

Planning & Environmental
Services

Edmonton

**Sanitary Servicing
Strategy Fund
2024 Annual Report**

25th
ANNUAL
REPORT

June 2025

Message from the Chair

This is the 25th annual report of the Sanitary Servicing Strategy Fund (SSSF) program. Since the program's inception, it has successfully supported growth and development by financing major offsite sanitary trunk infrastructure and helping to ensure that development has been able to keep pace with housing demand in Edmonton. The City is proud of this milestone and the many years of effective collaboration with industry and EPCOR that has contributed to a thriving and affordable Edmonton.

Following the initiation of the SSSF Transformation project in 2023, ongoing discussions with industry, EPCOR, and the City continued in 2024. The project explores options for a new rate structure that meets the needs of the City and EPCOR's new planning and infrastructure approach, including alignment with The City Plan's direction on growth. The SSSF Transformation project also evaluates how the funds collected over the years from developers, builders and the drainage utility can be used effectively and support the intent for which they were collected. The project will continue to involve significant engagement with the development industry and EPCOR through 2025.

Effective May 13, 2024, the Oversight Committee initiated and approved a pause on the collection of all SSSF charges until the end of the SSSF Transformation project. The SSSF fund had a closing balance of \$115.8 million at the end of 2024, compared to \$103.4 million at the end of 2023. The SSSF program continues to meet Edmonton's mid-term development needs.

The City continues to jointly explore ways to evolve the SSSF program with EPCOR and the development community, reflecting a cooperative relationship that has been the hallmark of success for the SSSF program in supporting growth in Edmonton for a quarter of a century.

Howaida Hassan, P.Eng.
Director
Urban Growth & Open Space





TABLE OF CONTENTS

Message from the Chair	1
Executive Summary	3
1.0 Planning and Construction Activities in 2024	5
1.1 Planning Projects	5
1.2 Construction Projects	7
2.0 SSSF Oversight and Sub-Committees	10
3.0 Three-Year Construction Plan	11
4.0 Fund Balance	12
4.1 Statement of Fund Activities & Balance	13
4.2 Three-Year Cash Flow Projection	18

List of Tables

Table 1 – Three-year Construction Plan	11
Table 2 – Statement of Fund Activities and Balance	13
Table 3 - SSTC Rates	19
Table 4 - EA Rates	19
Table 5 – Three-year Revenue and Expenditures Projection	19

List of Figures

Figure 1 – Approved Changes to SSSF System Plan Map	5
Figure 2a – NEST NC2/NC3, Undercut Excavation	7
Figure 2b – SESS SA10a, Retrieval Shaft	8
Figure 3 – SSSF Major Sanitary Trunks Map	9
Figure 4 – SSSF Governance Structure	10
Figure 5 – SSSF 2024 Revenue Breakdown	15
Figure 6 – SSSF Historical Revenue Breakdown	16
Figure 7 – SSSF Historical Revenue and Expenditures	17

Executive Summary

The Sanitary Servicing Strategy Fund (SSSF) is a program managed by the City of Edmonton that pays for the deepest and largest sanitary sewer infrastructure in Edmonton. For 25 years, the fund has played a crucial role in supporting growth by enabling the construction of major sanitary trunks in Edmonton. It has primarily been funded through fees from developers and builders with some contributions from the sanitary utility (initially from the City, then EPCOR after the transfer of drainage services in 2017). It is overseen by an Oversight Committee consisting of representatives from the City, the development industry and EPCOR. This representation ensures the committee is well-equipped to make informed recommendations to City Council. As the wastewater utility regulator, City Council has ultimate decision-making authority.

