

THE CITY OF EDMONTON
SANITARY SERVICING STRATEGY FUND



2006 ANNUAL REPORT

May 2007

Prepared by:
City of Edmonton
Asset Management and Public Works
Drainage Services

Sanitary Servicing Strategy Fund
2006 Annual Report

MESSAGE FROM THE MANAGEMENT COMMITTEE

This is the eighth annual report of the Sanitary Servicing Strategy Fund (SSSF). Activities in 2006 included revenue collection, detailed design and construction of West Edmonton Sanitary Sewer (WESS) Stage W1 and Stage W12, detailed design and construction of South Edmonton Sanitary Sewer (SESS) Stages SW2/SW3, the preliminary and detailed design of North Edmonton Sanitary Trunk (NEST) Stages NL2/NL3/N1, and the preparation of concept plan for South Edmonton Sanitary Sewer (SESS) Stages SA1/SA2. The SSSF Management Committee met a total of seven times in 2006, jointly on five occasions with the SSSF Operational Committee, to review and approve design and construction schedules, monitor construction progress, and review the financial status of the Fund.

At the end of 2006, the Fund had a closing balance of \$45.4 million with revenues of \$17.8 million and expenditures of \$24.3 million. With the continued strong showing in residential development in 2006, revenues came in ahead of projections by approximately \$2.3 million. In addition, expenditures were lower than that projected, by approximately \$10.6 million, due to slower than anticipated progress in construction resulting from poor ground conditions on several projects. With expected steady growth in revenues from residential and industrial development, and a strong current positive balance, the SSSF is in a solid financial position to meet the growing needs of providing sanitary servicing to the City over the next five years as well as for the longer term future.

Our focus in 2007 will be to complete the construction of SESS Stages SW2/SW3, WESS Stage W1, WESS Stage W12, continue construction on NEST Stages NL2/NL3/N1, and embark on the detailed design of SESS SA1 and SESS SW1 pump station upgrading. We will continue to re-assess all future SSSF projects to ensure that the construction plan will accommodate the latest growth projections in all areas of the City.

As the new Chair of the SSSF Management Committee, I am delighted to take up the challenge, work with all involved in the Sanitary Servicing Strategy Fund, maintain its viability and make it a best fit for the long-range plan of all the stakeholders and a continued success for years to come.

Chris Ward, P. Eng.
Chair, SSSF Management Committee

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1.0 PLANNING & CONSTRUCTION ACTIVITIES IN 2006

The following is a summary of the planning and construction activities completed by the Sanitary Servicing Strategy Fund (SSSF) in 2006. Figures 1(a) to 1(f) show some of the construction activities in 2006.

The major recommendation from the SESS SA1/SA2 Concept Plan was that Stage SA1b is urgently needed for the rapid residential growth occurring in East Ellerslie.

South Edmonton Sanitary Sewer (SESS), Stages SA1/SA2

The concept design for SESS Stages SA1/SA2 was completed in November 2006. The major recommendation of the report was the identification of the urgent need to build SESS Stage SA1b to service the rapid growth occurring in East Ellerslie. Construction of the remaining stages of SESS SA1 along with SA2 can be delayed for many years. In addition this report also identified the possibility of using the existing storm side of the Mill Woods Double Barrel pipe system as a long-term interim outlet for SESS SA1b. The SSSF Committees approved funding for preliminary and detailed design of SESS Stage SA1 with construction approval given for SESS SA1b. In addition, the SSSF Management Committee approved the use of the storm side of the Mill Woods Double Barrel as a method of avoiding large throw-away costs associated with tying SESS SA1b to the existing City sanitary system.

Two tunnel boring machines were hard at work in 2006, completing half of the 3.6 km SESS SW2/ SW3 project.

South Edmonton Sanitary Sewer (SESS), Stages SW2/SW3

All design works along with required approvals, gas line crossing agreement and easements for SESS SW2/SW3 were completed in 2006. From a central working shaft at 127 Street and Ellerslie Road, two tunnel boring machines were hard at work during 2006, completing more than half of the 3.6 km SESS SW2/SW3 project. At times some undesirable ground conditions were encountered including coal seams and sticky soils, slowing progress of construction.

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About 50% of the Windermere pump station and forcemain was completed in 2006.

In addition to the SESS SW2/SW3 tunnel, the construction of the Windermere pump station and forcemain was started in 2006. About 50% of the work was completed by the end of 2006.

West Edmonton Sanitary Sewer (WESS), Stage W1

WESS Stage W1 design and construction was fast-tracked in 2006 to meet the needs of Lewis Farms North.

The design and construction of WESS Stage W1 began in early 2006 with a fast-tracked schedule in order to meet the servicing date for the first phase of land development in Lewis Farms North. The focus in 2006 was centered on finishing the section of WESS W1 from 199 Street to the existing sewer at 184 Street. Due to poor ground conditions, the project did not progress as fast as planned; about 75% of the intended section was installed. Consequently, an interim pump-out arrangement was established in order to service the existing lots in Suder Greens.

West Edmonton Sanitary Sewer (WESS), Stage W12

All major design works and 20% of the W12 tunnel were completed in 2006.

Detailed design work of all major components for WESS W12 including McNally shaft, syphon inlet shaft and Hardisty works were completed in 2006. In addition, about 230 m of the 1100 m tunnel construction along with the cleaning and inspection of the South Highland Interceptor were completed during the year. The SSSF contribution to this project is 80% completed.

