



NORTH RED DEER RIVER WATER SERVICES COMMISSION

Special Meeting

August 22, 2016 @ 9:00 AM

LACOMBE CITY HALL

AGENDA

1. Call to Order
 - a. Notice of Meeting (attached)
2. Adoption of Agenda
3. Adoption of Minutes
4. Presentation
5. Reports
6. Correspondence
7. Old Business
 - a. City of Red Deer Water Service Agreement (attached)
8. New Business
9. In Camera
10. Next Meeting Date: Proposed Change to September 26, 2016
11. Adjournment

VIA EMAIL

July 13, 2016



**North Red Deer
Regional Water Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Phone: (403) 782-6666
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Mark Matejka, Councillor
Ponoka County
4205 Highway 2A,
Ponoka, AB T4J 1V9

Ken Wigmore, Councillor
Lacombe County
RR 3
Lacombe, AB T4L 2N3

Rick Bonnett, Mayor
Town of Ponoka
5102 - 48 Avenue
Ponoka, Alberta, T4J 1P7

Melodie Stol, Mayor
Town of Blackfalds
P.O. Box 220
Blackfalds, Alberta T0M 0J0

Dear Board Members:

RE: Special Meeting

In accordance to Section 4(6) of Bylaw 1, you are formally invited to attend a special meeting on August 22, 2016 at 9 am in the City of Lacombe Council Chambers. The agenda for this meeting will be to discuss the City of Red Deer Water Service Agreement.

If you have any questions or concerns, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Christie".

Steve Christie
NRDRWSC, Chair



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Michael Minchin, Administrator

DATE: August 22, 2016

RE: City of Red Deer Request for Water
Services

REF: 47/154.01
(2012)

PURPOSE:

To seek the Board's approval for the sale/transport of water to the City of Red Deer within the corporate boundaries of the City of Red Deer

BACKGROUND:

The discussions to supply property owners in the City of Red Deer via the regional water line began in 2013 when a major industrial business directly solicited the regional water commission. The Commission at that time directed the property owner back to the City of Red Deer and passed the following conditions for negotiating:

1. The Commission will only enter into a water supply agreement with the City of Red Deer, who would then bill property owners. This practice is consistent with all other supply agreements the Commission has currently entered into.
2. The City of Red Deer would have to agree that the water supplied to the property owners via the Commission's regional line would not be applied against the Commission's current or future water allotment from the City.
3. The City would be responsible for all engineering and construction costs including the Commission's administration, legal and engineering review costs.
4. The current proposal is to supply the manufacturing process. Given the size and location of the facility, any estimate should include supply for fire suppression. An engineer's estimate of average and maximum daily usage would need to be provided by property owners.
5. The Commission would charge a rate higher than its current whole sale rate back to the City. The Commission's existing rate to its member customers is subsidized by fixed administration fees paid by the two County members. A blended average of the rates charged by the three urban municipalities would be a possible starting point.
6. There would be no further considerations to providing water service to other customers in the area.

The City formally requested that the Commission supply the City of Red Deer in December of 2014 along with a request to purchase the line itself from Highway 11A to the City's corporate boundaries.

In July of 2015, The City requested that the Commission consider an extension of service to include supplying the hamlet of Central which was annexed by the City and has had water supply issues. The Commission Board approved the change in August 2015. At that time the Commission outlined the process necessary for the Commission to consider the request.

At its regular meeting on August 15, 2016, Red Deer City Council passed a resolution to send a request to the Commission to consider providing water delivery service to properties within the City of Red Deer.

ISSUE ANALYSIS:

The request from the City is the first step necessary for the delivery of water service. The next step is for the Commission to agree in principle. If both parties agree, then Administration would forward an agreement to the City. An executed agreement and copies of the resolutions from both the City and Commission would then be forwarded to Minister of Municipal Affairs who has final authority to approve the decision.

Administration has drafted an agreement based on the Commission's standard supply agreement. The City has pointed out that the original agreement between the City of Red Deer and the Commission, dated October 4, 2014, outlines the methodology for pricing of water supplied. Administration had initially proposed a rate based on the Commission model. That model is a cash-based model and not the utility rate model. The proposed agreement drafted by Administration has been updated to reflect the pricing terms outlined in the original agreement from 2004. However, volumes would not be counted against the Commissions allocation under the 2004 agreement.

Administration has also prepared a draft utility rate which will be shared in camera.

The agreement would end on the earlier date of:

1. The portion of the regional line in the City is sold to the City or
2. The expiration of the 2004 water supply agreement between the City and Commission.

FINANCIAL IMPLICATIONS:

The sale of water to the City will have a minimal impact on the Commission in the short term as the amount of water to be sold is approximately 20,000 m³ per year. However, should the demand for water grow or the City desires to expand service beyond the current service area, then the issue of selling the line will become a bigger financial consideration.

LEGISLATIVE AUTHORITY:

- City of Red Deer and NRDRWSC Water Supply Agreement, October 4, 2004
- Section 602.11, Municipal Government Act, RSA 2000, c M-26.

ALTERNATIVES:

1. Board can approve the sale of water to the City of Red Deer
2. Board can decline the request

ATTACHMENTS:

- City of Red Deer Correspondence – August 18, 2016

ACTION/RECOMMENDATION:

That the Board direct Administration to enter into a water supply agreement for the purposes of supplying water to the City of Red Deer subject to the conditions outlined in the existing agreement between the City and Commission dated October 4, 2004.

DATE: August 18, 2016

TO: Wayne Gustafson, Engineering Services Manager

FROM: Frieda McDougall, Legislative Services Manager

SUBJECT: North Red Deer Regional Water Services Commission –
Interim Water Transfer & Water Line Purchase

Reference Report:

Engineering Services, dated August 15, 2016

Resolution:

At the Monday, August 15, 2016 Regular Council Meeting, Council passed the following Resolutions:

Resolved that Council of The City of Red Deer having considered the report from Engineering Services, dated August 15, 2016 re: North Red Deer Regional Water Services Commission (NRDRWSC) – Interim Water Transfer & Water Line Purchase hereby agrees that a formal request be submitted to the NRDRWSC for the provision of water to the Central Park water trunk according to the existing agreement between The City of Red Deer and The Commission dated October 8, 2004.

Resolved that Council of The City of Red Deer having considered the report from Engineering Services, dated August 15, 2016 re: North Red Deer Regional Water Services Commission (NRDRWSC) – Interim Water Transfer & Water Line Purchase hereby directs that Administration enter into an agreement for the supply of water according to provisions in the existing agreement between The City of Red Deer and The Commission dated October 8, 2004, and subsequent to Legal Services review.

Resolved that Council of The City of Red Deer having considered the report from Engineering Services, dated August 15, 2016 re: North Red Deer Regional Water Services Commission (NRDRWSC) – Interim Water Transfer & Water Line Purchase hereby agrees that a formal request be submitted to the NRDRWSC for the purchase of the existing NRDRWSC trunk line from the existing meter vault, located adjacent the intersection of Hwy 2A/Hwy 11A, north to the Blindman River and that the finalization of the purchase agreement is subject to legal services review, budget and Ministerial approval.

Report back to Council: No



Frieda McDougall
Manager

- c. Acting Director of Development Services
 City Solicitor
 Chief Financial Officer