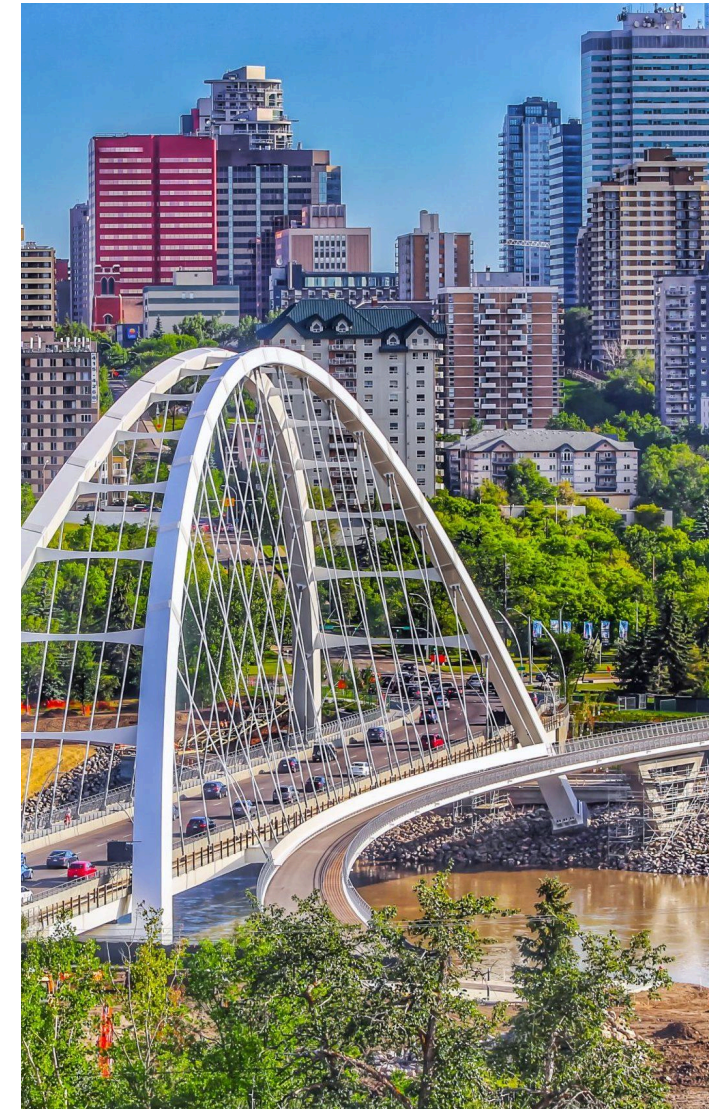
Since the inception of the program in 1998, the fund has been successful in its mandate to support growth and facilitate new development in Edmonton. To date, the SSSF has funded the construction of over 43 km of sanitary trunks at a cost of \$361 million. This report provides details about the planning and construction activities completed in the past year, including construction and close out of the following projects:

- The NC2/NC3 tunnel in north Edmonton
- The SA10a tunnel to support industrial development in southeast Edmonton

The Riverview pump station and force main project entered the design phase, and is anticipated to begin construction in Q3 of 2025. This project replaces the previously planned SW5, SW6 and SW7 segments, which included a complex river crossing

In 2023, in response to the changing context of development patterns and EPCOR's new approach to sanitary planning, City Administration initiated the SSSF Transformation Project. The goal is to determine the optimal rate structure for the future that will align with the City's Municipal Development Plan and EPCOR's planning approach. This work could result in changes to the development fees for future developments. The project also assesses options to effectively use existing SSSF funds currently held in reserve. The SSSF Transformation project continued through 2024 and significant progress was made. The project will continue in 2025 and is expected to be completed between Q4 of 2025 to Q2 of 2026.

In light of the lack of short term SSSF construction requirements and the magnitude of funds in the SSSF reserve account, the Oversight Committee recommended and initiated a pause in collecting rates, effective May 13, 2024. This includes a pause on all contributions to the fund, including the Sanitary Sewer Trunk Charge (SSTC) and Expansion Assessment (EA) charge. The final utility contribution was made in 2024 and no further utility contributions are required for the existing program. The fund's closing balance at the end of 2024 was \$115.8 million, an increase from the 2023 year-end balance of \$103.4 million. In 2024, \$17.3M of revenue was collected, comprised mainly of revenue before rates were paused, the utility contribution, and interest. This is markedly lower than the \$35.6M of revenue in 2023. The SSSF Committees will continue to advance the SSSF Transformation project and monitor the fund to ensure that the program is able to achieve its intended objectives.



1.0 Planning & Construction Activities in 2024

The following section outlines the planning and construction activities that were completed or underway in 2024.

1.1 Planning Projects

Riverview Area Servicing Plan Review

EPCOR Water Services Inc. (EPCOR) evaluated the sanitary servicing plan for the Riverview area and concluded that the WESS system is sufficient to meet the needs of this area. This change avoids a complex river crossing previously planned to connect the area to the SESS system, and eliminates the need for two planned trunk segments (SW6 and SW7), resulting in major cost savings and mitigated environmental impacts. In lieu of these segments, a pump station and a force main have been added to the system plan as seen in Figure 1. The system would also use the existing Edgemont pump station to discharge flow to the downstream sanitary trunk. An additional segment, SW5, was also identified for removal.

The SSSF Oversight Committee reviewed and agreed with the new servicing plan. A report was prepared for Utility Committee in January 2023 and the recommendations were approved by City Council in February 2023. The recommended changes will not only result in reduced environmental impacts associated with the construction and operation of a river crossing, but also lead to significant cost savings for the SSSF.

In 2024, conceptual design of the Riverview Lift Station was completed. The project is currently in the detailed design phase and construction is expected to begin in Q2 2025, with construction completion slated for Q1 2027.

The review recommended that the Riverview Area be serviced through the WESS system, which eliminates the environmental risks associated with a complex river crossing and reduces costs.

