



NORTH RED DEER RIVER WATER SERVICES COMMISSION

**Regular Meeting
Lacombe City Hall – Council Chambers
April 6, 2020
11:00 AM**

1. Call to Order
2. Adoption of Agenda
3. Adoption of Minutes
 - 3.1. November 4, 2019 - Regular Meeting
 - 3.2. December 9, 2019 - Regular Meeting
 - 3.3. February 24, 2020 - Special Meeting
4. Presentation
5. Reports
 - 5.1. 2019 Audited Financial Statement
 - 5.2. Finance Quarterly Report
 - 5.3. NRDRWSC Operations Report
 - 5.4. Administrator
 - 5.5. Chair
6. Correspondence
 - 6.1. Letter from City of Red Deer -2019 True-up Per the Water Supply Agreement
 - 6.2. Letter from City of Red Deer – Water And Wastewater Commission Partners
7. Old Business
 - 7.1. Follow up on Four Nations Meeting
8. Next Meeting Date: June 22, 2020 at 9 AM
9. Adjournment

NORTH RED DEER RIVER WATER SERVICES COMMISSION
REGULAR MEETING MINUTES
NOVEMBER 4, 2019

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

Others Present: Albert Frootman, CAO, Town of Ponoka
Myron Thompson, CAO, Town of Blackfalds
Preston Weran, Director of Infrastructure, Town of Blackfalds
Matthew Goudy, CAO, City of Lacombe
Tim Timmons, County Manager, Lacombe County

Guests: Todd Simenson, VP, Stantec
Joel Sawatzky, Managing Leader, Water, Stantec
Stephan Weninger, Sector Leader, Water, Stantec
Hoa Hguyen, Stantec
Heather Von Hauff, Executive Director, Water Policy Branch (GOA)
Steve Wallace, Director, Groundwater and Water Allocation Policy (GOA)
Terry Ermineskin, Resource Development Ltd. President

1. Call to Order:

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

2. Adoption of the Agenda:

MOVED by Mayor Grant Creasey that the agenda for November 4, 2019, be adopted as presented.

CARRIED

3. Adoption of the Minutes:

MOVED by Mayor Rick Bonnett that the minutes for September 9, 2019, be adopted as amended.

CARRIED

4. Presentation

4.1. First Nation Feasibility Study Updated – Stantec

Mr. Weninger presented an update to the First Nations Feasibility Study. Key points provided are as follows:

- Objectives - to assess the feasibility of extending the existing waterline from Ponoka to service the Maskwacis First Nations, considering capacity, alignment options, costs, and Commission Governance.
- Flow Projections – projected an annual flow projection to 2048 (30-year design)
- Alignments and Hydraulics - five (5) proposed alignments from south of Ponoka to boarder of Ermineskin. The alignments, including the end point, may change based on land acquisition and stakeholder engagements. May need to look at adding a booster system at the Ponoka south connection, as the landscape leaving Ponoka is low.
- Costs: the estimated costs for either drilled or open-cut/trench cost was presented for each of the five (5) proposed alignments. Installation will most likely be a combination of both drilled and open-drenched.
- Special System Considerations – presented three financial options for the Board to consider.

The final report to be completed by the end of November.

MOVED by Mayor Richard Poole to receive the First Nation's Feasibility Study presentation as information.

CARRIED

5. Reports:

5.1. Operation's Report

Mr. Huston discussed the recent operation activities.

In summary:

- The calls for Alberta One are on track for this year.
- There were no repair call outs.
- September 28th, Operations was called due to a train derailment. No risk to the waterline. The train derailment occurred 75m away from the line.

- SCADA – the iCloud license has been signed. The cloud is a virtual server- no physical hardware will be used to house the program. Working to get testing done.

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

CARRIED

5.2. Administrator's Report

- Mr. Thompson presented the Administrator's report.

In summary:

- The City of Red Deer reports their consultant is 90% complete with the drawings of the new vault.
- The First Nation's waterline extensions is progressing. Final report to be completed at the end of the month.
- The 2020 Operating Budget and Capital Budget will be presented later in the meeting for review.
- The City of Red Deer water rates are expected to increase by 1 to 3%. The draft budget assumes the City's water rate will be \$1.53 effect March 1, 2020.

MOVED by Councillor Mark Matejka to receive the Administrator's Report as information.

CARRIED

4.2.2 Financial Variance Report

The financial variance report ending September 30, 2019 was presented by Mr. Thompson. Water sales were slightly under budget.

The Commission bond portfolio is showing a value of 4.2% total return.

MOVED by Mayor Rick Bonnett to receive the Administrator's Report and the Variance Report as information.

CARRIED

5.3. Chairperson's Report

Chair Wigmore asked the Board if they would be okay if he reached out at the RMA Conference to other water commissions regarding their governance model when

partnering with First Nations. Councillor Mark Matejka will also be attendance and will join Chair Wigmore on the inquiry. The information obtained will be shared with the Commission at the next meeting.

6. Correspondence:

7. Old Business:

8. New Business:

8.1. 2020 Operating Budget - First Draft

Mr. Thompson presented the draft 2020 Operating Budget for the boards review.

- Effective January 1, 2020 the water rate will be \$2.11 per cubic metre. This is a 1.98% increase over 2018 rate and based on the estimated 1.96% increase from the City of Red Deer.
- The budget has an increase of \$1,140 in Management Fees per contract and an increase of \$300 for Accounting and Auditor Fees.
- Projection to the rate stabilization year end balance of \$215,000.

MOVED by Mayor Poole to receive the 2020 Operating Budget as information.

CARRIED

8.2. 2020 Capital Budget – First Draft

Mr. Thompson presented the draft 2020 Capital Budget for the boards review.

- The Capital budget will have only one initiative at a cost of \$119.840 for the Assets Management Plan Development.

MOVED by Mayor Creasey to receive the 2020 Capital Budget as information.

CARRIED

8.3. Bylaw #3.4 – a Bylaw to amend Water Rate Bylaw #3

Mr. Thompson presented for consideration Bylaw #3.4 a bylaw to amend Water Rate Bylaw #3.

MOVED by Mayor Creasey to give first reading to Bylaw #3.4 as presented.

CARRIED

9. IN Camera

10. Governance:

10.1. Annual Election

- Election of Chairman

Mayor Creasey, Vice Chair, called for nominations from the floor.

Mayor Poole nominated Ken Wigmore for Chair. After three calls for attentional nomination, Mayor Creasey moves ceased nominations.

Councillor Ken Wigmore is acclaimed as Chairman.

Mr. Wigmore resumed the Chair position.

- Election of Vice Chairman

Chair Wigmore called for nominations from the floor.

Mayor Bonnet nominated Grant Creasey for Vice Chairman. After three calls for attentional nomination, Mayor Poole moves ceased nominations.

Mayor Creasey is acclaimed as Vice Chairman.

11. Next Meeting:

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

12. Adjournment:

MOVED by Mayor Bonnet to adjourn this meeting at 10:25 am.

CARRIED

Chairperson

Administrator

NORTH RED DEER RIVER WATER SERVICES COMMISSION
REGULAR MEETING MINUTES
December 9, 2019

In Attendance: Chair Ken Wigmore, Lacombe County Councillor
Councillor Mark Matejka, Ponoka County
Mayor Richard Poole, Town of Blackfalds
Mayor Grant Creasey, City of Lacombe
Mayor Rick Bonnett, Town of Ponoka
Jordan Thompson, Acting NRDRWSC Administrator
Denise Bellabono, Administrative Assistant

Others Present: Albert Frootman, CAO, Town of Ponoka
Preston Weran, Director of Infrastructure, Town of Blackfalds
Mauricio Reyes, Senior Manager of Financial Services, City of Lacombe
Amber Mitchell, Engineering Services Manager, City of Lacombe
Chris Huston, Utilities Manager, City of Lacombe

Guests: Todd Simenson, VP, Stantec
Joel Sawatzky, Managing Leader, Water, Stantec
Stephan Weninger, Sector Leader, Water, Stantec
Hoa Hguyen, Stantec

Regrets: Matthew Goudy, CAO, City of Lacombe
Myron Thompson, CAO, Town of Blackfalds
Tim Timmons, County Manager, Lacombe County

1. Call to Order:

Chair Wigmore called the meeting to order at 9:03 am.

2. Adoption of the Agenda:

MOVED by Mayor Bonnett that the agenda for December 9, 2019, be adopted as amended.

CARRIED

3. Introduction of Senior Finance Manager – City of Lacombe

4. Reports:

4.1. Operation's Report

Mr. Huston discussed the recent operation activities.

In summary:

- The calls for Alberta One for 2019 to date are at 895.
- There was a call out in the past weekend regarding Red Deer having full communication but no control over the station, the problem was resolved.
- The PLC hardware and software were installed at the Red Deer Water Treatment Plant and the upgrade of the PLC, modem and UPS hardware are next for Lacombe, followed by Ponoka, Wolf Creek and Blackfalds.

MOVED by Mayor Creasey to receive the Operation's Report of December 9, 2019 as information.

CARRIED

4.2. Administrator's Report

Mr. Thompson presented the Administrator's report.

In summary:

- Various conversations between provincial departments, Stantec and the Commission Chair on the finalization of the waterline extension feasibility study took place including the next steps.
- The 2020 Operating Budget and Capital Budget will be presented later in the meeting for approval.
- The City of Red Deer is proposing to their council a water rate of \$1.54 per cubic metre effective March 1, 2020. The Commission's final operating budget has been adjusted with a proposed rate increase from \$0.01 to \$2.12 per cubic metre.
- The pipeline sale to the City of Red Deer is being finalized and is expected to be completed by the end of the year.

MOVED by Mayor Poole to receive the Administrator's Report of November 29, 2019 as information.

CARRIED

4.3. Chairperson's Report

Chair Wigmore gave a verbal report at the In Camera session.

5. **Old Business:**

5.1. Water Line Extension – Final Study

Mr. Thompson presented a summary of the Stantec's Waterline Extension Feasibility Report to the Commission:

- Engineering analysis on the extension to the Ermineskin Cree Nation is feasible provided minimum water demands are met to ensure water quality.
- The existing and proposed pipeline have the capacity to accommodate the potable water need now and for future needs of the Samson Cree Nation, Ermineskin Cree Nation, Louis Bull Tribe, and Montana First Nation to at least 2048
- Further demands if another community comes online will require the construction of a new pump house to boost the pressure over the highpoint, as the existing pumps and added volume will not have enough pressure.
- The Province has only confirmed a funding agreement with Ermineskin Cree Nation and no other communities have formally requested membership with the Commission at this time.
- Water Quality, chlorine levels on the north end requires a minimum volume of 800 cubic metre per day, should the onset of the water demand be less, additional infrastructure would be required some of which is estimated as high as \$1 million.
- There were 5 potential alignments explored with no material difference between options from an engineering perspective. Option 3 is the preferred option at this time due to the proximity and allows for easier connection in the future, with any revisions to be made at the detailed design stage.
- Capital costs on the Central-East alignment, based on the number of crossings involved, will likely be on the higher end of the \$28.1-\$38.9million.
- As the Commission's policy requires depreciation to be included in its rate and means to build capital reserve, assuming Ermineskin Cree Nation connects at the onset, the result is an estimated monthly increase of \$2.28 per household and the rate will decrease as more communities come online. Stantec's rate estimate does not include the impact of operating costs of the additional line.
- Consideration for a new member buy-in requirement that contemplates both debt and reserve contributions to date by existing members in order to ensure obligations of membership are fair and equitable.
- Next steps were brought forward regarding the critical component in confirming from the province their commitment of funding at 100%. For the Commission explore ways to mitigate the rate increase, while keeping in mind the impact of reliable, clean drinking water to the four communities. And to engage in further discussions' with the Provincial government, Federal government and the Ermineskin Cree Nation in order to develop a better understanding of what is needed to get the project moving forward.

MOVED by Mayor Poole THAT the Commission accepts the North Red Deer River Water Services Commission (NRDRWSC) First Nation Feasibility Study as information and amending to remove section 4.

CARRIED

MOVED by Mayor Bonnett THAT the Commission directs Administration to request confirmation from the Province that their funding commitment remains at 100% and requests a meeting with the Minister of Indigenous Relations based on availability.

CARRIED

5.2. 2020 Operating Budget – For Approval

Mr. Thompson presented the final 2020 Operating Budget, which includes the adjustments requested by the Commission at the previous meeting, along with some updated numbers for approval.

- Effective January 1, 2020 the water rate will be \$2.12 per cubic metre. This is a 2.42% increase over 2018 rate and based on the estimated 2.60% rate increase from the City of Red Deer.
- County contributions were adjusted and estimates for 2020 were provided with a breakdown of the commission and the counties' portions for expenses, repayment of debt obligations, with total annual contributions, with a total of \$74,062.24.

