



GRAND VALLEY

STAFF REPORT

To: Mayor and Members of Council
From: Meghan Townsend, CAO/Clerk
Meeting Date: December 9, 2025
Report Number: 2025-221
Subject: Southeast Sewage Pumping Station Project

Recommendation

THAT Council receives Report – Southeast Sewage Pumping Station Project,
AND FURTHER THAT Council authorizes the tender for this project and directs that expenses for the project that exceed developer agreement contributions be borrowed from Development Charges as needed.

Executive Summary

Purpose

To present Council with a status update for the Southeast Sewage Pumping Station project, a discussion on the merits of the project and a recommendation for funding its construction.

Key Findings

- Project costs have escalated since the original project estimate from 2022.
- Developer contributions will not fully cover expenses.
- The Town's Development Charges Reserve has funds in it that could be borrowed to pay expenses that exceed contributions.
- If authorized to proceed, the project will be tendered by the first week of February.

Financial Implications

The new pumping station will support growth in local employment lands, new housing, and commercial areas, bringing needed tax revenue and jobs. Council and staff will need to closely track the Development Charge reserve to ensure funds used for the pumping station are properly documented and replenished, and future project financing plans should account for the time required to repay the reserve.

Report

Background

The Town of Grand Valley has been planning the expansion of our wastewater treatment facilities. Part of the plan includes a new sewage pumping station (SPS) to be located in the southeast part of the urban area, beside the existing wastewater treatment plant.

This SPS will ensure that wastewater from new residential and commercial developments and the Town's employment lands can reach the wastewater treatment plant. The SPS has been designed to handle an ultimate peak flow of 38.6 Litres/second to handle flows from the following upcoming developments:

- Cor Seed subdivision (draft plan approved)
- Moco subdivision (draft plan approved)
- Grand Valley Business park (draft plan approved)
- Watson Road properties
- Moco's remaining employment lands

In 2022, a contribution agreement was signed with the developer for the Moco and Cor Seed subdivisions. This agreement is attached as Attachment 1 to this report. Through this agreement, \$2.5 million was given in exchange for Development Charge credits at the time the subdivisions were constructed. This amount was based on 2021 estimates for the project, and the contribution was invested in a GIC to earn additional interest toward the project.

The Town has been working diligently to design the pumping station and obtain the necessary permits and agreements to have the project ready to tender. Difficulties obtaining Hydro One servicing delayed the completion of the tender, and during that time, infrastructure materials and labour costs have continued to escalate, such that the new project estimate significantly exceeds the original 2021 estimate.

Given the uncertainty in the housing market and the risks that this SPS project may place on the Town, staff are seeking Council input and direction prior to issuing the tender. The following sections discuss the situation for Council's consideration.

Discussion

Project Details:

The SPS will have a precast concrete wet well that is 3.6 m (12 feet) in diameter and 12.7 m (42 feet) deep. A separate precast concrete valve/metering chamber is provided as well as a bypass chamber. The project includes the installation of approximately 200 m (656 feet) of 150 mm diameter High Density Polyethylene (HDPE) forcemain from the SPS, which will connect to an existing stub outside the wastewater treatment plant where the wastewater will enter the Headworks building for treatment. However, it should be noted that there are capacity limitations at the plant, which can only currently handle 10.4 L/s from this SPS (in addition to the flow from the Emma Street SPS for the rest of Town). Therefore, the pumps at the SPS will be equipped with Variable Frequency Drives (VFDs) and will initially be limited to pump at 10.4 L/s due to the plant capacity limitations.

Water service piping, conduits for cabling, and an access road will all be extended from the existing plant to the proposed SPS.

The project also includes the installation of the associated electrical, instrumentation, and control equipment and system integration into the existing plant's control system. An 80 kW diesel generator will be installed. A small shelter will be constructed above the electrical and control panels to provide some protection from the weather.

There are significant earthworks that will be required due to the existing grades and with excess soils that will need to be removed from the site. Additional challenges include the very deep wet well excavation that will be required and the associated significant dewatering and shoring due to poor soils.

Funding the Project:

As previously noted in the 2024 Development Charge Background Study, our updated estimated cost of the project will be approximately \$5,123,000 (excluding taxes). This would include the total estimated construction costs for the contractor (including contingency), engineering design fees (including all the prior geotechnical investigation), and consulting services during tendering and construction (contract administration and construction inspection).