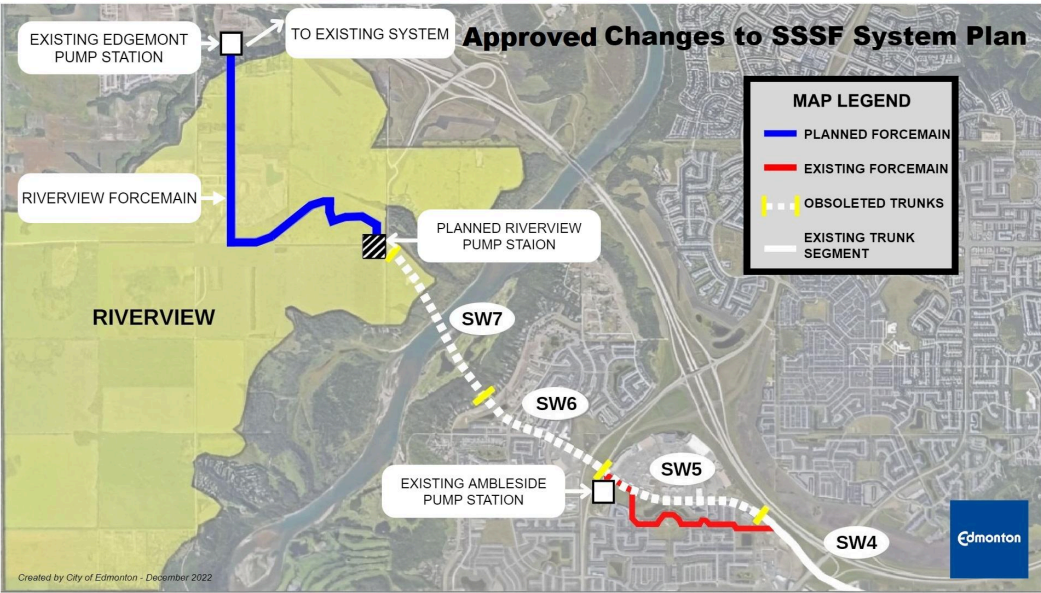


Figure 1: Approved Changes to SSSF System Plan Map.

The project's aim is to review servicing needs by considering the updated standards and new flow trends.

SSSF Transformation Project

The SSSF Transformation Project was initiated in 2023 by the SSSF Oversight Committee and is being administered by the City. The project explores opportunities to align the SSSF financing structure with Edmonton’s Municipal Development Plan (The City Plan) and EPCOR’s new Sanitary Integrated Resource Plan (SanIRP) planning approach. The SSSF project aims to identify a rate structure that suits the infrastructure planning approach and to determine the optimal use of the current SSSF Reserve balance. The project involves significant engagement with EPCOR and the development industry as represented by BILD Edmonton Metro (formerly the Urban Development Institute - Edmonton Region and the Canadian Home Builders Association) and the Infill Development in Edmonton Association (IDEA) . To help administer this project, the City has hired an external consultant (Mooreview Management Consulting) using SSSF funds, as agreed upon by the SSSF Oversight Committee.

The SSSF Transformation Project continued through 2024, including several workshops with the project’s Advisory Committee that is comprised of representatives of the City, EPCOR and development industry. Guiding principles and evaluation criteria were developed for the future rate structure and uses of the existing SSSF funds. The project will continue in 2025 and is expected to be completed by Q2 of 2026. The extended project timelines were required to support fulsome engagement and in consideration of advancing information to Utility Committee on the project after the municipal election in October 2025.



1.2 Construction Projects

NEST NC2/NC3 will connect the existing NC1 and NL1 trunk sections and will facilitate growth in north Edmonton.

NEST - Stage NC2/NC3

The NEST NC2/NC3 tunnel was designed to facilitate growth in north Edmonton and improve the existing NEST system. The construction of NC2 & NC3 is a two-phase project. Phase 1 was completed in 2017. Phase 2 includes construction of a 2.6 km long, 2.34 m diameter tunnel parallel to 153 Avenue, extending from Castle Downs Road to 88 Street. The purpose of these segments is to provide additional storage, improve conveyance and regulate flows in the existing system. Phase 2 was fully completed and put into service as of 2023. Auxiliary works, including completion of an existing pump station's decommissioning and carrying out surface restorations were continued in 2024, with minor works remaining for 2025.



Figure 2a: NEST NC2/NC3, Undercut Excavation

The location of all the projects under construction are depicted in Figure 3. SSSF Major Sanitary Trunk Map.

SESS SA10a provides sanitary storage and conveyance for south eastern industrial areas.

SESS - Stage SA10a with Pump Station and Force Main

SESS SA10a is located in southeast Edmonton along 34 Street between 68 Avenue to 76 Avenue. The project includes a 745m long, 3.05 m diameter sanitary trunk, a pump station and a sanitary force main. The project will provide sanitary storage and conveyance to facilitate new growth in Maple Ridge, Pylypow and Southeast Industrial areas. The tunnel boring work was completed in 2021; however, the completion of the tunnel was postponed due to a delay in the fiberglass liner caused by global supply chain issues. The tunnel was finished and put into service in 2022. Some outstanding landscaping and surface restoration work was completed in 2023. The decommissioning of the pump station and electrical components was completed in 2024.