MOVED by Councillor Matejka THAT the Commission approve the NRDRWSC 2020 Operating Budget as presented.

CARRIED

5.3. 2020 Capital Budget – For Approval

Mr. Thompson presented the final 2020 Capital Budget for the boards' approval with one initiative funded by the capital reserve, leaving a capital reserves balance of \$3,618,354 to start 2020.

MOVED by Mayor Poole THAT the Commission approve the NRDRWSC 2020 Capital Budget as presented.

CARRIED

5.4. Bylaw #3.4 – a Bylaw to amend Water Rate Bylaw #3

Mr. Thompson presented Bylaw 3.4, a bylaw to amend Water Rate Bylaw 3 by aligning with the approved rate to members of \$2.12/m³, for second and third reading.

MOVED by Mayor Creasey THAT Council approves second reading of Bylaw 3.4 as presented.

CARRIED

MOVED by Mayor Bonnett THAT Council approves third reading of Bylaw 3.4 as presented.

CARRIED

6. New Business:

6.1. Scheduling of 202 Meetings:

Mr. Thompson presented the proposed Commission meeting dates for 2020:

- April 6, 2020 at 9 am
- June 22, 2020 at 9 am
- September 21, 2020 at 9 am
- November 9, 2020 at 9 am

Any Additional meetings scheduled as required.

7. IN Camera

MOVED by Mayor Creasey to move into Camera at 9:32 am.

CARRIED

MOVED by Mayor Creasey to return to open meeting at 10:11 am.

CARRIED

8. Next Meeting:

Monday, April 6, 2019 at 9:00 am, City of Lacombe Council Chambers.

9. Adjournment:

MOVED by Councillor Matejka to adjourn this meeting at 10:22 am.

CARRIED

Chairperson

Administrator

NORTH RED DEER RIVER WATER SERVICES COMMISSION
SPECIAL MEETING MINUTES
February 24, 2020

In Attendance: Chair Ken Wigmore, Lacombe County Councillor
Councillor Mark Matejka, Ponoka County
Mayor Richard Poole, Town of Blackfalds
Mayor Grant Creasey, City of Lacombe
Mayor Rick Bonnett, Town of Ponoka
Jordan Thompson, Acting NRDRWSC Administrator
Denise Bellabono, Administrative Assistant

Others Present: Tim Timmons, County Manager, Lacombe County
Albert Flooman, CAO, Town of Ponoka
Preston Weran, Director of Infrastructure, Town of Blackfalds
Matthew Goudy, CAO, City of Lacombe
Amber Mitchell, Engineering Services Manager, City of Lacombe
Angela Smith, Regional Utilities Foreman, City of Lacombe

Regrets: Myron Thompson, CAO, Town of Blackfalds
Mauricio Reyes, Senior Manager of Financial Services, City of Lacombe
Charlie Cutforth, CAO, Ponoka County

1. Call to Order:

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

2. Adoption of the Agenda:

MOVED by Mayor Creasey that the agenda for the Special Meeting on February 24, 2020, be adopted as presented.

CARRIED UNANIMOUSLY

3. Adoption of Minutes

4. Presentation

5. Reports

6. Correspondence

6.1 Letter from the Honourable Rick Wilson, Minister of Indigenous Relations and MLA for Maskwacis-Wetaskiwin

The Special Meeting of February 24, 2020 was set with the intentions of having the Minister attend to discuss the status on the Four First Nations position on the buy in of the waterline extension. The attached correspondence from Minister Wilson, identified Chief Standingontheroad coordinating a meeting between the four Chiefs of Maskwacis and the Commission, on March 12, 2020. The official invitation has not been received by the Commission or the Minister to date. Once the meeting has been confirmed, the Minister communicated his wishes to attend and for the Commission to contact his office for the details of his attendance.

MOVED by Mayor Creasey that the Commission directs Administration to confirm with Chief Standingontheroad and the office of the Minister of Indigenous Relations for the meeting between the four Chiefs of Maskwacis and the Commission on March 12, 2020.

CARRIED UNANIMOUSLY

7. Old Business

7.1 Board Decision on Water Line Extension

- Chair Wigmore confirmed that the Waterline Extension Feasibility Study Summary with the North Red Deer River Water Services Commission (NRDRWSC) First Nation Feasibility Study – FINAL REPORT, from the regular Commission meeting held December 9, 2020 was forwarded to the province.
- Administrator Thompson presented options for the next steps for the extension of the Commission's waterline in regards to the following:
 - the coordinating of the meeting on March 12, 2020
 - direction on the Commission's wishes to proceed with the business planning, which would ratify the capital buy in point and the rate impact of the additional infrastructure system. Administration would be able to 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.
 - direction to proceed with the next steps outlined in the Administration's December 9th Report
- Stantec's cost estimate of \$2 million does not include investigations on the First Nations land as they have not received approval to access the land to complete a thorough feasibility study, as a result they not been able to verify the existing water supply system, current demands, and future projections. Based on engineering assumptions, our contractor has determined that Ermineskin Cree Nation must connect and draw at least 800m³/day at the onset to ensure the water remains potable at their border. Less reliable water demand would require additional infrastructure, such as a chloramine booster, which is estimated to cost between \$0.25 million - \$1 million.
- The Commission discussed the rate implications for adding the First Nations. The system has been oversized with the intentions of adding more customers/members at some point, which should decrease the rates of the current rate payers who have already paid for the oversizing through user fees. However the study indicates rates will rise.

- Concerns from the Commission were brought forward in the need for stable water demand within each community, and if the Province is willing to commit to funding a chloramine booster on the regional system should the daily volume at the community level fall below minimum safe standards.

MOVED by Mayor Bonnett that the Commission direct Administration to find out the cost of the 2020 buy in and to utilize the funds from the grant.

CARRIED UNANIMOUSLY

MOVED by Mayor Creasey that the Commission is prepared to supply a water system and the transmission line to the First Nations without impacting current rate payers.

CARRIED UNANIMOUSLY

MOVED by Mayor Creasey that the Commission direct Administration to proceed with the development of the financial model funded by the Facilitated Water Line Protocol Development grant from Municipal Affairs subject to the outcome of the March 12, 2020 meeting with the Four First Nations.

CARRIED UNANIMOUSLY

8. New Business

9. In Camera

10. Next Meeting:

Monday, April 9, 2019 at 10:00 am in the City of Lacombe Council Chambers.

11. Adjournment:

MOVED by Mayor Poole to adjourn this Meeting at 10:11 am.

CARRIED

Original Signed
Chairperson

Original Signed
Administrator



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Mauricio Reyes, Senior Manager of Financial Services
DATE: April 6, 2020
RE: 2019 Audited Financial Statements Approval
REF:

PURPOSE:

To present the 2019 audited financial statements for the North Red Deer Regional Water Services for the Board's approval.

BACKGROUND:

The 2019 audited financial statements are now complete and ready for the Board's approval. A draft copy is enclosed for the Board's review. Representatives from BDO LLP will remotely present the 2019 audited Financial Statements at the Board meeting on the 6th of April.

Statements must be completed and approved by May 1st and submitted to Alberta Municipal Affairs

ISSUE ANALYSIS:

The 2019 audited statement presentation differs slightly from the annual operating budget in terms of how the operating surplus is presented. The following is a reconciliation of the deficit reported on the audited statements to that of the operating budget.

2018 Audited Statements Deficit	(\$1,522,073)
Less Debt Principal Payments for 2019	(\$736,671)
Plus loss on disposal of capital assets	1,237,498
Plus use of Rate Stabilization Reserve	<u>1,280,811</u>
2019 Adjusted Surplus	259,565

The 2019 budgeted deficit was \$350,788. The difference between actual and budgeted forecast could be contributed to higher investment revenue, provincial grant that was not budgeted, lower amortization, lower management fees, lower operator costs and lower other professional fees. Lower sales volume to the City of Lacombe and Town of

Blackfalds was offset by corresponding lower water purchases from the City of Red Deer.

This year the Commission has not exceeded the debt limit by approximately \$702,000. Although total debt was reduced by over \$736,000, the debt limit was reduced by slightly over \$1,965,000 mainly due lower water sales to commission members.

FINANCIAL IMPLICATIONS:

Administration has provided a separate memo concerning the allocation of surplus under new business in the agenda.

LEGISLATIVE AUTHORITY:

- Section 5(3) of Commission Bylaw 1
- Section 602.33 of the Municipal Government Act, RSA 2000, c M-26

ALTERNATIVES:

1. The Board can approve the statements as presented.
2. The Board can direct administration accordingly.

ATTACHMENTS:

- Draft – 2019 Audited Financial Statements – North Red Deer River Water Services Commission.

ACTION/RECOMMENDATION:

THAT the Board approve the 2019 Audited Financial Statements as presented.

**North Red Deer River Water Services
Commission
Financial Statements
For the year ended December 31, 2019**

DRAFT

North Red Deer River Water Services Commission
Financial Statements
For the year ended December 31, 2019

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Debt	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7-8
Notes to the Financial Statements	8-15

DRAFT

Independent Auditor's Report

To the Members of the Board of the
North Red Deer River Water Services Commission

Opinion

We have audited the financial statements of the North Red Deer River Water Services Commission (the Commission), which comprise the statement of financial position as at December 31, 2019, and the statement of operations, statement of changes in net debt, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

Independent Auditor's Report

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Red Deer, Alberta
April 6, 2020

DRAFT

North Red Deer River Water Services Commission
Statement of Financial Position

December 31	2019	2018
Financial assets		
Cash	\$ 2,879,881	\$ 1,997,021
Investments (Note 3)	5,198,236	5,000,000
Trade and Other Receivables	677,955	870,305
	<u>8,756,072</u>	<u>7,867,326</u>
Liabilities		
Accounts payable and accrued liabilities	573,585	413,175
Current Portion of Long-term Debt (Note 4)	770,264	736,670
	<u>1,343,849</u>	<u>1,149,845</u>
Long-term Debt, Net of Current Portion (Note 4)	<u>10,611,814</u>	<u>11,382,079</u>
	<u>11,955,663</u>	<u>12,531,924</u>
Net debt	<u>(3,199,591)</u>	<u>(4,664,598)</u>
Non-financial assets		
Tangible capital assets (Note 6)	27,822,604	30,810,439
Inventory of Supplies (Note 7)	75,596	74,841
	<u>27,898,200</u>	<u>30,885,280</u>
Accumulated surplus (Note 9)	<u>\$ 24,698,609</u>	<u>\$ 26,220,682</u>

Commitments (Note 11)

North Red Deer River Water Services Commission

Statement of Operations

For the year ended December 31	Budget 2019	2019	2018
Revenue			
Water Sales to Commission Members (Note 10)	\$ 5,091,313	\$ 4,977,872	\$ 6,005,778
Service Fees to Commission Members (Note 10)	146,770	144,220	142,848
Interest income	75,000	167,581	173,449
Rebates & Dividends (Note 12)	30	34	26
Other Revenue	1,500	250	500
Provincial grants	-	50,000	-
Total revenue	5,314,613	5,339,957	6,322,601
Expenses			
Accounting and Audit Fees	8,300	7,293	9,381
Board Remuneration	3,800	5,250	4,600
Board Travel	1,350	668	391
Communication	8,972	7,725	9,534
General Material and Supplies	1,450	298	1,999
Insurance	3,889	4,749	4,240
Interest Long-Term Debt	539,889	535,929	568,157
Legal	500	4,751	4,490
Management Fees	82,984	57,984	56,844
Office	150	-	-
Operator Costs	123,887	102,070	100,393
Other Expenses	25	48	20
Other Professional Fees	27,612	68,636	18,770
Purchase of Water	4,488,644	4,387,473	4,284,939
Repairs and Maintenance	9,500	5,332	3,846
SCADA Maintenance	9,025	8,628	29,554
Utilities	3,500	4,735	3,565
Valves	5,000	526	12,477
Amortization of Capital Assets	465,610	422,437	465,610
Loss on disposal of Capital Assets	-	1,237,498	-
Total expenses	5,784,087	6,862,030	5,578,810
Excess of revenue over expenses	(469,474)	(1,522,073)	743,791
Accumulated surplus, beginning of year	26,220,682	26,220,682	25,476,891
Accumulated surplus, end of year	\$ 25,751,208	\$ 24,698,609	\$ 26,220,682

