



# Regional Sewer Expansion

## What Residents Should Know

An explanation of the project, the cost, who pays, and why the RM is moving forward now.

### Why this project matters

The East Selkirk wastewater treatment upgrade is not a newly identified need or a new direction for the municipality. It is the final stage of a regional wastewater strategy that the RM of St. Clements has been planning, funding and constructing over many years.

The need can be traced back at least to the 2017 St. Clements Regional Wastewater Study prepared by WSP. That study examined moving wastewater from the Henderson and Lockport areas to the East Selkirk Wastewater Treatment Lagoon. It concluded that the existing lagoon had enough capacity to accept the additional wastewater for a period of time, but specifically recognized that this could occur only for a limited time before an expansion would be required.

The regional system was subsequently developed as a phased project. By the 2019 pre-design stage, the planned system included the major components that are now being completed: regional forcemains carrying wastewater from Lockport to East Selkirk, a new regional lift station replacing the former Lockport treatment facility, and ultimately an upgrade of the East Selkirk treatment facility to provide higher-level treatment and continuous discharge.

### **The Financial Plans Show a Consistent Infrastructure Strategy**

Council's annual Financial Plans demonstrate that this strategy has been steadily implemented rather than simply discussed.

In the 2023 Financial Plan, the RM reported completion of the first phase of the South St. Clements Regional Utility Infrastructure project. Approximately \$5.5 million in municipal borrowing was leveraged with provincial infrastructure funding as part of approximately \$9.7 million in water and wastewater infrastructure investment.

The 2023 Financial Plan also identified the next \$6.5 million phase of regional water and wastewater infrastructure. Provincial funding of approximately \$3.25 million was secured toward those projects, with the balance funded through municipal reserves and borrowing.

That work included construction of the regional infrastructure between East Selkirk and Lockport and, importantly, construction of the new lift station and decommissioning of the former Lockport sewer treatment plant.

That was a significant decision in the evolution of the regional system. Rather than continuing to operate two separate treatment facilities, the RM was investing in infrastructure that would ultimately consolidate wastewater treatment at East Selkirk.

The 2024 Financial Plan continued that approach. It identified regional infrastructure as an ongoing strategic priority, continued significant utility capital investment, maintained East Selkirk and utility expansion reserves, and provided for additional work associated with the regional utility system. Council also identified expanded access to municipal sewer and water services as one of the municipality's important infrastructure accomplishments.

The 2025 Financial Plan again described the RM's major water and wastewater investments as part of the continuing South St. Clements Regional Utility Infrastructure Project. It documented the investments already made in the Henderson wastewater system, the regional lift station and the decommissioning of the Lockport sewer plant. Council also emphasized the importance of obtaining provincial and federal grants to help finance major infrastructure and reduce the cost borne locally.

The 2026 Financial Plan continued to identify water, waste and wastewater management systems as critical municipal infrastructure priorities. At the time that Financial Plan was prepared, the RM was still pursuing senior-government support for the final wastewater treatment phase. The federal funding decision came shortly afterward.

In June 2026, the Government of Canada confirmed a \$5.875 million investment toward Phase 3 of the Regional Sewer System Expansion. The current project estimate is approximately \$14.0 million, with the federal contribution reducing the amount that must be financed locally. The RM subsequently began the formal borrowing process for the remaining project cost.

This history is important. It demonstrates that Phase 3 is not a project created because funding became available in 2026. The funding is allowing the RM to complete infrastructure that has been contemplated for nearly a decade and toward which substantial municipal and provincial investments have already been made.

### **Completing Infrastructure Already Built**

The RM has already made major investments in regional sewer infrastructure to move wastewater from South St. Clements and Lockport to East Selkirk.

Phase 1 established the regional conveyance infrastructure.

Phase 2 constructed the regional lift station and allowed the aging Lockport wastewater treatment plant to be decommissioned.

