

NORTH RED DEER RIVER WATER SERVICES COMMISSION
ANNUAL MEETING MINUTES
April 8, 2019

In Attendance: Chair Ken Wigmore, Lacombe County Councillor
Mayor Grant Creasey, City of Lacombe
Mayor Rick Bonnett, Town of Ponoka
Councillor Mark Matejka, Ponoka County
Mayor Richard Poole, Town of Blackfalds
Justin de Bresser, NRDRWSC Administrator
Jennifer Peterson, Administrative Assistant

Others Present: Albert Frootman, CAO, Town of Ponoka
Myron Thompson, CAO, Town of Blackfalds
Matthew Goudy, CAO, City of Lacombe
Michael Minchin, Manager of Corporate Services, Lacombe County
Tim Timmons, County Manager, Lacombe County
Preston Weran, Director of Infrastructure, Town of Blackfalds
Jordan Thompson, Operation & Planning Director, City of Lacombe
Chris Huston, Utilities Manager, City of Lacombe
Amber Mitchell, Engineering Manager, City of Lacombe

Guests: Ryan Wachter, BDO Canada LLP
Alan Litster, BDO Canada LLP

1. Call to Order:

Chair Wigmore called the meeting to order at 9:00 am.

2. Adoption of the Agenda:

MOVED by Mayor Bonnett that the agenda for April 8, 2019, be adopted as presented.

CARRIED

3. Adoption of the Minutes:

MOVED by Mayor Poole that the minutes for December 10, 2018, be adopted as presented.

CARRIED

4. Presentation

4.1. BDO Canada LLP - 2018 Audited Financial Statements

Mr. Wachter and Mr. Litster of BDO Canada LLP, reviewed the Auditor's Report and the 2018 Audited Financial Statements.

4.1.1. In summary:

- Financial statements presented fair in all material respect- a "clean audit"
- Water sales for 2018 were greater than budgeted. Water sold in 2018 was 6 million and it was only budget to sell 5.7 million.
- Expenses were budgeted at 5.4 million and came in at 5.6 million. This was due mostly to the additional purchase of water.
- Interest earned in 2018 was \$170,000.
- Cash Flow shows 5 million less than 2017. This is due to an investment transfer of 5 million to short-term & medium-term Canadian bank paper notes. The current market value of the investment is \$4,973,432.
- The Commission received a ministerial order to excess the debit limit for the completion of the project in 2005. The debit limit and debit service limit has not exceeded the debit limit in 2018.

Mr. Wachter and Mr. Litster left the meeting

MOVED by Mayor Creasey to receive the 2018 Audit Financial Statement as information.

CARRIED

4.1.2. 2018 Audit Financial Statement for Approval

Mr. de Bresser shared with the board that the Commission will have capital gains of \$10,000 plus accrued interest due to the sale of bonds. This information is not in the 2018 Financial Statement. This item will be brought back to the Commission for direction on how the funds should be allocated. He then asked the Board to approve of the 2018 Audit Financial Statement as presented by BDO Canada LLP.

MOVED by Mayor Bonnett to approve the 2018 Audit Financial Statement as presented.

CARRIED

4.2. 2019 Appointment of Auditors

Mr. de Bresser advised the Commission Members that the current audit services contract will expire following the 2018 Audit. Under the Commission's Bylaw 1 section 5.4, it requires that annually the Board appoints an auditor.

As the current audit contract expires at the end of the 2018 Audit, the City of Lacombe solicited proposals in October of 2018 for the 2019 to 2023 period through a Request for Proposal (RFP). They received three (3) submissions and upon review of the

proposals received, BDO Canada LLP was awarded the contract. BDO Canada annual cost of the audit service will remain at \$8,000 per year for a total contract cost of \$40,000. They are currently the Commission's auditors. Mr. de Bresser recommends that the Commission Members appoint BDO Canada LLP for the 2019 fiscal year.

MOVED by Councillor Mark Matejka to appoint BDO Canada LLP of Red Deer, Alberta as the Commission's external financial auditors for the 2019-2023 fiscal years.

