



NORTH RED DEER RIVER WATER SERVICES COMMISSION

Regular Meeting

December 9, 2019 @ 9 AM

LACOMBE CITY HALL

AGENDA

1. Call to Order
2. Adoption of Agenda
3. Introduction of Senior Finance Manager – City of Lacombe
4. Reports
 - a. Operations (*attached*)
 - b. Administrator (*attached*)
 - c. Chair (verbal)
5. Old Business
 - a. Water Line Extension – Final Study (*attached*)
 - b. 2020 Operating Budget – For Approval (*attached*)
 - c. 2020 Capital Budget – For Approval (*attached*)
 - d. 2020 Utility Bylaw – 2nd/3rd Reading (*attached*)
6. New Business
 - a. Scheduling of 2020 Meetings:
 - April 6, 2020 at 9 AM
 - June 22, 2020 at 9 AM
 - September 21, 2020 at 9 AM
 - November 9, 2020 at 9AM

Any Additional meetings scheduled as required.

7. Adjournment

M E M O R A N D U M

December 9th, 2019

Attn: NRDRWSC

Re: Operational Report since November 4th, 2019.



North Red Deer River Water Services Commission

5432 56th Avenue
Lacombe, Alberta T4L 1E9

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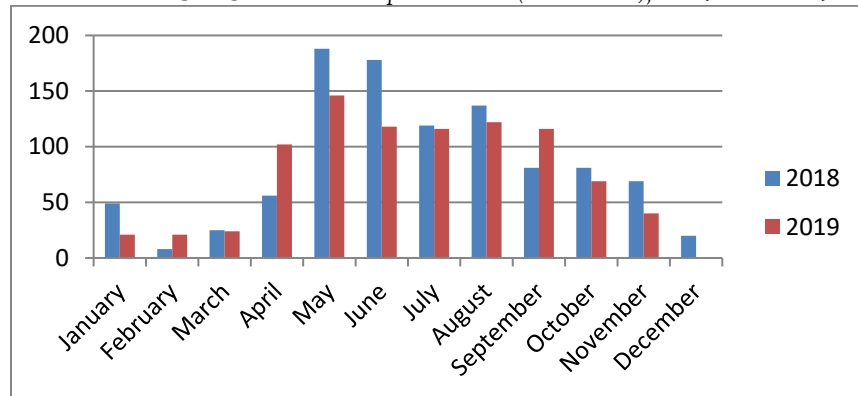
chuston@lacombe.ca

Since the last update provided to members of the Commission, the City of Lacombe has:

GENERAL INFORMATION

- Alberta One-Call Locate Requests:
 - October – 69 locates
 - November – 40 locates

Alberta One-Call Locate Requests 2018 (total 1011); 2019 to date 895



Repair response charges:

- None to report

Call-Out:

- N/A

General Information:

- SCADA – Eramosa installed the PLC, related hardware and software at the Red Deer Water Treatment Plant on November 28. Next step is to upgrade the PLC, modem and UPS hardware in the localized control cabinets starting in Lacombe. Once complete in Lacombe, then to Ponoka, Wolf Creek and Blackfalds.

If you have any questions or comments regarding the operations described above, please do not hesitate to call or email me.

Regards,

Chris Huston
Operations Supervisor



**North Red Deer
Regional Water Services
Commission**

5432 56th Avenue
Lacombe, Alberta
T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Jordan Thompson, Acting Administrator
DATE: November 29th, 2019

RE: Administrator's Report –
December 9th, 2019

REF: 47/117
(2019)

The following is a summary of items Administration has been working on since the Board's last meeting:

1. Various conversations with representatives from Alberta Transportation, Alberta Environment and Parks, Stantec, and the Commission Chair regarding the finalization of the waterline extension feasibility study and next steps for the Commission. This is covered in more detail under a different report this meeting.
2. Administration completed the 2020 Operating and Capital budgets which are included in the agenda package for final approval at today's meeting.
3. The City of Red Deer has now indicated their water rate will be \$1.54/m³ effective March 1st, 2020 subject to Council ratification in February 2020. The Commission's draft operating budget assumed \$1.53/m³ so the final version has been adjusted to reflect this change. As a result, the proposed rate to members has been increased \$0.01 to \$2.12/m³.
4. The pipeline sale to the City of Red Deer is nearly complete with funds being held in trust until Administration registers a GST number – which is required for this transaction. This is expected to be completed by year end.



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Jordan Thompson, Acting Administrator

DATE: November 29th, 2019

RE: Waterline Extension Feasibility Study
Summary and Next Steps

PURPOSE:

To summarize Stantec's waterline extension feasibility report and present next steps for the Commission's consideration and endorsement.

ACTION/RECOMMENDATION:

1. THAT the Commission accepts the North Red Deer River Water Services Commission (NRDRWSC) First Nation Feasibility Study as information.
2. THAT the Commission directs Administration to request confirmation from the Province that their funding commitment remains at 100%.
3. THAT following confirmation from the Province that their funding commitment remains at 100%, the Commission directs Administration to proceed with the development of the financial model funded by the Facilitated Water Line Protocol Development grant from Municipal Affairs.
4. THAT following confirmation from the Province that their funding commitment remains at 100%, the Commission directs Administration to procure a qualified facilitator to plan, guide and manage an engagement process involving representatives with the Province, Ermineskin Cree Nation, and the Commission funded by the Facilitated Water Line Protocol Development grant from Municipal Affairs.