Phase 3 completes that strategy by upgrading the East Selkirk wastewater treatment facility itself, providing tertiary treatment, continuous year-round regulated discharge, a new outfall to the Red River and associated odour-control improvements.

In other words, significant portions of the regional system are already in place. The treatment upgrade is the necessary final component that allows the municipality to obtain the full long-term benefit from infrastructure it has already constructed and paid for.

### **Why Treatment Capacity Matters**

An important distinction is that the issue is not simply whether there is physical room remaining in the lagoon.

The existing lagoon continues to have physical storage capacity. The constraint is increasingly its biological treatment capacity, the ability of the treatment process to properly break down and treat the organic material contained in the wastewater it receives.

These are two different measures of capacity.

There may still be room in the lagoon for more water, but that does not mean the lagoon has enough treatment capacity to properly treat all of the wastewater being received.

The regional pipes and lift stations can similarly have remaining capacity to move wastewater while the treatment process at the end of the system is approaching its practical biological limitations.

That is why simply looking at the physical size of the lagoon, the amount of unused storage space, or the percentage of pipe capacity being used does not provide an accurate picture of the treatment issue.

### **A Long-Standing Need**

The record therefore shows a clear progression:

- 2017: Regional wastewater study identifies East Selkirk as the preferred regional treatment location and recognizes that an expansion will eventually be required.
- 2019: Pre-design work establishes the phased regional system, including eventual tertiary treatment and continuous discharge at East Selkirk.

- 2021–2022: Municipal borrowing and provincial grants are leveraged to construct the first major regional wastewater infrastructure.
- 2023: The Financial Plan documents the next \$6.5 million phase of regional water and wastewater investment, supported by \$3.25 million in provincial grants.
- 2023–2024: Regional infrastructure is constructed, including the new lift station, allowing the Lockport treatment facility to be decommissioned and wastewater treatment to be consolidated at East Selkirk.
- 2024–2025: Financial Plans continue to identify regional utility infrastructure, water and wastewater investment, utility planning and grant funding as municipal priorities.
- 2025–2026: The RM continues engineering, capacity analysis and funding efforts for the final treatment phase.
- June 2026: The Government of Canada commits \$5.875 million toward Phase 3.
- 2026: The RM advances the financing and borrowing process required to complete the approximately \$14 million Regional Sewer System Expansion.

Phase 3 is therefore the culmination of nearly a decade of wastewater planning and successive municipal infrastructure investment.

It will provide the treatment capacity required to support the regional system the RM has already constructed, accommodate future St. Clements residential and commercial growth, provide an appropriate treatment solution for wastewater generated throughout the municipality, improve environmental protection of the Red River, and ensure the facility can meet modern regulatory requirements.

The question is therefore not simply whether the existing lagoon can hold more wastewater today. The more important question is whether the RM has adequate treatment capacity for the community it serves today and for the growth that Council has been planning for tomorrow.

Phase 3 addresses that long-identified need and completes the regional wastewater system that St. Clements has been progressively building for almost a decade.

## What is being built

Phase 3 includes the wastewater treatment upgrades required to move from a seasonal lagoon storage model to a year-round continuous discharge system. This includes advanced tertiary treatment and a new Red River outfall so treated effluent can be discharged in compliance with provincial and federal requirements.

- Upgrades to treatment capacity at the East Selkirk wastewater facility.
- A new pump station and outfall pipeline to the Red River.
- Advanced treatment to meet environmental requirements for phosphorus, ammonia, and fecal coliforms.
- Odour control improvements at the Lockport Regional Lift Station.
- Capacity to support St. Clements' own homes, businesses, and rural septage needs, while allowing limited regional service where costs are recovered from users.

## How much will it cost?

The estimated capital cost of Phase 3 is \$14,027,475. The RM is not proposing to borrow the full amount. A confirmed federal investment of \$5,875,000 has been announced under the Build Communities Strong Fund. The proposed municipal borrowing authority is up to \$8,152,475, which represents the local share before any final reductions from reserves, pre-connection fees, or other project revenues.