Figure 2b: SESS SA10a, Retrieval Shaft



Figure 3: SSSF Major Sanitary Trunk Map (updated February 2023)

- Notes:
- 1. Two potential alignments for the SESS system and associated wastewater treatment plant destinations are indicated as directed by City Council in May 2021.
 - 2. Some trunk segments are under review and may be removed pending technical analysis and Council approval. No changes were made in 2024.

2.0 SSSF Oversight and Sub-Committees

City Administration is authorized to manage and steward the SSSF program as delegated by City Council. The SSSF program is governed through a structure that consists of the SSSF Oversight Committee (OC) and two sub-committees as shown in Figure 4.

SSSF Oversight Committee

The Oversight Committee acts as a strategic decision-making body and ensures the appropriate management of the fund. In 2024 the Oversight Committee consisted of the following members:

Members	Role	Organization
Howaida Hassan (Chair)	Director, Urban Growth & Open Space	City of Edmonton
Sarah Wilmot	General Supervisor, Urban Growth	City of Edmonton
Bonnie Bryks	Finance Director, Financial & Corporate Services	City of Edmonton
Susan Ancel	Director, One Water Planning	EPCOR
Don Hawkes	Director, Project Management and Engineering	EPCOR
Mike Kohl	Representative Urban Development Institute (UDI)	BILD*
David Kinders	Representative UDI	BILD*
Susan Keating	Representative UDI	BILD*
Mustapha Makhdoom	SSSF Program Manager	City of Edmonton

*Formerly representing UDI - Edmonton Region (ER)

Table 1: SSSF Oversight Committee Members

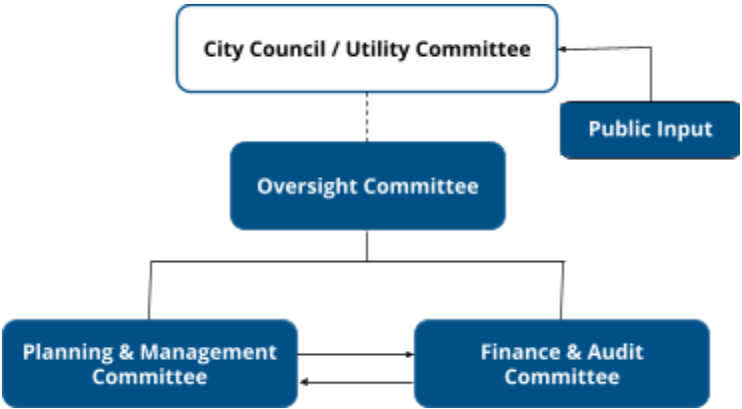


Figure 4: SSSF Governance Structure

The SSSF Oversight Committee had one virtual meeting in 2024. The following major decisions were made by the Oversight Committee:

- Approved the SSSF 2023 Annual Report.
- Approved the pause on all SSSF charges as of May 13, 2024 for the duration of the SSSF Transformation project.

Planning & Management Committee

The purpose of this committee is to review technical and planning matters and provide recommendations to the Oversight Committee for decision. In 2024 the Planning & Management Committee was composed of the following members:

Members	Role	Organization
Sarah Wilmot (Chair)	General Supervisor, Urban Growth	City of Edmonton
Jason Cunha	General Supervisor, Development Coordination	City of Edmonton
Abhishek Bhargava	Senior Manager, Pipe Strategies	EPCOR
Don Hawkes	Director, Project Management and Engineering	EPCOR
Otto Hedges	Representative UDI	BILD*
Ryan Thomas	Representative UDI	BILD*
Mustapha Makhdoom	SSSF Program Manager	City of Edmonton
*Formerly representing UDI - Edmonton Region (ER)		

Table 2: Planning & Management Committee Members

Finance & Audit Committee

This committee acts in an advisory capacity and provides supervision and transparency to the financial management of the SSSF program. The Finance & Audit Committee is composed of the following members:

Members	Role	Organization
Mike Kohl (Chair)	Representative UDI	BILD*
Bonnie Bryks	Finance Director, Financial & Corporate Services	City of Edmonton
Yisun Hong	Finance Manager, Financial & Corporate Services	City of Edmonton
Paul Gauthier	Senior Manager, Capital Drainage Services	EPCOR
Don Hawkes	Director, Project Management and Engineering	EPCOR
Mustapha Makhdoom	SSSF Program Manager	City of Edmonton
*Formerly representing UDI - Edmonton Region (ER)		

Table 3: Finance & Audit Committee Members

It is important to note that the Riverview pump station and force main are the only expected SSSF construction projects for the duration of the three-year outlook.