BACKGROUND:

In October 2018, the Commission met with Provincial and Ermineskin Cree Nation representatives to discuss the feasibility study and their need for safe reliable water. Subsequent to this meeting, the Commission met with Samson Cree Nation and Montana First Nation.

On February 5th, 2019, the Commission hosted a supper meeting for all 4 First Nations where, all bands were represented with regrets from Ermineskin Cree Nation.

On February 11th, 2019 Municipal Affairs notified the City of Lacombe its grant application, on behalf of the NRDRWSC, for a Facilitated Water Line Protocol Development project was approved (\$50,000).

In June, 2019, Administration and the Chair of the Commission met with Environment and Parks Alberta. This was a productive meeting and it was recommended that the representatives from the Province attend the September 9th 2019 meeting to further this discussion with the entire board.

At a [special meeting on July 15, 2019](#), the Commission authorized \$50,000 in interim funding to conduct a feasibility study to extend its regional water line to ultimately service the communities of the Samson Cree Nation, the Ermineskin Cree Nation, the Louis Bull Tribe, and the Montana First Nation.

At its [regular meeting on September 9th, 2019](#) representatives from Alberta Environment and Parks discussed with the Commission their goals for the extension of the waterline and answered questions from the Board.

At its [regular meeting on November 4th, 2019](#), Stantec presented the draft results of their waterline extension feasibility study to the Commission.

ISSUE ANALYSIS:

Engineering Summary

Stantec has concluded its engineering analysis on the extension of the Commission's water transmission main to the Ermineskin Cree Nation, is technically feasible provided minimum water demands are met to ensure water quality.

The existing and proposed pipeline has capacity to accommodate the current and future potable water needs of Samson Cree Nation, Ermineskin Cree Nation, Louis Bull Tribe, and Montana First Nation through to at least 2048 without impacting the current and future capacity for the existing member communities and remain within the Commission's current water allocation.

Stantec has determined there is sufficient pressure in the pipeline from the City of Red Deer water treatment plant to pump water over a high point north of the Town of Ponoka and service additional demand equivalent to approximately one new community. Further demand, beyond approximately one new community, likely requires the construction of a new pump house to boost the pipeline pressure over the highpoint. At this time the Province has only indicated it has a funding agreement with Ermineskin Cree Nation and no other communities have formally requested membership with the Commission so a pump house will not initially be required. This will need to be reevaluated in the future based on actual demands and requests for membership from the other communities.

It is important to note that the actual “trigger point” for the new pump house is based on water demand on the system and is not related to any specific community connecting to the line – the references to community connections here and in the report are used for simplicity.

Example 1: Ermineskin Cree Nation may connect first which would not require a pump house initially. The need for a pump house may be triggered through either significantly higher water demands of Ermineskin Cree Nation in the future, the connection of a new community, or a combination of both.

Example 2: Ermineskin Cree Nation may connect first which would not require a pump house initially. Actual water demands may be significantly lower than estimated, allowing for a smaller community, say Louis Bull Tribe or Montana First Nation to connect to the system without the need for a pump house, at least initially.

Example 3: Ermineskin Cree Nation and Samson Cree Nation may initially connect at the same time requiring a pump house at the onset.

Water Quality

Based on actual chlorine residual levels recorded in the system to date Stantec was able to assess the minimum flow of water required to ensure the potability of water at the north end of the extension. Stantec indicates a volume of 800m³/day is required. This means that, at minimum, either Ermineskin Cree Nation or Samson Cree Nation must connect and draw at least 800m³/day at the onset to ensure the water remains potable their border. Less reliable water demand than 800m³/day from the Ermineskin Cree Nation means an additional infrastructure is required, such as a chloramine booster which is estimated to cost between \$0.25M – \$1.00M.

Alignment Options

Stantec explored the feasibility of 5 potential alignments outlined on page 11 of the report and found there is no material difference between options from an engineering perspective. Funding, proximity to the First Nation communities, and ultimately land owner approval will dictate the final alignment. The alignments will be analyzed further

during detailed design but at this point the Central-East alignment (option 3) appears to be the most likely candidate.

Capital Costs

In the final report, Stantec revised the northern terminus of the line to be the Ermineskin Cree Nation southern boundary based on discussions with Provincial representatives. The estimated capital cost for the Central-East alignment is \$28.1 - \$38.9M. Based on the high number of alignment conflict associated with this alignment (other pipelines, road crossing etc.) more drilling is expected so a budget number on the high end of this range, \$38.9M, would be appropriate.

Rate Impact Summary

Even though the Capital cost of the extension will be funded entirely through grants, Commission policy requires depreciation be included in its rates. The intent of the policy is to build a capital reserve to replace the Commission's pipeline when it is at the end of its life. With the pipeline terminating at the Ermineskin Cree Nation southern border Stantec estimates a rate increase, initially, of \$0.11m³ assuming Ermineskin Cree Nation connects at the onset. Stantec summarizes the reason for this nicely:

"While an additional 40%-60% of line length is being added to the Commission's utility base, system flows are projected to increase only 10%-15% with the connection of Ermineskin".

The net result is an estimated \$2.28 higher monthly cost per household. As more communities connect this rate increase will lessen. It is important to note that the additional line will also impact operating costs which is not reflected in Stantec's rate estimate.

However, if Ermineskin Cree Nation were to bear the full cost of depreciation on the line extension and existing members bear none, the water rates for Ermineskin Cree Nation would be \$6.25/m³ higher than the Commissions current rate. In 2020 this would equate to a rate of \$8.37/m³ which is exorbitantly disproportional and should not be considered a viable consideration. If the Commission wished to consider a differential rate structure it would need to be less drastic to be viable long term.

