

New Rules Create Big Costs for Drayton Valley to Deal with Sewer Water

This is part of an informational series on the realities facing municipal government councils and the need to reimagine property taxes in Alberta.

Have you thought about what happens to your water after you flush it down the drain?

If your house is connected to a community wastewater system, your municipal government must make sure that the dirty water from your laundry, showers, and toilets is cleaned before it's released back into the environment. **But the cost to treat wastewater is high, like the \$23.8 million bill that Drayton Valley is facing.**



Like all municipal governments, Drayton Valley must follow provincial rules when it operates its wastewater system. When the Town's license was up for renewal in 2021, Town officials were told that their wastewater system no longer complied with the provincial government's updated regulations. In previous years, the federal and provincial governments raised their standards so that certain chemicals commonly found in wastewater must be reduced to lower levels before the water can be released back into rivers or streams.

Drayton Valley's current wastewater system was not built to meet those new standards. Town officials knew that upgrades would eventually be needed, but they were surprised to learn that the new treatment system will cost an estimated \$23.8 million.

Fortunately, the Alberta government has already agreed to provide **\$5.8 million** (about 24% of the total cost) to help Drayton Valley build a new treatment system. But that still leaves \$18 million that the Town must raise on its own. With only 7,300 residents, this is a huge challenge.



To demonstrate the cost to Drayton Valley residents, the Town will need to find funding that is:

- Almost **1.5 times more** than what the Town collects in **municipal property taxes** each year,
- **7.5 times more** than what the Town collects in wastewater **utility fees each year**, or
- **Borrowed, doubling the Town's debt** and adding significant interest costs.

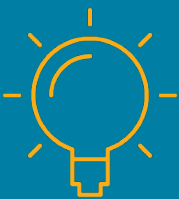
New Rules Create Big Costs for Drayton Valley to Deal with Sewer Water

This is part of an informational series on the realities facing municipal government councils and the need to reimagine property taxes in Alberta.

They have until the end of 2027 to build the new wastewater system but have requested a one-year extension from the Alberta government. To find the money in that time, the Town may have to use a variety of tools, including applying for more grant funding, raises to municipal property taxes and utility fees, and taking on new debt.

No council wants to place that burden on their residents, but that's the reality of their situation. Albertans expect their dirty water to flow away from their homes and businesses, and they want to know that our environment is being protected. Unfortunately, today's higher standards for water treatment mean Albertans will need to get used to paying higher property taxes and water bills.

Changes to provincial and federal legislation, regulations, and oversight often have a significant impact at the community level. Generally, it means higher costs to meet those changes, which means local governments have few options but to increase property taxes, their primary revenue stream. Drayton Valley is facing this problem today, but many other municipalities have faced similar challenges, and more communities will in the future when their water or wastewater license comes up for renewal.



To learn more about why property taxes are rising and why Alberta needs to talk about how local public services are funded, visit www.abmunis.ca/property-taxes-reimagined.