North Edmonton Sanitary Trunk (NEST), Stages NL2, NL3 & N1

Preliminary design of NEST Stages NL2/NL3/N1 were completed with detailed design and shaft construction commencing by the end of 2006.

The concept of one-way tunneling from Manning Drive west to the existing NL1 pump station was adopted as the most cost-efficient method for servicing the Belle Rive area and future developments along 66 Street. Preliminary design of NEST NL2/NL3/N1 was completed and detailed design commenced in 2006. Utility diversion at the working shaft was completed and shaft excavation started at the end of 2006.



Figure 1(a)

SESS (SW2/3) - Tunnel Boring Machine (TBM) Lifted Off Truck
& Into The Working Shaft



Figure 1(b) SESS (SW2/3) – TBM In The Shaft



Figure 1(C) SESS (SW2/3) – Tunnel Finished with Concrete Liners



Figure 1(d)-WESS (W1) – Microtunnelling in Progress



Figure 1(e)-WESS (W12) - Tunnelling at Dawson Park

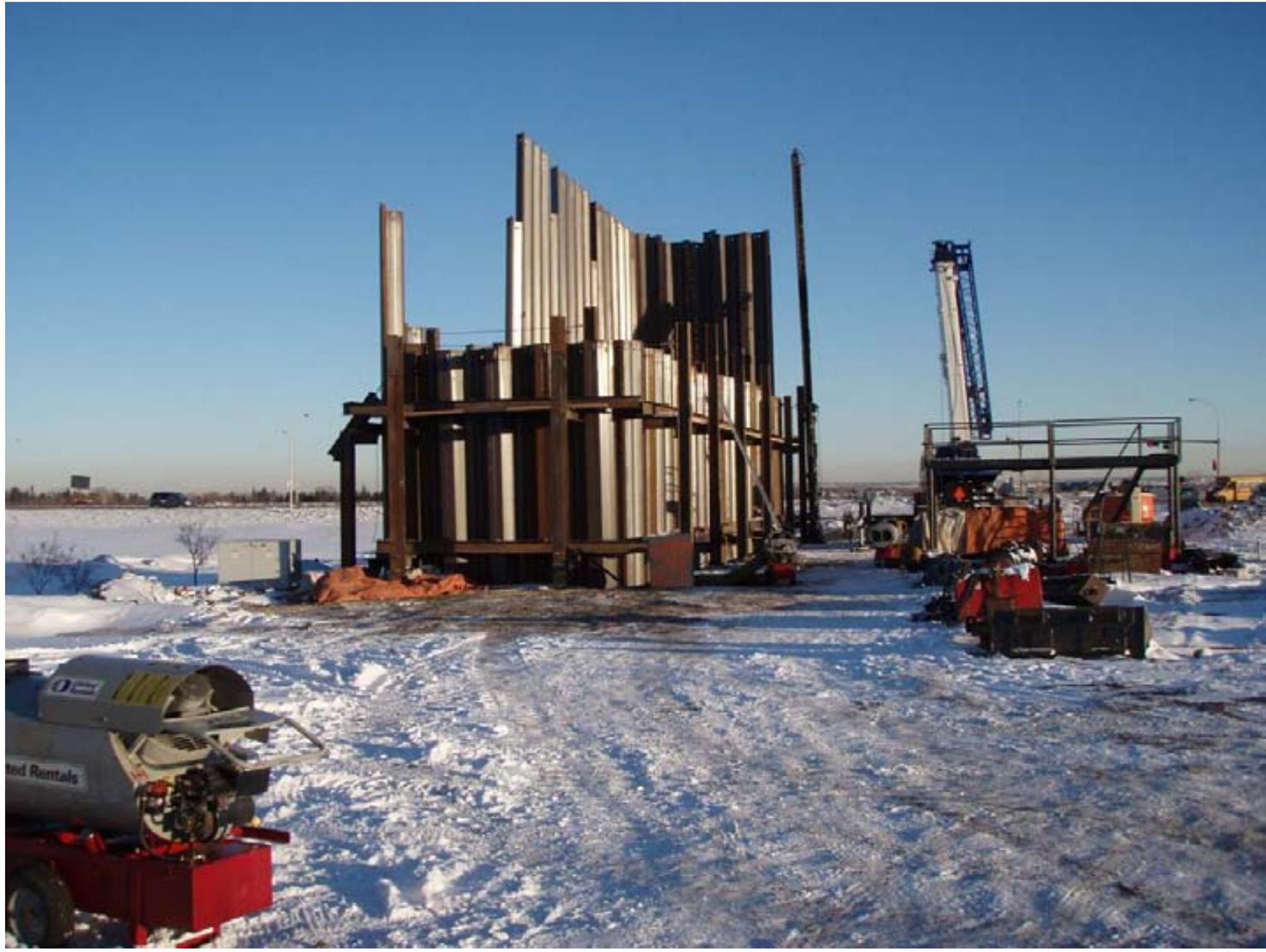


Figure 1(f) NEST (NL2/3&N1) – Working Shaft Commenced
With Sheet Piling

2.0 MANAGEMENT AND OPERATIONAL COMMITTEES

The role of the **SSSF Management Committee** is to make decisions regarding revenues and expenditures that best meet the long-range plan of all the stakeholders. The Committee is composed of five members (three from the City and two from the Urban Development Institute):

Chair: Director of Drainage Planning – Chris Ward
Members: Director of Drainage Design and Construction – Siri Fernando
Branch Manager of Planning and Policy – Philip Arendt
Chair of UDI Drainage Committee – Bob Gomes
Chair of UDI Executive Committee – Peter Cavanagh

Some major accomplishments by the Management Committee in 2006 were:

- *Approved the design and construction of SE2 by private Developer.*
- *Endorsed decision to proceed with a Utility ROW purchase at SESS SA1.*

Chris Ward succeeded John Hodgson as the Director of Drainage Planning in May 2006 and is the new Chair.

