

Briefing Note

Title	Industrial Heartland Utility Provision Strategic Initiative Update
Issue	To provide the Committee with an update on the Industrial Heartland Utility Provision strategic initiative. Following the public presentation, a closed session presentation of a pro-forma financial analysis will be provided to members of the Committee.
Proposed Motion(s)	That the Committee receive the Industrial Heartland Utility Provision Strategic Initiative Update as information.
Previous Council / Committee Direction	<u>October 22, 2024 Regular Council Meeting</u> Motion 327/24: That Council approve \$215,000 for legal services pertaining to the procurement of a partner, establishment of an agreement, and creation of a governance structure for a new Process Water Utility, funded from the General Operating Reserve. <u>November 22, 2023 Council Budget Meeting</u> Motion 327/24: That Council approve 1.5% of the tax rate increase to be transferred to the General Operating Reserve, to fund future priorities as identified by Council.
Report	<u>Background Information</u> - Sturgeon County seeks to be an internationally competitive and supportive municipality to locate and conduct business. Within this priority is one of Council's key initiatives, being improvement of water access and distribution to the Industrial Heartland. - Investment attraction is of strategic importance to the County as it serves to expand and diversify the assessment and tax base, which supports the provision of municipal services, stability of tax rates, and overall long-term financial sustainability. Process Water in the Designated Industrial Zone - Alberta's Industrial Heartland (AIH) was identified as a provincial Designated Industrial Zone (DIZ) in 2022, to streamline regulatory approvals and support infrastructure development while maintaining world-class environmental standards. - As part of the DIZ, rigorous environmental protection and management

measures are in place, including a Water Quality Management Program, an Air Emissions Requirement Policy, and enhanced guidance for air modelling.

- No new water intakes have been developed in the AIH for more than a decade, even though demand by industry has grown. Access to process water is needed by industries in the area to operate. Uncertainty in the availability of water can drive up costs and hinder new investment opportunities for industry in the region, such as new petrochemical, hydrogen, ammonia, clean energy, data centers, and more.
- In May of 2016, the Government of Alberta (GOA) announced a major grant to help build three new process water intake facilities and related infrastructure in the DIZ. This will help create jobs and diversify Alberta's economy.
 - Process water is non-potable, untreated water. Using untreated river water for industrial development is better for the environment and helps keep potable water for its intended use – for everyday tasks like drinking, cooking, and cleaning. Water returned to the river will meet or exceed water quality in the North Saskatchewan River. Sturgeon County is committed to environmental stewardship.
- The proposed water intakes will provide cost effective, fair, and reasonable water access for industrial purposes to all districts in the zone. The water intakes are to be located in the Counties of Lamont, Strathcona, and Sturgeon.
- Sturgeon County received a \$16.6 million grant agreement (1/3 of the \$50 million total grant) for the construction of a water intake from the GOA, through the Ministry of Environment and Protected Areas.

Partnership and Intake Planning

- In September 2024, the County completed an expression of interest (EOI) process to explore potential opportunities for a partnership in the provision of process water in the Sturgeon County portion of the DIZ. This approach would seek to support the development of shovel ready plans, permitting, construction, operational readiness, maintenance, and future expansion of process water provision.
- In December 2024, the County commenced commercially confidential meetings with EOI respondents.
- As part of the process water utility development, the County worked with the Alberta Industrial Heartland Association (AIHA) to predict process water demands based on forecasted industrial growth.
- Preliminary engineering of Sturgeon County's water intake and pipe infrastructure used historical water demand predictions, along with

actual water hydraulics / seasonal water availability from the North Saskatchewan River to design the process water system in their 50-year forecasted demand model.

- Though the North Saskatchewan River has ample water supply to meet future DIZ demands, river water level variations require the intake design to utilize conservative levels during seasonal variations.
- The County's current intake design facilitates a maximum 16 million cubic metre per year draw over a 50-year timeframe.
- Development of a regulatory permit application began in 2023, which was funded by the grant provided by the GOA and administered through the AIHA.
- Prior grant funding supported a system design that included the development of shovel-ready regulatory permitting packages, enabling municipalities to submit their permits at the earliest opportunity.
- By April 2024, all required regulatory permits were ready for submission.
- To date, the County has submitted several permit packages to corresponding regulatory agencies to ensure timely project execution for future construction.
- Remaining federal regulatory permits are expected to receive authorization for project construction within 8 to 12 months of permit submission, pending agency review times.
- Anticipated next steps include seeking approval for grant-funded stakeholder communication and engagement, permitting, construction engineering, and construction, for water intake infrastructure. Subsequent investments in conveyance infrastructure and the potential for partnerships will continue to be explored with the understanding that financial risks need to be minimized.