3.0 Three-Year Construction Plan

Table 4 summarizes the proposed SSSF construction projects for the next three years (2025-2027). Other than the Riverview pump station and force main, no major SSSF construction is expected for the duration of the three-year outlook.

The proposed projects support development throughout Edmonton in a cost effective manner based on the city's population and employment projections, as well as input from the development industry. The locations of the construction projects are shown in Figure 3.

Project	Anticipated Start Date	Anticipated Completion Date	Expected Budget (Million) as of Dec 31, 2024
Riverview Pump Station & Force Main System	2025	2027	\$26.00

Table 4: Three Year Proposed Construction Projects Summary

4.0 Fund Balance

The SSSF is currently in good financial health.

At the end of 2024, the SSSF balance was \$115.8 million, an increase compared to the balance at the end of 2023, which was \$103.4 million. The majority of this increase is due to interest revenue on the existing reserve balance. . In addition, expenses were lower than previous years and less than budgeted. Program expenses were \$4.9 million in 2024, \$16.2 million lower than the budget of \$21.1 million, primarily due to a delay in constructing the Riverview Pump Station and force main. The revenues were \$17.3 million in 2024, \$11.4 million lower than the original forecast of \$28.7 million, primarily due to the SSSF fee collection pause. The fund’s net positive cash flow in 2024 was \$12.4 million, which was deposited into the reserve account. The original forecast was for a net positive cash flow of \$7.6 million.

The SSSF program is based on a reserve model with a mandate to maintain a positive balance (i.e. funds are collected in advance of construction). EPCOR is currently reviewing the infrastructure requirements, timelines, and cost estimates through their SanIRP project. The results are expected to lead to the elimination or delay of some segments. While the SSSF Transformation Project continues to work towards a future funding model, rate collection has been paused until the conclusion of the SSSF Transformation project. The pause went into effect on May 13, 2024.



4.1 Statement of Fund Activities & Balance

The Statement of Fund Activities and Balance for 2024 is shown in Table 2. In addition, Figure 5 shows each revenue component of the total 2024 revenue. Figure 6 depicts the historical SSSF revenue breakdown, and Figure 7 shows the historical SSSF revenue and expenditures. Note Interest and Internal Recovery are included as “Other” in Figure 6.

Table 5 – Statement of Fund Activities and Balance (ending December 31, 2024)				
Description	2023 Actual	2024 Actual	2024 Forecast	2024 Variance
Revenue (\$)				
Sanitary Sewer Trunk Charges (SSTC)				
• Single/Duplex Revenue	8,153,263	4,437,793	6,742,513	(2,304,720)
• Multi Unit Revenue	6,850,586	3,379,049	5,665,236	(2,286,187)
• Commercial/Industrial/Institutional Revenue	1,162,436	1,115,105	961,301	153,804
Expansion Assessment	12,792,182	2,385,168	10,578,765	(8,193,597)
Sanitary Utility Contribution	1,300,000	0	0	0
Interest	4,459,431	5,822,875	4,693,000	1,129,875
Internal Recovery	94,029	179,628	77,759	101,869
Other Revenue	750,000	0	0	0
Total Revenue (\$)	35,561,927	17,319,618	28,718,574	(11,398,956)
EXPENDITURES (\$)				
NEST NC2 & NC3	333,417	89,904	36,330	53,574
SESS SA10A	45,840	1,776	4,995	(3,219)
SESS SW4	2,373,953	3,993	258,675	(254,682)
Riverview PS and force main	0	0	16,000,000	(16,000,000)
Edgemont Pump Station Reimbursement	0	4,648,442	4,700,000	(51,558)
SSSF Transformation Project	0	173,315	120,000	53,315
Others	6,183	19,423	0	19,423
Total Expenditures (\$)	2,759,394	4,936,853	21,120,000	(16,183,147)
Opening Balance	70,614,379	103,416,912	103,416,912	0
Excess/(Deficit) of Revenues over Expenditures	32,802,533	12,382,765	7,598,574	4,784,191
Ending Balance (\$)	103,416,912	115,799,677	111,015,486	4,784,191

REVENUE

Total revenue for 2024 was \$17.3 million compared to \$35.6 million collected in 2023.

- **Sanitary Sewer Trunk Charge (SSTC)** – In 2024, SSTC revenues amounted to \$8.9 million, with approximately 74% of that amount assessed from the developing area, and 26% from the redeveloping area of the city. The 2024 SSTC revenue was \$7.3 million lower than the \$16.2 million SSTC revenue collected in 2023 (i.e. about 50%), due primarily to the pause in fee collection.

Single-detached/duplex developments contributed \$4.4 million in 2024, which is \$3.7 million lower than 2023. Multi-unit residential developments contributed \$3.4 million, which is \$3.5 million lower than in 2023. Approximately 80% of multi-unit development revenue was collected from developing area developments, with about 20% collected from redeveloping area developments. The remaining SSTC revenue, \$1.1 million, was collected from commercial, industrial, and institutional development, which is comparable to 2023.