The Management Committee met a total of seven times in 2006, jointly in five occasions with the SSSF Operational Committee. Some of the major accomplishments for the year are listed below:

- Approved recommendation to proceed with the design and construction of the pump station and forcemain at Windermere neighbourhood while SW2 and SW3 of SESS tunnels are simultaneously under construction.
- Approved design and construction of SESS SE2 to be undertaken by Carma as part of their development works for Gateway Industrial Park with funding from SSSF.
- Approved purchase of a utility ROW for SESS SA1 at 91 Street from the City at appraised fair market price.

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- *Approved revised priority to move ahead the design of SA1 and Double Barrel.*
- *Endorsed decision to reduce the annual contribution by Sanitary Utility to SSSF to \$1.3M after 2007.*
- *Approved recommendation to increase the project budget for WESS W1 project.*
- *Agreed to start design work on upgrading the SESS SW1 pump station in 2007.*
- *Agreed to increase EA and SSTC rates by 9.85% in 2007.*
- Agreed to move up priority of SESS SA1 in order to meet service requirements of East Ellerslie developments. Agreed to examine possibility of using Double Barrel pipe as interim outlet to avoid constructing interim works. Approved detailed design of two projects to proceed as a single one starting in late 2006.
- Received Council's approval to reduce the annual contribution by Sanitary Utility to SSSF from \$ 2.6M to \$1.3M starting January 1, 2007. This decision was in view of the current healthy Fund balance and the projected strong economic activities in Edmonton.
- Accepted the recommendation to inject an additional \$7.9M for the WESS W1 project to offset the increase in construction costs resulting from poor ground conditions and general price escalation.
- Agreed it is cost effective to commission a consultant by sole source in 2007 to implement and upgrade the existing SESS SW1 pump station that is approaching the peak operation capacity.
- Adopted the recommendation of increasing the 2007 SSSF rates by 9.85% to counter the inflationary pressure on the project costs.

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The **SSSF Operational Committee** provides recommendations to the Management Committee regarding the timing and capacity requirements for new trunk construction, and flags relevant issues for consideration by the Management Committee. The Committee is composed of seven members (five from the City and two from UDI):

Chair: Senior Engineer (Sanitary System) – Paul Hoffart
Members: Program Manager (Expansion) – James Tan/Arbind Mainali
Senior Development Engineer – Orest Gowda
Drainage Financial Co-ordinator – Dennis Yakubow/Brian Shukalek
UDI Representative – Ken Sadownyk
UDI Representative – Blaine Usenik
Senior Cost Assessment Engineer - Francis Wu

Major accomplishments by the Operational Committee in 2006 included recommending the completed concept plan for SA1 as well as finalizing the design details, schedules and cashflow projections for W1, W12, NL2/NL3/ N1, and SW2/SW3.

Dennis Yakubow retired from the City in March, and Brian Shukalek filled his position. James Tan accepted a new position in AMPW Department in July 2006 and his successor, Arbind Mainali, was appointed later in the year. Francis Wu accepted a new position in AMPW Department at the end of the year, and a new successor will be appointed in the coming year.

The Operational Committee met five times in 2006, all in joint sessions with the SSSF Management Committee.

Major accomplishments for the year included:

- Continued review and fine-tuning of revenue projections for the SSSF Cashflow Model.

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- Recommended the design and construction of SESS SE2 undertaken by Carma and funded from SSSF.
- Recommended the design and construction of the interim pump station and forcemain at Windermere neighbourhood.
- Recommended a new earth pressure balanced Tunnel Boring Machine be purchased for the tunnel construction of the WESS W12 Project.
- Recommended purchase of a utility ROW for SESS SA1 at 91 Street from the City at appraised fair market price.
- Recommended SA1 be moved up in priority, the Double Barrel pipe be used as interim servicing and to proceed with the design of both projects as a single project starting in 2006.
- Recommended the commencement of design for upgrading of the existing SESS SW1 pump station in 2007.
- Recommended that the overall project budget for WESS W1 be increased due to the price escalations in construction and poor ground conditions.

3.0 FIVE YEAR CONSTRUCTION PLAN

The following paragraphs outline the proposed major sanitary trunk construction program for the next five years, as determined by The City of Edmonton Drainage Services. This proposed program is developed to support orderly development throughout the City of Edmonton in a cost effective manner, using latest population and employment projections available to the City. It also strives to meet the important objective of maintaining a positive balance for the Sanitary Servicing Strategy Fund. The locations of the construction projects are shown in Figure 2 at the end of this section.

2007 – West Edmonton Sanitary Sewer (WESS) – Stage W1

Construction of WESS Stage W1 started in the spring of 2006 with completion expected by the end of 2007. The gravity sewer project will be installed by a private contractor using the trenchless, micro-tunnelling method. The project cost to completion is approximately \$29 million.

Construction of WESS Stage W1 project will be completed in 2007.

2008 – West Edmonton Sanitary Sewer (WESS) Stage W12

Construction of the river crossing for WESS Stage W12 will commence as soon as the earth pressure balancing tunnel boring machine is set up on site. The latest target calls for substantial completion of all shafts and tunneling works by the end of 2008.

Significant amount of construction works are scheduled in 2007 for W12.

