

Case Study



1.4 Lac La Ronge First Nation, the Town of La Ronge and the Village of Air Ronge (SK)

Location:

West shore of Lac La Ronge, a glacial lake about 250 km north of Prince Albert in Northern Saskatchewan

Population:

Lac La Ronge Indian Band: 8,954

Town of La Ronge: 2,725

Village of Air Ronge: 1,032

Cost-sharing projects:

Waste management with landfill and recycling program, regional fire hall and regional water corporation (including water treatment plant)

Project cost:

\$12.14 million for the water treatment plant

Additional partners:

Northern Revenue Sharing Trust Account (Province of Saskatchewan), SaskWater; Western Economic Diversification Canada, Infrastructure Canada, Indian and Northern Affairs Canada (now AANDC) and Associated Engineering.

Keys to success:

Trusting relationship

An established relationship based on trust and regular communication can avoid some of the challenges involved in setting up new entities.

Consider future needs and requirements

When considering options for future water needs, ensure that you consider current and anticipated regulatory requirements and future water demands.

Lessons learned:

Relationships take time

It can take time to establish a solid, trusting relationship with neighbouring communities. Historically, the three communities went through growing pains to establish the formal and informal structures necessary to deliver joint community services.

Cooperation across all levels

Establishing a complex entity such as a regional water corporation requires cooperation from all levels of leadership — from project management to implementation staff.

Consider regional water solutions

If water solutions for a small community are being explored, the most viable solution could be a regional solution involving neighbouring communities.

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Background

Lac La Ronge is a glacial lake located on the edge of the Canadian Shield in Northern Saskatchewan, approximately 250 kilometres north of Prince Albert. The Lac La Ronge Indian Band (the band), the Town of La Ronge (the town) and the Village of Air Ronge (the village) are on the west shore.

The band, town and village have worked collaboratively to meet joint needs in a variety of sectors including waste management with a landfill and recycling program, a regional fire hall, and a regional water corporation.

This case study will focus primarily on the development of the regional water corporation.

Process for water service agreements

For many years, the town, village, and band in Northern Saskatchewan experienced problems with their respective water systems: inadequate capacity, aging infrastructure, and difficulties in meeting new water quality regulations. At the time, the town and village had their own water treatment plants, and the band received water from the village but managed its own distribution system.

While the town and village were assessing their existing systems, the band retained the services of an engineering firm (Associated Engineering) to explore options for establishing a water treatment plant in their community.

None of these approaches were leading to viable options as one of the major obstacles was access to sufficient capital to build and/or retrofit the existing systems on an individual basis. Preliminary research indicated that establishing a regional water system to supply high-quality potable water would likely be the most cost-effective way to meet existing and longer-term growth projections

for the communities. With a mutual understanding of their collective shared needs for a sustainable and high-quality water supply, and recognizing the economic benefits of working cooperatively to meet the increasingly stringent drinking water quality requirements for their growing region, the three communities began discussing options for collaborative solutions to meet their respective water needs. Discussions expanded to include Associated Engineering, SaskWater (the provincial crown water utility) and AANDC.

A water committee was established with representation from all three communities. Associated Engineering was retained to develop the conceptual design and construction of a regional water supply and distribution system. SaskWater was asked to examine different operational and management scenarios and to analyze financing options and requirements for raising capital. Any solutions to be presented were required to meet current and anticipated regulatory requirements and future water demands for the communities.

The report written by SaskWater and Associated Engineering revealed that having one treatment plan was the most financially viable solution. Estimated at \$12.14 million, the proposed system would involve

- combining the existing water systems
- upgrading and expanding the La Ronge Water Treatment Plant and raw water intake
- constructing new connection feeder mains
- converting the village's water treatment plant to a water distribution plant,
- modifying the band's water distribution system and additional pipeline construction

Based on the most economically feasible options, a formula was presented for cost sharing the project. This included a cost analysis considering capital requirements on a per capita level, the value of existing assets, population growth rates of the different communities, and an expected 20-year lifespan for the plant.