It is important to understand that the borrowing by-law sets a maximum amount the RM is allowed to borrow. It is a ceiling, not a commitment to borrow or spend the full amount immediately. Before final financing is put in place, Council can apply available reserves, confirmed pre-connection fees, and other project revenues to reduce the final borrowing amount.

## What about interest?

If the full \$8.15 million local share were borrowed at an estimated 6.0% interest rate over 20 years, total principal and interest would be approximately \$14.34 million. That does not mean the project cost has become \$14.34 million. It means the local borrowing would be repaid over time, with interest, the same way a household mortgage spreads the cost of a long-term asset over many years.

Borrowing avoids placing the full cost on current taxpayers in one year and instead spreads the cost over the useful life of the infrastructure, which will serve the community for decades.

## Who pays?

The estimated annual debt payment is \$710,769.92. The proposed repayment model is split equally between property taxes and utility revenues:

- 50% through property taxes: approximately \$355,384.96 per year through a special mill rate estimated at about 0.305 mills.
- 50% through utility revenues: approximately \$355,384.96 per year from connection fees, buy-in fees, consumption charges, and other utility revenues.

The intent is that growth helps pay for growth. New developments and new utility users contribute through connection and buy-in fees. Active utility users pay consumption charges based on use. Developers are also responsible for the local infrastructure needed to connect their developments to the system.

## Are St. Clements taxpayers paying for neighbouring municipalities?

No. St. Clements retains ownership and control of its wastewater infrastructure. Neighbouring municipalities or developments that use the system do so under service-sharing arrangements where costs are recovered through connection fees, user fees, utility rates, developer contributions, and other charges. General St. Clements property taxes are not intended to subsidize wastewater from outside users.

Regional sharing can also help protect local ratepayers. Wastewater systems have large fixed costs. When appropriate costs are recovered from a broader user base, the per-user operating cost can be lower than if St. Clements residents had to carry all fixed costs alone.

Here is exactly who pays what under this model, backed by our regional studies and Manitoba law:

### 1. Who pays the utility buy-in?

- Paid by: New users and new developments connecting to the sewer system.
- Purpose: These fees ensure that incoming users pay a fair share of the historic and base infrastructure investments already funded by St. Clements. This prevents new developments from getting a "free ride" on the backbone sewer network we have built.

### 2. Who pays connection fees?

- Paid by: Individual property owners or developers when physically linking a building to the low-pressure sewer main. On an inter-municipal level, the RM of East St. Paul pays connection fees to St. Clements to recover our past capital investments in the base treatment infrastructure.

3. Who pays consumption fees?

- Paid by: Active utility users connected to the piped system, billed based on their actual wastewater output. These ongoing user fees are designed to recover the day-to-day operations and maintenance (O&M) costs of running the upgraded treatment system.

4. Are developers contributing through fees/charges?

- Yes, heavily. Private developers must pay the entire capital cost of any local connector infrastructure needed to link their subdivisions to our main system. Under Sections 135 and 150 of Manitoba's *Planning Act*, the RM uses development agreements and capital levies to mandate that growth pays for growth. This includes "oversizing payback" mechanisms where developers pay to build or secure capacity beyond their immediate subdivision needs.

5. Are neighbouring RMs contributing financially?

- Yes. Neighbouring municipalities do not get free access. Under our service-sharing framework, the RM of East St. Paul is solely responsible for designing, building, and maintaining its own forcemains up to our delivery point. They must pay connection fees to reimburse St. Clements for our past capital investments, and all operating costs attributable to East St. Paul are funded through utility rates, user fees, and developer contributions, not St. Clements property taxes.