North Red Deer River Water Services Commission
Statement of Change in Net Debt

For the year ended December 31	Budget 2019	2019	2018
Excess of revenue over expenses	\$ (469,474)	\$ (1,522,073)	\$ 743,791
Acquisition of tangible capital assets	-	(178,131)	(10,636)
Amortization of tangible capital assets	465,610	422,436	465,610
Loss on sale of tangible capital assets	-	1,237,498	-
Proceeds on sale of tangible capital assets	-	1,506,032	-
	<u>(3,864)</u>	<u>1,465,762</u>	<u>1,198,765</u>
Decrease (increase) in Inventory of Supplies	<u>-</u>	<u>(755)</u>	<u>3,917</u>
Net change in net debt	(3,864)	1,465,007	1,202,682
Net debt, beginning of year	<u>(4,664,598)</u>	<u>(4,664,598)</u>	<u>(5,867,280)</u>
Net debt, end of year	<u>\$ (4,668,462)</u>	<u>\$ (3,199,591)</u>	<u>\$ (4,664,598)</u>

North Red Deer River Water Services Commission
Statement of Cash Flows

For the year ended December 31	2019	2018
Operating transactions		
Excess of revenue over expenses	\$ (1,522,073)	\$ 743,791
Items not involving cash		
Amortization	422,436	465,610
Loss on disposal of tangible capital assets	1,237,498	-
Changes in non-cash operating balances		
Accounts receivable	192,350	135,229
Inventories of supplies	(755)	3,917
Accounts payable and accrued liabilities	160,410	22,288
	<u>489,866</u>	<u>1,370,835</u>
Capital transactions		
Acquisition of tangible capital assets	(178,131)	(10,636)
Proceeds on sale of tangible capital assets	1,506,032	-
Investing transactions		
Acquisition of investments	(198,236)	(5,000,000)
Financing transactions		
Repayment of long-term debt	(736,671)	(704,542)
Net change in cash and bank indebtedness	882,860	(4,344,343)
Cash, beginning of year	<u>1,997,021</u>	<u>6,341,364</u>
Cash, end of year	<u>\$ 2,879,881</u>	<u>\$ 1,997,021</u>

North Red Deer River Water Services Commission

Summary of Significant Accounting Policies

December 31, 2019

**Management's
Responsibility for the
Financial Statements**

The financial statements of the Commission are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The North Red Deer River Water Services Commission (the "Commission") was established for the purposes of constructing and operating a water supply system. The Commission is made up of member municipalities and requisitions funds from its members. The members of the Commission are City of Lacombe, Lacombe County, Ponoka County, Town of Blackfalds, and the Town of Ponoka.

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

Budget Amounts

The budget amounts presented on the statement of financial activities are taken from the commission's annual budget.

Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost or net replacement cost.

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Engineered Structures - Water System	45 to 75 years
Equipment	5 to 45 years

Revenue Recognition

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

North Red Deer River Water Services Commission

Summary of Significant Accounting Policies

December 31, 2019

Liability for

Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries.

Use of Estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Financial Instruments

The Commission utilizes various financial instruments. It is management's opinion that the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of these financial instruments approximates their fair value

2. Bank Overdraft

The Commission has an unused overdraft protection agreement with a maximum overdraft of \$1 million and interest charged at lender prime less 0.25%. Collateral is comprised of a general security agreement specifically pledging all grant proceeds and debenture products. As at year end December 31, 2019 the prime rate was 3.95%.

North Red Deer River Water Services Commission
Notes to Financial Statements

December 31, 2019

3. Investments

	<u>2019</u>	<u>2018</u>
Short-term & medium-term Canadian bank paper notes, Principal protected notes yielding effective annual rates of 2.57% to 3.45% to maturity at cost.	<u>\$ 5,198,236</u>	<u>\$ 5,000,000</u>

The market value of the Commission's investments was \$5,231,259 (2018 - \$4,973,432).

DRAFT

North Red Deer River Water Services Commission
Notes to Financial Statements

December 31, 2019

4. Long-term Debt

Long-term debt reported on the statement of financial position is comprised of the following:

	<u>2019</u>	<u>2018</u>
4.46% debenture, repayable \$66,762, semi-annually, due September 15, 2031	\$ 1,230,442	\$ 1,306,535
4.515% debenture, repayable \$570,688 semi-annually, due June 15, 2031	10,151,636	10,812,214
	<u>11,382,078</u>	<u>12,118,749</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 770,264	\$ 504,637	\$ 1,274,901
2021	805,389	469,512	1,274,901
2022	842,116	432,785	1,274,901
2023	880,519	394,383	1,274,902
2024	920,671	354,230	1,274,901
Thereafter	7,163,119	1,544,730	8,707,849
	\$ 11,382,078	\$ 3,700,277	\$ 15,082,355

Debenture debt is issued on the credit of the Commission at large. The Commission has agreed to levy upon the member municipalities, a cubic meter water service fee based on actual use sufficient to provide for annual funds to pay principal and interest due each year on debentures and annual operating costs.

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North Red Deer River Water Services Commission
Notes to Financial Statements

December 31, 2019

5. Debt Limits

Section 3 Alberta Regulation No. 76/2000 requires that debt and debt limits for the Commission to be disclosed. The Commission has received approval to borrow up to \$27 million under ministerial order L:043/05 (\$22,000,000) and L:148/05 (\$5,000,000) to complete the project and as such, has not exceeded its debt limit at December 31, 2019. The debt limit and debt service limit otherwise determined are as follows:

	2019	2018
Total debt limit	\$ 10,679,914	\$ 12,645,200
Total debt	(11,382,078)	(12,118,749)
Total debt limit exceeded	(702,164)	526,451
Debt servicing limit	1,868,985	2,212,910
Debt servicing	(1,274,901)	(1,274,901)
Total debt servicing limit	594,084	938,009

The debt limit is calculated at two times the revenue of the Commission (as defined in Alberta Regulation No. 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions that could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the Commission. Rather, the financial statements must be interpreted as a whole.

DRAFT

North Red Deer River Water Services Commission
Notes to Financial Statements

December 31, 2019

6. Tangible Capital Assets

	2019			
	Engineered Structures	Land	Equipment	Total
Cost,				
beginning of year	\$ 34,776,820	\$ 1,821,692	\$ 10,636	\$ 36,609,148
Additions		-	178,131	178,131
Disposals	(3,238,018)			(3,238,018)
Cost, end of year	\$ 31,538,802	\$ 1,821,692	\$ 188,767	\$ 33,549,261
Accumulated amortization,, beginning of year	\$ 5,798,709	-	-	\$ 5,798,709
Amortization	417,638	-	4,798	422,436
Disposals	(494,488)			(494,488)
Accumulated amortization, end of year	\$ 5,721,859	-	\$ 4,798	\$ 5,726,657
Net carrying amount, end of year	\$ 25,816,943	\$ 1,821,692	\$ 183,969	\$ 27,822,604

	2018			
	Engineered Structures	Land	Equipment	Total
Cost,				
beginning of year	\$ 34,776,820	\$ 1,821,692	-	\$ 36,598,512
Additions	-	-	10,636	10,636
Disposals	-	-	-	-
Cost, end of year	\$ 34,776,820	\$ 1,821,692	\$ 10,636	\$ 36,609,148
Accumulated amortization, beginning of year	\$ 5,333,099	-	-	\$ 5,333,099
Amortization	465,610	-	-	465,610
Accumulated amortization, end of year	\$ 5,798,709	-	-	\$ 5,798,709
Net carrying amount, end of year	\$ 28,978,111	\$ 1,821,692	\$ 10,636	\$ 30,810,439

North Red Deer River Water Services Commission
Notes to Financial Statements

December 31, 2019

7. Inventories of Supplies

	2019	2018
Valves	\$ 42,601	\$ 41,846
Materials and supplies	8,523	8,523
Pipe	8,512	8,512
Couplings	4,266	4,266
Miscellaneous	11,694	11,694
	<u>\$ 75,596</u>	<u>\$ 74,841</u>

8. Equity in Tangible Capital Assets

	2019	2018
Tangible capital assets	\$ 33,549,261	\$ 36,609,148
Accumulated amortization	(5,726,657)	(5,798,709)
Total Long-Term Debt	<u>(11,382,078)</u>	<u>(12,118,749)</u>
	<u>\$ 16,440,526</u>	<u>\$ 18,691,690</u>

9. Accumulated Surplus

The Commission segregates its accumulated surplus in the following categories:

	2019	2018
Unrestricted Operating Surplus	3,521,063	1,407,356
Unrestricted Capital Surplus	233,104	233,104
Operating Reserve	763,543	1,268,512
Capital Reserve	3,740,374	3,339,209
Equity in tangible capital assets	\$ 16,440,526	\$ 18,691,690
Rate Stabilization Reserve	-	1,280,811
	<u>\$ 24,698,609</u>	<u>\$ 26,220,682</u>

The Capital Reserve is used to provide funds for specific capital equipment purchases to enhance or improve service delivery. Operating Reserves are funds for emergency situations. Both are funded out of year-end surplus and allocated based on Board Policy.

North Red Deer River Water Services Commission
Notes to Financial Statements

December 31, 2019

10. Related Party Transactions

City of Lacombe, Town of Blackfalds, Town of Ponoka, Lacombe County and Ponoka County are members of the Commission and, as such, have been identified as related parties.

Water sales charged to Commission members are as follows:

	<u>2019</u>	<u>2018</u>
City of Lacombe	\$ 2,282,836	\$ 2,769,872
Town of Ponoka	1,173,221	1,464,979
Town of Blackfalds	1,492,183	1,750,051
Ponoka County	27,154	18,926
City of Red Deer	2,478	1,950
	<u>\$ 4,977,872</u>	<u>\$ 6,005,778</u>

Service fees are based on the actual net operating costs of the Commission and are allocated among various Commission members based on earlier agreement. Service fees charged to Commission members are as follows:

	<u>2019</u>	<u>2018</u>
Lacombe County	72,110	71,424
Ponoka County	72,110	71,424
	<u>\$ 144,220</u>	<u>\$ 142,848</u>

The Commission is provided accounting, management and operations services by the City of Lacombe for a total cost of \$159,981 (2018 - \$156,499).

Included in accounts receivable are \$621,828 (2018- \$606,088) due from various members municipalities.

Included in accounts payable is \$16,686 (2018 - \$7,367) due to various member Municipalities.

December 31, 2019

11. Commitments

a) City of Red Deer

The Commission has entered into a 25 year agreement with the City of Red Deer, expiring August 31, 2030 to purchase water. The agreement may be terminated by either party by giving five year's written notice. Under the agreement, the Commission is obligated to purchase an annual quantity of water to be determined by negotiation between the parties at a rate calculated on a cost of service basis utilizing the principles set out in the American Water Works Association manual or practice dealing with water rates and charges.

b) Related Parties

The Commission has entered into agreements with the City of Lacombe, Town of Ponoka, Town of Blackfalds, and Ponoka County to supply water. Under the agreement, the Commission is obligated to provide a maximum allocation of water to each municipality for a price determined annually by October 31st of the prior year.

12. Rebates

Based on the terms of the water supply agreement with the City of Red Deer effective September 1, 2005, annual water rates are based on forecasted consumption volume and costs which are subject to annual reconciliation. A "true-up" transactions, where one party compensates the other for variance in consumption and/or costs results in an actual cost per cubic metre variance greater than 10%. The Commission may receive a rebate as result of the reconciliation of actual annual costs and volumes to annual budgeted costs and volumes completed by the City of Red Deer. The reconciled amount and resulting rebate or payable is not calculated until subsequent to year end and as a result is recognized in the financial statements when known or received. There was no rebate recognized or receivable for the 2019 or 2018 fiscal years.

13. Approval of Financial Statements

The Board and Management approved these financial statements.



5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Mauricio Reyes, Senior Manager of Financial Services
DATE: April 6, 2020
RE: February 2020 Variance Report
REF:

Attached is the 2020 variance report as of February 28 for the regional water commission.

For the period, water sale volumes are slightly lower than expected, but they are consistent with historic averages. Water volumes typically increase during summer months due to higher consumption from member residents; consequently, water volumes are expected to normalize as the year progresses.

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. Water purchase volumes are slightly lower than expected which is consistent with the slightly lower water sales volumes.

