

Resident Briefing Package

Regional Sewer System Expansion

Information for residents about Phase 3, borrowing authority, service sharing, costs, grants, local benefit and facts.

FEDERAL INVESTMENT	PROPOSED BORROWING	CURRENT PROJECT ESTIMATE
\$5.875M	\$8.152M	\$14.027M

Phase 3 is not a stand-alone project for a neighbouring municipality. It is the final stage of St. Clements' multi-phase regional sewer program: upgrading the existing East Selkirk treatment facility to tertiary treatment and continuous discharge, constructing the outfall to the Red River, and improving odour control at Lockport. It serves current St. Clements users, protects capacity for future St. Clements growth, supports rural septage management, and creates a controlled framework for regional service sharing.

Information provided is from the RM's June 30, 2026 project announcement, the Government of Canada funding announcement, the RM service-sharing FAQ, proposed Borrowing By-law 7-2026, capacity studies and project design estimates completed by WSP, federal funding application, Manitoba legislation, and current Statistics Canada construction-price information.

FACT SHEET 1

Project at a Glance

What Phase 3 is - and what it is not

Phase 3 is the work needed to finish the sewer system St. Clements has already started. It connects the earlier Lockport and Henderson Catchment Area investments to an upgraded East Selkirk treatment facility with better treatment, year-round regulated discharge and odour control.

What will be delivered

- Tertiary wastewater treatment equipment at the East Selkirk wastewater treatment facility/lagoon.
- A continuous year-round discharge system, including an effluent pumping/outfall system to the Red River.
- A new sewer outfall from the East Selkirk facility to the Red River, with construction beneath the CEMR rail line and Henderson Highway.
- Odour control improvements at the Lockport Lift Station.
- Associated permitting, environmental compliance, commissioning and operational integration required for the upgraded facility.

The RM's June 30 announcement identifies construction as currently forecasted to begin in January 2027 and be completed by December 31, 2027.

What the project is not

- It is not a new wastewater plant being built solely for East St. Paul.
- It is not a plan to discharge raw sewage into the Red River. The public project description is for tertiary treatment before regulated discharge.
- It is not an immediate mandatory connection program for every resident currently using a septic system. The RM has stated that any future connection requirement would be established separately through municipal by-laws and communicated in advance.
- Under the Province of Manitoba, Environment Act, regulation contain specific requirements for connecting properties to municipal wastewater systems when requiring connection to the municipal sewer system within 10 years of the wastewater collection system being installed, unless an exemption applies.
- It is not the first stage of the regional sewer program. Phase 1 and Phase 2 are already complete.

What does the borrowing authority mean

For residents, the important point is that the borrowing by-law gives Council authority to borrow up to a maximum amount. It is not the same as awarding a construction contract or deciding today that every dollar will be spent. Manitoba municipalities must follow a formal by-law and approval process before borrowing for a major capital project. That process lets Council move the project through approvals, tendering, final pricing, funding agreements and implementation while still checking costs and conditions along the way. Council will continue to make decisions as more information becomes available.

Obtaining borrowing authority is similar to getting pre-approved for a mortgage before buying a home. Even if a municipality knows it wants to build a project, such as a wastewater system, road project, or recreation facility, it must first demonstrate that it can afford the debt and repay it over time

FACT SHEET 2

Why the Project Is Needed

Capacity, environmental protection, regulation, and growth

1. It completes infrastructure already built

The 2019 pre-design work identified a phased regional system: twin forcemains from Lockport to East Selkirk, a new regional lift station/decommissioning of the old Lockport treatment plant, and tertiary treatment with continuous discharge at East Selkirk. Phase 1 was completed in 2022 and Phase 2 in 2024. Phase 3 is therefore the completion of the planned system, not a new direction.

2. Treatment capacity and conveyance capacity are different

A common question is why an upgrade is needed if some parts of the pipe system still have room. The simple answer is that pipes and treatment are not the same thing. The pipes and lift stations may still have capacity to move wastewater, but the lagoon also has to treat that wastewater properly. The RM's service-sharing FAQ says the hydraulic system was about 45% used in the 2025 capacity study, while also noting treatment-capacity pressure at the lagoon because of organic loading from septage. Both points can be true at the same time: the pipes can have room, while the treatment process still needs to be upgraded.

