



NORTH RED DEER RIVER WATER SERVICES COMMISSION

Regular Meeting

June 17, 2019 @ 9:00 AM

LACOMBE CITY HALL

AGENDA

1. Call to Order
2. Adoption of Agenda
3. Adoption of Minutes
 - a. April 8 - Annual Meeting (*attached*)
4. Reports
 - a. Operations (*attached*)
 - b. Administrator (*attached*)
 - i) Monthly Report
 - ii) Financial - May 2019
 - c. Chair
5. Correspondence
6. Old Business
 - a. SCADA Upgrade Request
 - b. 2019-2023 Financial Projections (*attached*)
7. New Business
 - a. Policy 1_05 Fee For Line Crossing proposed update
 - b. Administration and Operations Service Agreement
8. In Camera
9. Next Meeting Date: September 16, 2019 (proposed)
10. Adjournment

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 Flooman, 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 Commissions' 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

Chair Ken Wigmore

Mayor Rick Bonnett

Mayor Grant Creasy

Mayor Richard Poole

OPPOSED

Councillor Mark Matejka

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

Chairperson

Administrator

M E M O R A N D U M



North Red Deer River Water Services Commission

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Phone: (403) 782-6666
Direct Line: (403) 782-1256
Fax: (403) 782-2234

chuston@lacombe.ca

June 4th, 2018

Attn: NRDRWSC

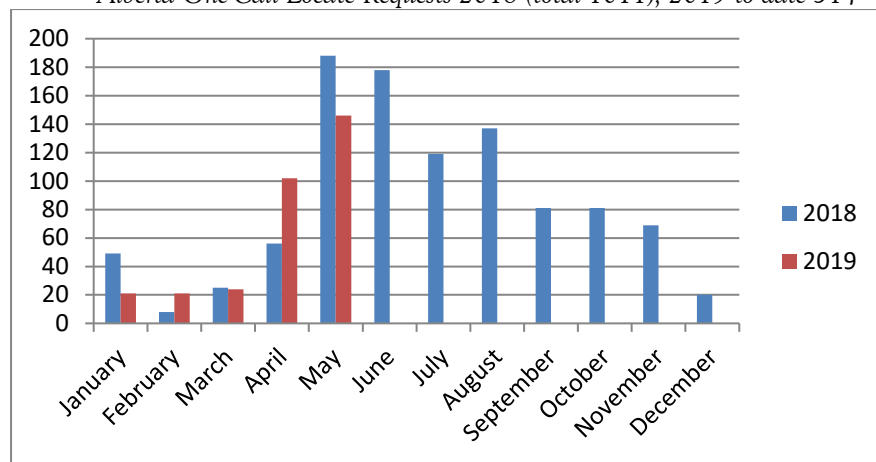
Re: Operational Report since April 8th, 2019.

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

GENERAL INFORMATION

- Alberta One-Call Locate Requests:
 - March - 24 locates
 - April - 102 locates
 - May - 146 locates

Alberta One-Call Locate Requests 2018 (total 1011); 2019 to date 314



Repair response charges:

- None to report

Call-Out:

- March.7 - Operator called by RDWTP - Low reservoir at Lucas - Operator confirmed reservoir was low and water flow out of reservoir was at high velocity - Ponoka was dealing with a water leak and were trying to isolate.
- March.12 - Operator called by RDWTP - Low reservoir at Lucas - Operator confirmed reservoir was low and water flow out of reservoir was at high velocity - Ponoka was dealing with a water leak and were trying to isolate. Same scenario as previous.
- April 15 - Operator called by RDWTP - no communication from Railway - reset modem and restored communication

General Information:

- SCADA - Eramosa has provided a letter of recommendation (attached) for upgrading hardware in the pump house sites. This is discussed further in a separate memo.

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

Regards,

A handwritten signature in blue ink, appearing to read 'L-H', is positioned above the printed name.

Chris Huston
Operations Supervisor



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta
T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Justin de Bresser, Administrator

DATE: June 17, 2019

RE: Administrator's Report – June 17, 2019

REF: 47/117
(2019)

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

1. Administration has proceeded through another round of revisions on the sales agreement from the City of Red Deer for the sale of the water line within the City's of boundaries. Estimated Closing date is August 1st or 15 days after the new vault is completed.
2. Administration is currently in talks with Alberta Transportation about the grant funds needed to complete the feasibility study for the First Nations of Maskwacis. There was some indication that the funds would be approved.
3. Administration is working with Stantec to develop costs associated with an Asset Management Plan for the Commissions assets. The quote will be presented for discussion at the September meeting.
4. Administration finalized on the 5 year projections and is on the agenda. The sale of the section of water line to the City of Red Deer will have an impact on the 5 year projections once finalized.
5. Administration and Chair will be meeting with Alberta Environment & Parks on the 19th of June. This meeting will be discussing the Water Agreement that was signed between the Province and Ermineskin First Nation.



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Justin de Bresser, Administrator
DATE: June 17, 2019
RE: May 2019 Variance Report

REF: 13/860
2019

Attached is the 2019 variance report as of May 31st for the regional water commission.

Water sales are slightly over budget so far this year with just over 1.1 million cubes sold or 40% of total budget. This usage is consistent with the same period as last year. Summer peak summer months will see an increase in cubes sold.

Expenses remain in line with expectations. No extraordinary expenses have been incurred. As expected the largest purchase to date is the purchase of water from the City of Red Deer and May's water purchase invoice has not arrived yet.

The Commission's bond portfolio is showing a value of \$5,167,740 or 3.4% total return.