CITY OF LACOMBE
GL Department Report



GL5330

Page :

1

Date : Apr 02, 2020

Time :

9:39 am

Year : 2020
Period : 2

Budget : FINAL BUDGET

Account No.	Description	CC1	CC2	CC3	Current	Year To Date	Budget	Variance	% Used
REGIONAL WATER REPORTING									
47 Regional Water Revenues									
06-1-47-35110	Water Sales - City of La				-233,272	-467,829	-2,794,715	-2,326,887	17
06-1-47-35120	Water Sales - Town of F				-109,292	-218,653	-1,460,826	-1,242,174	15
06-1-47-35130	Water Sales - Town of E				-153,106	-308,157	-1,825,061	-1,516,905	17
06-1-47-35140	Water Sales - Ponoka C				-1,285	-2,644	-21,200	-18,556	12
06-1-47-35150	Water Sales - City of Re				-1,171	-1,948	-1,954	-6	100
06-1-47-42200	Line Crossing Agreeemei				0	0	-1,500	-1,500	
06-1-47-55100	Interest Revenue				0	-5,039	-75,000	-69,961	7
06-1-47-55500	Rebates & Dividends				0	0	-30	-30	
06-1-47-85140	Lacombe County Contril				0	0	-74,062	-74,062	
06-1-47-85150	Ponoka County Contribu				0	0	-74,062	-74,062	
06-1-47-92100	Transfer from Reserves				0	0	-215,000	-215,000	
47 Regional Water Revenues					-498,126	-1,004,269	-6,543,411	-5,539,143	15
47 Regional Water Operating Expenditures									
06-2-47-11110	Board Wages-City of La				0	0	600	600	
06-2-47-11120	Board Wages-Town of F				0	0	600	600	
06-2-47-11130	Board Wages-Town of E				0	0	600	600	
06-2-47-11140	Board Wages-Lacombe				0	0	1,400	1,400	
06-2-47-11150	Board Wages-Ponoka C				0	0	600	600	
06-2-47-21100	Board Travel Expenses				56	56	0	-56	
06-2-47-21110	Board Travel-City of Lac				0	0	250	250	
06-2-47-21120	Board Travel -Town of F				0	0	250	250	
06-2-47-21130	Board Travel-Town of B				0	0	250	250	
06-2-47-21140	Board Travel-Lacombe t				0	0	250	250	
06-2-47-21150	Board Travel-Ponoka C				0	0	250	250	
06-2-47-21170	Travel-Administration				0	0	100	100	
06-2-47-21400	Membership Fees				0	0	300	300	
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				-8	17	900	883	2
06-2-47-21701	Telephone - Operations				708	1,378	16,772	15,394	8
06-2-47-23000	Management Fees				6,019	12,038	60,876	48,838	20
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				90	-1,524	11,800	13,324	

GL Department Report



GL5330

Page : 2

Date : Apr 02, 2020

Time : 9:39 am

Year : 2020

Period : 2

Budget : FINAL BUDGET

Account No.	Description	CC1	CC2	CC3	Current	Year To Date	Budget	Variance	% Used
REGIONAL WATER REPORTING									
06-2-47-25300	Equipment Repair & Ma				0	0	9,500	9,500	
06-2-47-25301	SCADA Maintenance				800	2,244	6,500	4,256	35
06-2-47-27400	Insurance & Bond Prem				0	0	3,889	3,889	
06-2-47-34200	Administration				0	0	11,352	11,352	
06-2-47-35100	Purchase of Water				327,062	673,980	4,501,414	3,827,434	15
06-2-47-35200	Operations				6,692	14,167	129,819	115,652	11
06-2-47-51000	Miscellaneous Expense:				0	0	250	250	
06-2-47-51100	Meeting Supplies				0	0	50	50	
06-2-47-51400	Office Supplies				0	0	150	150	
06-2-47-52400	General Materials & Sup				0	0	750	750	
06-2-47-54400	Utilities-Electricity				625	1,258	3,500	2,242	36
06-2-47-56400	Valves				0	0	5,000	5,000	
06-2-47-81400	Bank Charges & Interes				0	0	25	25	
06-2-47-83100	Debenture Interest				0	0	504,636	504,636	
06-2-47-83200	Debenture Principal				0	0	770,263	770,263	
06-2-47-99000	Amortization				0	0	465,610	465,610	
47 Regional Water Operating Ex					342,043	703,614	6,517,656	5,814,042	11
REGIONAL WATER REPORTING Total					-156,083	-300,655	-25,755	274,899	1167



**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

M E M O R A N D U M

April 6th, 2020

Attn: NRDRWSC

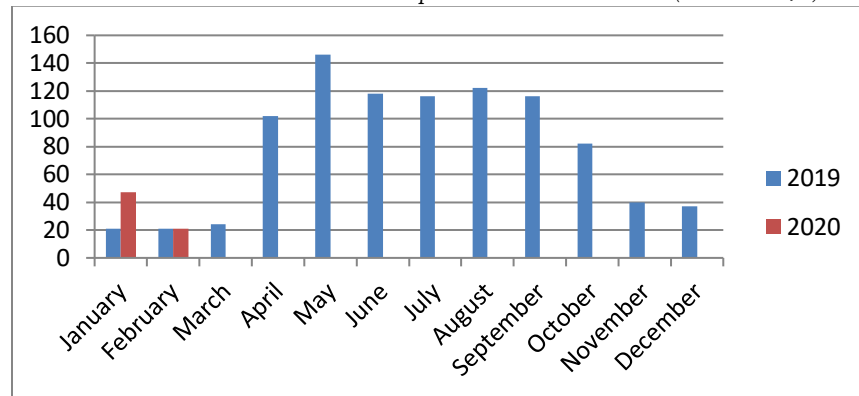
Re: Operational Report since December 9th, 2019.

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

Alberta One-Call Locate Requests:

- 2019 - 945 locates
- January - 47 locates
- February - 21 locates

Alberta One-Call Locate Requests 2020 to date 68 (2019 = 945)



Repair response charges:

- January 14, 20 - Operator responded to an emergency locate submitted by Atco Gas within Lacombe County (No conflict)

Call-Out:

- N/A

General Information:

- Covid-19 - Regional operators are maintaining social distancing and following all precautionary measures recommended by Alberta Health.

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: March 25th, 2020

RE: Administrator's Report

REF: 47/117
(2020)

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

1. The agreement documents from the City of Red Deer for the sale of the water line are complete but the closing date remains unknown as it is tied to the Commission's approval of the design drawings for the new vault. The City of Red Deer reports their consultant is 90% complete the drawings. – **NO CHANGE**
2. The City of Red Deer confirmed the deferral of utility payments offered to residents and businesses of Red Deer do NOT apply to the Commission's.
3. BDO has completed their annual audit of the Commission's finances and report a clean audit.
4. Robert Jenkins will be engaged to develop a financial model for the Commission including the proposed waterline extension.

5. Summary of the meeting with the Four First Nations and Minister Wilson:

Representatives from all four First Nations attended the March 12th meeting at Minister Wilson's constituency office in Wetaskiwin. My overall impression was that there **is** common ground between the Commission and the four First Nation's from which to build a long-standing relationship. However, from the perspective of the Ermineskin Cree Nation, Samson Cree Nation and Montana First Nation, the Commission's approach to engaging their communities did not meet their expectations – it seemed they felt a step was missed by the Commission primarily focusing on the technical and financial details of the project. The representative from Louis Bull Tribe did not speak to this point so his position was not apparent. For Ermineskin Cree Nation this "missed step" led to the phone calls and e-mails from Stantec being left unanswered and not returned.

Representatives from Ermineskin Cree Nation and Samson Cree Nation repeated the importance of clean, reliable drinking water for their communities and reiterated the need for the Commission to understand that Maskwacis First Nations consists of four individual communities with individual needs that are very different from those of the Commission members. For instance, there was a need to acknowledge, rather than simply move on from, the historical difficulties over First Nation representation on the Commission. There were also anecdotes shared of personal, social and economic struggle that some communities face due to water quality issues.

The First Nation's representatives also had strong expectations of individual representation on the Board. When told the Commission wouldn't likely oppose that, it appeared to be received positively.

Representatives from Ermineskin Cree Nation and Samson Cree Nation disputed the population estimates in the Feasibility Study saying they were too low. Stantec projected the on-reserve populations from the most recent Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) [databases](#). In the case of Samson Cree Nation, Stantec also cross referenced their population projections with an Urban System 2019 report "Samson Cree Nation Water Servicing Feasibility Study" which indicated 6,213 on-reserve, 2,138 off-reserve and 548 registered on other reserves which is consistent with Stantec's population projections.

Ermineskin Cree Nation indicated it is in the final stages of its own water feasibility study (scope unknown) with the Federal Government and agreed to share the study with the Commission when it is complete.

In the end, the First Nations agreed their Council's and/or Chiefs need to meet to discuss this project in April and requested the Commission provide them a letter saying the Commission does not oppose each community having a single representative on the Board.

6. Questions to the Province

At the time of writing this report, the Province (through the IR Ministry) has not yet responded to the Commission's questions in the January 28th letter to the Minister, nor the questions sent in advance of the March 12th meeting. Minister Wilson said his ministry is coordinating with the Ministry of Transportation on a response, so he didn't have any direct answers to offer at the meeting. The answers from the Province are required to provide the Commission with assurance the waterline extension project will not have a negative impact on current ratepayers. With the ongoing global pandemic affecting all Provincial Ministries, it is unlikely the Commission will receive a response from the Province anytime soon.



**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: March 25th, 2020

RE: Administrator's Report

REF: 47/117
(2020)

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4. Robert Jenkins will be engaged to develop a financial model for the Commission including the proposed waterline extension.

5. Summary of the meeting with the Four First Nations and Minister Wilson:

Representatives from all four First Nations attended the March 12th meeting at Minister Wilson's constituency office in Wetaskiwin. My overall impression was that there **is** common ground between the Commission and the four First Nation's from which to build a long-standing relationship. However, from the perspective of the Ermineskin Cree Nation, Samson Cree Nation and Montana First Nation, the Commission's approach to engaging their communities did not meet their expectations – it seemed they felt a step was missed by the Commission primarily focusing on the technical and financial details of the project. The representative from Louis Bull Tribe did not speak to this point so his position was not apparent. For Ermineskin Cree Nation this "missed step" led to the phone calls and e-mails from Stantec being left unanswered and not returned.

Representatives from Ermineskin Cree Nation and Samson Cree Nation repeated the importance of clean, reliable drinking water for their communities and reiterated the need for the Commission to understand that Maskwacis First Nations consists of four individual communities with individual needs that are very different from those of the Commission members. For instance, there was a need to acknowledge, rather than simply move on from, the historical difficulties over First Nation representation on the Commission. There were also anecdotes shared of personal, social and economic struggle that some communities face due to water quality issues.

The First Nation's representatives also had strong expectations of individual representation on the Board. When told the Commission wouldn't likely oppose that, it appeared to be received positively.

Representatives from Ermineskin Cree Nation and Samson Cree Nation disputed the population estimates in the Feasibility Study saying they were too low. Stantec projected the on-reserve populations from the most recent Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) [databases](#). In the case of Samson Cree Nation, Stantec also cross referenced their population projections with an Urban System 2019 report "Samson Cree Nation Water Servicing Feasibility Study" which indicated 6,213 on-reserve, 2,138 off-reserve and 548 registered on other reserves which is consistent with Stantec's population projections.

Ermineskin Cree Nation indicated it is in the final stages of its own water feasibility study (scope unknown) with the Federal Government and agreed to share the study with the Commission when it is complete.

In the end, the First Nations agreed their Council's and/or Chiefs need to meet to discuss this project in April and requested the Commission provide them a letter saying the Commission does not oppose each community having a single representative on the Board.

6. Questions to the Province

At the time of writing this report, the Province (through the IR Ministry) has not yet responded to the Commission's questions in the January 28th letter to the Minister, nor the questions sent in advance of the March 12th meeting. Minister Wilson said his ministry is coordinating with the Ministry of Transportation on a response, so he didn't have any direct answers to offer at the meeting. The answers from the Province are required to provide the Commission with assurance the waterline extension project will not have a negative impact on current ratepayers. With the ongoing global pandemic affecting all Provincial Ministries, it is unlikely the Commission will receive a response from the Province anytime soon.

March 31, 2020

Jordan Thompson, Commission Administrator
North Red Deer River Water Services Commission
c/o City of Lacombe
5432 – 56 AVE
Lacombe AB T4L 1E9

Dear Mr. Thompson,

Re: 2019 True-up Per the Water Supply Agreement

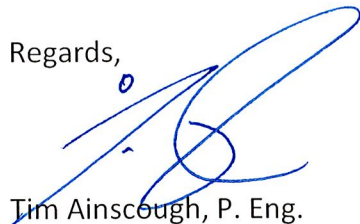
Each year, The City reviews actual costs and actual usage for the regions and assess whether or not there should be a reconciliation of costs (i.e. a “true-up”). Based on Schedule E of the Water Supply Agreement, if actual usage and costs results in a variance compared to the amounts charged of more than 10%, a “true-up” amount will be charged or paid to reconcile the difference.

The 2019 budgeted revenue requirement for the water utility was \$26.65 million, and the actual revenue requirement was \$26.24 million; a net reduction of \$0.41 million. The primary reasons for the reduction are related to: operating expense variances of \$0.08 million; and depreciation and cost of capital reduction of \$0.33 Million as some anticipated capital expenses were deferred from 2019 to 2020.