System Buy-in

Stantec summarizes this point well in their report:

"The NRDRWSC has made approximately half of the debenture payments on its capital infrastructure. While this infrastructure was generally sized for a future extension to Maskwacis (the line extension currently being studied), the added costs of this line sizing have been borne by the existing system users through the rate base. For example, Ermineskin's water allocation represents approximately

6% of the overall system water allocation, which would represent approximately \$2M of the total debenture payments made by the Commission to date.”

Stantec is saying here that if Ermineskin Cree Nation had been a member of the Commission from the onset they would have contributed \$2M toward the Commissions debt payments to date through either an agreement (as is the case with Lacombe County and Ponoka County), or through their purchase of water. To ensure the obligations of membership are fair and equitable, the Commission should consider a new member buy-in requirement that contemplates both debt and reserve contributions to date by existing members.

Next Steps

1. With the capital costs of the line extension expected to be contributed 100% by grants, the Commission is in the fortunate position of not having to consider the impacts of new debt on current rates. However, it is known that Stantec’s cost estimate exceeds the Province’s allocation for this project. Without full grant funding it is highly unlikely the Commission would consider taking on new debt to fund the extension of their system – the economics are unfavourable. **To mitigate this the Commission requires formal confirmation that the Province’s funding commitment remains at 100%.**
2. The positive impacts of reliable, clean drinking water to these four First Nations communities should be strongly weighed against the estimated rate increase to the existing members. However regardless, it is prudent of the Commission to explore ways to mitigate this rate increase such as:
 - Changes to the Commissions amortization policy
 - Differential rate scenarios for new members
 - Request rate stabilization funding from the Province and Federal Government to enable the Commission to phase in the new rate over time
 - Provincial/Federal ownership of the extended line – The Commission would not need to account for depreciation for an asset it does not own but it may be contracted to administer, and operate it.

To be able to analyze the different options and approaches in determining rates and the capital “buy-in” under various scenarios, the Commission needs to create a new financial model. The financial model would not only provide third party financial analysis for this particular study but would also be available to the Commission for future analysis. The model can also be used in the preparation of a revised Business Plan which will be needed with the addition of a new member community. **Based on quotes requested by Administration, the development of the financial model will cost \$5,5000 - \$7,500.** This is an eligible expense

under the Facilitated Water Line Protocol Development grant from Municipal Affairs.

3. Further engagement with representatives from the Provincial and Federal Government as well as the Ermineskin Cree Nation is required in order build an understanding of what's needed and more importantly develop viable solutions to move this project forward. For example, a major consideration for the Commission will be to ensure the water it delivers does not fall below current quality standards in transport north of Ponoka. Another major consideration will be waterline ownership, operating and maintenance responsibilities for the on-reserve portion of the pipeline (if Ermineskin Cree Nation contemplates the waterline continuing to its urban center). Finally, the rate impact to existing members needs to either be either accepted (unlikely) or a mitigating solution be adopted. Ermineskin Cree Nation very likely also has matters they wish to discuss with the Commission that are not yet known to the Commission. Working through these matters together in a facilitated and structured way is more likely to lead to mutually agreeable and sustainable solutions that will enable this project to move forward.
 - a. **At this juncture Administration recommends the Commission access the grant funds under its Facilitated Water Line Protocol Development grant to procure a qualified facilitator to to plan, guide and manage an engagement process involving representatives with the Province, Ermineskin Cree Nation, and the Commission funded by the Facilitated Water Line Protocol Development grant from Municipal Affairs.**
 - b. Alternatively, the Commission may wish to first complete the financial analysis reference in point 2 above. This option should be selected if the additional certainty on the potential rate impact and capital "buy-in" requirements is vital information that must be understood prior to making a decision to engage (or not) the Province and Ermineskin Cree Nation.

FINANCIAL IMPLICATIONS:

Administration would work within the Facilitated Water Line Protocol Development grant from Municipal Affairs (\$50,000) to complete the financial model and procure a facilitator as described.

ALTERNATIVES:

Alternative 1

If the Commission wished to first complete the financial analysis referenced in point 2 of the Next Steps section above, proposed motion #4 at the beginning of this report may be amended as follows:

1. THAT the Commission accepts the North Red Deer River Water Services Commission (NRDRWSC) First Nation Feasibility Study as information.
2. THAT the Commission directs Administration to request confirmation from the Province that their funding commitment remains at 100%.
3. THAT following confirmation from the Province that their funding commitment remains at 100%, the Commission directs Administration to proceed with the development of the financial model funded by the Facilitated Water Line
4. THAT the Commission directs Administration to report back to the Commission the outcome of the financial modeling.

The Commission may also provide alternate direction to Administration not listed here.

ATTACHMENTS:

- North Red Deer River Water Services Commission (NRDRWSC) First Nation Feasibility Study – FINAL REPORT

North Red Deer River Water Services Commission



2020 Operating Budget
Final

Prepared by Justin de Bresser
November 4th, 2019

2020 Operating Budget

The North Red Deer River Water Services Commission transports potable water from the City of Red Deer to its member municipalities. Currently, the Commission delivers water to all its members. The 2020 budget forecasts revenues based on the water demand estimates provided by the member municipalities. The largest costs to the Commission are the purchase of water from the City of Red Deer and debenture payments.

The following is a summary of changes included in the 2020 operating budget followed by the budget itself.