GL Department Report

GL5330

Page : 1

Date : Jun 10, 2019

Time : 8:54 am

Year : 2019

Budget : FINAL BUDGET

Period : 5

Group by: Default

Account No.	Description	CC1	CC2	CC3	Current	Year to Date	Budget	Variance	% Used
REGIONAL WATER REPORTING									
REVENUES									
06-1-47-35110	Water Sales - City of La				-192,588	-980,195	-2,345,522	-1,365,327	42
06-1-47-35120	Water Sales - Town of F				-99,470	-522,769	-1,243,725	-720,956	42
06-1-47-35130	Water Sales - Town of B				-138,834	-633,129	-1,483,454	-850,326	43
06-1-47-35140	Water Sales - Ponoka C				-5,564	-9,766	-16,658	-6,893	59
06-1-47-35150	Water Sales - City of Re				-152	-760	-1,954	-1,194	39
06-1-47-42200	Line Crossing Agreeeme				0	0	-1,500	-1,500	
06-1-47-55100	Interest Revenue				0	-16,290	-75,000	-58,710	22
06-1-47-55500	Rebates & Dividends				0	0	-30	-30	
06-1-47-85140	Lacombe County Contri				0	0	-73,385	-73,385	
06-1-47-85150	Ponoka County Contribu				0	0	-73,385	-73,385	
06-1-47-92100	Transfer from Reserves				0	0	-1,280,811	-1,280,811	
REVENUES					-436,608	-2,162,909	-6,595,425	-4,432,516	33
EXPENSES									
06-2-47-11110	Board Wages-City of La				0	150	600	450	25
06-2-47-11120	Board Wages-Town of P				0	150	600	450	25
06-2-47-11130	Board Wages-Town of B				0	150	600	450	25
06-2-47-11140	Board Wages-Lacombe				0	350	1,400	1,050	25
06-2-47-11150	Board Wages-Ponoka C				0	150	600	450	25
06-2-47-21110	Board Travel-City of Lac				0	0	250	250	
06-2-47-21120	Board Travel -Town of P				0	30	250	220	12
06-2-47-21130	Board Travel-Town of Bl				0	15	250	235	6
06-2-47-21140	Board Travel-Lacombe (0	8	250	242	3
06-2-47-21150	Board Travel-Ponoka Cc				0	30	250	220	12
06-2-47-21170	Travel-Administration				0	0	100	100	
06-2-47-21400	Membership Fees				0	114	300	186	38
06-2-47-21500	Postage & Freight				0	0	50	50	
06-2-47-21600	Staff & Volunteer Appre				0	0	300	300	
06-2-47-21700	Telephone - Office				0	120	900	780	13
06-2-47-21701	Telephone - Operations				0	2,700	8,072	5,372	33
06-2-47-23000	Management Fees				4,832	24,160	82,984	58,824	29
06-2-47-23100	Accounting and Auditor				0	0	8,300	8,300	
06-2-47-23200	Legal Fees				0	0	500	500	
06-2-47-23900	Other Professional Serv				0	1,653	16,800	15,147	10
06-2-47-25300	Equipment Repair & Ma				0	0	9,500	9,500	
06-2-47-25301	SCADA Maintenance				722	2,888	9,025	6,137	32
06-2-47-27400	Insurance & Bond Prem				0	4,218	3,889	-329	108
06-2-47-34200	Administration				901	4,505	10,812	6,307	42
06-2-47-35100	Purchase of Water				0	994,602	4,488,644	3,494,043	22
06-2-47-35200	Operations				0	30,221	123,637	93,416	24
06-2-47-51000	Miscellaneous Expense:				0	23	250	227	9
06-2-47-51100	Meeting Supplies				0	88	50	-38	175
06-2-47-51400	Office Supplies				0	0	150	150	
06-2-47-52400	General Materials & Sup				0	17	750	733	2
06-2-47-54400	Utilities-Electricity				0	1,743	3,500	1,757	50
06-2-47-56400	Valves				0	0	5,000	5,000	
06-2-47-81400	Bank Charges & Interes				0	20	25	5	80
06-2-47-83100	Debenture Interest				0	29,136	539,889	510,753	5
06-2-47-83200	Debenture Principal				0	37,626	736,668	699,042	5
06-2-47-99000	Amortization				0	0	465,610	465,610	

GL Department Report

Year : 2019

Budget : FINAL BUDGET

Period : 5

Account No.	Description	CC1	CC2	CC3	Current	Year To Date	Budget	Variance	% Used
REGIONAL WATER REPORTING									
			EXPENSES		6,455	1,134,866	6,520,755	5,385,890	17
REGIONAL WATER REPORTING Total					-430,153	-1,028,043	-74,669	953,374	1377



PORTFOLIO EVALUATION (CAD)

As of May 31, 2019

NORTH RED DEER RIVER WATER SERVICE COMMISSION (755398961C)

Your Investment Advisor: J HOBSON/C CHAHAL

CIBC Wood Gundy

Last Purchase	Quantity	Description	Maturity Date	Market VL	YTM Cost	Book Value	% of Total	Unrealized G/L **	Accrued Int./Div.	Accum. Int./Div.	Annual Income	Market Price	ACB	Mod. Dur.
Cash & Cash Equivalents														
Cash														
	8,643	ACCOUNT BALANCE CAD		8,643		8,643	0.17					1.000	1.000	
High Interest Savings Account														
04/04/2019	627,030.510	REN HIGH INT SVG AC(5001)		627,031		627,031	12.20			856.86	11,896	1.000	1.000	
Total Cash & Cash Equivalents				\$ 635,673		\$ 635,673	12.37 %			\$ 856.86	\$ 11,896			
Short-Term Fixed Income														
Canadian Bank Paper														
05/07/2018	487,000	CIBC FXD 202 3.42% 26JA21	01/26/2021	495,812	2.80	494,792	9.65	1,019.78	5,751.17	16,655.40	16,655	101.809	101.600	1.59
05/07/2018	490,000	RBC FXD 2021 3.45% 29SP21	09/29/2021	503,020	2.92	498,379	9.79	4,641.28	2,894.06	16,905.00	16,905	102.657	101.710	2.22
05/07/2018	507,000	BNS FXD 2022 2.58% 30MR22	03/30/2022	508,724	3.07	497,975	9.90	10,748.91	2,203.80	13,080.60	13,081	100.340	98.220	2.70
05/07/2018	504,000	BMO FIXED 202 2.57% 1JN27	06/01/2022	505,534	3.06	494,575	9.84	10,958.98	6,440.82	12,952.80	12,953	100.304	98.130	2.84
05/07/2018	496,000	CIBC FXD 2023 3.45% 4AP28	04/04/2023	507,211	3.36	498,083	9.87	9,127.89	2,664.98	17,112.00	17,112	102.260	100.420	3.57
Total Canadian Bank Paper				\$ 2,520,302	3.04 %	\$ 2,483,805	49.03 %	\$ 36,496.83	\$ 19,954.83	\$ 76,705.80	\$ 76,706			2.59
Principal Protected Note														
05/07/2018	5,000,000	BMO S&P/TSX CMPSI/D(2180)	05/24/2022	492,040		500,000	9.57	-7,960.00				98.408	100.000	2.97
05/14/2018	5,000,000	BNS S&P/TSX CMPOST/D(294)	06/08/2022	489,000		500,000	9.51	-11,000.00				97.800	100.000	3.01
Total Principal Protected Note				\$ 981,040		\$ 1,000,000	19.09 %	\$ -18,960.00						2.99
Total Short-Term Fixed Income				\$ 3,501,342	3.04 %	\$ 3,483,805	68.12 %	\$ 17,536.83	\$ 19,954.83	\$ 76,705.80	\$ 76,706			2.70
Medium-Term Fixed Income														
Canadian Bank Paper														
05/07/2018	501,000	TDBK FXD /C 3.224% 25JL24	07/25/2024	511,191	3.42	495,589	9.95	15,601.64	5,622.05	16,152.24	16,152	102.034	98.920	4.68
05/07/2018	499,000	CIBC 03/29 /E 2.8% 29MR28	03/29/2028	491,667	2.80	499,000	9.57	-7,333.30	2,290.49	13,722.50	13,972	98.530	100.000	7.73
Total Medium-Term Fixed Income				\$ 1,002,858	3.11 %	\$ 994,589	19.51 %	\$ 8,268.34	\$ 7,912.54	\$ 29,874.74	\$ 30,124			6.17
Total				\$ 5,139,872		\$ 5,114,067		\$ 25,805.17		\$ 107,437.40	\$ 118,726			