For NRDRWSC, the actual cost allocated in 2019 was \$4,311,459 and the actual consumption was 2,933,923 m³; or \$1.47/m³. This compares to actual revenue collected of \$4,387,473; resulting in a variance of \$76,014. The variance does not exceed 10% of budget; therefore no amount is owing to the region.

Please give me a call if you have any questions or would like to discuss this matter further.

Regards,



Tim Ainscough, P. Eng.
Environmental Services Manager
JF/bm

c. Director of Development Services
Environmental Services Administrative & Accounting Supervisor
Water Superintendent



March 31, 2020

Regional water and Wastewater Commission Partners

Re: Water and Wastewater Commission Utilities

On March 19, The City of Red Deer announced that residential, farm and small commercial customers, within Red Deer, have the option to delay water, sewer and waste utility payments for 90 days. Customers are still responsible for their total utility bill; however no penalties will be applied for late payment. This move is part of the ongoing response to COVID-19 and focused on Red Deer citizens who may be experiencing significant economic impacts during these times.

Should you receive any questions about this announcement, we wanted to clarify that the delay in payments does not apply to regional water and wastewater commission partners.

Payments from commission partners will be processed through the usual method and timing. City employees continue to work from home and processes are in place to ensure there is little to no effect on service levels.

More information about The City of Red Deer's payment program can be found in our [March 19, 2020 News Release](#). If you have any questions regarding this program, please reach out to your commission chair or the undersigned.

Regards,



Tim Ainscough P.Eng.,
Manager of Environmental Services
The City of Red Deer



**North Red Deer
River Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Jordan Thompson, Acting Administrator

DATE: March 25th, 2020

RE: Request for Decision – Next steps
following the March 12th Meeting with
the four First Nations.

PURPOSE:

Administration is requesting direction from the Commission on its preferred course of action coming out of the March 12th meeting.

ACTION/RECOMMENDATION:

1. Direct Administration to advise the four First Nations that the NRDRWSC has funds available to contribute toward engagement with their communities. Invite each First Nation to outline their preferences for engagement with their community with the understanding that Ermineskin Cree Nation will likely be the first community to connect to the water line.

AND

2. Pass a resolution supporting the position that each First Nation community should have a single representative on the Board if/ when that community becomes a member:

WHEREAS The NRDRWSC welcomes productive engagement with First Nations on the expansion of its potable water transmission system, and;

WHEREAS The NRDRWSC would like to evaluate alternate governance models in addition to the current governance model as part of its engagement with First Nations, and;

WHEREAS any new member to the NRDRWSC is subject to the same membership agreement terms, and conditions as the existing members including the payment of a fair and equitable capital buy-in;

BE IT RESOLVED THAT the NRDRWSC supports, in principle, Ermineskin Cree Nation, Samson Cree Nation, Montana First Nation and Louis Bull Tribe becoming members of the North Red Deer River Water Services Commission, each represented by a single member on the Board.

BACKGROUND:

*Due to the length of the background summary it has been moved to the end of this memorandum with new information highlighted in **bold**.*

ISSUE ANALYSIS:

In addition to the summary in the Administrators Report, meeting notes of the March 12th meeting are attached to this memorandum.

Commission Next Steps:

Administration is requesting direction from the Commission on its preferred course of action coming out of the March 12th meeting.

- 1) Send a letter to the meeting attendees thanking them for participation in the meeting and that the Commission is looking forward considering next steps when we receive a response from the Province.**

Once the letter has been sent, no further action will be taken until Administration receives further direction from the Board.

OR

- 2) Advise the four First Nations that the Commission has funds available to put toward engagement with their communities on such matters as:
 - a) agreement on membership/customer terms and the governance model,**
 - b) the development of a multiyear business plan,**
 - c) agreement on administrative/operations protocols for when the waterline extension is built,**and invite each First Nation to outline their preferences for engagement with their community | with priority given to Ermineskin Cree Nation.**

Municipal Affairs has granted the Commission (via the City of Lacombe) \$50,000 to hire a consultant to facilitate and coordinate protocol development and framework discussions regarding the delivery of water services between the North Red Deer River Water Services Commission and surrounding First Nations communities that may include:

- governance and financial models;
- status of commission assets on First Nation lands;
- repairs and maintenance on First Nation lands; and
- updates to project related guiding documents and processes.

and undertake any related activities which may include:

- stakeholder consultations;
- supporting plans and studies;
- development of agreements;
- development or amendment of bylaws; or
- project specific research and administration.

Approximately \$6,000 of this grant has been allocated to the completion of the financial rate model leaving \$44,000 for protocol development and framework discussion with the First Nations communities.

AND/OR

3) Pass a resolution supporting the position that each First Nation community should have a single representative on the Board if/ when that community enters into a membership agreement with the Commission.

The four First Nation communities feel strongly they should have a single representative on the Board if/ when they become members. The Commission was requested to provide a letter indicating its position on First Nations membership at the March 12th meeting. The Board indicating its support on this position would be a strong positive gesture to the four communities.

The Board is cautioned that passing that resolution now, it may signal to the Province and First Nations that it has made up its mind on the preferred governance model moving forward and narrows the Commission's options on alternate governance models (such as a new Maskwacis First Nations Water Services Commission owning and operating the waterline extension).

For this reason the Board is advised to indicate it does not object to each First Nation community appointing a single representative to the Commission if the current governance model framework is the preferred framework coming out of the facilitated consultation.

FINANCIAL IMPLICATIONS:

Should the Board wish to proceed with Option #2 Administration would work within the Facilitated Water Line Protocol Development grant amount.

ALTERNATIVES:*Alternative 1*

Direct Administration to send a letter to the March 12th, 2020 meeting attendees thanking them for participation in the meeting and that the NRDRWSC is looking forward considering next steps when it receives a response to its questions from the Province.

-- (Once the letter has been sent, no further action will be taken until Administration receives further direction from the Board.)

Alternative 2

THAT the Commission directs Administration how it wishes to proceed.

ATTACHMENTS:

Background summary

Current Template Supply Agreement to Municipalities – 2005

[Bylaw 1](#)

Meeting notes: March 12th, 2020

Background summary

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 Samsung 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.

At its [regular meeting on December 9th, 2019](#), the Commission accepted the North Red Deer River Water Services Commission (NRDRWSC) First Nation Feasibility Study as information. The Commission also directed Administration to request confirmation from the Province that their funding commitment remains at 100% and requests a meeting with the Minister of Indigenous Relations based on availability.

On January 28th, the letter was sent to Minister Wilson's office and a reply was received from the Minister on February 20th. The letter referenced an upcoming meeting with the Four Chiefs but did not include responses to the specific questions from the Commission.

At a [special meeting on February 24th](#), the Commission discussed the Ministers response and directed Administration to confirm the Commission is invited to the

March 12th, meeting with the four Chiefs of Maskwacis. The Commission also authorized Administration to proceed with the development of the financial model pending the outcome of the March 12th meeting. The Commission also passed a motion indicating their support for the project as long as doesn't impact current rate payers.

At the request of Ministers Wilsons office the Commission's questions were sent in advance on March 4th.

On March 12th Chair Wigmore and Vice Chair Creasey, Acting Administrator Thompson, Michael Minchin, and Denise Bellabono attended the meeting with representatives from the Four First Nations and the Indigenous Relations ministry including Minister Wilson.

THIS AGREEMENT made effective as of the _____ day of _____, 2005.

WATER SUPPLY AGREEMENT

NORTH RED DEER RIVER WATER SERVICES COMMISSION (the "Commission")

- and -

[MEMBER]
(the "Member")

Introduction:

WHEREAS the Member desires to enter into an agreement with the Commission for the supply of Water in order to permit the Member to provide water service to its customers.

AND WHEREAS the Member wishes to purchase Water from the Commission and the Commission wishes to sell and deliver Water to the Member.

AND WHEREAS the Member and the Commission recognize that conservation of water resources is an important goal.

In consideration of the mutual and other promises described in this Agreement, the Commission and the Member covenant and agree as follows:

1. Definitions

In this Agreement, each of the following words shall have the meaning for that word described below unless expressly stated otherwise:

- (a) **Agreed Variance** means the standard for accuracy for the Meter being tested as specified in the latest edition of the American Water Works Association 700 Series Standards;
- (b) **Agreement** means this Water Supply Agreement including the Introduction clauses, all attached Schedules and all documents produced or delivered according to the terms of this Agreement;
- (c) **Annual Quantity** means for each calendar year the quantity of Water for that year determined according to the provisions of Part 1 of the attached Schedule "A";
- (d) **Best Efforts** means, in relation to the performance of an obligation, efforts that are sensible and practical, and involve the exercise of reasoned and sound judgement having regard to all of the relevant circumstances;
- (e) **Bylaw 1** means the Bylaw of the Commission that sets out the establishment and operation of the Commission.
- (f) **City Supply Agreement** means that certain agreement made between the City of Red

and the Commission dated October 8, 2004 a copy of which is attached hereto as Schedule "G";

- (g) **Cross Connection** means any physical connection to the Commission's or the Member's Watermains whereby Water may become contaminated;
- (h) **Customer's Boundaries** means:
 - (i) the legal municipal boundary of those members of the Member that are urban municipalities;
 - (ii) the boundary of that area of those members of the Member that are rural municipalities

as the case may be, as shown in the attached Schedule "B";

- (i) **Delivery Pressures** means for each calendar year the Minimum Pressure and the Normal Pressure Range for that year;
- (j) **Effective Date** means the date hereof;
- (k) **Equipment** means all necessary valves, pressure and flow controls, associated equipment and pipes with respect to a Meter Chamber. Equipment does not include the Meter;
- (l) **Maximum Daily Quantity** means for each day during a calendar year the maximum quantity of Water for that day determined according to the provisions of Part 2 of the attached Schedule "A";
- (m) **Members** mean those members set out Alberta Regulation No. OC 221/2004
- (n) **Meter** means the consumption measuring device owned by the Commission which is located in a Meter Chamber;
- (o) **Meter Chamber** means the physical structure (including the Equipment) which houses the Meter and where the Commission measures the quantity of Water delivered to the Member. A Meter Chamber shall be located at each Point of Delivery;
- (p) **Minimum Pressure** means for each calendar year the minimum pressure for delivery of Water at the Point of Delivery for that year determined according to the provisions of the attached Schedule "C";
- (q) **M³** means cubic meters;
- (r) **Normal Pressure Range** means for each calendar year the normal pressure range for delivery of Water at the Point of Delivery for that year determined according to the provisions of the attached Schedule "C";
- (s) **Points of Delivery** means the places described in the attached Schedule "D" where Water is sold and delivered to the Member by the Commission;
- (t) **Rate** means the price for Water established from time to time according to the provisions of the attached Schedule "E";
- (u) **Schedules** means those Schedules attached hereto which form part of this Agreement

including:

- (i) Schedule "A" - Annual Quantity and Maximum Daily Quantity
- (ii) Schedule "B" - The Member's Boundaries
- (iii) Schedule "C" - Delivery Pressure
- (iv) Schedule "D" - Points of Delivery and Meter Chambers
- (v) Schedule "E" - How the Rate is Determined
- (vi) Schedule "F" - Dispute Resolution Process
- (vii) Schedule "G" - City Supply Agreement
- (v) **Water** means treated water which is safe for human consumption and which has been supplied to the Commission by the City of Red Deer pursuant to the City Supply Agreement;
- (w) **Watermain** means a water pipe line under pressure used to supply or deliver Water.

2. **General Terms**

- (a) This Agreement may not be assigned without the prior written consent of the other party, which consent shall not be unreasonably withheld.
- (b) This Agreement is for the benefit of and binds the parties and their respective successors and permitted assigns.
- (c) Any term of this Agreement which is determined to be void, unenforceable or illegal shall be severed from this Agreement. The remaining terms shall be effective and enforceable.
- (d) The headings are for reference only and shall not be used to interpret or construe this Agreement.
- (e) Time is of the essence for every part of this Agreement.
- (f) Any notice, consent or communication required by this Agreement must be in writing and shall be delivered by hand or by courier to the following addresses or shall be telecopied to the following telecopier numbers, as the case may be:

- (i) To the Commission at:

Attention:
Telecopier / Fax No.:

- (i) To the Member at:

Attention:
Telecopier / Fax No.:

- (g) This Agreement shall be governed by and construed according to the laws in force in the Province of Alberta and Bylaws of the Commission.
- (h) All changes of gender and number shall be made where required.
- (i) The term of this Agreement is twenty-five (25) years commencing from the Effective Date. This Agreement may only be renewed by further written agreement between the parties.
- (j) This Agreement is the only agreement between the parties in relation to the subject matter hereof, and supercedes and replaces all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof. This Agreement may only be amended or modified by a further written agreement of the parties.
- (k) The quality of Water delivered by the Commission to the Member is such Water that the Commission shall have received pursuant to the City Supply Agreement and that the Commission shall deliver such Water to the Member in substantially the same quality as the Commission received the same under the City Supply Agreement. Further, the Commission is not required to treat or condition the Water prior to delivery to the Member. The Member shall be responsible for all treatment required for the Water received from the Commission after the Point of Delivery that may be required to insure that the Water is safe for human consumption.