All parties involved looked at the report and were satisfied that it met their needs but were concerned about the high implementation and operation costs. The assessments showed, however, that while the initial capital outlays would be high, the operational costs would progressively lessen over time.

The new water treatment and distribution system would upgrade the communities' water treatment facilities to address their water quality and capacity concerns and meet the regulatory requirements for water quality and waterworks operations. Implementation of the system would result in the largest service population (10,000) for a water system in northern Saskatchewan or on a Saskatchewan First Nation.

Administrative management

The leadership in all three communities worked to design the administrative structures needed to operate a regional water system. They fostered a cooperative approach that encouraged the communities to work together to develop the regional system with an eye to the long-term benefits for water quality, sustainability and economic development opportunities.

The Mayors and Chief signed an agreement to organize and set up an interim board with two representatives from each community and one representative to be elected at large by the board. This was the first example in Saskatchewan of a First Nations community serving as a shareholder in a nascent utility corporation. The governance structures for

the interim board were created using templates of similar boards elsewhere in the province. The village provided administrative support for the board and pending corporation.

Eventually a lawyer was retained and the Lac La Ronge Regional Water Corporation was established and provincially incorporated.

Provisions for contribution agreements between all three communities were established and the interim board began to pursue funding. SaskWater continued work on the Lac La Ronge Regional Water Corporation–Water Supply System, acting as project manager on behalf of the three communities.

All partners have donated services, time and financing to help establish the corporation, test water treatment processes and conduct studies. The goal was to set up the permanent board with a sustainable budget based in part on a cost-recovery model.

Results

Financing to build this system required negotiations with different orders of government and with various entities. Through discussions, support was provided by the band, the town and the village along with the provincial and federal governments. The province provided financial support through the Northern Revenue Sharing Trust Account and the federal government provided support through Infrastructure Canada, AANDC and Western Economic Diversification Canada.

The Lac La Ronge Regional Water Corporation retained Associated Engineering to complete the preliminary and detailed design, tendering and construction engineering services to upgrade the raw water intake, expand and upgrade the water treatment plant, construct a new regional pipeline and

convert the Air Ronge plant to a pump station. Preliminary designs began in 2007 and by 2009 the pipelines were completed. The intake screens for the treatment plant were installed in May 2010. Design and tendering of the treatment plant was completed in summer 2009.

Challenges

The challenges in setting up the regional water corporation were few due to the solid existing relationships between the band, the village and the town. The other key factor that helped prevent challenges was the thoroughness of the report and the technical and operational options generated by Associated Engineering and SaskWater for the water treatment plan.

Three principal issues arose related to procedural and administrative concerns and employment priorities.

1) Municipal determination of the Lac La Ronge Regional Water Corporation

GST/HST is applied to most suppliers of property and services. While municipalities are required to pay these taxes, they are entitled to a municipal rebate from the government at a rate of 100% of the GST and the federal part of the HST.

However, before they can submit claims for the rebate, they need to be registered and municipally designated. Municipalities often create autonomous boards, commissions and other local bodies to carry out specific municipal activities and provide services; these entities may also qualify for the rebates. Rebates are also permitted in instances where the corporation is owned by First Nations or tribal council as long as it provides exempt municipal services such as fire and police protection, water distribution, sewerage, drainage systems, library services, etc.

The Lac La Ronge Regional Water Corporation has experienced some administrative hurdles in providing the municipal designation given that the corporation is a tripartite formation that includes First Nations. This has impacts on the GST rebates the corporation is potentially entitled to, which can be quite significant when factoring in construction, capital costs and anticipated operational and maintenance costs.

The band has been working with authorities to receive a municipal designation for its involvement in the water corporation, which will allow the corporation as a whole to be entitled to the GST rebates.

2) Jurisdictional concerns for land ownership

The new water treatment plant is located in a community park on the town's waterfront. The town bylaws require public consultation when land is sold or leased. There was also a need to distinguish between and determine ownership of the land and ownership of the facility.