Accrued Interest:	\$ 27,867
Declared and Unpaid Dividends:	
Total Portfolio Value:	\$ 5,167,740

** Where applicable, Unrealized G/L includes accumulated interest.



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Chris Huston, Operations Supervisor
DATE: June 17, 2019
RE: SCADA Upgrade Request

PURPOSE:

To present SCADA hardware upgrade options to the Commission for direction.

ACTION/RECOMMENDATION:

THAT the Board endorse the upgrade of the PLC CPU and PLC input/output hardware as presented (option 2) at a cost of \$73,000.

BACKGROUND:

At its regular meeting on June 25th, 2018 the Commission awarded a SCADA system upgrade project to Eramosa at a cost of \$131,000

ISSUE ANALYSIS:

Eramosa has completed an assessment of the existing SCADA hardware used to support the implementation of the new 'Ignition' Supervisory Control and Data Acquisition (SCADA) software that integrates computers, network communication and allows remote access to the sites by Red Water Treatment to fill the reservoirs with water. Like Stantec, Eramosa has identified certain hardware components in the Commission's existing system that have life remaining but are no longer supported by manufactures, namely the PLC CPU. The PLCs are a critical system of hardware components required to automatically control various aspects of the Commission's infrastructure. They are located in each of the member community reservoirs and in the Red Deer meter vault.

Both Stantec and Eramosa recommend the Commission plan for the eventuality that the PLC CPU will need to be replaced in the medium term due to failure. Stantec recommended the Commission replace the PLC CPU before 2027. Failure of the PLC CPU would require manual operation of the Commission's control valve for that reservoir until the CPU is replaced.

Eramosa has provided, for the Commission's consideration an early upgrade path for the PLCs and an associated component: the input/output hardware.

Eramosa provided three (3) options for the Commission:

Option 1

Selecting this option means Eramosa will proceed with completing the SCADA software upgrades required and will source spare parts for the Commission to have on hand in the event of early hardware failure. It also means that the Commission will incur higher licensing costs for necessary additional software to allow the old hardware to work with the new SCADA software: Ignition. The hardware upgrades will be deferred to the future.

Advantages:

- Lowest cost - \$7,939 for spare parts.

Disadvantages:

- Reliance on unsupported CPUs
- 3rd Party software required to allow the old hardware to work with the new SCADA software which adds a layer of complexity to the SCADA system.
- Higher software licensing cost due to adding 3rd party communications drivers.
- Replacement of the CPU is recommended before 2027.

Option 2

Selecting this option means Eramosa will replace the PLC CPU's and input/output hardware with their modern versions.

Advantages:

- Current industry standard.
- Hardware support is available
- Resets the remaining life of the PLC CPU and input/output hardware.
- Low annual software licensing cost.
- Replacement of the PLC CPUs in a non-critical situation.

Disadvantages

- Highest cost - \$73,000 for new hardware, installation programming and commissioning

Option 3

Selecting this option means Eramosa will replace the PLC CPU only leaving the PLC input/output hardware for future upgrade.

Advantages:

- Hardware support for the input/output hardware is still available
- Resets the remaining life of the PLC CPU
- Low annual software licensing cost.

- Replacement of the PLC CPUs in a non-critical situation.

Disadvantages

- Additional costs - \$36,000
- Requires an additional communications module to allow the current input/output hardware to communicate with the new CPU adding some complexity to the system.

All options allow for the SCADA upgrade to proceed. Option 1 is a viable option for the medium term however, given that Eramosa has confirmed Stantec's assessment that the PLC CPU's are approaching the end of life in the medium term, Administration recommends the Commission also strongly consider the advantages of their replacement in a non-critical situation – something not fully appreciated by our operators until recently. While the risk of failure of the PLC CPU is not high right now, it will become higher over the next 8 years. Should a CPU fail, operators would need to operate the control valve at that reservoir manually until the CPU is replaced. This may tie up a skilled operator for up to days at a time. With no official hardware support from certified suppliers, operators will need to source a 3rd party installer to replace the CPU which may come with little or no warranty support – especially if the spare CPU is supplied by the Commission. For these reasons Administration is recommending the Commission consider either options 2 or 3.

Both Options 2 and 3 are more viable long term solutions for the Commission and its operators. Both options offer hardware support and greater certainty that critical hardware components will be supported for the long term. However Administration is recommending option 2 because it is the current industry standard, is the least complex option to operate long term and it would provide the Water Commission with similar hardware used in the Wastewater Commission's systems reducing a barrier for future integrations.