CARRIED

5. Reports:

5.1. Operation's Report

Mr. Huston discussed the recent operation activities.

In summary:

- Alberta One calls were significantly lower in 2018 (1011 locates) than 2017 (1448 locates). The current year is on par for locates to be the same as 2018.
- Responded to two call-outs: Pumphouse 'B' Lacombe due to a frozen transmitter and to Riverside (Ponoka) for a valve failure. Both issues were resolved.
- SCADA – while upgrading the software, Eramosa identified areas of concerns with the current hardware and is recommending the replacement. Operations will be working with Eramosa to see if it will be cost efficient to upgrade now or if it could wait. Operation will bring the recommendations back to the Commission for direction once they have received the information and costs from Eramosa.

MOVED by Mayor Creasey to receive the Operation's Report as information.

CARRIED

5.2. Administrator's Report

5.2.2 Mr. de Bresser presented the Administrator's report.

In summary:

- Administration has received the draft sale agreement with the City of Red Deer for the sale of a portion of the waterline within the City of Red Deer's municipal boundary.
- Grant application was submitted under the Alberta Community Partnership program to help facilitate the possibility of extend water service to the First Nations boundary. Has received a letter of support from Ermineskin Cree

and the City of Lacombe. The Commission has not made any commitments to proceed with the extenuation of the water line other than updating the feasibility study.

- Met with representatives of Lacombe County, Town of Blackfalds, and Town of Ponoka to discuss the City of Lacombe request to return excess funds to Commission Members. The outcome of the meeting will be shared under the 2019 Operating Budget Amendment.

MOVED by Mayor Poole to receive the Administrator's Report as information.

CARRIED

5.2.3 Financial Variance Report

The financial variance report ending February 2019 was presented by Mr. de Bresser. The first two months are in line with expectations.

MOVED by Mayor Bonnett to receive the Variance Report as information.

CARRIED

5.3. Chairperson's Report

Chair Wigmore had nothing to report at this time.

6. **Correspondence/Information**

- 6.1. Municipal Affairs – Community Partnership (ACP) Program. The correspondence is to advise the Commission of the grant approval.
- 6.2. Municipal Affairs – Ministerial Order No. MSL:008/19. The correspondence is to advise the Commission through a Ministerial Order that they are able to proceed with the sale of a portion of the waterline to the City of Red Deer.

MOVED by Mayor Bonnett to receive as information.

CARRIED

7. **Old Business:**

7.1. Waterline Sale Agreement - City of Red Deer

Mr. de Bresser presented the draft sales agreement along with the legal opinion for review by the commission members. Concerns were expressed on how the City of Red Deer will be covering the purchase cost and if there will be a disruption to water flow

while the new vault is constructed. Mr. de Bresser to confirm with the City of Red Deer that cost of the purchase will be covered through off-site levies and not through water rates. As well, confirm there is a condition in the sales agreement that ensures that water flow to the Commission members will not be disrupted during the construction of the new vault and there after.

MOVED by Mayor Creasey that Administration proceed to execute the sales agreement with the City of Red Deer following that the condition of water delivery to the Commission Members will not be impacted during construction, is part of the sales agreement.

CARRIED

8. New Business:

8.1. Allocation of 2018 Surplus

There was a surplus of in 2018 in the amount of \$504,859. Mr. de Bresser recommended that the surplus is allocated as presented.

MOVED by Mayor Poole that the Board approves

- a. That an amount equal to the annual amortization for 2018 be transferred to the capital reserves; and*
- b. that an amount equal to \$39,249 be allocated to the operating reserves.*

CARRIED

8.2. Operational and Administrative Service Contract

Mr. de Bresser presented a request to have the Administration Service Contract increased in 2019 by \$25,000, this amount is to cover the additional requirements with the First Nations Regional tie-in project. The current contract does not address additional requirements from Administration with facilitating this project. To date collectively 74 hours has been spent on this project. Administration has no intent to claim these hours but is requesting that moving forward any additional hours dedicated to this project is billed to the Commission at a cost of \$125 per hour. No payment will be made without the Chair's signature.