3. Purpose

- (a) The Commission agrees to sell and deliver Water to the Member according to the terms of this Agreement.
- (b) The Member agrees to buy and accept delivery of Water from the Commission according to the terms of this Agreement.
- (c) The Member, during the term of this Agreement, shall obtain all of its water requirements from the Commission.
- (d) The Member shall provide the Commission with such information as the Commission may reasonably request from time to time in respect of the Member's actual consumption of water.
- (e) The Member shall be entitled to a maximum annual allocation of water of (Town of Blackfalds 1,903,000 m³) (Town of Lacombe 4,862,000 m³) (Town of Ponoka 2,097,000 m³) (Lacombe County 400,000 m³) (Ponoka County 400,000 m³) and the Commission shall undertake to provide capacity within the system to supply the volume of water annually requested. In fulfilling this obligation, the Commission shall use Best Efforts to:
 - (i) make Water available to the Member each year as required by the Member to a maximum amount equal to the Annual Quantity for that year;
 - (ii) subject to paragraph 3(d)(i)(1), above, make Water available to the Member each day as required by the Member up to a maximum amount equal to the Maximum Daily Quantity for that day;
 - (iii) deliver Water to the Points of Delivery at all times during each year at a pressure

equal to at least the Minimum Pressure for that year, and for the majority of the time during such year at a pressure falling within the Normal Pressure Range for that year; and

- (iv) avoid situations where it is unable to supply to the Member the quantity of Water required by the Member.
- (f) The Member and the Commission shall work cooperatively and each of them shall use Best Efforts to manage and control the Peak Hour Draw Rate so as to optimize the operation of the water supply system providing water to the Member under this Agreement.
- (g) The Member shall pay for all Water measured by the Commission at the Points of Delivery.
- (h) The Member shall pay for all Water at the Rate established by the Commission and in effect from time to time in accordance with the attached Schedule "E".
- (i) The Member shall pay for all Water by monthly payments based upon billings prepared by the Commission. The Commission shall provide monthly billings to the Member at least thirty (30) days in advance of the due date for payment. If the Member fails to pay by the due date, then the Member must pay the late payment charge specified in the monthly billing.
- (j) The Member shall use or resell any or all of the Water bought from the Commission for the purpose of distributing the Water:
 - (i) to customers located within the Member Boundaries; and
 - (ii) to customers located outside of the Member's Boundaries, that may be authorized the Commission.
 - (iii) the Member shall not resell any Water bought from the Commission for the purpose of the supply of Water to a confined feeding operation or for injection into any geological subsurface structure or formation.
- (k) The Member and the Commission are individually responsible for obtaining, at their sole expense, all necessary consents, approvals or orders from any level of government, board, tribunal, the Member or other regulatory authority which is or are required in order for each of them to enter into this Agreement or to perform and satisfy their respective obligations described herein. The Member and the Commission shall cooperate with each other and shall provide reasonable assistance to each other, when requested.
- (l) The Member and the Commission shall not allow or permit any Cross Connections.

4. Rates

- (a) Annually, by October 31st, the Commission shall forward to the Member, the rate to be charged for water supplied by the Commission under this Agreement to become effective on January 1st of the following year.
- (b) The rate to be charged shall be calculated in accordance with the provisions of Schedule "E" of this Agreement.

5. Metering and Supply

- (a) The Meter Chambers shall be constructed by the Commission. The location of each Meter Chamber is described in Schedule "D".
- (b) The Commission shall care for, keep safe, maintain, repair and replace all Meter Chambers.
- (c) The Meter Chambers are the Commission's property and all Meters are the Commission's property.
- (d) The Commission and the Member may agree to additional Points of Delivery and if they do, then Schedule "D" shall be amended.
- (e) Any additional Points of Delivery and required Meter Chambers shall be constructed by the Member at its expense and shall be the Member property, provided that all Meters shall be purchased and installed by the Commission at its expense and shall be the Commission's property.
- (f) Any upgrades or modifications to existing or future Meter Chambers (including the Equipment):
 - (i) required solely for the Member, shall be completed at the Member's expense, and;
 - (ii) required solely for the Commission, shall be completed at the Commission's expense.
- (g) The Commission shall care for, maintain, repair and replace the Meters.
- (h) Once a year, the Commission may test all Meters for accuracy. The Commission shall pay for these tests.
- (i) After notifying the Commission in writing, the Member may request the Commission to have a Meter tested for accuracy.
- (j) If at any time a Meter Chamber or a Meter is out of service or is being repaired so that the measurement of the volume of Water being delivered is not being recorded accurately within the Agreed Variance, or if a test determines that a Meter is not registering accurately within the Agreed Variance, the Meter Chamber or Meter shall be repaired or adjusted as soon as practical, the measurement shall be corrected for a period definitely known or agreed upon, or if not known or agreed upon for one-half of the period since the last Meter test, and the measurements shall be determined or adjusted, as the case may be, to correct for the degree of inaccuracy using the best available data in the following priority:
 - (i) by using any check measuring equipment if installed and if accurately registering within the Agreed Variance;
 - (ii) by correcting the error, if the percentage of the error is ascertainable by calibration, test or mathematical calculation; or
 - (iii) by estimating the volume based upon deliveries under similar conditions during a period of time when the Meter Chamber and Meter were working accurately.

Where a test (other than an annual test) indicates that the accuracy of a Meter exceeds the Agreed Variance, the Commission shall pay for the test. Where a test (other than an annual test) does not indicate that the accuracy of a Meter exceeds the Agreed Variance, the Member shall pay for the test.

- (k) The Member shall allow the Commission reasonable access to all Meter Chambers at reasonable times for the purposes of performing its obligations to care for, maintain, repair, replace and test the Meters.

6. Repairs, Maintenance and Replacements

- (a) The Commission may interrupt or curtail Water service for period of time as it may reasonably require for the purpose of effecting any repairs, maintenance, replacement, upgrading or other work related to the water supply system providing service under this Agreement provided that:
 - (i) the Commission has given the Member at least forty-eight (48) hours prior notice or, in the event of unforeseen circumstances, the Commission gives notice of such interruption or curtailment as soon as is reasonably possibly possible; and
 - (ii) the Commission acts reasonably in using best efforts to restore services as soon as reasonably possible.
- (b) The Commission shall use Best Efforts to coordinate the repairs, maintenance, replacement, upgrading and other work referred to in paragraph 6(a), above, with the Member so as to minimize to the extent reasonable the inconvenience to the Member of interruptions and curtailments.
- (c) During periods of interruption or curtailment provided for in paragraph 5(a), above, the Commission may reduce the level, quality or quantity of service provided to the Member under this Agreement, provided that the Commission shall treat all of its customers affected by the interruption or curtailment, including the Member, fairly, equitably, and without preference, consistent with any operating constraints then in effect. The Commission and the Member shall use Best Efforts to keep each other apprised of and up-to-date in respect of the relevant circumstances during each interruption or curtailment.

7. Force Majeure

The Commission shall not be liable for any failure of or delay in performance of its obligations hereunder or be deemed to be in breach of this Agreement if such failure or delay arise from "force majeure".

- (a) For the purposes of this Agreement, "force majeure" shall mean any cause not reasonably within the Commission's control and shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, storms, floods, high waters, washouts, inclement weather, orders or acts of evil or military authorities, civil disturbances, or any other causes, whether of the kind herein enumerated or otherwise, not within the reasonable control of the Commission and which, by the exercise of due diligence, the Commission is unable to overcome, provided that lack of funds shall not be a cause beyond control.
- (b) The Commission shall give the Member prompt notice of such circumstances and shall

take all reasonable steps to remove such disability. The Commission shall not be entitled to the benefit of this force majeure clause to the extent the failure to provide Water was caused by the Commission having failed to remedy the force majeure condition where it was reasonably able to do so and to resume the supply of water with reasonable dispatch.

- (c) The Commission may impose reasonable restrictions on the delivery of Water, provided that the Commission shall treat all of its customers affected by the force majeure, including the Member, fairly, equitably and without preference, consistent with any operating constraints then in effect.
- (d) The parties agree that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the particular party involved therein and such party may make settlement thereof in such time and on such terms and conditions as it may deem to be advisable and no delay in making such settlement shall deprive such party of the benefits of this section.
- (e) A force majeure event shall merely suspend contractual obligations, and not bring this Agreement or any portion thereof to an end.

8. Liability, Damages and Mutual Indemnity

- (a) Unless the cause is proven to be due directly to the negligence of the Commission, its employee's or agents, the Commission shall have no liability to the Member whatsoever for any damage, loss, cost or expense resulting from, arising out of or associated with:
 - (i) a break of any Watermain, service pipe or collapse of any ditch or trench.
 - (ii) the interference or suspension of the supply of Water due to maintenance work to, repair work to or replacement work for the Commission's water system or an emergency situation regarding any part of the Commission's water system, and
 - (iii) any accident to or failure of any part of the Commission's water system;
- (b) Notwithstanding any other provision of this Agreement, neither the Member nor the Commission shall be liable to the other for:
 - (i) any losses or costs arising from third party claims or causes of action, including claims or causes of action of the other's customers; or
 - (ii) any indirect, consequential or punitive damages, including loss of profits or revenues or other similar damages.
- (c) Each party (the "indemnifying party") agrees to indemnify and save harmless the other party (the "indemnified party"), its agents and employees from and against any and all damage, injury, loss, costs, causes of action, including legal costs on solicitor and own client basis, and claims suffered or incurred by the indemnified party, its agents or employees which are in any way connected with the performance or nonperformance of this Agreement and which are caused either directly or indirectly or contributed to in whole or in part by any act or failure to act of the indemnifying party, its agents and employees, in respect of which indemnifying party, its agents or employees is liable or otherwise responsible in law, provided that such indemnity shall be limited to an amount in proportion to which the indemnifying party, its agents and employees are at fault or otherwise held responsible in law.

9. Arbitration and Remedies

- (a) If a dispute arises between the Member and the Commission regarding the interpretation, application, operation or breach of this Agreement or any part of it the dispute must be submitted to the dispute resolution process described in the attached Schedule "F" before either party may take any other action or step or pursue any available remedy in relation to the dispute regardless of whether such action, steps or remedy involves the courts, the Alberta Energy and Utilities Board or any successor tribunal or entity, provided however that either party may file a complaint or other document required to be filed with the courts, Board or any successor tribunal or entity and take any other action or step prior to submitting any dispute to the dispute resolution process if such filing, action or step is necessary to preserve its right to pursue the dispute in the event that the dispute resolution process is unsuccessful in resolving the dispute.

Notwithstanding that the dispute resolution process is involved, the parties shall continue to perform their obligations described in this Agreement until such time as the dispute resolution process is complete.

- (b) Subject to paragraph 8(a), if a party breaches this Agreement, then the other party shall have all available legal, equitable and other remedies.

In witness whereof the parties have signed this Agreement to be effective from and after the Effective Date notwithstanding the actual date(s) of execution.

**NORTH RED DEER RIVER WATER
SERVICES COMMISSION**

Per: _____

Per: _____

[MEMBER]

Per: _____

Per: _____

SCHEDULE "A"

ANNUAL QUANTITY

PART I

1. The Annual Quantity of Water for a calendar year shall be determined or redetermined, as the case may be, as follows:
 - (a) Prior to October 31st in each year of this Agreement commencing October 31, 2004, the Member shall provide to the Commission:
 - (i) a request for water for the next calendar year which the Member proposes as the Annual Quantity of Water, together with a forecast of volumes anticipated to be required for the second through fifth ensuing calendar years (the "forecast"); and
 - (ii) engineering and other information supporting the forecast, including without restriction information regarding the Member's forecast population, business and industrial growth.
 - (b) If the Commission does not agree that the quantity requested by the Member as the Annual Quantity of Water or any other forecasted volumes are reasonable, , the Member and the Commission shall work together in good faith to reach agreement on the Annual Quantity of Water or other forecasted volumes.
2. For greater certainty, each of the Commission and the Member shall act reasonably in preparing and reviewing each forecast, and in all discussions and negotiations in relation to each forecast and the establishment of an Annual Quality of Water. The Member shall use best efforts in the preparation of each forecast to ensure to the extent reasonably possible that it is not over-estimating or otherwise inflating its Water needs. The Commission shall exercise sound engineering judgement and, where appropriate, consult with the Member when reviewing the technical aspects of the Member's forecast.