FINANCIAL IMPLICATIONS:

	Option 1	Option 2	Option 3
Eramosa's Bid Price	\$131,212	\$131,212	\$131,212
Additional Cost	\$7,939	\$73,000	\$36,000
Total	\$139,151	\$204,212	\$167,212
Capital Budget (2018)	\$200,000	\$200,000	\$200,000
Surplus/(Deficit)	\$60,849	(\$4,212)	\$32,788

The deficit identified with option 2 would be funded through the capital reserve.

ALTERNATIVES:

1. THAT the Board endorse the upgrade of the PLC CPU and PLC input/output hardware as presented (option 2) at a cost of \$73,000.
2. THAT the Board endorse the purchase of spare hardware components as presented (option 1) at a cost of \$7,939.
3. THAT the Board endorse the upgrade of the PLC CPUs as presented (option 3) at a cost of \$36,000.

ATTACHMENTS:

- Eramosa Letter: SCADA Hardware Options



File: C42618.01
Date: April 11, 2019

Chris Huston
Operations Supervisor
North Red Deer River Water Services Commission
5432 56 Avenue
Lacombe, Alberta
T4L 1E9

Attention: Chris Huston
Operations Supervisor

**REF: NORTH RED DEER RIVER WATER SERVICES COMMISSION
SCADA HARDWARE PROPOSED OPTIONS**

Dear Chris:

Further to our recent discussions regarding the upgrades required to the North Red Deer River Water Services Commissions (NRDRWSC) Supervisory Control And Data Acquisition (SCADA) system field hardware, we are pleased to provide the commission with information regarding the options for the upgrade.

Eramosa was approached to provide additional information and options for the commission to consider to overcome legacy hardware issues found during the initiation of the SCADA upgrade project. The upgrade options discussed in this letter elaborate on the information provided previously through meetings and email correspondence. Three options have been provided to the Commission with varying levels of complexity and costs, and each with separate advantages and disadvantages.

Background Information

The Commission's current system contains FlexLogix Central Processing Units (CPU) and Flex IO (Inputs/Outputs) hardware which are Rockwell products. The FlexLogix CPU hardware was discontinued by Rockwell in 2009. Due to this, the firmware used by the FlexLogix CPU had been held at version 16. The current Logix firmware version for current CPU's is version 32. Some of the main issues with the legacy FlexLogix CPU's are:

1. The supportability of the FlexLogix CPU hardware has been reduced due to the firmware version being held at 16, version 16 of the RSLogix software is only supported on the Microsoft Windows XP operating system.
2. The older firmware makes the Commission's current SCADA package selected for the SCADA upgrade, Ignition SCADA, unable to communications with the older PLCs without using 3rd party communications drivers.
3. Spare parts for the FlexLogix CPU hardware is not readily available using standard distribution channels for Rockwell products. The Commission is required to use an alternate supply source such as eBay to obtain parts, making hardware availability unpredictable.

The Flex IO system used by the Commission is an actively supported product in production by Rockwell. The IO continues to be utilized as remote IO for systems and currently has no end of life

or product maturity status from Rockwell. To utilize Flex IO as remote IO, a communications module is required to be mounted to the Flex IO chassis to allow for the IO to be accessed by a PLC CPU over a communications network.

The Logix series of controllers is the flagship product lines for Rockwell and the latest Logix series PLC's are ControlLogix and CompactLogix product lines. ControlLogix is a higher cost series of hardware used in systems with large IO counts and CompactLogix series hardware is a lower cost product line used in systems that have a lower IO count. The most current ControlLogix and CompactLogix family of CPU's support the latest firmware versions released by Rockwell. As well, both Logix families have their own series of IO cards that are different from Flex IO.

The CompactLogix series is the recommended choice for future work completed by the Commission due to the product supportability, product hardware availability, future life expectancy, and the IO counts used in the Commission's systems.

Option 1 – No PLC Upgrade

The first option available to the Commission is to not complete any upgrades to the FlexLogix CPU and Flex IO hardware. This option will proceed to completing the SCADA software upgrades required deferring the hardware upgrades to a later date. The following advantages and disadvantages are associated with this option:

Advantages:

1. Lowest cost.

Disadvantages:

1. Purchasing outdated spare hardware, which will have a throw away cost.
2. Windows XP still required to program PLCs.
3. Has a high annual reoccurring cost due to adding 3rd party communications drivers.
4. Supply of hardware products in future are not predictable.

Option 2 – Replace FlexLogix With CompactLogix

The second option available to the Commission is to replace the FlexLogix CPU and the Flex IO hardware with CompactLogix hardware. This option will complete the PLC software and hardware upgrades of the Commissions system. Additional costs will be required to complete this option, pricing has been provided as an attachment to this letter. The following advantages and disadvantages are associated with this option:

Advantages:

1. Proactive approach to maintaining critical infrastructure.
2. Updating to latest technology.
3. Supported hardware by system integrators and local hardware distributors.

Disadvantages:

1. Highest cost.



Option 3 – Maintain Flex IO, Programming and CPU to CompactLogix

The third option available to the commission is to replace the FlexLogix CPU with a CompactLogix CPU and maintain the Flex IO hardware. This option will complete the PLC software and a partial hardware upgrade to the Commissions systems. Additional costs will be required to complete this option, pricing has been provided as an attachment to this letter. The following advantages and disadvantages are associated with this option:

Advantages:

1. Flex IO is a supported platform.
2. Updated to latest CompactLogix series programming.
3. Supported hardware by system integrators and local hardware distributors.

Disadvantages:

1. Potential throw away costs for the Flex IO communications module in future.
2. Delaying full upgrade costs to the future.

Recommendations

It is recommended that the Commission completes option 2 due to the proactive approach to maintaining the critical infrastructure. In completing this option, the Commission will continue to provide a high quality of service to consumers in the region, maintain supportability of the system and stay current with technology.

Summary

Eramosa's approach to project delivery is based on providing quality service and maintaining a high level of communication between the client and our team. We achieve this with regular updates on project status, schedule, scope, and budget throughout the project and having the project management staff being directly involved with the upgrades required on a project. Our team of experts will lead the Commission through the upgrade drawing upon expertise gained through our multiple years of experience.