Commission members' expressed concerns that the Commission should not be covering the additional administrative cost, these costs should be covered by the Province as they are the ones requesting an updates feasibility study to be completed. Mr. de Bresser advised the Commission that Administration has received quotes for the feasibility study and will follow-up with Transportation.

MOVED by Mayor Bonnett that the Commission directs Administration to request that the Province and or the First Nations is to cover the additional Administrative cost associated with First Nations Water Tie-In program.

8.3. 2019 Operating Budget Amendment

The following amendments were presented to the Commission for approval:

8.3.1. Return of Rate Stabilization and Capital Reserve

Administration met with representative of the Lacombe County, Town of Blackfalds and the Town of Ponoka to discuss bringing the water rate to \$1.50 for the remaining 2019 year by using the capital reserve and the rate stabilization fund. Concerns were expressed that it would not be fiscally responsible to remove the funds from Capital Reserves, as the Commission had acquired feeder lines within the municipalities when the regional line was constructed and the lifespan of those lines are unknown.

MOVED by Mayor Poole moved to have \$1.28 million returned to members through a rate reduction.

IN FAVOR

Mayor Rick Bonnett

Mayor Grant Creasy

OPPOSED

Chair Ken Wigmore

Mayor Richard Poole

Councillor Mark Matejka

DEFEATED

8.3.2. Capital Reserves

Recommendations were brought forward to locate and assess the lifespan of the lateral lines within each Commission member's municipality and to bring back the findings and a cost expectation for repairs or upgrades to those lines.

MOVED by Mayor Poole moved to accept the request as information.

CARRIED

MOVED by Mayor Bonnett to direct Administration to use funds from Capital Reserves to develop an Assets Management plan on the lateral lines within each municipality.

CARRIED

8.3.3. Management Fees

The Management Fees was increased by \$25,000 for the additional work outside the scope of the current management contract.

MOVED by Mayor Creasey to keep the additional funds of \$25,000 under Expenses in the Management Fees but for Administration to actively seek compensation from the Province and or the First Nations.

IN FAVOR

OPPOSED

Chair Ken Wigmore

Councillor Mark Matejka

Mayor Rick Bonnett

Mayor Grant Creasy

Mayor Richard Poole

CARRIED

8.4. Bylaw 3.3 – a bylaw to amend Water Rate Bylaw #3

Mr. de Bresser presented Bylaw 3.3 based on the 2019 budget amendments to return the rate stabilisation reserves and capital reserves amortization back to the Commission members. The rate of \$1.50 will be in effect as of March 1, 2019 until December 31, 2019.

MOVED by Mayor Poole to direct Administration to amend Bylaw 3.3 to include the Capital Reserves amortization for a rate of \$1.67 effect as of March 1, 2019 to December 31, 2019.

CARRIED

8.5. 5 – Year Projections

MOVED by Mayor Bonnett to table the 5-Year Projection agenda item to the June 17, 2019 meeting.

CARRIED

8.6. APC Grant

Mr. de Bresser asked for a motion of support from the Commission for the Alberta Community Partnership (ACP) Program Grant as this is part of the grant requirements. A letter of support has been received from the City of Lacombe and the Ermineskin Cree First Nation. The Commission is unable to apply for the grant and as a result the City of Lacombe applied on behalf of the Commission. The funding will be used to help facilitate the protocol development with regards to the First Nations water line extension.

MOVED by Mayor Poole that the North Red Deer River Water Services Commission supports the City of Lacombe application under the Mediation and Cooperative Processes component of the 2018/19 Alberta Partnership program.

CARRIED

9. IN Camera

10. Next Meeting:

Monday, June 17, 2019 at 9:00 am, City of Lacombe Council Chambers.

11. Adjournment:

MOVED by Councillor Matejka to adjourn this Meeting at 10:45 am.

CARRIED

____ Original Signed _____
Chairperson

____ Original Signed _____
Administrator