Construction of SW2/SW3 is expected to be substantially completed by fall of 2007.

2007 – South Edmonton Sanitary Sewer (SESS) - Stages SW2 & SW3

Tunneling for both SW2 and SW3 will continue throughout 2007. It is anticipated that the construction works for Stages SW2 and SW3 will be substantially completed by fall of 2007.

Construction of the SESS interim pump station and forcemain will be completed in the fall of 2007 in line with SW2 and SW3.

2007 – South Edmonton Sanitary Sewer (SESS) Stages SW2/SW3 – Pump Station & forcemain for Windermere

Construction of the pump station and forcemain were awarded to a contractor in 2006. By year end of 2006, approximately half of the works were installed. The remaining works are scheduled for completion by September 2007. SSSF will pay the actual costs up to an amount of \$2.68 million as previously approved by SSSF Management Committee.

In order to minimize potential construction conflicts, it is proposed that SE2 be built by the developer with funding provided by SSSF.

2007 – South Edmonton Sanitary Sewer (SESS) - Stage SE2

The proposed SESS Stage SE2, south of Ellerslie Road is located adjacent to the Ellerslie Business Park. As part of the business park expansion, the developer is required to build a section of new road and therefore to maximize the cost effectiveness of the two construction projects, and to minimize potential construction conflicts it is recommended that SE2 be built by the developer. Based on the developer's schedule, works on the affected section of SE2 along 91 Street will start in the summer of 2007.

There is an urgent need to provide a permanent outlet for the Ellerslie East NHBD 1 subdivisions by 2010.

2008 to 2010 – South Edmonton Sanitary Sewer (SESS) - Stage SA1

With the continued rapid expansion of the East Ellerslie area, SESS SA1 was identified as an urgent project required for permanent sanitary servicing of the area. The SESS SA1 Concept Plan and Mill Woods Flood Relief Concept Plan were both completed in late 2006. These concept plans identified using the storm side of the existing Mill Woods double barrel on 91 Street as an outlet for the future SESS SA1. By using this existing pipe, the SSSF avoids paying for an interim connection for SESS SA1. Detailed design for both SESS SA1 and the double barrel storm replacement will begin in early 2007. Construction is expected to begin in 2008.

NEST Stages NL2, NL3 and N1 will provide permanent sanitary servicing for Schonsee and North Sawle in North Edmonton.

2007 to 2009 – North Edmonton Sanitary Trunk (NEST) NL2/NL3/ N1

With the continuation of a strong housing market in North Edmonton, NEST Stages NL2/NL3/N1 is needed to service future development in north central Edmonton. Detailed design and construction will continue in 2007 starting with the completion of the working shaft at Manning Drive at the beginning of 2007. By July, the detailed design of the project will be finished and a new tunnel boring machine will begin tunnel construction. To meet the target in-service date, the 3.7 km long (NL2, NL3 & N1) trunk sewer is scheduled to be completed by spring 2009.