Option 2 is the high cost solution, but will provide the commission with a proactive approach to maintaining the system that the commissions consumers expect.

We look forward to discussing this proposal further with the commission. Should you require any further clarifications, updates or have any additional questions concerning the scope of the assignment, please contact us.

Yours truly,
ERAMOSA ENGINEERING INC.



Adam McCardle, P.L. (Eng.)
Team Leader



AJM:ajm

Attachment: Budgetary Hardware Pricing Options NRDRWSC



Budgetary Hardware Pricing Options NRDRWSC

	Quantity	Unit Price	Total Price	Currency	Comments	Quoted Cost	Additional Cost
Option 1 - No PLC Upgrade							
OPC Drivers							
Kepware Allen-Bradley Suite - Perpetual	11	\$1,508.46	\$16,593.06	CAD	Full License		
Kepware Allen-Bradley Suite - Subscription 1Y	11	\$603	\$6,637	CAD	Annual Subscription		
PLC Spares							
1794-IB16 16PT 24VDC SINKING INPUT	1	\$414	\$414	CAD			
1794-OB8 24DC 8PT OUTPUT MODULE	1	\$244	\$244	CAD			
1794-IE8 8PT SELECTABLE ANALOG I/P	1	\$1,314	\$1,314	CAD			
1794-OE4 4PT SELECTABLE ANALOG O/P	1	\$1,180	\$1,180	CAD			
CLX 1756-BA1 BATTERY FOR LOGIX 5550	11	\$124	\$1,363	CAD	Non-returnable		
1788-ENBT ETHERNET/IP LOGIX DAUGHT	2	\$1,114	\$2,228	CAD	Discontinued Dec 2016 - Unsupported eBay Option		
1794-L34 Flexlogix 5434 Controllers Processors	2	\$1,328	\$2,655	CAD	Discontinued Sept 2009 - Unsupported eBay Option		
Total Price for Option 1 with Kepware license Perpetual			\$25,991			\$8,100	\$17,891
Total Price for Option 1 with Kepware license Subscription 1 Y			\$16,036		Recurring Annual Cost	\$8,100	\$7,936
Option 2 - With Flexlogix PLC Upgrade to CompactLogix and Upgrade I/O modules							
OPC Drivers							
Ignition Allen-Bradley Driver Suite	11	\$300	\$3,300	CAD	Full License		
PLC Upgrades							
Controller, CompactLogix, 0.75MB Memory, Dual Ethernet port, Secure Digital, USB, 16 Digital Input, 16 Digital Output,	11	\$2,400	\$26,400	CAD			
1769-IF8 COMPACTLOGIX 8 PT ANALOG INPUT	11	\$1,160	\$12,760	CAD			
Output Module, CompactLogix, Analog, 4 Points, Voltage and Current	9	\$1,120	\$10,080	CAD			
Engineering Cost (PLC Migration)	22	\$115	\$2,530	CAD	Maintain current program. Only IO mapping effort		
Onsite Instrumentation & Commissioning							
Additional Instrumentation and Electrical effort - PLC Changeover			\$ 17,138	CAD	PLC Replacements, Rewiring, UPS Replacements		
Eramosa Commissioning	100	\$115	\$11,500	CAD	Eramosa On-site coordination & commissioning		
Total Price for Option 2 (Hardware and Engineering Cost Only)			\$52,540			\$8,100	\$44,440
Total Price for Option 2 With Additional Onsite Instrumentation & Commissioning			\$81,178			\$8,100	\$73,078
Option 3 - With Flexlogix PLC Upgrade to CompactLogix and retain the local Flex I/O modules							
OPC Drivers							
Ignition Allen-Bradley Driver Suite	11	\$300	\$3,300	CAD	Full License		
PLC Upgrades							
Controller, CompactLogix, 0.75MB Memory, Dual Ethernet port, Secure Digital, USB, 16 Digital Input, 16 Digital Output,	11	\$2,400	\$26,400	CAD			
1794-AENT FLEX ETHERNET/IP ADAPTOR	11	\$1,080	\$11,880	CAD			
PLC Spares							
1794-IE8 8PT SELECTABLE ANALOG I/P	1	\$1,314	\$1,314	CAD	Spare		
1794-OE4 4PT SELECTABLE ANALOG O/P	1	\$1,180	\$1,180	CAD	Spare		
Engineering Cost (PLC Migration)	22	\$115	\$2,530	CAD	Maintain current program. Only IO mapping effort		
Total Price for Option 3 (Hardware and Engineering Cost Only)			\$44,074			\$8,100	\$35,974

All price estimates are for budgetary purposes only and are subject to change. As well, Disbursements (7%) will be added at time of invoicing.



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Justin de Bresser, Administrator

DATE: ~~April 8, 2019~~ June 17, 2019

RE: 2019-2023 Budget Projections – Update

REF: 47/934
(2019)

Purpose

To present to the Board for discussion the Commission's 2019-2023 Operational Budget.

Background

Administration has prepared an updated 5 year operations budget for the Regional Water Services Commission. This document is intended to provide the Board with a projection of the expected operations of the Commission for the period 2019-2023. The document is a planning document and is the basis for the 2019 operating budget.

The document is 3 pages. The first page outlines the cost escalators and projected City of Red Deer water rates. Page 2 outlines the forecasted water volumes for the Commission. Page 3 outlines the projected budget for the next 5 years.

At the last board meeting, Commission members indicated that accounting for depreciation should be included in rates. This is now included in the 5 year projections.

Issue Analysis

The projections have been prepared based on the following assumptions:

1. Water forecasts based on slower water growth from previous years due to slower development growth.
2. Water loss based on 1% annual growth
3. Water forecast done on year by year basis.
4. City rate applied based on an average monthly consumption for first two months (non-seasonally adjusted).
5. City of Red Deer water volume assumed to stop in 2019 due to sale of water line
6. Operations based on current customer base and current asset inventory.
7. Deploying in full the rate stabilization reserve in 2019. This has reduced the members rates just for 2019.
8. No True Up amounts are worked into this plan

9. No change to debt payments.
10. Maintain annual operating surplus of ~~\$62,000 to \$151,000~~ **\$21,000 to \$74,000** per year.
11. Impact of potential sale of a portion of line to the City is not yet factored in.
12. **Deprecation maintained at \$465,610 throughout the 5 year plan.**

Administration is awaiting an updated 5 year rate projection from the City and is using most recent information from the City.