Water Costs

The 2020 operating budget is based on an estimated **2.6%** increase in water rates from the City of Red Deer. The budget assumes rate from the City of Red Deer may increase from \$1.50 to **\$1.54** per cubic metre effective March 1st, 2020. The Commission has received confirmation that the City is proposing the above rate to their Council and they expect Council will accept the rate proposal. However Council will not ratify the rate in their Utility Bylaw until February 2020. The details of the rate and impact on the budget are outlined on page 3.

Water Sales Volumes

Water sales volumes for 2020 have been reviewed based on the estimates and actuals from the 2019 budget. Actual consumption for 2019 is estimated to be slightly lower than forecasted by 2.42%. Administration is forecasting slower growth in the coming years and this is reflective in the 2020 estimates. Included in the estimate is a change to the water loss estimate. Water forecasts are outlined in page 4 of this document.

Other Operating Revenues and Expenditures

In addition to water purchases and sales volume estimate adjustments, Administration has also reviewed all expenses for the Commission and made a number of adjustments. The following is a summary of those adjustments. The operating budget starts on page 5.

Revenues

1. Increase in line crossing fees of \$500 to reflect an increase in crossing fees.
2. Increase County contributions based on agreement **(additional details have been enclosed)**
3. Increase of \$25,000 in interest revenue to reflect bond portfolio.

Expenses

4. Decrease in Telephone – Office by \$180.
5. Increase of \$1,140 in Management Fees as per contract.
6. Increase in \$300 in Accounting and Auditor Fees
7. Water purchases are based on projected water volumes and the new City of Red Deer rate (Estimated as of October 28th).
8. Amortization remains unchanged. As this is a non-cash expense, the reserve policy will see this transferred to capital reserves at the end of the year in 2020.
9. Funding from rate stabilization reserve to offset rate increase from City as per 5 year plan. Administration is projecting a rate stabilization year end balance of \$215,000 to carry over to 2020 to offset the 2020 rate.

Water Rates

Based on the estimated **2.60%** increase from the City of Red Deer, Administration is proposing to increase the rate to **\$2.12** per cubic meter. This is a **2.42%** increase over the 2018 rate of \$2.07 per cubic meter. The operating surplus is projected to be **\$1.31** at the end of 2020.

**North Red Deer River Water Services Commission
2020 Water Sales Forecast**

2019 City of Red Deer Rate	\$	1.500
2020 City of Red Deer Projected Rate	\$	1.540
% Change		2.60%

<u>Water Purchases</u>	<u>January</u>	<u>February</u>	<u>March to December</u>	<u>Total</u>
Lacombe	110,000	95,000	1,113,262	1,318,262
Ponoka	58,000	51,000	580,069	689,069
Blackfalds	66,000	59,000	735,878	860,878
Ponoka County	500	700	8,800	10,000
City of Red Deer (Not included)	-	-	-	-
Water Loss	5,000	4,400	47,065	56,465
Subtotal	239,500	210,100	2,485,074	2,934,674

Price per m3 (excludes Red Deer	\$	1.50	\$	1.50	\$	1.54
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<u>Cost of Water</u>								
City	\$	165,000	\$	142,500	\$	1,714,424	\$	2,021,924
Ponoka	\$	87,000	\$	76,500	\$	893,307	\$	1,056,807
Blackfalds	\$	99,000	\$	88,500	\$	1,133,251	\$	1,320,751
Ponoka County	\$	750	\$	1,050	\$	13,552	\$	15,352
City of Red Deer	\$	-	\$	-	\$	-	\$	-
Water Loss	\$	7,500	\$	6,600	\$	72,480	\$	86,580
Subtotal	\$	359,250	\$	315,150	\$	3,827,014	\$	4,501,414

Other Expenses (Includes Amortization) \$ 2,041,995.79

Total Operating Costs \$ 6,543,410.00

Less non-water Revenue & Delivery Revenue from City of Red Deer \$ 441,608.00

Total Water Sale Revenue Required \$ 6,101,802.00

<u>Water Sales Required</u>				
City	\$ 233,200.00	\$ 201,400.00	\$ 2,360,115.65	\$ 2,794,715.65
Ponoka	\$ 122,960.00	\$ 108,120.00	\$ 1,229,747.28	\$ 1,460,827.28
Blackfalds	\$ 139,920.00	\$ 125,080.00	\$ 1,560,060.38	\$ 1,825,060.38
Ponoka County	\$ 1,060.00	\$ 1,484.00	\$ 18,656.00	\$ 21,200.00
Subtotal	\$ 497,140.00	\$ 436,084.00	\$ 5,168,579.31	\$ 6,101,803.31
Operating Surplus				\$ 1.31
Price per m3	\$ 2.1200	\$ 2.1200	\$ 2.1200	

North Red Deer River Water Services Commission
Lacombe County and Ponoka County Estimates
for 2020

Commission Expenses		Notes
Board Remuneration	\$ 3,800.00	
Board Travel	\$ 1,250.00	
Administration Travel	\$ 100.00	
Membership Fees	\$ 300.00	
Postage	\$ 50.00	
Staff & Volunteer Appreciation	\$ 300.00	
Telephone-Office	\$ 900.00	
Management Fees	\$ 60,876.00	
Accounting and Auditor	\$ 8,300.00	
Legal	\$ 500.00	
Other Professional Services	\$ 16,800.00	Test & Alta First Call
Office Expenses	\$ 150.00	
Advertising / Promotions	\$ -	
Insurance	\$ 3,889.00	
Meeting Supplies	\$ 50.00	
Miscellaneous Expense	\$ -	
Administration Fees	\$ 11,352.00	
	<u>\$ 108,617.00</u>	
	x 20%	
	<u>\$ 21,723.40</u>	
Repayment of Debt Obligations	\$ 1,276,557.00	
	x 4.1%	
	<u>\$ 52,338.84</u>	
Total Annual Contribution	\$ 74,062.24	
Less 2020 Payments	<u></u>	
Remaining 2020 Contribution	<u><u>\$ 74,062.24</u></u>	

