

January 26, 2021

FOOTHILLS OKOTOKS REGIONAL WATER RESERVOIR PROJECT UPDATE

Issue

The Foothills Okotoks Regional Water (FORWater) project requires land for construction of raw water storage for the needs of both Partners, as well as future water treatment infrastructure.

Motion Proposed by Administration

That the Intermunicipal Committee recommend to the Joint Councils, confirmation of Foothills County intent to participate in a joint procurement of land with the percentage of cost sharing to be agreed to at a future date. OR

That the Intermunicipal Committee recommend to the Joint Councils, confirmation of Foothills County intent to endorse the request of the Town of Okotoks to purchase and own lands in the County's jurisdiction.

Report, Analysis and Financial Implications

The Town of Okotoks intends to proceed with purchase of land that will accommodate its storage needs. The storage site selected may also accommodate Foothills County storage needs and future water treatment infrastructure. The Town would like to extend the opportunity to the County to jointly participate in the acquisition of lands for a raw water reservoir. Alternatively, if the County does not wish to participate in this opportunity, the Town would like to request endorsement to purchase lands in the County's jurisdiction in accordance with the requirements of the *Municipal Government Act*. Given the aggressive project and purchasing timelines, the Town requests confirmation from the County as soon as possible on its intent to participate or not in the land purchase.

The Town of Okotoks intends to proceed with the conditional purchase of a parcel of land (the location as noted in the separate report) based on the following:

- It is part of the FORW project scope for Okotoks to secure land for a reservoir site.
- Securing land for raw water storage provides certainty on pipeline alignment decoupling project alignment and design risks.
- Preliminary land investigations have confirmed low interest from landowners within the vicinity of the proposed pipeline alignment to enter negotiations for land purchase. The parcel being contemplated is currently available.
- Few parcels meet Foothills County's development objectives for this proposed land use.
- Preliminary engineering investigation indicates that storage in the vicinity of the proposed parcel will likely result in reduced project costs due to lower expected pipe pressures (lower pressure rated pipe and less potential booster stations).

- A major risk to the project is access to grant funding; acquisition of land helps demonstrate construction readiness of this project.
- Purchasing land is a low risk, relative to the other project risks, as land is an asset that may be sold at a future date.

Okotoks is extending an offer to jointly purchase the lands for the following reasons:

- The proposed parcel could likely serve as land for reservoir needs of both Partners, as well as future treatment needs, with construction phased and costs managed by the Partners as required to meet their needs.
- The proposed location seems ideal for future potential servicing of the Foothills Central Districts.
- The land area proposed for purchase for the reservoir (127 acres) is expected to be sufficient for the combined Partner storage needs.

Raw Water Storage Land Details

Okotoks intends to proceed with a conditional purchase offer as noted in the Foothills Okotoks Regional Water Reservoir Land Acquisition report.

Upon further review of the lands being considered, it has become apparent that the proposed storage lands may also be suitable for Foothills County future servicing needs. A high-level desktop review reveals that there is likely sufficient land for both the County and Town's 25-year servicing needs. This will be highly contingent on the amount of storage required for the partners off the Bow River. The potential opportunity to phase storage construction may allow for reservoir costs to be managed by the Partners as required to meet their needs.

Land Area Required

During conceptual design, discussions with AEP indicated that three months storage should be considered for each of the partners' storage needs.

The land requirements identified in the Table are based on the following assumptions:

- 25-year Average Day Demands (ADD) as confirmed in conceptual design,
- A reservoir depth of 5 meters, and
- three months of storage.

Conceptual storage land requirements

Storage Needs	ADD m ³ /day	3 months Storage (m ³)	Reservoir Land Required (acre)	Proposed land purchase area
Okotoks	6,272	565,000	27.9	51.4 ha* 127 acre*
Foothills	3,996	395,000	19.6	
Aldersyde	2,240	222,000	11	
Total			58.4	

**The net usable land will likely be reduced for this site as it appears that there are several wetlands on the property.*

As shown above, the purchase of the proposed land likely allows for sufficient land requirements for both Partners.

The assumptions for the required land area will require verification with the engineer of record and AEP regarding storage volumes, and verification against outcomes of the assessments required for the land purchase including environmental, geotechnical, and engineering analysis.

Risk Assessment

A major risk for the project is access to funding. The Government of Alberta has communicated that current stimulus grants require shovel ready projects. It is important for the Partners to secure land to lock in the alignment and demonstrate commitment and readiness for access to grant funding.

Through preliminary land purchase investigations, there is a lack of interest from landowners in the vicinity of the project alignment, to enter negotiations on land purchase.

Some of the constructability risks and purchase risks are mitigated through conditions. If the site is deemed unsuitable for reservoir construction the purchase would be cancelled and the partners' financial exposure limited to study costs.

The conditional purchase of the proposed land is deemed low risk compared to the risk of the inability to acquire land in the identified corridor, the risk of not being able to complete the engineering design, and the inability to show construction readiness for grant support.

Attachment(s)

n/a

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January 21, 2021