SANITARY SERVICING STRATEGY

FIVE YEAR FORECAST: 2007 – 2011

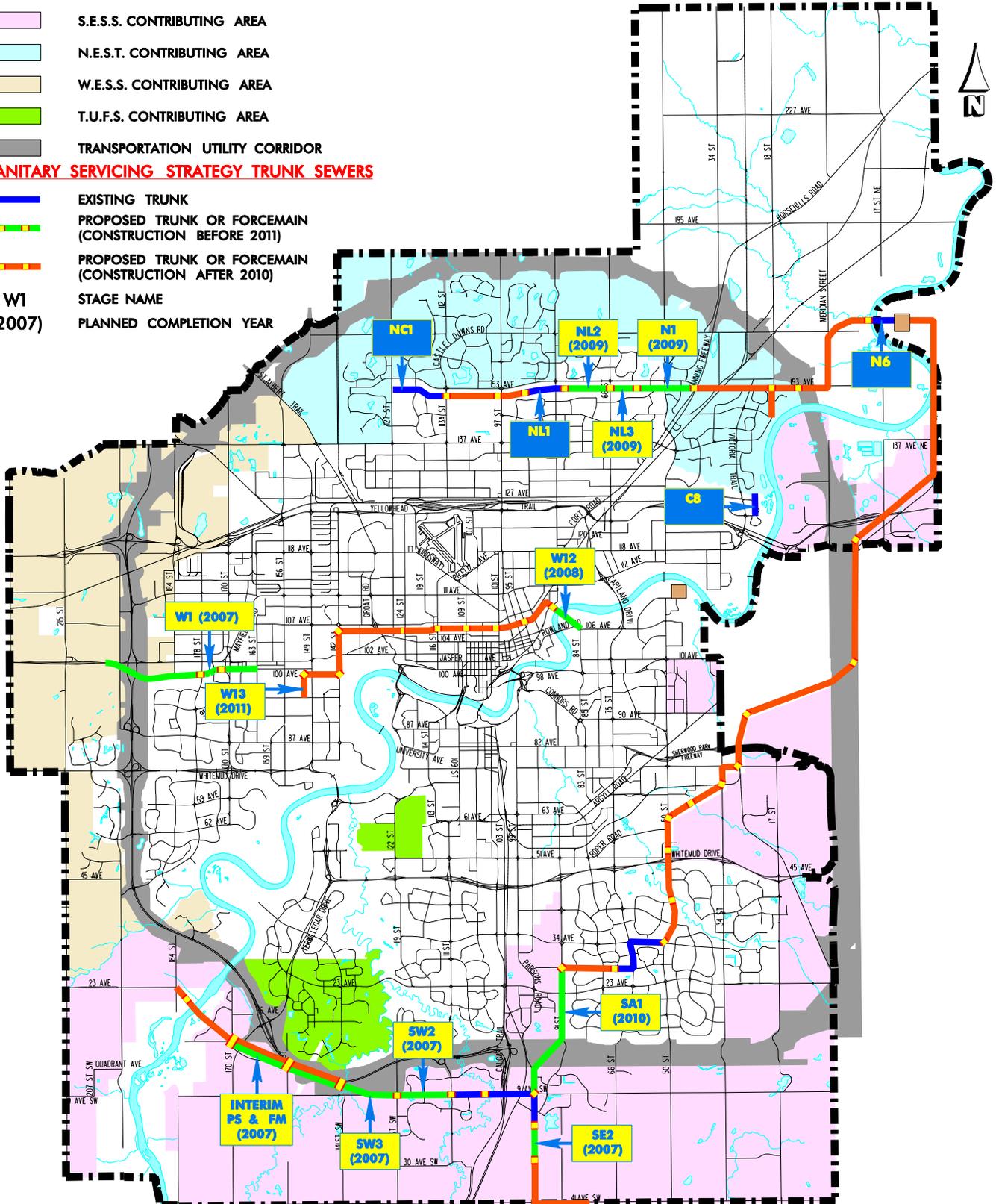
LEGEND

- S.E.S.S. CONTRIBUTING AREA
- N.E.S.T. CONTRIBUTING AREA
- W.E.S.S. CONTRIBUTING AREA
- T.U.F.S. CONTRIBUTING AREA
- TRANSPORTATION UTILITY CORRIDOR

SANITARY SERVICING STRATEGY TRUNK SEWERS

- EXISTING TRUNK
- PROPOSED TRUNK OR FORCEMAIN (CONSTRUCTION BEFORE 2011)
- PROPOSED TRUNK OR FORCEMAIN (CONSTRUCTION AFTER 2010)

- W1** STAGE NAME
- (2007)** PLANNED COMPLETION YEAR



NOTE: – ALL PROJECT ALIGNMENTS AND PROJECT TIMING ARE SUBJECT TO REVIEW AND CHANGE
 – CONTRIBUTING AREAS ARE APPROXIMATE & ARE SUBJECT TO ADJUSTMENTS

FIGURE 2

4.0 FUND BALANCE

4.1 TWENTY FIVE YEAR HISTORY & PROJECTION

The SSSF Cashflow Model was updated in 2006 to reflect the latest available data on construction costs and population projections. The latest projection shows that the fund balance will remain positive throughout the long term projection. Figure 3 shows the twenty five year history and projection (1999 to 2024).

The current Fund balance and long term cash flow projection will be the main factors in any decision to raise the SSTC and EA rates.

The following revisions to the construction schedule were approved by the SSSF Management Committee:

<u>Stage</u>	<u>Previously Identified Construction Year</u>	<u>Revised Construction Year</u>
WESS W3-5	2011 - 2013	2010 - 2012
WESS W6-7	2026 - 2027	2019 - 2020
WESS W13	2030 - 2031	2010 - 2011
SESS SW4-5	2014 - 2016	2013 - 2015
SESS SA2,SA5-6	2019 - 2023	2017 - 2021

The following general assumptions have been adopted in the updated model:

- a) Population projections were based on the latest Edmonton census data from spring 2006.
- b) Annual inflation rate for construction costs is set at 10% for 2007.
- c) Annual interest rate is assumed to be 4%
- d) Annual borrowing rate is assumed to be 6%