SCHEDULE "A"

Maximum Daily Quantity

PART 2

The Maximum Daily Quantity for each day shall be equal to the quantity (expressed in M³) determined as follows:

$$\text{Maximum Daily Quantity} = 1.8 \text{ AQ} / 365$$

Where AQ equals the Annual Quantity for the calendar year in which that day falls.

SCHEDULE "B"

The Member's Boundaries

The Member's Boundaries for the purposes of this Agreement shall be the established corporate boundaries of the Member as may be adjusted from time to time.

SCHEDULE "C"

Delivery Pressures

To be determined when technical aspects of pipeline operation is determined.

SCHEDULE "D"

Points of Delivery and Meter Chambers

SCHEDULE "E"

Rates and Sales Calculation

1. How the Rate is Determined

As provided in Clauses 7.9 and 7.9.1 of the Commission Bylaw No. 1, the rate to the Member shall be a rate common to all Members and shall be calculated by dividing the estimated costs of the system by the total volume of water requested by the Members and anticipated to be sold to the customers.

The estimated costs of the system shall be calculated on a cost of service basis utilizing the principles set out in the American Water Works Association (AWWA) manuals of practice dealing with water rates and charges, as revised and updated from time to time, and in accordance with the findings and directives of the Alberta Energy and Utilities Board and may include:

- (i) operations of the Board and Manager;
- (ii) operations of the pipeline system;
- (iii) purchase of water;
- (iv) repayment of debt obligations;
- (v) non cash expenditures; and
- (vi) return on equity and investments;
- (vii) allocations for present of future capital expenditures

Principles and practices to be applied to determine Rates may be changed from time to time by way of negotiated agreement between the Members or as a result of a decision or order of the Alberta Energy and Utilities Board, or a successor tribunal or authority.

2. Minimum Payment to the Commission

Under this agreement the Member shall pay to the Commission the product of the actual volume of water purchased by the Member in a year times the rate set out by the Commission. Notwithstanding this, where the actual volume of water purchased is less than 90% of the Annual Quantity, the Member shall be responsible for a minimum payment to the Commission of 90% of the Annual Quantity times the rate set by the Commission.

Where the Member does not purchase any water from the Commission, the Member shall be responsible for a minimum annual payment to the Commission equal to the sum of the following:

- a) $\frac{1}{x}$ of the annual cost attributed to the Board of Directors where "x" is the number of members of the Commission.
- b) "y" times the cost components described in sub-clauses 1. iv) through (vii) of this Schedule relating to the operation of the pipeline system, where y is the ratio of the Members volume allocation in Clause 3 (e) to the total volume allocation set out in Clause 7.1 of Bylaw 1.

SCHEDULE "F"

Dispute Resolution Process

The Member and the Commission acknowledge that in any business relationship a difference of opinion or interpretation or a divergence of interest may arise. The Member and the Commission are committed to resolving any disputes in a non-adversarial, informal, and cost efficient manner. Therefore the Member and the Commission agree as follows:

1. The Member and the Commission shall attempt to resolve any dispute through direct negotiation.
2. Failing successful negotiation they shall resort to mediation as follows:
 - (a) Either party may be written notice to the other, request that the parties select a mediator. The parties shall endeavor to select a mediator agreeable to both form a list of suitable mediators maintained by the Alberta Arbitration and Mediation Society.
 - (b) Within 7 days of his or her selection, the Mediator shall designate a time for a meeting among the Mediator and a representative of each the Member and the Commission. Each representative must have authority to agree to a resolution of the dispute.
 - (c) Subject to paragraph 8(b) of the Agreement, for a 45 day period of time from the written notice requesting the selection of a mediator, neither the Member nor the Commission shall take any action or step or pursue any available remedy other than to use its best efforts to participate in the mediation process.
 - (d) The cost and expense of the Mediator and the mediation process shall be paid for equally by the Member and the Commission.
 - (e) The mediation process, including all discussions, proposals and written materials made or prepared, shall be strictly confidential and cannot be used or referred to in any subsequent action, step or proceedings.
 - (f) The Mediator cannot be called by either party as a witness in any subsequent action, step or proceeding.
3. Notwithstanding Clause 2 (c), either party may take such legal or regulatory action as may be necessary to preserve the right to any legal or regulatory remedy should a resolution of the dispute under the process in Section 2 of this Schedule be unsuccessful.

SCHEDULE "G"

City Supply Agreement

NORTH RED DEER RIVER WATER SERVICES COMMISSION

BYLAW 1

BEING A BY-LAW RESPECTING THE APPOINTMENT OF A BOARD OF DIRECTORS AND CHAIRPERSON, GOVERNING THE FEES TO BE CHARGED BY THE COMMISSION AND THE GOVERNANCE OF ADMINISTRATION OF THE COMMISSION

WHEREAS pursuant to the provisions of the Municipal Government Act, the Board of the Commission must pass Bylaws respecting the appointment of its directors and the designation of its Chair, governing the fees to be charged by the Commission for services and may pass Bylaws respecting the provision of the Commission's services and the governance of the administration of the Commission; and

NOW THEREFORE the Board enacts the following:

1. DEFINITIONS

- 1.1 "Act" means the *Municipal Government Act*, R.S.A. 2000, c. M-26;
- 1.2 "Annual Meeting" means the Meeting of the Board and the Members to be held on a date and at a location to be determined by the Board in accordance with this Bylaw;
- 1.3 "Auditor" means the auditor of the Commission appointed by the Board pursuant to Section 5.5 hereof;
- 1.4 "Board" means the Board of Directors of the Commission;
- 1.5 "Budget" means the capital budget and the operating budget required by the Act;
- 1.6 "Chair" means the chairperson of the Board;
- 1.7 "Commission" means the North Red Deer River Water Services Commission;
- 1.8 "Director" means the representative of a Member on the Board appointed in accordance with this Bylaw;
- 1.9 "Financial Plan" means the financial plan for the Commission for the forthcoming three (3) financial years, as it exists from year to year;
- 1.10 "Manager" means the person appointed by the Board as Manager in accordance with this Bylaw;

- 1.11 "Member(s)" means those members set out in the Regulation;
- 1.12 "Regulation" means Alberta Regulation No. 221/2004;
- 1.13 "Regular Meeting" means the meetings of the Board to be held each year on dates and at locations to be determined by resolution of the Board pursuant to Section 4.5 hereof;
- 1.14 "System" means the pipelines, pump stations and control systems operated by the Commission for the purpose of providing water to the members and customers of the Commission.
- 1.15 "Special Meeting" means a meeting of the Board called in accordance with Section 4.6 of this Bylaw;
- 1.16 "Water Services" means all water services provided by the Commission; and
- 1.17 All other words in this Bylaw are as defined or used in the Act or the Regulation.

2. OBJECTS

- 2.1 The objects of the Commission are:
 - (a) to provide wholesale water services to its Members;
 - (b) to provide water services to other customers on such terms and conditions as the Commission may determine.

3. MANAGEMENT

- 3.1 The management of this Commission shall be vested in the Board.

4. BOARD OF DIRECTORS

- 4.1 The proceedings of the Board shall be conducted in accordance with the Act and this Bylaw.
- 4.2 The Board shall consist of five (5) Directors that shall be appointed as follows:
 - (a) one (1) Director from the Town of Blackfalds;
 - (b) one (1) Director from the Town of Lacombe;

- (c) one (1) Director from the Town of Ponoka;
- (d) one (1) Director from Lacombe County;
- (e) one (1) Director from Ponoka County;

Each Director must be an elected official of the Member appointing such Director.

- 4.3 A Member may revoke the appointment of its appointed Director and may appoint a replacement Director.
- 4.4 The Directors shall elect, from amongst their number, the Chair and the Vice-Chair at the first Regular Meeting of the Board in November of each year.
- 4.5 The Board, by resolution, may establish the date and number of Regular Meetings held during a year, however, there shall be not less than two (2) Regular Meetings per year.
- 4.6 The Chair:
 - (a) may call a Special Meeting at the discretion of the Chair; and
 - (b) shall call a Special Meeting upon receipt of written request by at least three (3) Directors.
- 4.7 Notice of the time and place of every Board meeting shall be given to each Director personally, by telephone or by facsimile transmission not less than forty-eight (48) hours before the time fixed for the holding of such Board meeting, provided that any Board meeting may be held at any time and place without such notice if:
 - (a) all the Directors are present thereat and signify their waiver of such notice at such meeting; or
 - (b) all the Directors present thereat signify their waiver of such notice and all the Directors that are absent have signified their consent to the meeting being held in their absence.
- 4.8 A Director may participate in a Board meeting or at a meeting of a committee of the Board by means of telephone conference or other electronic communications media that permits each of the Directors to hear each of the other Directors and to be heard by each of the other Directors.

- 4.9 Any matter properly placed before a meeting of the Board shall be decided by a majority of the votes cast by the Directors at the relevant Board Meeting.
- 4.10 A quorum of the Board shall be a majority of the Directors.
- 4.11 The Board shall be responsible for the management and conduct of the affairs of the Commission, which responsibility shall include, but not be limited to, the following:
 - (a) to approve the Financial Plan for the forthcoming three (3) years and the Budget for the forthcoming year;
 - (b) to maintain the operations of the Commission in a manner which benefits its Members; and
 - (c) to cause the minute books and financial records of the Commission to be maintained and to make the same available to the Members.
- 4.12 The Directors shall receive for attending any Board meeting or for carrying out any Director's responsibilities, meeting fees and expenses including travel expenses as permitted by the rates and fees set out in the Financial Plan and Budget.

5. MEETINGS

- 5.1 The Board shall call an Annual Meeting which shall be held no later than April 30th of each year.
- 5.2 Written notice of the Annual Meeting shall be provided to each Member by mail postmarked not less than thirty (30) days prior to the date of the Annual Meeting.
- 5.3 At the Annual Meeting, the Auditor shall present the audited financial statements of the Commission and the Chair shall report on the activities of the past year of the Board and the future plans of the Commission.
- 5.4 At the first meeting of the Board following the Annual Meeting, the Board shall appoint the Auditor for the ensuing year whom shall report to the Board on the annual financial statement of the Commission and on the financial procedures and activities of the Commission.
- 5.5 The Chair shall establish the agenda for any meeting of the Board. Directors shall be entitled to add items to the proposed agenda by

submitting a written request to the Manager at least twenty-four (24) hours before the meeting.

- 5.6 The Board shall adopt the agenda at the beginning of the meeting and may, upon agreement of two thirds of those Directors present at the meeting add or delete items from the agenda.

6. ADMINISTRATION

- 6.1 There shall be a Chair, a Vice-Chair and a Manager and such other Officers as determined by the Board in its discretion from time to time.
- 6.2 The term of office of the Chair is one year.
- 6.3 The Chair shall preside over each Regular Meeting, Special Meeting and the Annual Meeting and of any meetings of any committee of the Commission.
- 6.4 The Chair shall appoint all officials and committees as directed by the Board.
- 6.5 The Chair shall be an ex-officio member of all committees.
- 6.6 The Chair shall vote on all matters before the Board.
- 6.7 The Chair shall perform all other and such other duties as are usually performed by the Chair.
- 6.8 The Vice-Chair shall act and perform the duties of the Chair in his absence in the conduct of his office.
- 6.9 The term of office for the Vice-Chair is one year.
- 6.10 In the absence of the Chair at any meeting, the Vice-Chair shall preside over the meeting for that meeting only.
- 6.11 During the absence or inability of the Chair and Vice-Chair, a Director appointed by the Board for that purpose shall exercise the duties and powers of the Chair.
- 6.12 The Manager shall act as the administrative head of the Commission and without limiting the foregoing, the Manager shall:
- (a) ensure that the policies and programs of the Commission are implemented;

- (b) advise and inform the Board on the operations and affairs of the Commission;
- (c) maintain custody of the seal of the Commission and when required on any instrument requiring the seal of the Commission, affix the same together with one of the Chair or the Vice-Chair;
- (d) perform the duties and exercise the powers assigned to the Manager in this Bylaw
- (e) perform the duties and exercise the powers required of the Manager in the Act or any other applicable legislation;
- (f) cause the funds of the Commission to be received and disbursed in accordance with the directions of the Board, subject to this Bylaw;
- (g) cause to be kept detailed accounts of all income and expenditures including proper vouchers for all disbursements of the Commission;
- (h) cause to be rendered to the Board at Regular Meetings or whenever required by the Board an account of all transactions of the Commission and the financial position of the Commission;
- (i) cause all facts and minutes of all proceedings to be kept on all meetings of the Commission;
- (j) cause all notices to be given to Members and to Directors required by this Bylaw;
- (k) cause to be kept all books, papers, records, correspondence, contracts and other documents belonging to the Commission and shall cause the same to be delivered up when required by the Act or when authorized by the Board to such person as may be named by the Board; and
- (l) shall carry out any lawful direction of the Board from time to time.

