Sharing

In addition to having a well-established SSSF governance structure, engagement revealed that it is equally important to improve public communications about the Fund, its purpose and the role of the members of the governance committee. Administration has identified the following measures to enhance information sharing and transparency of the SSSF:

- Continue to publish the SSSF Annual Report providing a detailed summary of the decisions made by the Oversight Committee.
- Improve SSSF webpage content through plain language summaries and visuals that includes information on location, timing and contact information for projects.
- Publish easy to understand information about the governance of the SSSF program including governance structure, committee composition, and decision making processes.
- Provide a program specific email (sssf@edmonton.ca) for the public to communicate with the City's SSSF program management team.

Refinement of Option 1 - Increased Oversight

Based on feedback from the public and stakeholders, Administration revisited and refined the Option 1 governance model. Utility Committee and/or City Council will receive new

recurring reports that provide greater transparency to system planning, giving the opportunity for Council to provide direction on material issues related to the SSSF.

The following changes will be made to reporting and decision-making, with other areas of Council oversight and decision-making noted for context:

- *New:* Council approval of material changes to the long-term approved trunk network plan, currently delegated to the SSSF Oversight Committee, will be elevated to Utility Committee and City Council. Material changes will be defined to include the:
 - Addition of a trunk segment to the approved funding plan
 - Finalization of the destination for a trunk system in development (including the South Edmonton Sanitary System)
 - Deletion or re-routing of segments within the network that impact the destination of wastewater flows, impact an approved servicing plan for a growth area, or result in changes to SSSF rates.
- *New and Continuing:* Council approval will be required for decisions that could directly or indirectly impact development charges and utility rates, including:
 - SSSF development charges/rates
 - Addition or change in policy/funding mechanism
 - Adopting SSSF rates for new basins.

The SSSF Oversight Committee will retain management of the fund including the authority to direct operational decisions to advance the SSSF strategy, including:

- Prioritize projects in line with projected growth and City Plan policy
- Approve changes to project timing and cost
- Evaluate changes to infrastructure specifications supported by technical analysis
- Minor routing and alignment changes to improve constructability; and
- Any non-material changes to the long-term trunk network plan.

The Oversight Committee is led by City Administration and includes representation from EPCOR and the development industry. Two sub-committees support the Oversight Committee decision making by providing technical and financial analyses and expertise. The committees are governed by a Terms of Reference that prescribes roles and responsibilities. In consultation with the Oversight Committee members, the Terms of Reference will undergo an annual review and be updated as needed to reflect changing needs and member competencies. For example, in 2020 the committee's Terms of Reference were updated to better reflect the role of the development industry and EPCOR as important advisors, and the City as having final decision making authority on fund expenditures. The Terms of Reference acknowledges that perspectives are critical to

ensure technically sound strategic decisions. The most recent Terms of Reference for the SSSF are provided in Attachment 3 for reference.

Framework for Long-term System Planning Review:

Following the transfer of drainage assets and services from the City to EPCOR in 2018, operations, planning, and asset maintenance became the responsibility of EPCOR. The SanIRP, which is currently in development, will describe the long-term capital and operational needs of the sanitary servicing system in Edmonton, including changes to the SSSF approved trunk network. Public engagement by EPCOR will be essential to the planning process, particularly during the development of the IRP's goals and strategies. Further details related to the IRP process are provided in Attachment 4. The SanIRP will provide an opportunity to revisit the SESS decision at a time when an investment decision is required.

While the IRP process is dynamic, at five year intervals EPCOR will report on the IRP at Utility Committee. Regular updates provide Councillors and the public a structured and transparent process through which to review and test the plan, and provide input.

SSSF decisions, such as the destination of trunk system segments, can impact regional stakeholders, and require their consent. Administration will continue collaboration with ACRWC during planning, noting that the joint planning committees can be used to reconcile or negotiate any differences. The Regional Commission will collaborate with EPCOR in development of the SanIRP and with the SSSF Oversight Committee on a future recommendation to Council on the SESS trunk system destination. In the event of a disagreement with the ACRWC on the preferred destination for the SESS trunk system or other matters, a mediation process will be developed to escalate and reconcile differences.

Next Steps

Administration was able to devote considerable time and resources to seeking input from stakeholders and refining the governance model for the SSSF Committee. Acceptance of the approach will result in better public awareness of the workings of the SSSF, opportunities for Committee and Council to reflect on changes, and continued integration of valued perspectives by Committee stakeholders. Administration will work to implement the following:

- Update the SSSF committee Terms of Reference to clarify and reflect the role of Council in governing the fund;
- Update processes to implement the new governance approach; and
- Improve on and design new tools to communicate to Edmontonians about the SSSF program.

Corporate Outcomes and Performance Management

Corporate Outcome: The City of Edmonton has sustainable and accessible infrastructure			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Infrastructure investment accommodates growth in an orderly and economical fashion.	Length of SSSF funded network completed.	Completed construction of approx. 40.8 kilometers of deep trunk as of 2018.	Construct remaining approx. 34 km of trunk to service new development within current city limits by 2059.

Attachments

1. SSSF System Map
2. SSSF Public Engagement What We Heard Report
3. Sanitary Servicing Strategy Fund Committee Terms of Reference
4. EPCOR's Integrated Resource Planning Process

Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- K. Fallis-Howell, Acting City Solicitor