3. The project improves environmental protection

This project is also about protecting the environment. The federal and RM announcements describe the work as expanding treatment and capacity, allowing continuous year-round discharge that meets environmental requirements, and helping protect the Red River. The project application also points to long-standing concerns with septic systems in the Red River corridor and the need to move toward centralized servicing where it makes sense.

4. It addresses septic-system limitations in the Red River corridor

New septic fields are prohibited in the Red River Corridor Designated Area and centralized piped systems are therefore an important long-term servicing solution. This is both an environmental issue and a development constraint.

5. It supports St. Clements growth and housing

St. Clements is expected to keep growing. The Wastewater Management Plan shows the RM growing from 11,586 people in 2021 to about 15,001 by 2041, and from 4,604 dwellings to about 6,450 over the same period. The RM's June 30 announcement says the upgraded system is intended to provide capacity for approximately 4,000 housing units. That capacity matters for local housing, local businesses and long-term planning for the RM of St. Clements.

FACT SHEET 3

What Residents Are Paying For

Federal grant, borrowing, utility revenues and property taxation

Current public funding picture

Item	Amount	Share / note
Current project estimate	\$14,027,475	Grant + proposed borrowing
Federal contribution	\$5,875,000	About 41.9% of current estimate
Proposed borrowing authority	\$8,152,475	About 58.1% of current estimate
Normal annual debt payment	\$710,769.92	At estimated 6.0% over 20 years
Normal annual utility-funded portion	\$355,384.96	50% via utility buy-in, connection and consumption fees
Normal annual special-mill portion	\$355,384.96	50% via mill rate on ratable property

What the borrowing approach means

- The federal grant pays a significant share of the capital cost up front.
- Borrowing spreads the municipal share over the useful life of a long-lived asset rather than requiring the entire amount from one year's taxpayers or utility users.
- The draft by-law explicitly divides normal annual debt service 50/50 between utility buy-in/connection/consumption fees and a special mill rate.
- Because future customers and new development pay connection/buy-in and consumption charges, some of the cost is recovered over time from people and development that use the added capacity.
- Borrowing is not free: Schedule A shows approximately \$6.19 million of interest over the term at the draft 6.0% assumption (this is an estimate). That financing cost are weighed against the cost of deferral, construction escalation, lost growth and the value of federal funding available now.

The RM may not need to borrow the full amount shown in the by-law. Before financing is finalized, Council can apply confirmed pre-connection fees, available utility or municipal reserves, any additional grants and other project revenues. In plain terms, the by-law sets the upper limit so the project can keep moving through the proper approval process. The final amount actually borrowed will be decided later, once the RM knows what other funding is available.

Based on the assessed-value figure and the normal annual mill requirement shown in the draft by-law, the implied mill rate is approximately 0.305 mills. Actual property-level impact depends on the final by-law, the taxable/portioned assessment applicable to each property, and final borrowing terms.

FACT SHEET 4

Why Build Now Instead of Later?

The fiscal case for completing Phase 3

Borrowing has a cost, but waiting carries two major risks: losing grant funding and paying higher construction prices.

- The federal government has announced \$5.875 million for this project. That grant is tied to the project schedule. If the RM delays and the funding is lost, the same \$5.875 million does not disappear from the project cost; it is very likely replaced dollar-for-dollar by local ratepayers and utility users.
- Phase 1 and Phase 2 are already complete. Delaying the final treatment/outfall stage postpones the full value of infrastructure St. Clements has already built.
- Capacity pressure is not theoretical: the engineering capacity study identifies treatment constraints, septage loading and planned housing/development demand.
- Construction-cost escalation is an active risk. Winnipeg-area construction costs have increased over the past five years, with Statistics Canada showing several periods of significant non-residential building cost growth. That index is only a proxy for a lagoon, outfall, piping and process-equipment project, but the same pressure points—steel, mechanical and electrical components, labour, materials and specialized trades—are directly relevant to Phase 3.
- Manitoba engineers commonly carry escalation allowances on heavy civil and wastewater projects that are held past their design year. Even a moderate annual increase on a \$14 million project can add millions before the value of the federal grant is considered.
- Delay can also push required infrastructure into a period when capacity is more constrained, reducing flexibility to stage works, coordinate approvals and negotiate servicing arrangements.