6. Are there agreements in place with neighbouring RMs or other users?

- Yes. St. Clements has an established service-sharing framework with the RM of East St. Paul. A formal, binding service agreement is imminent to temporarily serve East St. Paul's proposed Waterside subdivision (up to 1,000 units) via the Donald Road Lift Station, with a strict trigger requiring them to construct their own dedicated forcemain once St. Clements' spare capacity is utilized by our own local growth. We also have ongoing water/wastewater sharing discussions with the RM of St. Andrews south of Lockport.

7. Is the 50/50 split expected to continue for the full 20 years?

- Yes, for the term of the debenture, but with an important caveat. While the 50/50 policy allocation is established for the 20-year borrowing term, the total principal amount actually borrowed is highly likely to be lower than the \$8.15M ceiling. Council intends to apply confirmed pre-connection fees, available utility or municipal reserves, and other project revenues before finalized borrowing is locked in. This will permanently reduce the final principal, lowering both the property tax portion and the utility portion for the remainder of the 20 years.

# Addressing the Misconception

## **"St. Clements Taxpayers are Paying for Everyone Else"**

This is a very common concern, and not true, four core facts from our planning documents are:

1. **St. Clements Retains 100% Ownership & Control:** We are not handing over our utility or giving away authority. St. Clements retains complete ownership and operational control of the East Selkirk Treatment Facility and the Donald Lift Station. Neighbouring RMs are customers purchasing a service under a strict, written commercial framework, not partners with ownership stakes.
2. **Taxpayers Do Not Fund External Use:** No general St. Clements property taxes will go toward treating wastewater from East St. Paul. Every dollar of operating and capital overhead associated with their volumes is recovered directly from their developers, utility rates, and specialized connection fees.
3. **Regional Sharing Protects Ratepayers (Economy of Scale):** Building a massive wastewater treatment facility involves high fixed operating costs. By sharing the system with regional partners like East St. Paul, we spread those fixed overhead costs over a much larger customer base. This lowers the ongoing per-user operating costs for existing St. Clements ratepayers compared to if our local taxpayers had to carry 100% of those fixed operations alone.
4. **Hauled Wastewater Priority:** Our updated Wastewater Management Plan recommends restricting non-resident trucked septage to recover 256 ERUs of organic treatment capacity specifically to prioritize and protect our own local rural residents who rely on septage pump-outs.

## **"Just Stopping Septic Trucks Solves the Problem"**

This is a common misunderstanding that mixes different types of capacity (organic vs. hydraulic) and overlooks both our projected local growth and legal regulatory requirements.

Here is the factual breakdown to help clarify this for residents.



## 1. Current Capacity and Loading of the East Selkirk Lagoon

A lagoon has two distinct capacity limits: hydraulic storage capacity (volume of water) and organic treatment capacity (the biological ability to break down waste, measured as BOD<sub>5</sub>).

- **Hydraulic Storage Capacity (Not Full):** The lagoon has a storage capacity of 211,500 m<sup>3</sup>. Currently, only 45% of this hydraulic capacity is utilized during the winter storage period 97,009 m<sup>3</sup> used. This means there is indeed plenty of physical room in the cells.
- **Organic Treatment Capacity (Overloaded):** The physical design of the primary treatment cells can process 250 kg-BOD/day, but our current Environment Act License restricts us to 216.3 kg-BOD/day. Our estimated peak organic load has reached 357.7 kg-BOD/day, which is 43% over our design capacity and 65% over our licensed limit.

## 2. Piped Sewage vs. Hauled Septage (and the External Share)

The massive organic overload is heavily driven by truck-hauled wastewater rather than piped municipal sewage:

- **Piped Municipal System:** Accounts for only 116.8 kg-BOD/day (roughly 33% of our total organic load).
- **Hauled Septage (Total):** Accounts for a peak of 240.9 kg-BOD/day (roughly 67% of our total organic load).
- **External Share (Neighbouring RMs):** Engineering studies estimate that 66% of the hauled organic load originates outside of St. Clements (from St. Andrews, East St. Paul, Selkirk, etc.). This external hauled waste contributes 159.0 kg-BOD/day to our lagoon.