25 Year Cash Flow History and Projection (1999 – 2024)

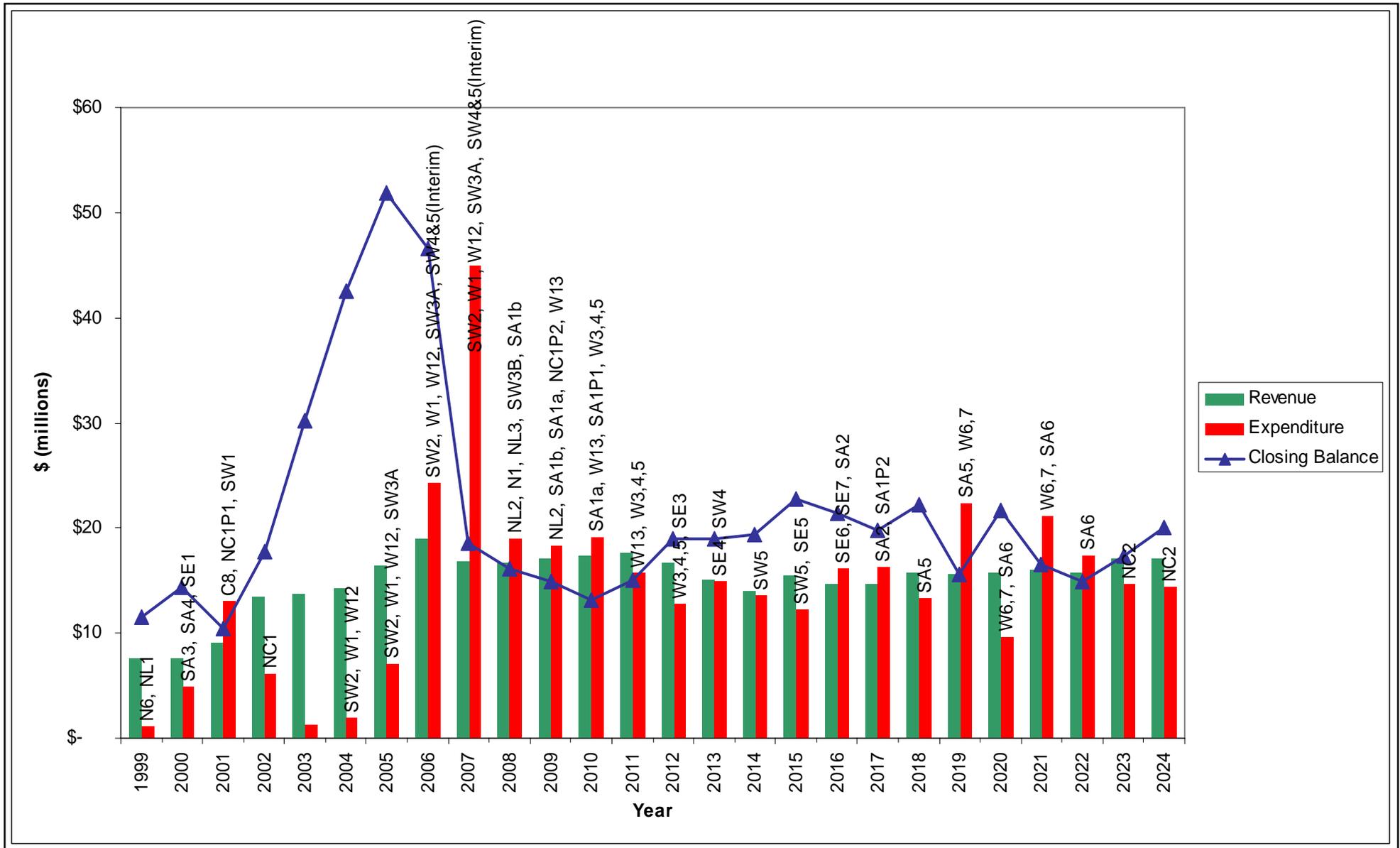


FIGURE 3

4.2 FIVE YEAR PROJECTION

Table 1 shows the five year revenues and expenditures projections for the Sanitary Sewer Strategy Fund based on the latest information available.

Receipts

- ♦ **Opening Balance for 2007** – The actual SSSF balance as of December 31, 2006 is \$45,419,065.
- ♦ **Receipts and Disbursements (2007 – 2011)** – These are based on projected population increases and construction activity over the next 5 years.
- ♦ **Interest Accrual (2007 – 2011)** – The 2007 to 2011 amounts are based on an assumed rate of return of 4%.
- ♦ **Utility Contribution** – This amount represents contributions from the Sanitary Utility for diversion of sanitary flows from serviced City lands to the new trunk system constructed under the SSSF. These lands are located in Mill Woods and in Castle Downs. The amount is calculated based on an estimate of the Sanitary Sewer Trunk Charge these lands would have to pay. Based on results of the lot counts conducted in 2000, the Sanitary Utility will make contributions to the SSSF to 2023. The current annual contribution from the Sanitary Utility is \$2.6 million. City Council approved the recommendation to reduce the annual contribution to \$1.3 million. The reduction in Sanitary Utility contribution will free up more funds for other critical drainage projects.

Council's approval to reduce the annual contribution by the Sanitary Utility to SSSF from \$2.6M to \$1.3M after 2006 will free up more funds for other critical drainage projects.

The Sanitary Sewer Trunk Charge has increased by 9.85% from 2006 for year 2007.

Sanitary Sewer Trunk Charge – The SSTC is collected when an application is made for a Development Permit or sanitary service connection. This charge applies to all new and re-developments in the City. Rates for 2007 were increased by 9.85% from 2006. The following are the SSTC rates for 2006 and 2007:

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<u>Type of development</u>	<u>2006</u>	<u>2007</u>
Single-family/Duplex Residential	\$841/dwelling	\$924/dwelling
Multi-family Residential	\$600/dwelling	\$659/dwelling
Commercial, Industrial, Institutional	\$4,202/ha	\$4,616/ha

Estimated SSTC revenues from 2007 to 2011 are based on the assumption that the total number of housing starts in the City will remain at a high level of about 9,500 on average.

- ♦ **Expansion Assessment (EA)** – The EA is an area-based assessment that is collected at the time of subdivision, development permit application or sanitary service connection application. The EA applies to those areas of the City that did not have an approved Neighborhood Structure Plan (NSP) before January 1, 1998.

The 2007 EA rates were increased by 9.85% from 2006. The 2006 and 2007 rates for EA are as follows:

<u>Contributing Area</u>	<u>2006</u>	<u>2007</u>
North Edmonton Sanitary Trunk (NEST)	\$12,004/ha	\$13,186/ha
South Edmonton Sanitary Sewer (SESS)	\$12,004/ha	\$13,186/ha
Terwillegar and University Farms (TUFS)	\$12,004/ha	\$13,186/ha
West Edmonton Sanitary Sewer (WESS)	\$15,005/ha	\$16,483/ha

Disbursements

- ♦ **Estimated Construction Costs** – The 2006 amounts are based on actual construction costs incurred. The timing of construction is a critical factor for the fund balance.

The Expansion Assessment is collected from the contributing areas shown in Figure 2.

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Over-expenditure Paybacks are payments made to the City for front-ending two sanitary trunks.