It was agreed that the town retains the right to the land. Therefore, if the water treatment plant is ever moved, the land as an asset is designated solely to the town. The water treatment plant as a facility, however, is under the control of the corporation.

To account for any unanticipated changes in the future, the agreement contains options for revisionary clauses for joint access and provincial clauses to ease maintenance of the land.

3) Employment

All three jurisdictions had some water infrastructure on their lands. Once the issue of the location for the treatment plant was settled, the parties discussed ways to ensure access to employment opportunities arising from the formation

of the water corporation and for the operation of the new plants. In addition, they decided that there was to be no loss of employment arising from realignments of the existing distribution facilities and infrastructure. They agreed that local citizens would have first right of access to employment. When SaskWater was awarded the contract to operate the plant, it provided a capacity-building program to train community members should they desire to work for the corporation.

Relationship building

Historically, the three communities have gone through growing pains as they have developed the formal and informal structures necessary to deliver joint community service.

The magnitude of work involved to make the regional water corporation a reality was significant. It required cooperation from all levels starting with the leadership and including project management and implementation staff.

In moving forward with the development of the regional water corporation, all three communities benefited from existing close working relationships where the leadership was closely involved. The key stakeholders had representatives who were respected and trusted by all parties. In addition, a transparent and open process was used to share information and exchange candid views on priorities and concerns.

The regional water corporation was built on a solid foundation of cooperation and respect. As a result, the deliberations were more of a technical nature, which required external experts. The operational and project management staff who provided technical advice were individuals already working in the area and were known and trusted by all involved parties.

Additional partnerships

In 2004, the Lac La Ronge Regional Waste Authority (later called the Lac La Ronge Regional Waste Management Corporation) was created to handle the consolidation of municipal solid waste management for the town, the village, and the band and for a number of small nearby communities represented by the Northern Saskatchewan Administration District (NSAD).

In 2007, a tri-community partnership comprising the band, town and village signed a formal memorandum of understanding to establish and manage a regional fire hall. The fire hall has an official governing body to which each of the three communities appoints members. All communities contribute to the operational costs on a per capita basis.

According to former Mayor Joe Hordyski, who served on the La Ronge Town Council for 18 years — 12 of them as Mayor — the forging of partnerships between the three communities was among the most rewarding experiences during his time in public service. In an interview with the *La Ronge Northerner* (a community newspaper) he said, “In my view the relationship that we built between the three communities is more than just cost sharing; it’s beyond that. We’ve built a trust and being able to help each other out ... it’s a mutual relationship.”

Conclusion

The success of the development of the regional water corporation can be attributed to the following factors:

- a solid trusting relationship between all three communities;
- involvement across all levels of the administrations, from elected officials to senior management to line staff; and
- participation in terms of financing, time and services from all key partners including the communities, the private sector and provincial and federal governments.

Waste management snapshot

Waste disposal in many small northern communities presents a challenge. Establishing properly run and regulated landfills in accordance with provincial standards can be financially prohibitive for a small community. Many smaller communities meet this challenge by working together through regional waste management arrangements that are more cost effective and meet provincial standards.

In 2004, the Lac La Ronge Regional Waste Authority (later called the Lac La Ronge Regional Waste Management Corporation) was created to handle the consolidation of municipal solid waste management for the Town of La Ronge, the Village of Air Ronge, the Lac La Ronge Indian Band and a number of small nearby communities represented by the Northern Saskatchewan Administration District (NSAD). The Corporation serves communities within a 40-kilometre radius of the Town of La Ronge. Existing landfills were closed and with the use of transfer stations, each community now hauls its waste to a central landfill established in the Town of La Ronge.

The Corporation is the first regional waste authority to have been established in northern Saskatchewan. Provincial support was provided to purchase collection and recycling equipment and for landfill development. The Town of La Ronge provides accounting services for the Corporation. Service fees for the operations of the Corporation are calculated using a cost-sharing formula on a per capita basis.