Illustrative cost-of-delay scenarios - not forecasts

If the current \$14.027 million estimate escalated at 3%, 5% or 7% annually, and the federal grant remained fixed at \$5.875 million, the municipal funding requirement would increase materially. If the grant were lost because the project schedule slipped, the local funding requirement would rise even more. These examples show the arithmetic of delay; they are not predictions of future tender prices.

Annual escalation	3-year project cost	5-year project cost	5-year local share*	Increase vs. current local share
3%	\$15.33M	\$16.26M	\$10.39M	+\$2.23M
5%	\$16.24M	\$17.90M	\$12.03M	+\$3.88M
7%	\$17.18M	\$19.67M	\$13.80M	+\$5.65M

*Assumes the \$5.875M federal grant does not increase and is still available in future. Current local share is \$8.152M. If the grant is lost, that amount would have to be replaced by local funding sources unless another grant is secured.

The strategic argument

Borrowing has a cost, but waiting has a cost too. Moving ahead now protects the \$5.875 million federal contribution, turns that funding into a working public asset, finishes the infrastructure already built in Phases 1 and 2, and addresses treatment capacity before it becomes a more expensive problem. Waiting does not create a cheaper project. It risks losing confirmed grant funding, paying escalation on the same core work, prolonging capacity constraints and shifting a larger burden to future ratepayers.

FACT SHEET 5

Service Sharing with the RM of East St. Paul

How the partnership works and how St. Clements is protected

Purpose

The service-sharing approach is meant to make practical use of infrastructure instead of each municipality building duplicate systems. It supports water and wastewater connections along the Henderson Highway corridor, helps coordinate growth, protects the environment, and puts the rules for cost-sharing, ownership, maintenance and capacity in writing.

Who owns what?

- East St. Paul is responsible for the design, installation and maintenance of its wastewater forcemain up to the point of delivery at the Donald Lift Station.
- St. Clements retains ownership and operational control of the Donald Lift Station and its treatment infrastructure.
- For the shared water main, each municipality maintains the portion located on its own lands.

Who pays?

- East St. Paul pays connection fees intended to recover past St. Clements capital investment in the base infrastructure.
- Private developers are responsible for the capital cost of connector infrastructure required for their development; the RM service-sharing FAQ states that this connector cost is not borne by St. Clements.
- The shared section of the water main is cost-shared 50/50 between the municipalities.
- Operating costs attributable to East St. Paul are funded through utility/user rates, connection fees and/or developer contributions rather than St. Clements general property taxes.
- An “oversizing payback” mechanism allows the party that initially funds capacity beyond its immediate need to be reimbursed by future parties that benefit from that extra capacity.

The RM has described the governing principle as “growth pays for growth.”

Why this can benefit St. Clements

- New users contribute connection and operating revenues to infrastructure that St. Clements already owns and operates.
- Sharing fixed operating costs across a larger customer base can reduce the per-user burden compared with St. Clements carrying those fixed costs alone.
- Regional connections create future options for South St. Clements to connect into a broader wastewater network rather than duplicating systems.
- The agreement places cost, ownership, maintenance and dispute-resolution rules in writing rather than relying on informal arrangements.

FACT SHEET 6

Trucked Septage: Why It Matters to the Whole RM

A rural service, a capacity issue, and a reason for disciplined management

Key distinction

Trucked septage is both a public service and a treatment-capacity load. The policy goal is not to treat all septage as a problem; it is to make sure St. Clements residents have access to a reliable treatment outlet while outside loads are controlled, monitored and priced so they do not crowd out local capacity.

Why septage service matters

- Many rural properties are not connected to a piped sewer system and rely on septic or holding-tank systems that require pump-out and truck hauling.
- A municipal/regional receiving and treatment facility provides a managed destination for that waste instead of leaving each rural property to solve treatment independently.
- The federal funding application expressly states that the project benefits communities that use the lagoon for septage hauling services, as well as housing growth.
- Accordingly, the upgraded treatment facility is not only an asset for residents directly connected by pipe. It supports the wider wastewater-management system used by rural residents and service providers.

Why septage must be managed carefully

The application identifies higher-than-anticipated septage loading from neighbouring municipalities as a significant use of organic assimilation capacity. The 2026 Wastewater Management Plan recommends restricting non-resident trucked septage to recover approximately 256 ERUs of treatment capacity, while continuing to monitor both piped and truck-haul volumes.