- ♦ **Over-expenditure Payback** – The over-expenditure (OE) payback is payable to the City for the construction of two sanitary trunk lines: the N.W. Annexation Area South Sanitary Trunk and the Clareview Interceptor. The City front-ended the construction costs for these two projects. As development occurs within the two sewers' benefiting areas, Expansion Assessment is collected from the developments and is paid back to the City. The projected over-expenditure paybacks are based on anticipated developments within the benefiting areas.

SANITARY SERVICING STRATEGY FUND - 5 YEAR PROJECTION

	<i>2006 (Actual)</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Opening Balance	\$ 51,877,960	\$ 45,419,066	\$ 17,319,066	\$ 15,069,066	\$ 14,019,066	\$ 12,069,066
Interest	1,671,732	1,300,000	700,000	700,000	700,000	600,000
Utility System Contribution	2,600,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Sanitary Sewer Trunk Charge	7,997,461	8,400,000	8,650,000	8,900,000	9,200,000	9,500,000
Expansion Assessment	5,578,593	5,800,000	6,000,000	6,200,000	6,400,000	6,600,000
Total Receipts	17,847,786	16,800,000	16,650,000	17,100,000	17,600,000	18,000,000
Estimated Construction Costs	24,306,680	44,900,000	18,900,000	18,150,000	19,550,000	16,100,000
Total Disbursements	24,306,680	44,900,000	18,900,000	18,150,000	19,550,000	16,100,000
Closing Balance	\$ 45,419,066	\$ 17,319,066	\$ 15,069,066	\$ 14,019,066	\$ 12,069,066	\$ 13,969,066

Proposed Construction Program

	<i>Total 2007 - 2011</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
SW2	6,000,000	6,000,000	-	-	-	-
W12	2,600,000	2,600,000	-	-	-	-
W1	17,000,000	17,000,000	-	-	-	-
SW3A	6,000,000	6,000,000	-	-	-	-
SW4&5(Interim)	2,800,000	2,800,000	-	-	-	-
NL2	6,400,000	-	4,200,000	2,200,000	-	-
NL3	5,300,000	-	5,300,000	-	-	-
SE2	2,500,000	2,500,000	-	-	-	-
SW3B	2,550,000	1,500,000	1,050,000	-	-	-
N1	10,300,000	5,000,000	5,300,000	-	-	-
SWP1	950,000	-	950,000	-	-	-
SA1a	11,800,000	500,000	-	4,400,000	6,900,000	-
SA1b	11,900,000	1,000,000	2,100,000	8,800,000	-	-
SA1P	2,300,000	-	-	-	2,300,000	-
NC1P2	2,200,000	-	-	2,200,000	-	-
W13	13,350,000	-	-	550,000	9,200,000	3,600,000
W3-5	13,650,000	-	-	-	1,150,000	12,500,000
Total	\$ 117,600,000	\$ 44,900,000	\$ 18,900,000	\$ 18,150,000	\$ 19,550,000	\$ 16,100,000

TABLE 1

4.3 STATEMENT OF FUND ACTIVITIES AND BALANCE

The Statement of Fund Activities and Balance for 2006 are shown on Table 2. Figure 4 shows each revenue component as a percentage of the total revenues.

REVENUES

Total revenues for 2006 were \$17,847,786, which is a 9% increase over the 2005 total revenues.

Total revenues were up 9% from 2005.

SSTC revenues were up by 5% for single-family & duplex developments but was down by 3% for multi-family developments.

SSTC collected from commercial, industrial and institutional development was up by 5%.

Expansion Assessment revenues were up by 9%.

- ♦ **Sanitary Sewer Trunk Charge (SSTC)** – For 2006, SSTC revenues totaled \$7,997,461, equating to a 22% increase over the 2005 SSTC revenues. Revenues of \$4,899,680 from single-family and duplex residential developments were the biggest component of the sum received. The 2006 per dwelling rate of \$841 represents approximately 5,826 combined single-family and duplex housing starts. This is a 5% increase compared to the estimated 5,565 units in 2005.

The next largest component of SSTC revenues came from multi-family developments. The \$2,344,270 collected represents approximately 3907 units being charged the \$600 per dwelling rate in 2006. Multi-family unit revenue was down by 3% compared with that in 2005.

The remaining amount of SSTC revenue, \$753,511, came from commercial, industrial, and institutional developments, representing approximately 179 hectares of assessed development. This is up by 5% from the 171 hectares assessed in 2005.

- ♦ **Expansion Assessment (EA)** - For 2006, the total EA collected was \$5,578,593, up 9% when compared with 2005 and echoes the increase in single family / duplex residential developments in the year.
 - ♦ **Utility Contribution** – Total Utility contribution in 2006 was \$2,600,000.
 - ♦ **Interest Earned** – Total interest for 2006 was \$1,671,732.
-

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EXPENDITURES

The largest expenditure item in 2006 was \$9,916,180 for the design and construction of WESS W1. Another \$8,015,381 was spent on the design and construction of SESS SW2 & SW3, and \$4,891,195 on WESS W12. Other expenses included a total amount of \$1,483,924 on detailed design of NEST NL2/NL3/N1 and the conceptual designs of various projects.

The total expenditure actually incurred in 2006 was 30% lower than that budgeted due to delays in construction for SESS SW2/SW3, WESS W1 and WESS W12.