- **Expansion Assessment (EA)** - For 2024, the total EA collected was \$2.4 million, which is \$10.4 million lower than the amount collected in 2023 (i.e. about 20 per cent) . EA revenue decreased more than SSTC revenue because the majority of servicing agreements (when EA are collected), were signed after the rate pause. In contrast, many permits were issued in Q1, which was prior to the pause.
- **Interest Earned** – Total interest earned during 2024 was \$5.8 million, which is \$1.4 million higher than the amount collected in 2023. This increase in the rate of return is due to the higher

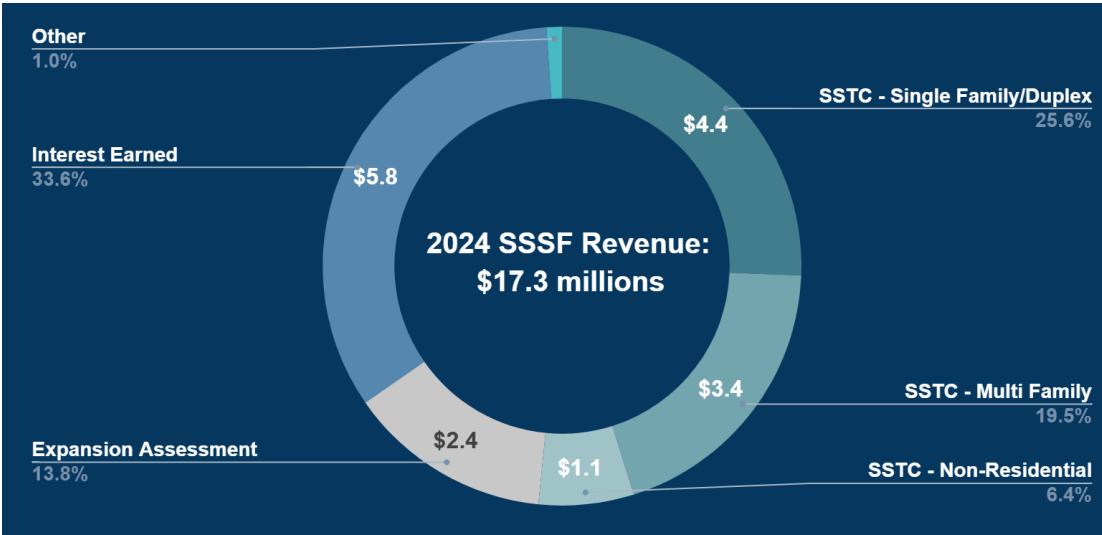


Figure 5: SSSF 2024 Revenue Breakdown (\$ millions)

Total Revenue-
\$17.3M

- SSTC Revenue-
\$8.9M
- EA Revenue-
\$2.4M
- Interest - \$5.8M
- Other Total -
\$0.2M

interest rate, changing from 3.8% in 2023 to 4.7% in 2024, and higher reserve balance, changing from \$103.4 million in 2023 to \$115.8 million in 2024.

- **Other Revenue** - Includes miscellaneous revenue including \$0.2 million SSTC collected from City of Edmonton projects (classified as “Internal Recovery” by the City’s Finance department). In 2024, the SSTC was collected from 1) Core Commercial Arts (CCA) Zone and Downtown Special Area - Edmonton Design Committee boundary (\$113K), 2) 91 Dwellings of Multi-unit Housing (\$58K), 3) Beaver Hills House / Michael Phair Park Enhancement (\$6K), 4) Protective and Emergency Service building Edmonton Fire Station 7 Rehabilitation (\$2K), and 5) Salt and Sand Pile Storage (\$1K). Important to note that, despite the rate pause, these did not see a reduction in fees collected when comparing 2023 to 2024 as major development permits for City projects occurred prior to the rate pause.