Budget Department by Category

From Category: 47		To Category: 47		Budget Detail: PROVISIONAL BUDGET					
Account Code: 06-1-??-?????		To : 06-2-??-?????		Year: 2020					
Account Code	Account Description	CC1	CC2	CC3	2019 ACTUAL VALUES	2019 FINAL BUDGET	2020 PROVISIONAL BUDGET	Variance	Var %
REGIONAL WATER COMMISSION									
REVENUES									
Regional Water Revenues									
REVENUES									
06-1-47-35110	Water Sales - City of Lacc				(1,925,403)	(2,345,522)	(2,794,715)	(449,193)	16.07
06-1-47-35120	Water Sales - Town of Poi				(999,566)	(1,243,725)	(1,460,826)	(217,101)	14.86
06-1-47-35130	Water Sales - Town of Bla				(1,254,659)	(1,483,455)	(1,825,061)	(341,606)	18.72
06-1-47-35140	Water Sales - Ponoka Coi				(24,645)	(16,658)	(21,200)	(4,542)	21.42
06-1-47-35150	Water Sales - City of Red				(1,528)	(1,954)	(1,954)	0	0.00
06-1-47-42200	Line Crossing Agreement				(250)	(1,500)	(1,500)	0	0.00
06-1-47-55100	Interest Revenue				(36,440)	(75,000)	(75,000)	0	0.00
06-1-47-55500	Rebates & Dividends				0	(30)	(30)	0	0.00
06-1-47-85140	Lacombe County Contribu				0	(73,385)	(74,062)	(677)	0.91
06-1-47-85150	Ponoka County Contributi				0	(73,385)	(74,062)	(677)	0.91
06-1-47-92100	Transfer from Reserves				0	(1,280,811)	(215,000)	1,065,811	-495.73
Total REVENUES					(4,242,491)	(6,595,425)	(6,543,410)	(52,015)	
EXPENSES									
06-2-47-11110	Board Wages-City of Lacc				450	600	600	0	0.00
06-2-47-11120	Board Wages-Town of Poi				300	600	600	0	0.00
06-2-47-11130	Board Wages-Town of Bla				600	600	600	0	0.00
06-2-47-11140	Board Wages-Lacombe C				1,400	1,400	1,400	0	0.00
06-2-47-11150	Board Wages-Ponoka Co				600	600	600	0	0.00
06-2-47-21110	Board Travel-City of Laco				0	250	250	0	0.00
06-2-47-21120	Board Travel -Town of Poi				59	250	250	0	0.00
06-2-47-21130	Board Travel-Town of Blac				59	250	250	0	0.00
06-2-47-21140	Board Travel-Lacombe Cc				32	250	250	0	0.00
06-2-47-21150	Board Travel-Ponoka Cou				119	250	250	0	0.00
06-2-47-21170	Travel-Administration				0	100	100	0	0.00
06-2-47-21400	Membership Fees				114	300	300	0	0.00
06-2-47-21500	Postage & Freight				39	50	50	0	0.00
06-2-47-21600	Staff & Volunteer Appreci				0	300	300	0	0.00
06-2-47-21700	Telephone - Office				258	900	900	0	0.00
06-2-47-21701	Telephone - Operations				6,072	8,072	16,772	8,700	51.87
06-2-47-23000	Management Fees				48,320	82,984	60,876	(22,108)	-36.32
06-2-47-23100	Accounting and Auditor Fe				0	8,300	8,300	0	0.00
06-2-47-23200	Legal Fees				749	500	500	0	0.00
06-2-47-23900	Other Professional Servic				7,467	16,800	11,800	(5,000)	-42.37
06-2-47-25300	Equipment Repair & Main				1,892	9,500	9,500	0	0.00
06-2-47-25301	SCADA Maintenance				5,776	9,025	6,500	(2,525)	-38.85
06-2-47-27400	Insurance & Bond Premiu				4,218	3,889	3,889	0	0.00
06-2-47-34200	Administration				9,010	10,812	11,352	540	4.76
06-2-47-35100	Purchase of Water				3,312,765	4,488,645	4,501,414	12,769	0.28
06-2-47-35200	Operations				74,437	123,637	129,819	6,182	4.76
06-2-47-51000	Miscellaneous Expenses				23	250	250	0	0.00
06-2-47-51100	Meeting Supplies				88	50	50	0	0.00
06-2-47-51400	Office Supplies				0	150	150	0	0.00
06-2-47-52400	General Materials & Supp				655	750	750	0	0.00
06-2-47-54400	Utilities-Electricity				3,162	3,500	3,500	0	0.00
06-2-47-56400	Valves				0	5,000	5,000	0	0.00
06-2-47-81400	Bank Charges & Interest				46	25	25	0	0.00
06-2-47-83100	Debenture Interest				315,780	539,889	504,636	(35,253)	-6.99
06-2-47-83200	Debenture Principal				388,433	736,668	770,263	33,595	4.36
06-2-47-99000	Amortization				0	465,610	465,610	0	0.00