External Communication

- A project webpage on the County's corporate website provides high-level project level information on the water intake facility project (noting project status as, "in progress").
 - As the County is prepared to share more information, additional context will be added to the website as appropriate.
- Administration is developing a comprehensive communications plan to proactively share information about the project with affected stakeholders, and to keep the public informed about the project as it develops.
- The County also continues to meet with provincial regulators, potential

	EOI partners, the AIHA, and others on this important initiative. <u>Closed Session on Partnership Financial Projections</u> • Upon receiving the public presentation, Administration recommends that the Committee move to a closed session to receive a pro-forma partnership and financial analysis presentation. • This portion of the update is proposed to be in closed session in accordance with section 24 (advice from officials) and section 25 (disclosure harmful to economic and other interests of a public body) of the <i>Freedom of Information and Protection of Privacy Act</i> as public disclosure of the financial analysis could harm the County’s negotiating position with the procurement process ongoing. <u>Relevant Policy/Legislation/Practices</u> • Industrial Heartland Designated Industrial Zone Directive (2022)
Implication	<u>Strategic Alignment</u> The 2024 – 2027 Corporate Business Plan identifies the ‘Industrial Heartland Utility Provision’ as a strategic initiative, noting the organization is securing, “an Alberta Industrial Heartland Process Water Intake to ensure future industry has the critical infrastructure needed to prosper.” It is noted that the County would “explore the development of water access and distribution to the Industrial Heartland” with an initial project timeline of Q3 2022 – Q4 2027. <u>Diverse Business Hub</u>—Sturgeon County is committed to reinforcing itself as an internationally competitive and supportive municipality to locate and conduct business. The Industrial Heartland Utility Provision will serve as a powerful business enabler, positioning the County for economic growth and enhanced competitiveness in the region. <u>Environmental Stewardship</u>—Sturgeon County recognizes the critical importance of maintaining a healthy natural environment, including responsible use of water. The Industrial Heartland Utility Provision will provide some industries in the County with the ability to use non-drinking water in their processes (across Alberta today, industry still largely relies on potable water to do business, including in fabrication, cooling, dilution and cleaning). <u>Organizational</u> Administration has sufficient resourcing to advance this strategic initiative, in consideration of prior Council resource approvals. Subsequent recommendations will be made where required. <u>Financial</u> Achieving long-term financial sustainability allows for the continuity of services to County residents, stakeholders, and business. As noted, Sturgeon County received a \$16.6 million grant agreement (1/3 of the \$50 million total grant) for the construction of a water intake from the

	GOA, through the Ministry of Environment and Protected Areas.
Follow Up Action	1. Bring forward an approval recommendation for grant-funded construction engineering for the AIH process water intake (Utility & Waste Management Services, Q1 2025). 2. Bring forward a Communications Plan for the AIH process water intake, prior to the submission of the County's Water Act Approval permit submission (Corporate Communications, Q1 2025).
Attachment (s)	N/A
Report Reviewed by:	Jeffrey Yanew, Manager, Utilities & Waste Management Services Jennifer Lavallee, Director, Communications & Strategic Services Andrew Hayes, General Manager, Financial Services & Chief Financial Officer Gord Cebryk, General Manager, Infrastructure Services Travis Peter, Interim Chief Administrative Officer

Strategic Alignment Checklist

Vision: *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

Guiding Principles: Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
Planned Growth			
Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation	☐	☐	☒
Modern broadband and digital capabilities	☐	☐	☒
Low cost, minimal red-tape regulations	☐	☐	☒
Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning	☐	☐	☒
Thriving Communities			
Beautiful, surprising places with high standards; integrated natural spaces & trail systems; healthy and resilient	☐	☐	☒
Engaging cultural, historical, and civic amenities; strong community identity and pride	☐	☐	☒
Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life	☐	☐	☒
Environmental Stewardship			
Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities	☐	☒	☐
Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems	☐	☐	☒
Sustainable development; partnerships with industry and others to drive emission reductions	☐	☒	☐
Collaborative Governance			
Predictable and stable external relationships; volunteer partnerships	☐	☐	☒
Meaningful connections with Indigenous communities	☐	☐	☒
Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale	☐	☐	☒
Respectful and informed debate; clear and supportive governance processes	☐	☐	☒
Operational Excellence			
Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership	☐	☐	☒
Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability	☐	☐	☒
Future focused thinking to proactively respond to emerging opportunities and challenges	☐	☐	☒
Alternative revenue generation and service delivery models integrated strategic and business planning	☐	☒	☐