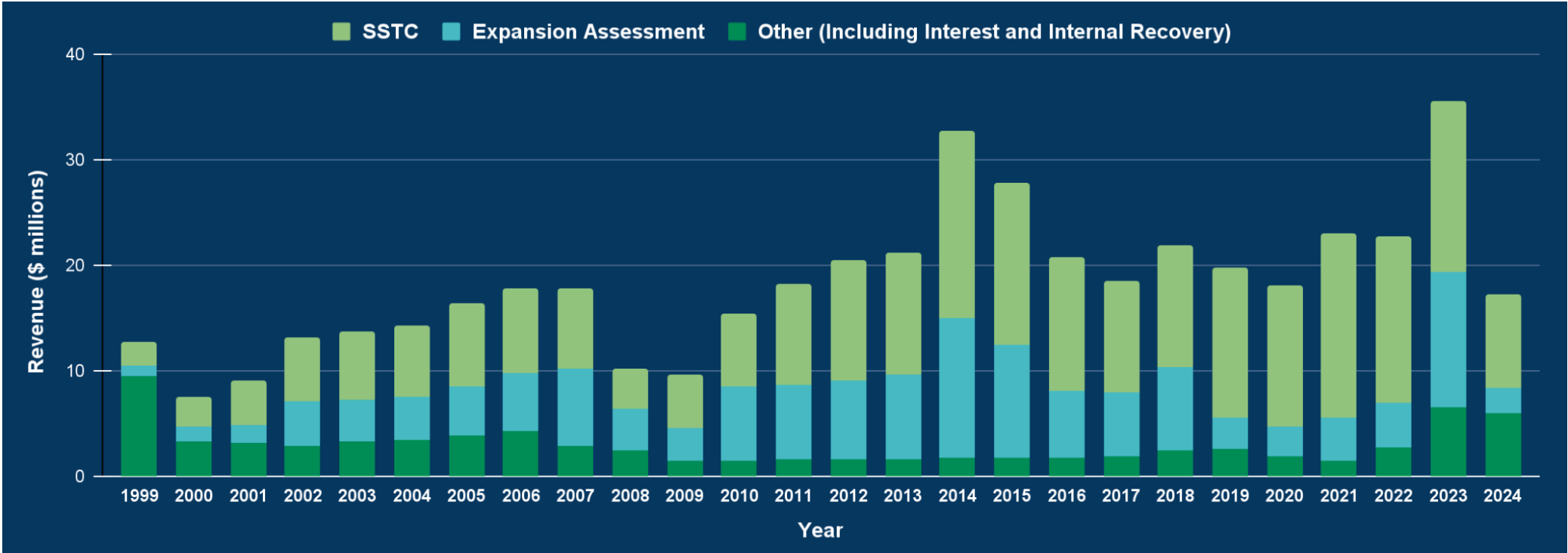


Figure 6: SSSF Historical Revenue Breakdown

EXPENDITURES

In 2024, the largest expenditure was incurred for Edgemont Pump Station Reimbursement (\$4.6 million), followed by \$0.2 million for the SSSF Transformation Project consulting fees. The remaining expenses of \$0.1 million were related to SESS, NEST, and SWP1. As of December 2024, the major projects that have been ongoing for the past several years, including SESS SW4, NEST NC2 & NC3, and SESS SA10A, have been completed. Furthermore, a new project, the Riverview pump station and force main, commenced design in 2024 and construction is expected to be finished in 2027. Construction costs will be determined once detailed design has been completed by Q2 2025 and will be presented for approval by the Oversight Committee. The SSSF reserve balance exceeds the expected costs of the Riverview pump station and force main and as a result, the SSSF reserve balance will continue to remain positive for the next three years. The three year expenditure projection can be found in Table 8.

Figure 7 displays the yearly revenue and expenditures of the fund since its inception. Since 2022, revenues have exceeded expenditures. This is largely attributed to the removal of SW5, SW6, and SW7 from the SSSF system and capital plans, and EPCOR’s ongoing review of sanitary servicing needs as described in Section 1.1.