## 3. If we Banned Non-Resident Septage, Would Loading Drop to 50%?

No. This is where the claim is mathematically incorrect.

If the RM completely banned hauled wastewater from non-residents, our organic load would drop by 159.0 kg-BOD/day, bringing the total load down to 198.7 kg-BOD/day.

While this is safely below our 250 kg-BOD/day design capacity, the lagoon would still be running at 79.5% of its design limit (not 50%).

To get the lagoon down to ~47% of its organic capacity 116.8 kg-BOD/day, we would have to stop accepting septage from our own St. Clements residents. This is impossible because many rural properties in St. Clements are not connected to a piped sewer line and completely rely on septic/holding tank pump-outs. Banning hauled septage entirely would cut off an essential municipal service for our own taxpayers.

#### 4. Why Banning External Haulers Still Doesn't Eliminate the Need for Phase 3

While restricting non-resident hauling is a recommended operational policy to protect the lagoon during construction, it does not eliminate the need for the Phase 3 project for several major reasons:

- **It Doesn't Provide Capacity for Local Growth:** Restricting non-resident trucks only recovers about 256 ERUs of treatment capacity. However, St. Clements' own projected growth targets require space for over 2,500 additional local ERUs (800 in East Selkirk and 1,730 in the Henderson Catchment Area). Banning external trucks would leave us with a tiny fraction of the capacity needed for our own local homes and businesses.
- **The Regulatory Transition to Continuous Discharge:** Under our current Environment Act Licence, we are prohibited from discharging effluent between November 1 and June 15. To accommodate our local growth, we must shift from a "seasonal storage" model to a "year-round continuous discharge" model. To discharge year-round, provincial and federal regulators mandate that we upgrade to advanced tertiary treatment to meet strict guidelines for phosphorus, ammonia, and fecal coliforms.
- **The Red River Outfall is Mechanically Required:** Because a seasonal lagoon has no continuous river connection, we must build a brand-new pump station and outfall pipeline 800 m west to the Red River (boring beneath the CEMR rail line and Henderson Highway). Restricting septage trucks does not put a physical outfall in the ground.
- **Septic Limitations in the Red River Corridor:** Under provincial legislation, new septic fields are prohibited in the Red River Corridor Designated Area (RRCDA). Existing onsite systems must decommission and connect to a centralized municipal piped system within 10 years of a sewer main being built in their area. This legal mandate forces a steady transition of St. Clements households from septic haul to the piped sewer grid, which will continuously increase our piped loading over the coming decade.

- Odour Control at Lockport: Phase 3 includes vital odour control upgrades at the Lockport Regional Lift Station to support the new regional piped configuration and protect local park corridors and nearby residents. Stopping trucks in East Selkirk does nothing to address the sewer odours in Lockport.

## "Why Now?" (The Consequences of Delaying the Project)

Bypassing the opportunity to build now carries massive financial, environmental, and developmental risks for the RM of St. Clements. The key reasons to proceed immediately, and the severe consequences of waiting, include:

- Forfeiture of Confirmed Federal Funding: The Government of Canada announced a \$5,875,000 grant under the Build Communities Strong Fund on June 30, 2026. This funding is strictly tied to the project's schedule. If the RM delays, this grant is highly likely to be lost and would have to be replaced dollar-for-dollar by local ratepayers to build this required infrastructure in the future.
- Rapidly Rising Construction Costs: Construction inflation has climbed for five consecutive years (averaging over 4% in Winnipeg through 2025). Heavy civil and wastewater engineering projects in Manitoba currently carry a 3% to 6% annual escalation contingency if delayed past their design year. Engineering calculations show that if the project is delayed and the \$5.875 million grant is frozen, a 5-year delay would increase the local taxpayer share as follows:
  - At 3% escalation: Increases the local share by +\$2.23 million (total project cost rises to \$16.26M).
  - At 5% escalation: Increases the local share by +\$3.88 million (total project cost rises to \$17.90M).
  - At 7% escalation: Increases the local share by +\$5.65 million (total project cost rises to \$19.67M).
- Strained Lagoon Treatment Limits: The lagoon is already operating in an overloaded state organics-wise. Its estimated peak organic loading of 357.7 kg-BOD/d is 43% above its biological design capacity (250 kg-BOD/d) and 65% over its licensed limit (216.3 kg-BOD/d). While physical storage in the cells is only 45% utilized, the biological treatment process has hit a wall. Delaying the upgrade extends this environmental and regulatory non-compliance.