STATEMENT OF FUND ACTIVITIES & BALANCE

Sanitary Servicing Strategy Fund
For the Period Ending December 31, 2006

	2005 Actual	2006 Actual	2006 Budget	2006 Variance
REVENUES				
Sanitary sewer trunk charge - single/duplex revenue	\$ 4,680,096	\$ 4,899,680	\$ 4,300,000	\$ 599,680
Sanitary sewer trunk charge - multi family revenue	2,428,943	2,344,270	2,100,000	244,270
Sanitary sewer trunk charge - commercial/industrial/institutional revenue	717,150	753,511	750,000	3,511
Expansion assessment	4,656,628	5,578,593	4,580,000	998,593
	12,482,817	13,576,053	11,730,000	1,846,053
Utility system contribution	2,600,000	2,600,000	2,600,000	-
Interest earned	1,278,195	1,671,732	1,210,000	461,732
<i>Total Revenues</i>	16,361,013	17,847,786	15,540,000	2,307,786
EXPENDITURES				
WESS - W1	816,219	9,916,180	14,866,000	(4,949,820)
WESS - W12	2,044,831	4,891,195	5,652,000	(760,805)
SESS - SW2/SW3	3,206,029	8,015,381	13,000,000	(4,984,619)
SESS SA Stage 1	-	147,470	150,000	(2,530)
NEST Stage NL2/NL3/N1	-	967,924	1,000,000	(32,076)
NEST - Conceptual Design	429,716	62,749	-	62,749
SESS - Conceptual Design	383,946	170,760	250,000	(79,240)
WESS - Conceptual Design	47,393	30,820	-	30,820
SSSF Financial Model Update	-	-	-	-
Miscellaneous	99,502	104,201	-	104,201
	99,502	104,201	2,528,227	(2,424,025)
<i>Total Expenditures</i>	7,027,636	24,306,680	34,918,000	(10,611,320)
Excess of Revenues over Expenditures	9,333,377	(6,458,895)	(19,378,000)	12,919,105
Opening Balance	42,544,583	51,877,960	51,877,960	
Closing Balance	\$ 51,877,960	\$ 45,419,065	\$ 32,499,960	\$ 12,919,105

TABLE 2

SSSF Revenues for 2006 (\$17.84 million)

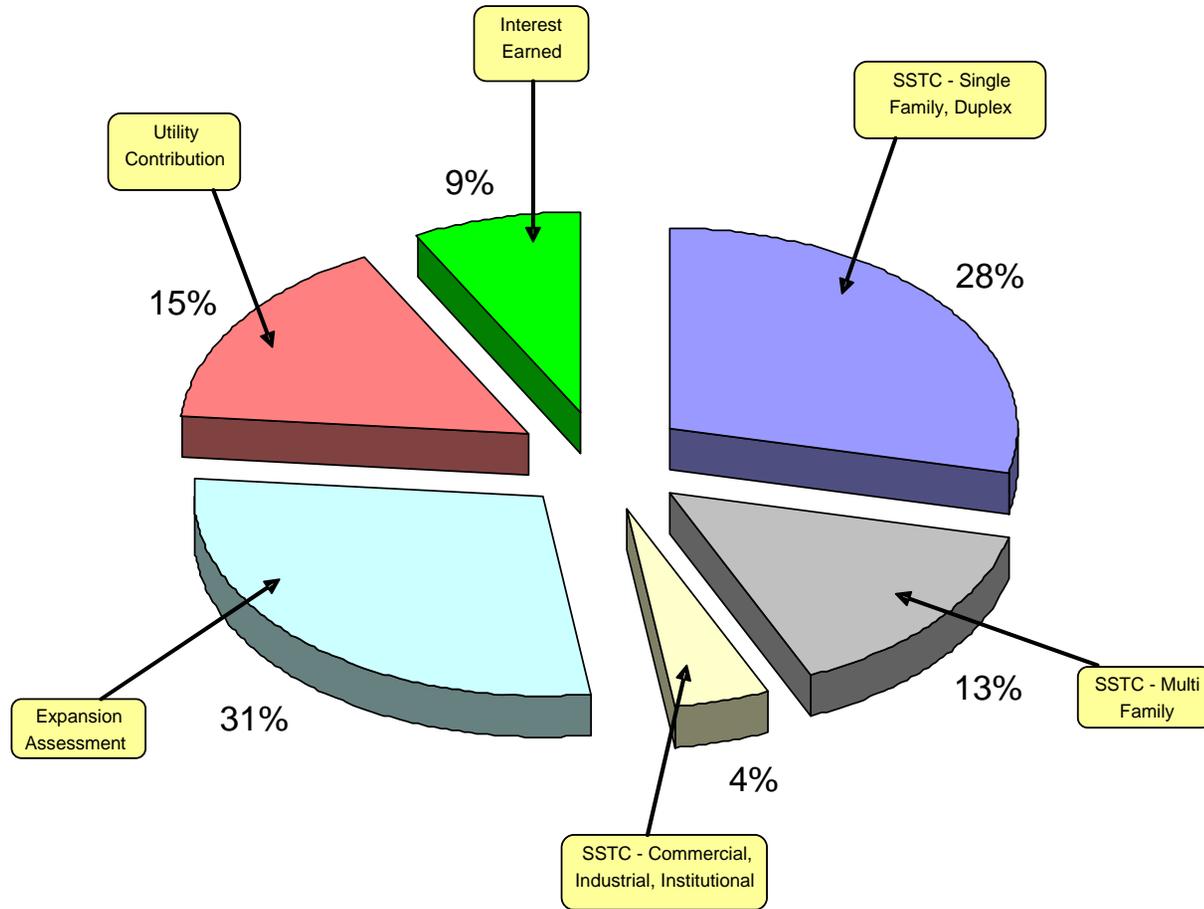


FIGURE 4