

# Background and Previous Council Direction

## Background

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The City has been providing bulk water provision services outside its corporate boundaries since 1961 and wastewater treatment services since 1972. The City operates regulated water treatment and delivery, as well as wastewater treatment and disposal services, to some customers outside The City's municipal boundaries through bi-lateral Master Servicing Agreements (MSAs) and per City Council policies. City Council holds authority for approving new servicing agreements and for setting regional customer rates. The City of Calgary's regional water and wastewater utility customers currently comprise approximately 10 per cent of The City's customer population base, 5 to 6 per cent of its consumption or treatment and 3 per cent of its revenue. The City's largest current customer is The City of Airdrie (water and wastewater). See Attachment 6 for a full summary of existing regional customers. The City currently does not currently provide stormwater servicing for any regional customers.

The City has a MSA with each regional customer to establish the legal obligations associated with the provision of regional water and wastewater servicing by The City. The MSAs are designed to be updated with each business cycle to update the annual contracted volumes to be provided by The City to each customer for the upcoming four years. These contracted volumes are a critical input into the Utility's Cost of Service Study that attributes utility costs to each customer class to inform customer rates, including the regional customer rate class. Rates charged by The City to regional customers are designed to recover 100 percent of the cost of providing the regional service.

## Previous Council Direction

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DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
1992 May 25	OE92-31	Council approved a <i>Policy for Utility Extensions Beyond The City's Boundaries (JEP004)</i> . This Policy guided the extension of water and wastewater services outside City boundaries and supported the extension of water or wastewater services to existing incorporated urban centres.
2002 June 21	N/A	Agreement was established between the City of Calgary and Municipal District of Rocky View No. 44 to provide servicing to the Bearspaw School and Recreation Center, with the Municipal District providing operations and maintenance for their portion of the infrastructure (lift station).
2010 June 21	C2010-37	Council directed Administration to pursue bilateral servicing agreements with the Town of Chestermere, the Town of Okotoks and the Town Strathmore.
2011 June 20	C2011-57	Council directed Administration to pursue an updated Master Servicing Agreement (MSA) with the Tsuut'ina First Nation for water and wastewater servicing and return to Council with the terms of a proposed agreement prior to the expiry of the current servicing agreement.
2012 June 25	C2012-0299	Council directed Administration to: <ul style="list-style-type: none"> <li>• Approve the term sheet for a MSA for regional servicing as the basis to commence negotiations of individual MSA's with existing regional customers including The City of Airdrie, the Town of Chestermere, the Town of Strathmore, the Town of Cochrane and the Tsuut'ina First Nation.</li> <li>• Maintain an interim agreement with the Tsuut'ina First Nation which extends current terms and conditions of City water and wastewater services to Buffalo Run.</li> <li>• Report to SPC on Utilities and Corporate Services no later than Q4 2012 with a policy on water licence allocations, prior to finalizing MSAs with existing regional customers.</li> </ul>

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2013 February 4	C2013-0126	<p>Council directed Administration to:</p> <ul style="list-style-type: none"> <li>• Continue to provide water &amp; wastewater services to the City of Airdrie, the Town of Chestermere, the Town of Strathmore and the Town of Cochrane under interim servicing agreements pending implementation of MSAs in 2015.</li> <li>• Develop a Water Resource Plan for Council approval prior to 2015, which addresses a long-term sustainable approach to sharing Calgary's water licences with the region in alignment with the Calgary Metropolitan Plan, informing finalization of MSAs for Council approval.</li> <li>• Negotiate MSA term sheets for The City of Airdrie, the Town of Chestermere, the Town of Strathmore and the Town of Cochrane for Council approval prior to 2015, based on Cost of Service and a Council approved Water Resource Plan.</li> </ul>
2013 June 24	C2013-0536	<p>Council directed Administration to extend the interim agreements with The City of Airdrie, the Town of Cochrane, the Town of Chestermere and the Town of Strathmore to 2014 December 31.</p>
2013 December 16	C2013-0850	<p>Council directed Administration to provide an update to Council on regional customer water usage under contract and overall security of water supply prior to each business cycle and commencing in 2014 for the 2015-2018 business cycle.</p>
201MI4 February 24	C2014-0160	<p>Council approved an amendment of the proposed term of the MSA with the Tsuut'ina First Nation from 20 years to 25 years, and authorized Administration to execute it based on the revised term sheet.</p>
2014 May 26	C2014-0353	<p>Council directed Administration to:</p> <ul style="list-style-type: none"> <li>• Reserve, for 2015 – 2018, 10,410 million liters of water from Calgary's Water Licence capacity to provide water services to regional customers in accordance with their MSAs.</li> <li>• Negotiate and execute MSAs with The City of Airdrie, the Town of Strathmore; the Town of Chestermere and the Town of Cochrane based on the term sheets.</li> <li>• Report to Council prior to each business cycle for approval of regional customer water allocation under contract and overall security of water supply.</li> </ul>