The DC contribution of \$2.5 million was initially enough to almost cover the cost of the project, but this is now half of the estimated cost. Discussions with the developer for additional funding toward the project have been unsuccessful.

The Town has given a request to the Town's employment lands developer for a contribution. Based on the employment lands' estimated demand on the system, a request for \$1,214,151 was sent. Even if this request is granted, the Town will still not likely have enough funds collected through contribution agreements.

As part of the Town's Development Charge program, funds are collected toward the expansion of the wastewater collection and treatment program. For the last 10 years, most of these funds have been transferred out of the DC reserve and put into a separate reserve established to pay off the 2012 loan taken for constructing the wastewater treatment plant. There is enough money in this reserve to make payments for the next 5 years, but it is approximately \$500,000 short of completely paying off the outstanding loan of \$1.182 million.

Funds remaining in our DC reserve total \$3.5 million. Some of this money could be borrowed to pay for the rest of the SPS project's costs. It could only be "borrowed" because these funds are allocated to all the other service areas for which DCs are collected and therefore would need to be repaid through future collection of wastewater DCs. Alternatively, this money could be left in the account and the Town could obtain financing from another lender.

Therefore, the Town has access to the funds needed to finance this project. However, there are other risks of proceeding in this manner about which Council should be aware, in addition to probable benefits that will come as a result of completing this infrastructure.

Risk Analysis:

The following risks or "cons" are presented for Council's consideration:

- The Town has submitted a Deposit to Hydro One, under the assumption that this SPS project will proceed. If it does not proceed, the Town could lose this deposit. If the SPS is built, but housing or employment land developments do not proceed in a timely manner, the Town could still lose this deposit.
- Borrowing from the Town's DC reserve will mean that the Town will need to refine its plans for other development-related projects or risk overextending the Town's financial position.
- The Town will be starting to review its entire wastewater system and its future to determine the best way to accommodate growth to the new Official Plan. It is possible that this SPS will be redundant if the plant is moved and the direction of flows is changed.
- The SPS will be built without guarantee that the developments that it will support will proceed and therefore the SPS could be left to "rust out" and be unusable by the time development proceeds. These complex facilities are built to be used and must be maintained even if there is nothing connected to it.

With these risks in mind, Council is reminded that this project has the following benefits:

- In the previous Official Plan and Development Charges program, this SPS was a key component to building the community. By continuing to construct the SPS, the Town will be fulfilling its commitment to its capital plans and its growth targets.
- The SPS will enable more housing to be built and the Town can contribute to addressing the national housing shortage.
- The employment lands project will be another step closer to completion, bringing industry and jobs into the community.
- Both Federal and Provincial governments have mandates to eliminate reliance on DCs to fund growth, and part of their perception of municipalities hindering growth is the idea that we are “hoarding” DC money. By continuing with this project and committing to using the DC funds that have been collected, Grand Valley will be demonstrating that we are serious about development, and that we are committed to using our resources to ensure housing and employment projects continue. We are not “hoarding” funds. We would be able to show the upper levels of government that we are committed to working with them to achieve their goals, which will strengthen our arguments for support from them through financial and legislative measures.

Recommendation:

If Council is of the opinion that the risks outweigh the benefits of the project, Council should direct that the project be paused until specific criteria are met. In this case, the Town may need to refund the deposits already provided by the development community, and we would need to reexamine the growth plans that are already in place.

Staff recommend proceeding with the project, borrowing from reserves as needed, so that the Town can realize the benefits this project will bring, while carefully planning future projects and managing development-related funding. The risks of this project can be mitigated as we continue working with our development community and refine our capital plans.

Financial Impact

The new pumping station will facilitate the development of our employment lands, bringing economic benefits to the community. Additionally, it will connect new residential developments and expand our commercial opportunities in the subdivisions. Both developments will bring in tax revenue and job opportunities that the community needs.

Council and staff will need to ensure that they monitor the Development Charge reserve program closely so that reserves used for the pumping station are documented and replaced appropriately. Future plans to finance development-related projects will need to be refined to account for the time it will take to repay the reserve.

Consultations

Steven Freitas, Treasurer

RJ Burnside and Associates

Attachments

Attachment 1 – Development Charge Credit Agreement, Moco and Cor Seed

This report was submitted by

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