Budget Department by Category

From Category: 47		To Category: 47		Budget Detail: PROVISIONAL BUDGET					
Account Code: 06-1-??-?????		To : 06-2-??-?????		Year: 2020					
Account Code	Account Description	CC1	CC2	CC3	2019 ACTUAL VALUES	2019 FINAL BUDGET	2020 PROVISIONAL BUDGET	Variance	Var %
Total EXPENSES					4,182,923	6,520,756	6,517,656	(3,100)	
Regional Water Revenues (Surplus)/Deficit					(59,568)	(74,669)	(25,754)	(48,915)	
Report Total -->					(59,568)	(74,669)	(25,754)	(48,915)	

Budget Department Report

2020 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
06-1-47-35110	Water Sales - City of Lacombe					
1173	January Purchases	A	110000.00	-2.12	0.0000	-233,200
1173	February Purchases	A	95000.00	-2.12	0.0000	-201,400
1173	March to December Purchases	A	1113262.00	-2.12	0.0000	-2,360,115
	Total		Water Sales - City of Lacombe			-2,794,715
06-1-47-35120	Water Sales - Town of Ponoka					
1174	January Purchases	A	58000.00	-2.12	0.0000	-122,960
1174	February Purchases	A	51000.00	-2.12	0.0000	-108,120
1174	March to December Purchases	A	580069.00	-2.12	0.0000	-1,229,746
	Total		Water Sales - Town of Ponoka			-1,460,826
06-1-47-35130	Water Sales - Town of Blackfalds					
1175	January Purchases	A	66000.00	-2.12	0.0000	-139,920
1175	February Purchases	A	59000.00	-2.12	0.0000	-125,080
1175	March to December Purchases	A	735878.00	-2.12	0.0000	-1,560,061
	Total		Water Sales - Town of Blackfalds			-1,825,061
06-1-47-35140	Water Sales - Ponoka County					
2413	January Purchases	A	500.00	-2.12	0.0000	-1,060
2413	February Purchases	A	700.00	-2.12	0.0000	-1,484
2413	March to December Purchases	A	8800.00	-2.12	0.0000	-18,656
	Total		Water Sales - Ponoka County			-21,200
06-1-47-35150	Water Sales - City of Red Deer					
4121	2020 Delivery Charges - Jan - Feb	A	579.00	-0.49	0.0000	-284
4121	2020 Delivery Charges - Mar - Dec	A	3409.00	-0.49	0.0000	-1,670
	Total		Water Sales - City of Red Deer			-1,954
06-1-47-42200	Line Crossing Agreement Fee					
3753	Based on \$250 per applicant	A	1.00	-1500.00	0.0000	-1,500
	Total		Line Crossing Agreement Fee			-1,500
06-1-47-55100	Interest Revenue					
2566	Interest @2% on Bank Account	A	1.00	-75000.00	0.0000	-75,000
	Total		Interest Revenue			-75,000
06-1-47-55500	Rebates & Dividends					
2567	AADM&C	A	1.00	-30.00	0.0000	-30
	Total		Rebates & Dividends			-30
06-1-47-85140	Lacombe County Contribution					
1176	2020 Contribution	A	1.00	-74062.00	0.0000	-74,062
	Total		Lacombe County Contribution			-74,062

North Red Deer River Water Services Commission

Budget Department Report

GL5290

Date: Nov 22, 2019

Page:

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Time: 9:26 am

2020 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
06-1-47-85150	Ponoka County Contribution					
1177	2020 Contribution	A	1.00	-74062.00	0.0000	-74,062
	Total	Ponoka County Contribution				-74,062
06-1-47-92100	Transfer from Reserves					
4122	Rate Rate Stabilization	A	1.00	-215000.00	0.0000	-215,000
	Total	Transfer from Reserves				-215,000
06-2-47-11110	Board Wages-City of Lacombe					
1080	4 Meetings per Year	A	1.00	600.00	0.0000	600
	Total	Board Wages-City of Lacombe				600
06-2-47-11120	Board Wages-Town of Ponoka					
1081	4 Meetings	A	1.00	600.00	0.0000	600
	Total	Board Wages-Town of Ponoka				600
06-2-47-11130	Board Wages-Town of Blackfalds					
1082	4 Meetings Per Year	A	1.00	600.00	0.0000	600
	Total	Board Wages-Town of Blackfalds				600
06-2-47-11140	Board Wages-Lacombe County					
1083	4 Meetings	A	1.00	1400.00	0.0000	1,400
	Total	Board Wages-Lacombe County				1,400
06-2-47-11150	Board Wages-Ponoka County					
1084	4 Meetings	A	1.00	600.00	0.0000	600
	Total	Board Wages-Ponoka County				600
06-2-47-21110	Board Travel-City of Lacombe					
1085	2020 Budget	A	1.00	250.00	0.0000	250
	Total	Board Travel-City of Lacombe				250
06-2-47-21120	Board Travel -Town of Ponoka					
1086	2020 Budget	A	1.00	250.00	0.0000	250
	Total	Board Travel -Town of Ponoka				250
06-2-47-21130	Board Travel-Town of Blackfalds					
1087	2020 Budget	A	1.00	250.00	0.0000	250
	Total	Board Travel-Town of Blackfalds				250
06-2-47-21140	Board Travel-Lacombe County					
1088	2020 Budget	A	1.00	250.00	0.0000	250
	Total	Board Travel-Lacombe County				250