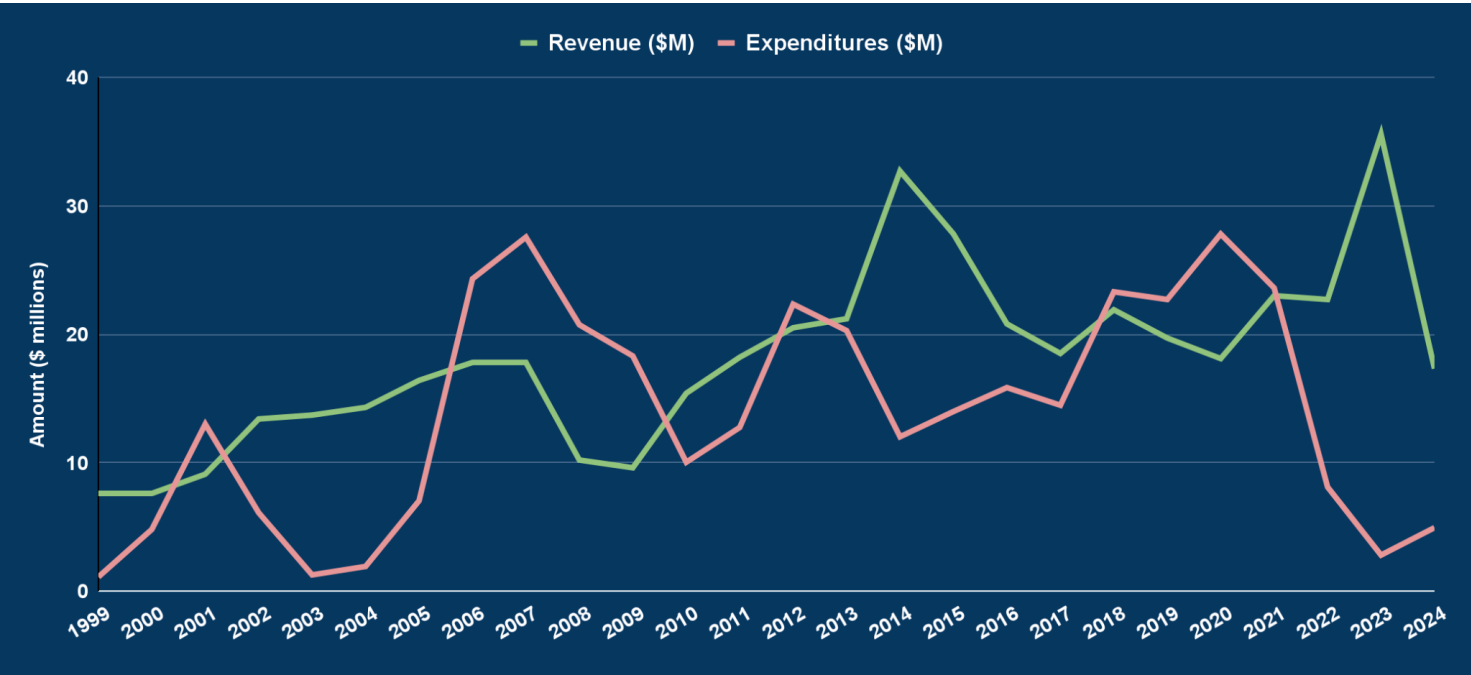


Figure 7: SSSF Historical Revenue and Expenditures



4.2 Three-Year Cash Flow Projection

Table 5 shows the three-year revenue and expenditure (2025 - 2027) projections for the SSSF fund based on the current cash flow model.

Revenues

Balance for 2024 - The SSSF closing reserve balance as of December 31, 2024 was \$115.8 million.

Revenues and Expenditures for 2024 – These are based on actual values recorded.

Interest (2025 – 2027) – The interest rate was projected at 3.00%, 2.50%, and 2.60% in 2025, 2026, and 2027 respectively.

Sanitary Sewer Trunk Charge (SSTC) – These charges are collected when an application is made for a development permit or sanitary service connection. This charge applies to all development in the developing and redeveloping areas of the city, and is payable by builders and is assessed at time of development or building permit application. These rates have been paused as of May 13, 2024. The SSTC rates for 2024 and 2025 are shown in Table 6.

Expansion Assessment (EA) - This charge is an area-based assessment, assessed at the time of subdivision and collected from developers. The EA applies to areas of the city that did not have an approved Neighborhood Structure Plan (NSP) before January 1, 1999. The 2024 actual and 2025 recommended rates are shown in Table 7.

Table 6 - SSTC Rates

Type of Development	2024 Rates	Recommended 2025 Rates ¹
Single-detached/Duplex Residential	\$1,764/dwelling	\$1,764/dwelling
Secondary, garage & garden suite	\$781/dwelling	\$781/dwelling
Multi-unit residential	\$1,259/dwelling	\$1,259/dwelling
Commercial, Industrial & Institutional	\$8,818/ha	\$8,818/ha

Table 7 - EA Rates

Contributing Areas	2024 Rates	2025 Rates ¹
North Edmonton Sanitary Trunk (NEST)	\$25,186/ha	\$0/ha
South Edmonton Sanitary Trunk (SESS)	\$25,186/ha	\$0/ha
West Edmonton Sanitary Sewer (WESS)	\$25,186/ha	\$0/ha

1. In May 2024, the SSSF Oversight Committee agreed to pause charges effective May 13, 2024. As such, while the SSTC rates have remained the same, no charges will be assessed before the end of the SSSF Transformation project, which is anticipated to be completed in 2026.

Expenditures

Estimated Construction Costs – Estimates for 2025 to 2027 were based on the updated segment costs provided as a result of recent planning studies and 2% inflation rate.

Table 8 - Three-Year Revenue and Expenditure Projection

	2024 (Actual)	2025	2026	2027
Opening Balance	103.4	115.8	102.9	97.5
Total Revenues ¹	17.3	3.6	3.2	2.4
Total Expenditures	4.9	16.5 ²	8.6	1.2
Closing Reserve Balance	\$115.8	\$102.9	\$97.5	\$98.7

	Total 2025 - 2027	2025	2026	2027
Planning Studies	0.3	0.1	0.1	0.1
Riverview Pump Station & Force Main System	26.0	16.4	8.5	1.1
Total	\$26.3	\$16.5	\$8.6	\$1.2

All values are in millions of dollars

1. The 2025 - 2027 forecast revenues are based on projections and assumptions made in 2024. Projected revenues reflect the pause in rate collection and are primarily from interest.

2. The projected expenditures are subject to change. The projected expenditure shown is based on updated cost estimates submitted to the City for the Riverview pump station and force main in 2024.

For more information, visit our website:

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