Banning non-resident septic trucks would drop the lagoon's peak organic load by 159.0 kg-BOD/day. However, this would only bring the biological loading down to 79.5% of the lagoon's design capacity (198.7 kg-BOD/day out of a 250 kg-BOD/day design), not 50%. More importantly, restricting external haulers recovers only 256 ERUs of treatment capacity. A septage restriction is a short-term operational band-aid, but it does not provide the capacity needed for future St. Clements growth planning.

Public message

Trucked septage is needed because many rural properties are not connected to piped sewer. At the same time, St. Clements has to protect local capacity. That means giving St. Clements needs priority, controlling non-resident loads, charging properly, and expanding treatment capacity in a planned and disciplined way.

FACT SHEET 7

How Future Development Helps Pay

Using municipal tools so today's ratepayers do not carry the full growth cost

Municipal infrastructure is often built before every future customer arrives. The question is how to recover a fair share from those future beneficiaries.

Tools already identified in the St. Clements model

- Connection and buy-in fees: recover a share of historic/base infrastructure investment when new users connect.
- Consumption/user fees: recover ongoing operating costs from users over time.
- Developer-funded connector works: the developer pays for the infrastructure needed to physically connect a new development to the municipal system.
- Oversizing payback: future beneficiaries reimburse the party that paid to build extra capacity beyond immediate demand.
- Inter-municipal charges: service-sharing agreements allocate costs to the municipality and users receiving the service.

Manitoba law supports development-cost recovery

The Planning Act allows subdivision approval to include conditions requiring capital levies and development agreements for sewer/water works at the owner's expense or partly at the owner's expense. It also expressly allows a development agreement to address construction or payment for capacity that exceeds what the proposed subdivision itself requires. Section 150 similarly permits development agreements requiring sewer and water works, or money in lieu, as conditions of certain planning approvals.]

Why this matters for Phase 3

This is how growth can help pay for growth. The RM may need to build core treatment and trunk infrastructure before every future user connects, but connection fees, utility revenues, developer obligations and regional cost-sharing allow future users to pay their appropriate share as they come onto the system.

FACT SHEET 8

Growth and Capacity: The Numbers to Keep Straight

Avoiding misleading comparisons

Measure	What the Capacity Study says	What it means
St. Clements population	11,586 (2021) to about 15,001 (2041)	Growth continues even without East St. Paul demand.
St. Clements dwellings	4,604 (2021) to about 6,450 (2041)	More local homes require servicing capacity.
Waterside	About 1,000 anticipated dwellings in East St. Paul	A regional demand source, not the sole reason for Phase 3.
Donald subcatchment	About 1,300 ERUs identified in planning material	Shows longer-term regional demand potential.
Hydraulic utilization	About 45% utilized in 2025 capacity study	Conveyance room exists; this does not equal treatment capacity.
Aeration optimization	Approx. 747 ERUs of short-term capacity identified	Short-term optimization complements, but does not replace, the long-term continuous-discharge strategy.
Non-resident septage restriction	Approx. 256 ERUs of treatment capacity potentially recovered	Operational policy can preserve capacity while long-term upgrades proceed.
RM public announcement	Approx. 4,000 housing-unit capacity after upgrade	To serve current St. Clements users, protects capacity for future St. Clements growth, supports rural septage management, and creates a controlled framework for regional service sharing.

FACT SHEET 9

Statement vs. Fact

Short answers for common misunderstanding

STATEMENT: “This is an East St. Paul project that St. Clements taxpayers are paying for.”

FACT: Phase 3 was identified as the final stage of St. Clements' own regional sewer program after Phase 1 and Phase 2. It serves St. Clements users and growth first, while the service-sharing agreement separately requires East St. Paul, its utility users and developers to pay connection, operating and connector costs associated with their service.

STATEMENT: “The RM is putting raw sewage into the Red River.”

FACT: Hydraulic conveyance capacity and treatment (organic) capacity are two different things. The RM's own FAQ explains that hydraulic capacity remains available, while treatment capacity is constrained by organic loading, particularly from trucked septage. The proposed upgrade is intended to address treatment capacity, long-term growth, operational resilience, and ongoing regulatory compliance, not simply the size of the sewer pipes. The RM has consistently met the effluent discharge criteria established by the Province and will continue to do so. The upgrade is a proactive investment to ensure the wastewater treatment facility can maintain compliance, accommodate future growth, and provide sustainable service capacity well into the future.