The plan itself calls for a lower rate in 2019 and then returns to a normal range in 2020 – 2023. This plan has taken out full accounting for depreciation in future years. Stable water demand and stable non water supply costs has rates ranging from \$2.02 to \$2.17 per cube in 2023. . The plan maintains a projected surplus annually that could be applied against future rate increases and/or offset lower than expected water sales. The target is for an average 2.3% annual increase from years 2021 – 2023.

Given the projected water rate increases from the City, the Commission's rate is expected to increase starting in 2019 even with the application of true up reserves.

The 2019 - 2023 plan shows the rates ranging from \$1.67 to \$2.29 over the 5 years. Once again the impact of the sale of the water line to Red Deer and the extension of the water services to the First Nations are not reflective in the in this forecast.

Alternatives

1. The report is prepared for information. Administration is seeking input from the Board on any possible changes. No other alternatives are proposed at this time.

Attachment

- 2019-2023 Projected Operations Budget – North Red Deer Water Services Commission

Action/Recommendation

- Administration is recommending that this report be received for information.



North Red Deer River Water Services Commission

2019-2023 Projected Operating Budget

June 17 , 2019

**North Red Deer River Water Services Commission
2019 -2023 Assumptions**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>City of Red Deer Rate</u>	1.50	1.53	1.56	1.59	1.62
% Increase	2.0%	2.0%	2.0%	1.9%	1.9%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Cost Escalators</u>					
Rates					
General	1%	1%	1%	1%	1%
Utilities	5%	5%	5%	5%	5%
Materials	3%	3%	3%	3%	3%
Contract	2%	2%	2%	2%	2%
<u>Cost of Water</u>					
Lacombe	2,035,991	2,087,088	2,138,651	2,190,670	2,243,165
Ponoka	1,076,918	1,102,855	1,128,972	1,155,278	1,181,790
Blackfalds	1,234,031	1,283,884	1,335,235	1,388,134	1,442,610
Lacombe County (thru Blackfalds)	51,975	53,550	55,146	56,763	58,417
Ponoka County	14,445	15,025	15,631	16,250	16,880
City of Red Deer	5,952	-	-	-	-
Water Loss	88,739	90,959	93,210	95,480	97,767
Subtotal	4,508,051	4,633,361	4,766,845	4,902,575	5,040,629
<u>Water Sales Required</u>					
Cost of Water	4,508,051	4,633,361	4,766,845	4,902,575	5,040,629
Other Expenses	2,012,705	2,004,454	2,009,453	2,014,566	2,019,797
Less Non Water Revenue	- 1,504,111	- 216,920	- 218,324	- 219,742	- 221,174
Plus Surplus					
Subtotal	5,016,645	6,420,895	6,557,974	6,697,399	6,839,252
Water Sales Volume (excl loss)	3,005,366	3,028,340	3,055,670	3,083,380	3,111,500
<u>Regional Water Rate</u>	1.670	2.170	2.246	2.272	2.298
		29.94%	3.50%	1.16%	1.14%

**North Red Deer River Water Services Commission
2019 -2023 Water Sales Forecast**

Histocial Consumption

	Actual <u>2011</u>	Actual <u>2012</u>	Actual <u>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>	Actual <u>2016</u>
City of Lacombe	1,150,948	1,192,004	1,240,649	1,328,507	1,361,741	1,258,887
Town of Ponoka	700,402	699,781	699,205	706,460	715,080	696,163
Town of Blackfalds	526,983	564,434	593,449	678,191	752,324	715,517
Lacombe County	-	-	-	-		22,016
Ponoka County	3,560	4,662	5,771	7,336	8,383	9,721
Water Loss	39,407	11,252	49,987	37,509	52,169	14,696
	<u>2,421,300</u>	<u>2,472,133</u>	<u>2,589,061</u>	<u>2,758,003</u>	<u>2,889,697</u>	<u>2,717,000</u>
Change						
City of Lacombe	1.36%	3.57%	4.08%	7.08%	2.50%	-7.55%
Town of Ponoka	-0.46%	-0.09%	-0.08%	1.04%	1.22%	-2.65%
Town of Blackfalds	0.46%	7.11%	5.14%	14.28%	10.93%	-4.89%
Lacombe County						
Ponoka County	31.61%	30.96%	23.79%	27.12%	14.27%	15.96%
Water Loss	-18.41%	-71.45%	344.25%	-24.96%	39.08%	-71.83%
Water Loss (% of Total)	1.63%	0.46%	1.93%	1.36%	1.81%	0.54%

Sales Volume Forecast

% Changes	Actual <u>2016</u>	Actual <u>2017</u>	Actual <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>
City of Lacombe	-7.6%	1.8%	4.8%	1.0%	0.5%	0.5%
Town of Ponoka	-2.6%	-1.1%	3.3%	1.0%	0.4%	0.4%
Town of Blackfalds (excludir	-4.9%	7.8%	5.6%	1.00%	2.0%	2.0%
Lacombe County (County E	0.0%	32.2%	17.9%	1.00%	1.0%	1.0%
Ponoka County (County Esti	16.0%	2.9%	-8.3%	5.0%	2.0%	2.0%
City of Red Deer	n/a	0.0%	-67.72%	1.0%	n/a	n/a
Water Loss	-71.8%	280.4%	4.8%	1.0%	0.5%	0.5%
	Actual <u>2016</u>	Actual <u>2017</u>	Actual <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>
City of Lacombe	1,258,887	1,282,142	1,343,888	1,357,327	1,364,110	1,370,930
Town of Ponoka	696,163	688,423	710,837	717,945	720,820	723,700
Town of Blackfalds	715,517	771,407	814,539	822,687	839,140	855,920
Lacombe County	22,016	29,109	34,310	34,650	35,000	35,350
Ponoka County	9,721	10,006	9,171	9,630	9,820	10,020
City of Red Deer		12,170	3,929	3,968	-	-
Water Loss	14,696	55,906	58,573	59,159	59,450	59,750
	2,717,000	2,849,163	2,975,247	3,005,366	3,028,340	3,055,670

