

# Aquatera Water to Wembley Business Plan



**AQUATERA**<sup>®</sup>

WATER EARTH INNOVATION

## Statement of Purpose

Aquatera is a municipally controlled corporation that will carry on business in the Town of Wembley for the purpose of providing water and wastewater services to the benefit of the Town and its residents and businesses.

The profits and dividends of Aquatera will provide a direct benefit to the Town of Wembley, as it does Aquatera's other municipal shareholders.

## Timeline of Service Delivery to the Town of Wembley

Over the past decade, the Town of Wembley, Aquatera and other partners have been working towards the development of a Regional Water Transmission Line to the Town from the Aquatera system in Grande Prairie.

Currently, Wembley residents and businesses receive water from aquifers and wells, which is in limited supply and has led to water restrictions that impact customers and limits the Town's ability to grow.

The water to Wembley transmission line, currently under construction, will provide a long-term, high quality and reliable water supply to the Town. The transmission line is expected to be complete in March 2019.

Beginning January 1, 2019, Aquatera will assume ownership of the [water treatment](#) and [distribution](#) assets from the Town of Wembley. The Town's wastewater system is expected to transfer to Aquatera July 1, 2019 at which time Aquatera will own and operate this service, as well.

The Town will receive shares in Aquatera in exchange for these assets based on their net book value. The Water to Wembley transmission line, will transfer to Aquatera after commissioning or when permitted under federal/provincial grant funding agreements. The Town of Wembley has not invested in the transmission line.

On January 1, 2019, Aquatera will also begin providing [metering](#) and [billing](#) services to the Town's residents. To simplify things, residents will receive a single bill which will come from Aquatera for all of the municipal services the Town currently provides, including water, sewer (wastewater), garbage and recycling.

Aquatera will collect the fees for water to pay for the system it is operating. The wastewater, garbage, and recycling fees Aquatera collects will go to the Town of Wembley who will continue to manage those services.

The Town's wastewater system assets will transfer to Aquatera on July 1, 2019 at which time Aquatera will own and operate this service, as well. Garbage and recycling will remain the responsibility of the Town of Wembley, with billing services provided by Aquatera.

## Aquatera Shareholders

Aquatera was formed in January 2003. The original Aquatera Shareholders are:

- (a) [City of Grande Prairie](#): Aquatera provides water, wastewater, garbage collection and recycling services.
- (b) [County of Grande Prairie](#): Aquatera provides water and wastewater treatment services. Aquatera also bills garbage collection services on behalf of the County of Grande Prairie.
- (c) [Town of Sexsmith](#): Aquatera provides water and wastewater treatment services. Aquatera also bills garbage collection and recycling services on behalf of the Town of Sexsmith.

## Geographic Locations Aquatera Provides Services

Aquatera's core operations are within the geographical boundaries of its shareholder municipalities in the Province of Alberta. All of its current shareholders are located within the boundaries of the County of Grande Prairie No. 1. Aquatera provides services to other Alberta municipalities on a contract basis.

Aquatera currently operates outside of Alberta through its subsidiary companies. Aquatera plans to expand its operations beyond Alberta.

## Potential Risks

Aquatera's Board of Directors is dedicated to implementing the highest standards of corporate governance and believe that sound corporate governance contributes value, trust and confidence among its stakeholders.

Aquatera's [corporate governance policies](#) provide an oversight framework to appropriately monitor and address environmental, financial, labour or other liability risk.

Aquatera holds provincial operating approvals and is responsible for ongoing compliance with them.

## Information demonstrating that Aquatera will not be dependent on the Shareholders for its ongoing operation

Aquatera operates independently from its shareholders for borrowing with no shareholder loans or guarantees.

Each of Aquatera's shareholders has invested their water and wastewater system assets into Aquatera, and receive preferred and other shares for the value of their investment. These initial preferred shares receive a mandatory dividend of 5% annually.

The Town of Wembley will also receive Franchise Fees, equal to 10% of the revenue received from the water (effective January 1, 2019) and wastewater (effective July 1, 2019) utility billing revenue.

For more information about what has been paid back to Aquatera's shareholders in dividends, see its [Annual Reports](#).

### **The Impact of Aquatera on Wembley's Viability**

The Town's investment in Aquatera will not detrimentally affect its viability. Aquatera assumes all of the risk and costs of owning, expanding, upgrading, maintaining and operating the water and wastewater systems located in Wembley after transfer. Aquatera will provide the residents and businesses of Wembley with high quality, safe, reliable drinking water and wastewater services at all times.

With the Town no longer having to fund water infrastructure, Council will be able to invest in other community needs within the Town of Wembley. In addition, dividends will be paid to the Town after two years. Franchise Fees provide another general revenue stream to the Town.

### **Projected rate structure**

Aquatera utility rates are approved by each of its owner municipalities through Municipal Utility Bylaws. Wembley adopted Aquatera's water rates in 2016. Water rates are uniform among Aquatera shareholders.

Wastewater rates are planned to increase to fully recover the costs of service and are planned to resemble the Town of Sexsmith's rates by January 2020. Information about Sexsmith's water and wastewater rates can be found in the [Aquatera Utility Inc., Bylaw No. 938](#).

Aquatera [Infrastructure Charges](#) will apply to new development once these systems transfer to Aquatera. Infrastructure Charges are a developer contribution to growth related water and wastewater infrastructure capital costs.