2020 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
06-2-47-21150	Board Travel-Ponoka County					
1089	2020 Budget	A	1.00	250.00	0.0000	250
	Total	Board Travel-Ponoka County				250
06-2-47-21170	Travel-Administration					
1090	Travel & Expenses	A	1.00	100.00	0.0000	100
	Total	Travel-Administration				100
06-2-47-21400	Membership Fees					
6	AADM&C	A	1.00	300.00	0.0000	300
	Total	Membership Fees				300
06-2-47-21500	Postage & Freight					
7	Postage & Handling	A	1.00	50.00	0.0000	50
	Total	Postage & Freight				50
06-2-47-21600	Staff & Volunteer Appreciation					
4120	Former Board Recognition	A	1.00	300.00	0.0000	300
	Total	Staff & Volunteer Appreciation				300
06-2-47-21700	Telephone - Office					
8	Administrative Cell - New contract	A	1.00	900.00	0.0000	900
	Total	Telephone - Office				900
06-2-47-21701	Telephone - Operations					
1167	Monitoring Cell Phones (\$672 per month)	A	1.00	8072.00	0.0000	8,072
1167	Cloud Hosting SCADA (\$725 per Month)	A	1.00	8700.00	0.0000	8,700
	Total	Telephone - Operations				16,772
06-2-47-23000	Management Fees					
9	Mgt - Jan to Dec \$5073 per month	A	1.00	60876.00	0.0000	60,876
	Total	Management Fees				60,876
06-2-47-23100	Accounting and Auditor Fees					
1104	Auditor - Based on Contract	A	1.00	8300.00	0.0000	8,300
	Total	Accounting and Auditor Fees				8,300
06-2-47-23200	Legal Fees					
1091	Legal Fees	A	1.00	500.00	0.0000	500
	Total	Legal Fees				500
06-2-47-23900	Other Professional Services					
1092	Alberta First Call	A	1.00	6500.00	0.0000	6,500

2020 PROVISIONAL BUDGET

Account Code ID	Description	Account Name	Status	Quantity	Rate	Burden %	Amount
1092	Other		A	1.00	1000.00	0.0000	1,000
1092	Water Testing		A	1.00	2800.00	0.0000	2,800
1092	General Engineering		A	1.00	1500.00	0.0000	1,500
	Total	Other Professional Services					11,800
06-2-47-25300		Equipment Repair & Maintenance					
1170	Repair & Maintenance		A	1.00	9500.00	0.0000	9,500
	Total	Equipment Repair & Maintenance					9,500
06-2-47-25301		SCADA Maintenance					
1169	SCADA Maintenance		A	1.00	6500.00	0.0000	6,500
	Total	SCADA Maintenance					6,500
06-2-47-26200		Building Rent					
14	Rent		A	1.00	0.00	0.0000	0
	Total	Building Rent					0
06-2-47-27400		Insurance & Bond Premiums					
10	Insurance		A	1.00	3889.00	0.0000	3,889
	Total	Insurance & Bond Premiums					3,889
06-2-47-34200		Administration					
19	Acct - Jan to Dec \$946 Per Month		A	1.00	11352.00	0.0000	11,352
	Total	Administration					11,352
06-2-47-35100		Purchase of Water					
1171	January to February Purchases		A	449600.00	1.50	0.0000	674,400
1171	March to December Purchases		A	2485074.00	1.54	0.0000	3,827,014
1171	City of Red Deer -Jan to Feb		A	1.00	0.00	0.0000	0
1171	City of Red Deer - Mar to Dec		A	1.00	0.00	0.0000	0
	Total	Purchase of Water					4,501,414
06-2-47-35200		Operations					
1168	Operation Expenses		A	1.00	129819.00	0.0000	129,819
	Total	Operations					129,819
06-2-47-51000		Miscellaneous Expenses					
11	Miscellaneous		A	1.00	250.00	0.0000	250
	Total	Miscellaneous Expenses					250
06-2-47-51100		Meeting Supplies					
3089	Commission Meetings		A	1.00	50.00	0.0000	50
	Total	Meeting Supplies					50
06-2-47-51400		Office Supplies					

2020 PROVISIONAL BUDGET

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
12	Paper/Forms etc.	A	1.00	150.00	0.0000	150
Total		Office Supplies				150
06-2-47-52400	General Materials & Supplies					
1761		A	1.00	750.00	0.0000	750
Total		General Materials & Supplies				750
06-2-47-54400	Utilities-Electricity					
1166	Meter Stations	A	1.00	3500.00	0.0000	3,500
Total		Utilities-Electricity				3,500
06-2-47-56400	Valves					
2568	Repairs	A	1.00	5000.00	0.0000	5,000
Total		Valves				5,000
06-2-47-81400	Bank Charges & Interest					
15		A	1.00	25.00	0.0000	25
Total		Bank Charges & Interest				25
06-2-47-83100	Debenture Interest					
1763	Laon No. 4000001 (\$2,000,000 loan)	A	1.00	54000.00	0.0000	54,000
1763	Loan No. 4000002 (\$17,000,000)	A	1.00	450636.00	0.0000	450,636
Total		Debenture Interest				504,636
06-2-47-83200	Debenture Principal					
1172	Loan No. 4000001 (\$2,000,000)	A	1.00	79523.00	0.0000	79,523
1172	Loan No. 4000002 (17,000,000)	A	1.00	690740.00	0.0000	690,740
Total		Debenture Principal				770,263
06-2-47-99000	Amortization					
3090		A	1.00	465610.00	0.0000	465,610
Total		Amortization				465,610

North Red Deer River Water Services Commission



2020 Capital Budget
Final

Prepared by Justin de Bresser
November 4th, 2019

2020 Capital Budget

The North Red Deer River Water Services Commission transports potable water from the City of Red Deer to its member municipalities. Currently, the Commission delivers water to all its members. The 2020 capital budget includes one initiative at a cost of \$119,840 funded from the capital reserve. The 2020 starting year balance of the Capital Reserve will be \$3,618,354.