**North Red Deer River Water Services Commission
2019 -2023 Operations Budget**

	<u>2019</u> Budget	<u>2020</u> Projected	<u>2021</u> Projected	<u>2022</u> Projected	<u>2023</u> Projected
<u>Revenues</u>					
Water Sales - City of Lacombe	\$ 2,345,522	\$ 2,960,119	\$ 3,079,109	\$ 3,130,316	\$ 3,181,972
Water Sales - Town of Ponoka	1,243,725	\$ 1,564,179	\$ 1,625,430	\$ 1,650,812	\$ 1,676,391
Water Sales - Town of Blackfalds	1,430,477	\$ 1,820,934	1,785,231	1,884,708	1,944,650
Water Sales - Lacombe County	52,978	\$ 75,950	75,191	78,610	80,315
Water Sales - Ponoka County	16,658	\$ 21,309	20,897	22,056	22,765
Water Sales - City of Red Deer	1,954	\$ -	-	-	-
Line Crossing Fee	1,500	1,500	1,500	1,500	1,500
Interest Revenue	75,000	75,000	75,000	75,000	75,000
Rebates & Dividends	30	30	30	30	30
Lacombe County Contribution	73,385	70,195	70,897	71,606	72,322
Ponoka County Contribution	73,385	70,195	70,897	71,606	72,322
Miscellaneous Revenue					
Rate Subsidization	1,280,811	-	-	-	-
Subtotal - Revenue	\$ 6,595,425	\$ 6,659,411	\$ 6,804,182	\$ 6,986,244	\$ 7,127,267

Expenses

Board Wages-City of Lacombe	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Board Wages-Town of Ponoka	600	600	600	600	600
Board Wages-Town of Blackfalds	600	600	600	600	600
Board Wages-Lacombe County	1,400	1,400	1,400	1,400	1,400
Board Wages-Ponoka County	600	600	600	600	600
Board Travel-City of Lacombe	250	250	250	250	250
Board Travel -Town of Ponoka	250	250	250	250	250
Board Travel-Town of Blackfalds	250	250	250	250	250
Board Travel-Lacombe County	250	250	250	250	250
Board Travel-Ponoka County	250	250	250	250	250
Travel- Administration	100	100	100	100	100
Membership Fees	300	300	303	306	309
Postage & Freight	50	50	51	52	53
Staff & Board Appreciation	300	300	300	300	300
Telephone - Office	900	1,080	1,080	1,080	1,080
Telephone - Operations	8,072	8,072	8,476	8,900	9,345
Management Fees	82,984	56,844	57,981	59,141	60,324
Accounting and Auditor Fees	8,300	8,300	8,300	8,300	8,300
Legal Fees	500	500	505	510	515
Other Professional Services	16,800	16,800	16,968	17,138	17,309
Equipment Repair & Maintenance	9,500	9,500	9,595	9,691	9,788
SCADA Maintenance	9,025	9,025	9,115	9,206	9,298
Insurance & Bond Premiums	3,889	3,889	3,928	3,967	4,007
Administration	10,812	10,596	10,808	11,024	11,244
Purchase of Water	4,488,645	4,633,361	4,766,845	4,902,575	5,040,629
Operations	123,637	123,637	126,110	128,632	131,205
Miscellaneous Expenses	250	250	258	266	274
Meeting Supplies	50	50	52	54	56
Office Supplies	150	150	155	160	165
General Materials & Supplies	750	750	773	796	820
Utilities-Electricity	3,500	3,675	3,859	4,052	4,255
Valves	5,000	5,000	5,150	5,305	5,464
Bank Charges & Interest	25	25	25	25	25
Debenture Interest	539,889	570,359	538,231	504,637	469,512
Debenture Principal	736,668	704,542	736,670	770,264	805,389
Amortization	465,610	465,610	465,610	465,610	465,610
Subtotal - Expenses	\$ 6,520,756	\$ 6,637,815	\$ 6,776,298	\$ 6,917,141	\$ 7,060,426

Surplus/Deficit (+/-)	\$ 74,669	\$ 21,596	\$ 27,884	\$ 69,103	\$ 66,841
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Rate Stabilization Reserve

Opening Balance	1,280,811	-	-	-	-
Annual True Up	-	-	-	-	-
Withdrawal	1,280,811				
Closing Balance	-	-	-	-	-



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Jordan Thompson, Director of Operations and Planning

DATE: June 17, 2019

RE: Proposed revision to the Commission's
Fee for Line Crossing Policy.

PURPOSE:

To recommend updates to the Commission's policy with respect to crossing fees, the types of crossings permitted, and to allow for the encroachment of 3rd party structures within the NRDRWSC easements for 10 years with the possibility of renewal for another 10 years.

ACTION/RECOMMENDATION:

THAT the Board endorse the revise Fee for Line Crossing Policy as proposed.

BACKGROUND:

The current fee policy was adopted in 2005 and has been in effect since that time. A developer of a new commercial site on the south end of the Town of Blackfalds has requested to locate 2 new "pylon" signs adjacent to the development within the Commission's easement. The 20m easement contains a lateral line that services the Town of Blackfalds.

ISSUE ANALYSIS:

The Commission's fees for line crossings have remained \$250 since the original adoption of the Fee for Line Crossing Policy in 2005. The number of crossing applications the Commission receives varies year to year but is approximately 10/year. Administration works with each applicant to ensure the Commission's infrastructure and rights are protected while limiting liability to the Commission. Ultimately, the applicant enters into a crossing agreement prepared by Administration and field operators provide oversight of the crossing construction. The process is routine for most applications but

others can more complicated. **Administration recommends the fee be revised to \$500 to closer reflect the actual costs of administering a crossing application.**

The current policy speaks only to oil and gas pipeline crossings. However, the Commission receives applications from telecommunication companies, power companies, lease site operators for pipelines, conduits, and access roads crossing the Commission's easement. Administration has been processing these applications as typical crossings applying the same process as outlined above. At minimum restricting these crossing would burden the crossing companies with little to gain on the part of the Commission – the crossing agreement transfers virtually all of the liability of the crossing to the crossing company. However not allowing other crossings could be viewed as being highly unfair and may expose the Commission to legal challenge – although Administration has not consulted its legal counsel on the matter. **Administration recommends the policy be revised to allow for other 3rd party crossings through its easements.**

