

March 15, 2021

Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

Re: **Notice of Application – Rural Municipality of St. Andrews – South St. Andrews Wastewater Utility – Initial Wastewater Rates**

Board Members,

The Rural Municipality of St. Andrews has submitted an application for initial sewer rates for their South St. Andrews Wastewater Utility. This utility consists of a low pressure sewer collection system to gather liquid waste for 1,800 + residences in south St. Andrews and convey the liquid through a “shared” gravity collection pipe in West St. Paul to the North End Water Pollution Control Centre in the City of Winnipeg.

I have been closely following this sewer system as it has progressed in fits and starts over the last 6 + years. I have grave concerns about the RM of St. Andrews’ ability to manage an infrastructure project of this size and have seen a number of blunders that cause me to question the appropriateness of this system to achieve the desired outcomes. But the system has moved ahead to the point where the Municipality feels it is ready to begin operations.

I have the following concerns about this rate application:

Lack of service sharing agreements

At this point in time there are no signed Service Sharing Agreements with the City of Winnipeg or the RM of West St. Paul. This rate application has been submitted with what are, in effect, estimated rates which can’t be confirmed until there are signed agreements in place. It is interesting to note that on the Schedule of Utility Rate Requirements included in the application there is a line for “Main line collection system costs in West St Paul, cost shared” with no amounts shown. Until there is a Service Sharing Agreement with West St. Paul, any costs to maintain this collection line are unknown. This rate application should be set aside until these service sharing agreements are in place and all costs can be factored in.

The Service Sharing Agreement with West St Paul also has to incorporate ownership of the main gravity collector pipe in West St. Paul. This pipe was “upsized” to allow for increased capacity for St. Andrews. At this time there is no agreement on how any repairs and maintenance costs of this “shared” pipe will be cost-shared between the 2 RM’s. It is also interesting to note that the RM of St. Andrews has capitalized in their financial statements the amount they overpaid for a 50% “share” of this pipe while the RM of West St. Paul has capitalized in their financial statements the full cost of this “shared” pipe. If West St. Paul feels they own the full pipe, how will this be reflected in a shared service agreement and how will that impact the rates proposed by St. Andrews.

Rate for liquid

As this is a low pressure sewer system all we are sending for treatment are liquids. We still have the expense of maintaining our 2 chamber septic tank and pump, and the expense of an annual pump out of the solids. Yet the City of Winnipeg’s portion of the per cubic meter rate we are being charged is the same as a resident of Winnipeg, who has a full gravity sewer system. The City of Winnipeg’s portion of the per cubic meter rate should be adjusted downwards to reflect the different nature of the waste water it will receive from St. Andrews residents.

Annual increase in participation fee

The Quarterly Service Charge includes a component payable to the City of Winnipeg, dubbed the "Participation Fee". On December 12th, 2012, the City of Winnipeg adopted a Service Sharing Policy that sets out this on-going Annual Participation Fee. The policy states that the annual fee would be \$200 for 2013. In the Service Sharing Agreement between the City of Winnipeg and the RM of West St. Paul, this "Participation Fee" is adjusted annually by **the greater of 4%** or the percentage increase in the Consumer Price Index.

At this time there is no Service Sharing Agreement between the City of Winnipeg and the RM of St. Andrews but, based on the agreement with West St. Paul, residents of St. Andrews can expect this "Participation Fee" to increase by **at least 4% per year**. Indeed, if you take the \$200 rate for 2013 and increase it by 4% per year, the rate for 2022 would calculate out to \$284, which is the rate the RM of St. Andrews has used in this rate application.

This minimum 4% annual increase far outstrips the % increase in the consumer price index yet, as the ratepayer, we have no ability to object to such a large annual increase. The annual increase in this "Participation Fee" should be capped at the lesser of the percentage increase in the consumer price index or 4%. This would put the 2022 rate in the neighbourhood of \$225.

Where the participation fee goes

The City of Winnipeg's Service Sharing Policy dictates that all revenues from this "Participation Fee" are to be allocated to the City of Winnipeg regional roads capital budget. This is another example, similar to the City of Winnipeg's Impact Fees for new development, where the expenses to be funded have no correlation to the basis on which the revenue is collected. In effect, this is a "**Road Tax**" imposed on some residents of St. Andrews by the City of Winnipeg, with the tax-paying residents having no say in how the tax monies are spent.

Lack of financial viability

The RM of St. Andrews has proposed that residents within the 2 phases of the LPS system who are non-users of the LPS system be charged \$100 per year to offset the operating costs of the system, until such time as there are 1,200 users of the system. They are, in effect, asking a small subset of RM residents to subsidize those few residents who actually hook up to the LPS system, on the basis that the LPS system will benefit all residents of the RM. This is not a user-pay proposal by the RM.

If the system is so costly so as to be unaffordable by the actual users, then the utility should be subsidized by the entire municipality, not a subset of residents. All residents of the RM not hooking up to this LPS will benefit equally from whatever environmental benefits arise. Other operations of the RM, such as the sewer lagoon at Petersfield, are subsidized by all ratepayers in the RM.

The RM of St. Andrews proposed per cubic meter rate is significantly higher than the RM of West St. Paul's per cubic meter rate, yet residents of West St. Paul have a full gravity system like the City of Winnipeg. So having non users subsidize what appears to be an inflated rate should call into question the financial viability of this LPS sewer system.

Respectfully submitted for the Board's consideration,



Glen McKenzie
19 Oakfield Drive
St. Andrews, Manitoba
R1A 2W9
(204) 339-2278