6.13 The Board may select as Manager:

- (a) an individual that is an employee of the Commission;
- (b) an individual or firm engaged on a contractual basis; or
- (c) one of the Members of the Commission

on such terms and conditions as may be acceptable to the Board.

- 6.14 In addition to the duties set forth herein, the Officers shall have such duties as the Board may from time to time determine.
- 6.15 Any one of the Chair or Vice-Chair, together with the Manager are authorized to execute and deliver any cheques, promissory notes, bills of exchange and other instruments, whether negotiable or not, on behalf of the Commission.
- 6.16 The Board may, from time to time, appoint an acting manager who shall be authorized, in the absence the Manager, to perform such duties of the Manager as the Board may prescribe.
- 6.17 Members shall have the right to inspect and may obtain extracts or copies of all books and records of the Commission.

7. VOLUME OF WATER SUPPLIED

- 7.1 Each member of the Commission shall be entitled to the following minimum annual allocations

Town of Blackfalds	1,903,000 m3
Town of Lacombe	4,862,000 m3
Town of Ponoka	2,097,000 m3
Lacombe County	400,000 m3
Ponoka County	400,000 m3
<hr/>	
Total	9,662,000 m3

and the Commission shall undertake to provide capacity within the system to supply the volume of water annually requested by each member up to the allocation identified. The Commission may at its discretion, provide to Members volumes of water exceeding these allocations.

- 7.2 Members shall provide the Commission in the fall of each year, a request for water for the next ensuing year, based on a reasonable estimate of the volume of water expected to be required to meet the needs of the Member's customers in that next year, together with a forecast of volumes anticipated to be required by the member for the second through fifth ensuing years.
- 7.3 Where the capacity of the system is insufficient to deliver the water requested by the Members, the Members shall be allocated the available capacity proportionately based on the previous year's volumes, until such time as the Commission is able to fully supply the volume required.

8. FINANCIAL

- 8.1 The financial year of the Commission shall be the calendar year.
- 8.2 Without limiting the requirements for the Budget pursuant to the Act, the Board in the fall of each year will prepare the Financial Plan for the forthcoming three (3) financial years and Budget for the next financial year which will set out the:
- (a) expected consumption requirements of the Members;
 - (b) estimated expenditures for the:
 - (i) operations of the Board and Manager;
 - (ii) operations of the system;
 - (iii) purchase of water;
 - (iv) repayment of debt obligations;
 - (v) non cash expenditures; and
 - (vi) return on equity and investments;
 - (c) estimated revenue requirements to meet the expenditures of the Commission and the rates and fees to be charged to Members and customers of the Commission;
 - (d) second and third year projections of operating expenditure, revenue requirements and rate trends;
 - (e) capital projects planned and expected to be completed in the forthcoming financial year and the second and third financial years of the Financial Plan;
 - (f) estimated costs and sources of revenue for each year of the Financial Plan;
 - (g) rates of remuneration and expenses to be provided to the Directors.
- 8.3 Subject to and in accordance with the Act and the Budget, the Commission may:

- (a) accumulate operating surplus funds to an amount up to but not exceeding 50% of the annual operating expenditures in any year; and
- (b) accumulate capital reserve funds to an amount up to but not exceeding the total expected capital expenditures in the five years of the Financial Plan and Budget.

- 8.4 Members shall be entitled to vote on the Budget and on the Financial Plan in the proportion that their respective total actual volume water purchase bears to the total actual volume water purchase of the Commission for the immediately preceding calendar year.

For the first year of the Commission, voting for each Member shall be based upon the proportion that their respective total estimated volume water purchase bears to the total estimated volume water purchase of the Commission.

- 8.5 Upon receipt of authorization from the Board to distribute the proposed Budget and Financial Plan, the Manager shall distribute to each Member a complete copy of the proposed Budget and Financial Plan for the relevant financial year.
- 8.6 Any Member may submit comments and questions to the Board in writing in relation to the Budget and the Financial Plan within thirty (30) days immediately following the date of distribution of the Budget and the Financial Plan.
- 8.7 After the thirtieth (30th) day immediately following the date of distribution of the Budget and the Financial Plan, the Directors shall finalize and approve the Budget and the Financial Plan for the relevant financial year. For the purposes of this paragraph, approval of the Budget and the Financial Plan shall require a majority of those votes cast to be in favour

If the Budget and Financial Plan are not both approved by majority vote as aforesaid, the Manager shall, as soon as reasonably practicable thereafter, deliver to each Member a revised Budget and Financial Plan for approval in accordance with this paragraph and such process shall continue until the Budget and the Financial Plan for the relevant financial year have both been approved.

- 8.8 Subject to the Act, the Manager may, during any financial year, present to the Members amendments to the Budget and the Financial Plan for the then current financial year. Any amendments to the Budget and the Financial Plan shall be made in accordance with the procedure for

approval of the Budget and the Financial Plan set forth in paragraphs 8.5, 8.6 and 8.7, herein.

- 8.9 The Commission shall set out in the annual Budget and Financial Plan, the rate to be charged by the Commission for providing Water Services to the Members and customers. The rate to Members shall be a common rate, calculated by dividing the estimated costs of the system determined under clause 8.10, by the total volume of water requested by the Members under Clause 7.2 and anticipated to be sold to customers.
- 8.10 The estimated costs of the system shall be determined on a cost of service basis utilizing the principles set out in the American Water Works Association (AWWA) manuals of practice dealing with water rates and charges, as revised and updated from time to time, and in accordance with the findings and directives of the Alberta Energy and Utilities Board, such approach being commonly referred to as the "utility rate model" and shall include full recovery of the annual costs of the Commission for those cost components set out in clauses 8.2 and 8.3.
- 8.11 For those Members purchasing water from the Commission, the Members shall pay to the Commission the product of the actual volume of water purchased by the Member in a year times the rate set out in clause 8.9. Notwithstanding the actual volume of water purchased, the Member shall be responsible for a minimum payment to the Commission of 90% of the volume requested by the Member under clause 7.2 times the rate set out in clause 8.9.
- 8.12 For those Members not purchasing water from the Commission, the Member shall be responsible for a minimum annual payment to the Commission equal to the sum of the following:
- (a) $1/x$ of the annual cost attributed to the Board of Directors where "x" is the number of members of the Commission
 - (b) "y" times the cost components set out in sub-clauses 8.2 (b)(iv)(v)(vi) for the system where "y" is the ratio of the members volume allocation to the total volume allocation set out in Clause 7.1.
- 8.13 The vote on Capital Items shall be a weighted vote based upon the allocated water volume assigned to each Member upon which the Capital Cost is prepared.

9. CUSTOMERS AND RESTRICTIONS IN USE OF WATER

- 9.1 The Commission shall not sell Water Services to a Member and a Member shall not resell Water Services to any customer for the purpose of the

supply of Water Services to a confined feeding operation or for injection into any geological subsurface structure or formation.

- 9.2 The Commission may terminate the supply of water services to any Member for failure to pay for water services received from the Commission.

10. CHANGE IN MEMBERSHIP

- 10.1 The Board may agree to the addition of a municipality as a Member of the Commission if sufficient capacity for the supply of water can be made available.
- 10.2 A new Member shall be required to pay:
- (a) a one-time membership fee to the Commission reflecting a proportionate share of the formation costs of the Commission plus applicable interest; and
 - (b) an amount equal to the product of the depreciated replacement cost of the system and "z", where "z" is ratio of forecasted volume of water required by the new member for five years from the date of entry of the new member, to the total forecasted volume of water required of the new and existing members for five years from the date of entry of the new member.
- 10.3 Any contribution received by the Commission under Clause 9.2 shall inure to the benefit of the existing members in the proportion to the contribution of the existing members to the Commission from the date of inception of the Commission to the date of entry of any new member.
- 10.4 A Member may withdraw from membership of the Commission upon two (2) years notice. The withdrawing Member may sell the equity contributed by the Member during the Member's term of membership of the Commission to any other Member of the Commission for such compensation and on such terms as the parties may agree subject to the approval of the Board. However, the Commission or any Member shall not be obligated to purchase the withdrawing Member's proportionate share of the system. The Commission shall not utilize the capacity of the system related to the withdrawing Member's equity or utilize the withdrawing Member's water volume allocation without fair compensation.

11. AMENDMENTS


- 11.1 An amendment to this Bylaw may be passed by the Board upon a three quarters majority of the Directors of the Board.
- 11.2 Written notice of a proposed amendment to the Bylaw shall be provided to each Director and each Member not less than thirty (30) days in advance of the meeting at which the amendment is to be considered.

Read a first time this 24th day of June, 2004

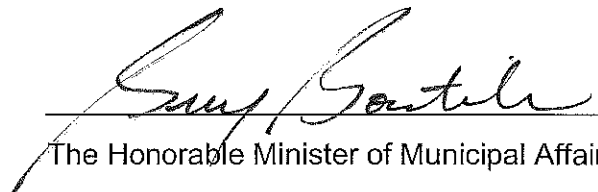
Read a second time this 24th day of June, 2004

Read a third time this 24th day of June, 2004


CHAIR


MANAGER

APPROVED by the Honourable Minister of Minister Affairs as to section 602.07(1)(a) of the *Municipal Government Act* only this 2nd day of November, 2004.


The Honourable Minister of Municipal Affairs

NORTH RED DEER RIVER WATER SERVICES COMMISSION

Meeting Notes

Maskwacis-Wetaskiwin Constituency Office

March 12, 2020

In Attendance: Ken Wigmore, NRDRWSC Chair Lacombe County Councillor
Mayor Grant Creasey, NRDRWSC Vice-Chair, City of Lacombe
Jordan Thompson, Acting NRDRWSC Administrator, City of Lacombe
Denise Bellabono, NRDRWSC Administrative Assistant, City of Lacombe

Others Present: Rick Wilson, Minister of Indigenous Relations, MLA for Maskwacis-Wetaskiwin
Michael Minchin, Manager of Corporate Services, Lacombe County
Chief Leonard Standingontheroad (Montana First Nation)
Carol Wildcat (Ermineskin Cree Nation)
Terry Ermineskin (Ermineskin Cree Nation)
Theodore Bull (Louis Bull Tribe)
Kerry Black (Samson Cree Nation)
Mario Swampy (Samson Cree Nation)
Brad Rabbit (Montana First Nation)

Summary of Meeting

Minister Wilson opened the meeting inviting Chair Wigmore lead the discussion. Chair Wigmore teams to open a discussion regarding a recent feasibility study (Stantec) to deliver water to Maskwacis through an extension of the waterline north from Ponoka. In order to facilitate the waterline, the commission indicated a need for further information from first nations stakeholders regarding expected demand volumes. This would allow adequate pipe sizing and appropriate flow calculations for the treated water beyond Ponoka to the Maskwacis borders, in addition to accurate costing. The objective was to construct a waterline to the reserve boundary at Ermineskin Cree Nation, at an estimated cost of nearly \$40 million.

Water preferably would be brought to a reservoir to allow metered capacity for fire-fighting or for those without pipeline infrastructure.

Monies had been set aside with Alberta Transportation for construction for regional tie-in project. Further grant funding from Municipal Affairs was made to facilitate the required governance discussions between member stakeholders.

It was evident that costs for construction of a pipeline are higher but that a cost advantage existed today due to low oil and other commodity prices.

Four nations representatives (Louis Bull, Samson, Ermineskin, and Montana) provided feedback on the process to obtain water for their people to date. A high degree of frustration was evident from comments provided by the four band representatives, related to:

- Ermineskin funding and studies done previously for waterlines and agreements by the province of Alberta excluding other three first nations
- Ongoing work on a study by Indigenous Services Canada (ISC) and Ermineskin with no final results available as yet.
- Watershed capacity put aside historically and ten-year old engineering studies.
- Federal government jurisdiction for local infrastructure replacement and multi-jurisdictional communication between previous provincial governments and the four bands (treaty rights, jurisdictional and legal issues).
- Agreement that clean water without bacteria or water advisories was a need to allow growth as a self-sustaining nation without short-term solutions like cisterns or truck fills, the same as other Albertans enjoy.

Actions to be taken included:

- Questions drafted to determine water flow capacity and other information needs
- Attendees requested indigenous membership on the regional water commission with each of the four nations having equal seats, versus being a water customer. Also requested indigenous labor percentage involvement during the construction phase and maintenance.
- Chief and Council consultation by band representatives for increased information sharing at meetings going forwards with a more holistic approach (possibly involving council, chief, consultants, and the commission and levels of government).
- First nations would examine the Stantec study with their respective trusted consultants in relation to population (18,000) and other data.