- Legal Mandates and Septic Risks: The southwest portion of St. Clements along Henderson Highway sits within the Red River Corridor Designated Area (RRCDA). Soil in this area is poorly suited to septic fields, and historic leaching has caused active groundwater contamination in local drinking wells. Consequently, the province has banned all new septic fields in the corridor. Furthermore, provincial regulations legally mandate that existing onsite septic systems decommission and connect to a municipal sewer grid within 10 years of a sewer main being built in their area. Centralized piped servicing is the only viable long-term solution, and delaying the treatment upgrade halts all local homebuilding and business growth.
- Protecting Prior Investments: The RM has been systematically building this regional sewer system since 2019. Phase 1 (twin forcemains) was completed in 2022, and Phase 2 (regional lift station) in 2024. Delaying Phase 3 postpones the full operating value of the multi-million-dollar infrastructure the RM has already built.

## What "4,000 Housing Units of Capacity" Actually Means

When public documents state the upgraded system will support approximately 4,000 housing units, it refers to the Medium-Term Upgrade design.

In municipal wastewater planning, capacity is measured in Equivalent Residential Units (ERUs), representing the wastewater load of a standard single-family home (calculated at 2.5 people per home in St. Clements and 3.0 in East St. Paul). This design capacity is not simply a count of connected pipes; it includes the organic load of hauled septage converted into "equivalent units".

According to WSP's engineering breakdown of the Medium-Term (4,000 ERU) upgrade, the capacity is allocated as follows:

1. St. Clements Piped Share: approximately 2,095 ERUs
  - *East Selkirk*: 730 ERUs (representing 330 current units plus 400 projected local growth units).
  - *Henderson Catchment Area (including Lockport)*: approximately 1,365 ERUs (representing 254 current units plus 1,111 projected local growth units).
2. Rural Septage Share (Hauled Wastewater): approximately 1,405 ERUs
  - This capacity serves local rural properties that rely on septic or holding tank pump-outs. By implementing a policy to restrict non-resident septage



haulers, the RM can recover 256 ERUs of organic capacity specifically to prioritize and protect our own rural St. Clements residents.

3. East St. Paul Share (Waterside Development): approximately 1000 ERUs
  - This is a regional agreement to serve the first phase of East St. Paul's Waterside subdivision. Once St. Clements' own local growth utilizes the spare capacity of our conveyance lines, a requirement is to build a dedicated forcemain directly to the treatment lagoon.

### **Summary:**

- The organic system is heavily overloaded (running at 143% of design capacity), even though the physical lagoon cells still have room.
- Stopping external septage is a smart short-term band-aid (it brings us down to 79.5% capacity and recovers 256 ERUs), but it is not a long-term solution.
- We cannot stop taking our own residents' septage, as our rural properties rely on septic pump-outs.
- Phase 3 outfall to the Red River is the most economical option to achieve the regional Waste Water Treatment needs, transition to year-round continuous discharge, implement advanced tertiary treatment to protect the river, and provide the capacity required for St. Clements' own projected local homebuilding.
- At least 75% of the upgraded capacity (3,000 out of 4,000 ERUs) is strictly dedicated to serving St. Clements' own piped homes, local businesses, and rural septage needs. Regional partners do not "crowd out" local taxpayers; rather, their service is capped at 25% allocation, and their user fees help fund our system's operations and capital outlay.