STATEMENT: “The pipes are only 45% full, so no upgrade is needed.”

FACT: Hydraulic conveyance capacity and treatment/organic capacity are different. The RM's own FAQ says hydraulic capacity is available while organic treatment capacity is constrained by septage loading. The upgrade addresses treatment, compliance and long-term capacity, not simply pipe size.

STATEMENT: “Every property will be forced onto sewer immediately.”

- **FACT:** The RM says existing properties are not required to connect immediately. Any future mandatory connection requirement would require a separate by-law/process and advance communication. Under the Province of Manitoba, Environment Act, regulation contain specific requirements for connecting properties to municipal wastewater systems when requiring connection to the municipal sewer system within 10 years of the wastewater collection system being installed, unless an exemption applies.

STATEMENT: “All \$14 million is coming from property taxes.”

FACT: The federal contribution is \$5.875 million. The proposed borrowing is \$8.152 million, and the draft by-law splits normal annual debt service 50% to utility buy-in/connection/consumption fees and 50% to a special mill rate.

STATEMENT: “East St. Paul gets to use St. Clements infrastructure for free.”

FACT: The service-sharing FAQ says East St. Paul pays connection fees to recover past base-infrastructure investment; developers pay connector capital costs; and an oversizing payback mechanism reimburses parties that finance capacity for future beneficiaries.

STATEMENT: “Septic-truck waste only benefits other municipalities.”

FACT: Trucked septage is also part of the wastewater system used by rural properties that are not on piped sewer. The issue is not whether septage should exist; it is how to protect St. Clements capacity by managing non-resident loads and charging appropriately.

STATEMENT: “Waiting will save money.”

FACT: Waiting avoids near-term borrowing but does not eliminate the project need. It exposes the RM to construction-price escalation, delays the benefit of the current federal contribution, prolongs capacity constraints and postpones the value of Phases 1 and 2 already built.

STATEMENT: “The RM has signed a binding deal to prioritize East St. Paul's growth over local needs.”

FACT: The document is a non-binding Letter of Intent for temporary service. It does not create binding obligations to proceed with development, funding or construction, and it protects St. Clements' capacity by requiring the developer to build its own dedicated forcemain when St. Clements needs the Donald Road Lift Station capacity for local growth.

STATEMENT: “If we simply stopped accepting septic trucks from other RMs, we would not need to build Phase 3.”

FACT: Restricting non-resident trucks can recover some capacity, but it does not replace Phase 3. St. Clements still needs to accept its own residents' hauled septage, and the restriction would not build the Red River outfall, provide year-round continuous discharge, or create the long-term treatment capacity needed for local growth.

STATEMENT: “No engineering has been done yet, and the RM is borrowing money blindly on boardroom guesses.”

FACT: Detailed engineering and process-specific work has been completed, including WSP's lagoon upgrade analysis and wastewater management planning, along with detailed proposals from treatment-equipment suppliers. The borrowing by-law sets a financing ceiling before tendering, which is a standard municipal capital-project step.

FACT SHEET 10

Frequently Asked Questions

Why are we doing this?

Because St. Clements has already built the first two phases of a regional sewer system, and the final treatment/outfall phase is needed to protect the environment, manage current loading and create capacity for local growth.

Why now?

Because the project is ready to move forward, federal funding of \$5.875 million has been announced, construction costs do not stand still, and delaying the final phase postpones the value of infrastructure already built.

Who benefits?

Existing St. Clements sewer users, future St. Clements residents and businesses, rural properties that depend on trucked septage treatment, and regional partners that pay to use shared capacity.

Why should the whole RM contribute?

Wastewater management is a municipal environmental, public-health and growth-enabling service. The draft financing model also does not place the full burden on the general tax base: half of normal debt service is assigned to utility buy-in/connection/consumption revenues.

How does growth pay?

New users pay connection/buy-in and consumption charges; developers can be required to build and pay for connector works and capacity; East St. Paul service is subject to connection fees and cost-sharing; and oversizing payback can recover costs from later beneficiaries.

What about the Red River?

The project is designed to improve treatment before discharge, not reduce it. The public project description is tertiary treatment with regulated continuous discharge and a new outfall.

What about debt?

Borrowing is a deliberate way to spread the cost of a long-lived asset across the years and users that benefit from it. The estimated interest cost has been openly shared with the costs and risks of delaying construction.