A developer of a new commercial site on the south end of the Town of Blackfalds has requested to locate 2 new "pylon" signs adjacent to the development within the Commission's easement. The 20m easement contains a lateral line that services the Town of Blackfalds. The Commission has no plans to install new infrastructure in this easement at this time. Nonetheless the easement should be protected for future Commission use to the benefit of the region. Allowing for the installation of a new structure within the easement, and far enough from the lateral line so as to not conflict with any emergency repair or maintenance operation would not impact the operation of the line in the short and medium term. Placing a 10-year timeline on the encroachment with an option to extend for 10 years and a 2-year early exit clause for the Commission provides developers reasonable certainty that their sign will be in place for a significant length of time while allowing the Commission to retain its long term interests in the easement. If the policy changes are approved, Administration will develop a tailored encroachment agreement for this purpose and will also process other encroachment applications that don't compromise the short and long term interests of the Commission as described above. The proposed fee for this encroachment is \$5,000 per encroachment. **Administration recommends the Commission permit the encroachment of 3rd party structures within the NRDRWSC easements as outlined.**

FINANCIAL IMPLICATIONS:

The Commission may realize an estimated \$2,500 in increased crossing fee revenue year over year. The Commission may also realize an additional \$10,000 in new revenue in 2019 should the developer proceed with the installation of the pylon signs.

ALTERNATIVES:

1. THAT the Board endorse the revised Fee for Line Crossing Policy as proposed.

2. THAT the Board Direct Administration to revised Fee for Line Crossing Policy as directed by the Board
3. The Board may provide alternative direction to Administration.

ATTACHMENTS:

- Proposed revisions to the Commission's Fee for Line Crossing Policy



FEE FOR LINE CROSSING

Date Approved: August 18, 2005

PURPOSE	The purpose of the policy is to set a fee for gas and oil line crossings for the NRDRWSC transmission lines and laterals.
FEES	<p>Application Fee of \$250.00</p> <p>Engineering Fees: An additional fee for engineering will be charged if there are engineering fees for the crossing. The fee will be the total cost of engineering plus 10% for administration.</p>
APPLICATION PROCEDURE:	<p>A. Application Form Applicant will complete an application form and send to Commission Officer with attached application fee.</p> <p>B. Application Review</p> <ul style="list-style-type: none">i) Application will be reviewed and the appropriate agreement will be prepared.ii) If required the Commission Engineer will review and forward comments to the Commission Management.
APPLICATION RECORDS:	All application records and agreements will be held at the Commission Office.

Chairperson

Manager

	FEE FOR LINE CROSSING Date Approved: June 17, 2019
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PURPOSE	The purpose of the policy is to set fees for 3 rd party roadway, pipeline, conduit and overhead utilities, crossing the NRDRWSC transmission lines and laterals as well as the time limited encroachment of 3 rd party structures within the NRDRWSC easements.				
FEES	<table> <tr> <td>Crossing Application Fee</td><td>\$500.00</td></tr> <tr> <td>Encroachment Application Fee</td><td>\$5,000.00/encroachment</td></tr> </table> <p>Engineering Fees: An additional fee for engineering will be charged if there are engineering fees for the crossing. The fee will be the total cost of engineering plus 10% for administration.</p>	Crossing Application Fee	\$500.00	Encroachment Application Fee	\$5,000.00/encroachment
Crossing Application Fee	\$500.00				
Encroachment Application Fee	\$5,000.00/encroachment				
APPLICATION PROCEDURE:	<p>A. Application Form Applicant will complete an application form and send to Commission Officer with attached application fee.</p> <p>B. Application Review</p> <ul style="list-style-type: none"> i) Application will be reviewed and the appropriate agreement will be prepared. ii) If required the Commission Engineer will review and forward comments to the Commission Management. iii) Permanent encroachments will not be permitted. The agreement shall permit an encroachment term of 10-years with the possibility of renewal for an additional 10-years. The Commission shall retain its right to require the removal of the structure anytime with 2 years notice, or in the event of an emergency at no cost to the Commission. 				
APPLICATION RECORDS:	All application records and agreements will be held at the Commission Office.				

Chairperson

Manager



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta
T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Justin de Bresser, Administrator

DATE: June 17, 2019

RE: Agreement with City of Lacombe – REF: 47/117
Operational and Administrative Services (2019)

PURPOSE:

To provide the Commission with options for the delivery of administrative and operational services.

BACKGROUND:

The current agreement between the Commission and City of Lacombe will expire on December 31 of this year. The agreement was a 3 ½ year agreement which covered all administration and operational services provided to the Commission by the City. The City has been providing services to the Commission since 2010. The 2016 agreement was the third contract signed between the parties.

ISSUE ANALYSIS:

On behalf of the City I have provided an updated rate schedule. Over the last contract, the City maintained a high level of service to the Commission while delivering operational, administrative, financial and engineering services. The City of Lacombe has proposed another 3 year term from 2020 – 2022. The City feels a new 3 year term would be advantageous to continue the discussion and work on the extension of the water line to the First Nations of Maskwacis and the sale of the water line to the City of Red Deer.

FINANCIAL IMPLICATIONS:

Attached is the proposed rate schedule. The City is proposing a 5% increase in 2020 and then 2% per year over the remaining term of the contract to keep in line with inflation.

Current Budget

Administration, Engineering and Finance	\$68,796
Operational	\$123,637
Total for 2019	\$192,433

LEGISLATIVE AUTHORITY:

- Clause 6.12 of the Commission's Bylaw 1 – Duties of Manager

SERVICE LEVEL IMPACT:

- There are no proposed changes to service levels based on the proposed agreement.

ALTERNATIVES:

1. Accept agreement as presented.
2. Propose changes for the City of Lacombe's consideration.
3. Issue Request for Proposal for Admin and Operation Services that would be open to all service providers.

ATTACHMENTS:

- Rate schedule and cost impacts.

ACTION/RECOMMENDATION:

THAT the Board accept the City of Lacombe's recommendation.