Asset Management Plan Development - \$119,840

The Commission's main distribution lines were first put into operation in 2006 using contemporary materials with a significantly long-life cycle. The laterals connecting to the local municipal distribution were often existing infrastructure that had been repurposed or reused. For example, waterlines supplying raw water from wells to the local reservoirs were reused and repurposed to transport potable water from the Commission main line to the local reservoir, abandoning the connection to the well. These repurposed assets have successfully reduced the capital cost for the Regional Water System and have maximized life of existing built assets.

However, the Commission also has access to very little corporate information and has limited knowledge of this portion of their inventory. Key information such as location, material, condition, performance history, and expected useful life is limited or non-existent. This information gap presents a material risk to the Commission's goal of providing potable water in a highly reliable and secure fashion.

An unplanned or premature failure of a lateral can create a situation where a member community may be without a direct supply of potable water until a repair can be completed. Additionally, a class of assets that are near or at the end of their life can experience increased failure rates. The costs of unplanned repair and maintenance can create a significant draw on Commission resources.

The mainline from Red Deer to Ponoka was constructed in 2005-2006 has several years remaining until major replacements or upgrades are needed. However, a proactive asset management plan for this portion of the line will also benefit the Commission's long term financial plan. As the inventory of the mainline assets are known, this portion will focus less on the inventory and condition and more on the Level of Service (LOS) Risk and future financial planning.

Lastly, as effective governors and stewards of the member's collective assets, the Commission has an obligation to be actively and appropriately assessing risk—ensuring management is proactively viewing Commission's operations and making decisions to the appropriate levels of service and resultant costs. The development of an Asset Management Plan will aid the Commission in exercising these fiduciary duties.



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Jordan Thompson, Acting Administrator

DATE: November 8, 2019

RE: Commission Bylaw #3.4 – Water Rate

REF: 47/201
(20)

PURPOSE:

To present for the Board's consideration Bylaw #3.4, a bylaw to amend the Commission's Water Rate Bylaw #3.

BACKGROUND:

Each year Administration prepares the rate bylaw to be consistent to the budget presented to Commission members.

Section of 602.07(1)(b) of the Act states that a Commission shall pass a bylaw governing the fees to be charged by the commission for services provided to its customers or any class of customers.

The Commission's Bylaw #1 establishes the administration of the Commission, including how the annual rate is to be established. Bylaw #1 does not actually establish the rate itself. Bylaw 3 established the rate for members beginning in 2016 and has been since been amended annually to align with the approved annual budget. Unlike a municipal council, the Board may pass a bylaw in one meeting by simple majority vote. However, the Board has traditionally held 3 readings for the passage of its bylaws.

ISSUE ANALYSIS:

Based on the amended budget presented at this meeting for information, Administration has prepared this rate bylaw to align with the proposed rate to members of **\$2.12/m³** effective January 1, 2020. This rate includes returning the remaining unexpended balance of the rate stabilization reserve to members in 2020.

FINANCIAL IMPLICATIONS:

The proposed rate to members is **\$2.12/m³** effective January 1, 2020.

ATTACHMENT:

1. Bylaw 3.3 – A Bylaw to Amend Commission Bylaw 3

RECOMMENDATION:

Administration is recommending that the Commission give second and third readings to Bylaw 3.4.

NORTH RED DEER RIVER WATER SERVICES COMMISSION

BYLAW 3.4

BEING A BY-LAW OF THE BOARD OF DIRECTORS OF THE NORTH RED DEER RIVER WATER SERVICES COMMISSION TO AMEND COMMISSION BYLAW 3, THE 2016 WATER RATE BYLAW

WHEREAS the North Red Deer Water Services Commission has been established by the Lieutenant Governor in Council under Alberta Regulation 105/2004 made pursuant to Part 15.1 of the Municipal Government Act, RSA 2000, c. M-26; and

WHEREAS the Board of Directors of the North Red Deer Water Services Commission has been duly appointed pursuant to section 602.04(3)(b) of the said Act and the Board of Directors now wishes to make a Bylaw pursuant to section 602.07(1)(b) of the said Act establishing the per unit rate to be charged for the sale of water to its member municipalities and customers;

WHEREAS the Board of Directors of the North Red Deer Water Services Commission approved Commission Bylaw 3 in 2016 to establish an annual utility rate and the Board wishes to amend this Bylaw to incorporate a separate annual utility rate for non-member customers:

NOW THEREFORE the Board enacts the following:

1. Commission Bylaw 3 is hereby amended in the following manner:

a. Section 3 is deleted in its entirety and replaced with the following:

“3. The rate to be charged for the sale of potable water as of January 1, 2020 to members by the Commission is hereby set at \$2.12 per cubic meter of measured water.”

b. Section 3.1 is deleted in its entirety and replaced with the following

“3.1. The rate to be charged for the sale of potable water as of January 1, 2020 to customers by the Commission is hereby set at \$2.04 (\$1.54 for potable water and \$0.497 for delivery) per cubic meter of measured water.”

2. This bylaw comes into force upon final adoption.

Read a first time 4 day **November** of **2019**

Read a second time this **X** day **XXX** of **2019**

Read a third time and adopted this **X** day **XXX** of **2019**

CHAIR

MANAGER