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2014 July 21	C2014-0564	Council amended the 2015 to 2018 annual water allocation for The City of Airdrie, the Town of Strathmore and the Town of Chestermere to 11,000 million litres.
2014 October 27	C2014-0790	Council directed Administration to reserve, in principle, up to 27,200 million litres of water from the City of Calgary's Water Licence capacity to provide water services to The City of Airdrie, the Town of Strathmore and the Town of Chestermere for 20 years in accordance with their new MSAs from 2015 to 2035, subject to confirmation and Council approval every four-year business cycle.
2017 June 26	IGA2017-0463	Council directed Administration to, once it is confirmed that the City of Calgary's existing wastewater system has capacity, enter into an updated MSA with the Municipal District of Foothills for the provision of water and wastewater servicing to Spruce Meadows based on the approved term sheet.
2018 February 26	IGA2018-0089	Council adopted a new <i>Policy on Regional Water, Wastewater and Stormwater Servicing (CP2018-01)</i> and directed Administration to return to Council, through the Standing Policy Committee on Utilities and Corporate Services, in Q2 2018 on the 2019-2022 Regional Water Allocations.
2018 February 28	N/A	Signed a new MSA with Nexen Energy ULC, who later legally changed their name to CNOOC Petroleum North America ULC on 2019 January 2. The original agreement to supply water to this plant was between The City and Petrogas and dated 1961 Sept 11.
2018 October 10	UCS2018-1050	Council approved the allocation, for 2019-2022, of 11,400 million litres of water within The City of Calgary annual water licence capacity to provide water services to existing regional customers in accordance with their MSAs. Council also approved, in principle, proposed regional water licence allocations from 2019-2034, specifically 16,500 million litres in 2023-2026, 18,800 million litres in 2027-2030, and 21,200 million litres in 2031-2034.
2021 November 1	N/A	Rocky View County consents to The City to continue to provide water and wastewater servicing to Balzac Power Plant service area through a MSA between the City and CNOOC Balzac Power Station. The original water and sanitary agreement between The City, Nexen and Calpine dated 2001 November 22.

2022 September 7	IGA 2022-0877	Council approved the allocation of 11,300 million litres of water for the 2023-2026 business cycle within The City of Calgary's Annual Water Licence capacity to provide water services to existing customers outside The City in accordance with their MSAs. It went on Council's Consent Agenda on 2022 October 4, and was carried/approved.
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## Bylaws, Regulations, Council Policies

Regional water and wastewater servicing aligns with or supports several Council Policies, including the following:

### **Triple Bottom Line Policy (LUP003, EM003, CS003)**

Regional water servicing is consistent with the following themes of The City's *Triple Bottom Line Policy Framework*:

- provides affordable and cost-effective infrastructure;
- supports sports/leisure activities;
- supports efficient land use;
- conserves and protects The City's water resources;
- promotes collaboration with neighbouring municipalities to ensure effective delivery of services and shared responsibility for future sustainability; and
- supports the long-term viability of The City and the region by collaborating with its regional partners on servicing and watershed issues.

### **Source Water Protection Policy (CP2020-04)**

Regional water servicing aligns with The City's *Source Water Protection Policy (CP2020-04)*, which states that The City is committed to delivering safe, clean, high quality drinking water to our city and regional customers.

### **The City of Calgary's Environmental Policy (UEP001)**

Regional water servicing is consistent with The City's *Environmental Policy (UEP001)* by promoting water conservation, minimizing water and land consumption, and partnering with other governments to enhance environmental sustainability.