

North Red Deer River Water Services Commission



Regular Meeting Agenda

Date:	June 20, 2022	Time:	9:00am
Location:	COUNCIL CHAMBERS LACOMBE AB		
Invitees:	<p>Members: Mayor Grant Creasey, City of Lacombe – Chair Councillor Clayton Nelson, Town of Ponoka– Vice Chair Mayor Jamie Hoover, Town of Blackfalds – Director Councillor John Ireland, Lacombe County – Director Councillor Mark Matejka, Ponoka County – Director</p> <p>Others: Jordan Thompson, NRDRWSC Administrator Matthew Goudy, CAO, City of Lacombe Tim Schmidt, Acting CAO, Town of Ponoka Charlie Cutforth, CAO, Ponoka County Myron Thompson, CAO, Town of Blackfalds Preston Weran, Director, Town of Blackfalds Tim Timmons, County Manager Lacombe County Michael Minchin, Director, Lacombe County Tracey McKinnon, Senior Manager, City of Lacombe Amber Mitchell, Manager, City of Lacombe Chris Huston, Manager, City of Lacombe</p> <p>Guests: Joel Sawatzky, Stantec Consulting Ltd. Todd Simenson, Stantec Consulting Ltd</p>		
Recorded by:	Denise Bellabono - Administrative Assistant NRDRWSC		
	1. Call to Order by Chair		
	2. Adoption of Agenda		
	3. Adoption of Minutes		
	3.1 Regular Meeting Minutes – April 4, 2022		
	4. Presentations		
	5. Reports		
	5.1 Administrator		
	5.2 Chair		
	6. Old Business:		

<p>7. New Business / Emergent Items:</p> <p>7.1 Management and Operations Service Contract - Jordan Thompson, NRDRWSC Administrator</p>
<p>8. Correspondence</p> <p>8.1 City of Red Deer True-Up - Jordan Thompson, NRDRWSC Administrator</p>
<p>9. In Camera</p>
<p>10. Next Meeting Date:</p> <p>September 19, 2022, in Council Chambers, City of Lacombe, at 9:00am</p>
<p>11. Adjournment</p>

NORTH RED DEER RIVER WATER SERVICES COMMISSION
MEETING MINUTES
April 4, 2022

In Attendance: Mayor Grant Creasey, NRDRWSC Chair, City of Lacombe,
Councillor Clayton Nelson, NRDRWSC Vice-Chair, Town of Ponoka,
Councillor John Ireland, Lacombe County
Councillor Mark Matejka, Ponoka County
Mayor Jamie Hoover, Town of Blackfalds

Others Present: Jordan Thompson, NRDRWSC CAO
Denise Bellabono, NRDRWSC Administrative Assistant
Sandra Lund, CAO, Town of Ponoka
Matthew Goudy, CAO, City of Lacombe
Preston Weran, Director of Infrastructure and Property Services,
Town of Blackfalds
Tim Timmons, County Manager, Lacombe County (*remote*)
Tracey McKinnon, Senior Manager of Finance, City of Lacombe
Angela Smith, Regional Utilities Foreman, City of Lacombe

Guests: Joel Sawatzky, Stantec Consulting Ltd.
Todd Simenson, Stantec Consulting Ltd
Alan Litster, CPA, CA, BDO Canada LLP
Ryan Wachter, CPA, CA, BDO Canada LLP

Regrets: Myron Thompson, CAO, Town of Blackfalds
Charlie Cutforth, CAO, Ponoka County
Michael Minchin, Director of Corporate Services, Lacombe County
Chris Huston, Utilities Manager, City of Lacombe
Amber Mitchell, Engineering Manager, City of Lacombe

1. Call to Order:

Chair Creasey called the meeting to order at 9:06 am.

2. Adoption of the Regular Meeting Agenda

MOVED by Mayor Hoover that the regular meeting agenda for April 4, 2022, be adopted as presented.

CARRIED UNANIMOUSLY

3. Adoption of the Minutes:

MOVED by Councillor Ireland that the minutes for December 6, 2021, be adopted as amended.

CARRIED UNANIMOUSLY

4. Presentations

4.1. 2021 Financial Audit – BDO Canada LLP

Mr. Litster and Mr. Wachter of BDO Canada LLP, reviewed the Auditor's Report and the 2021 Audited Financial Statements, comprising of the financial position as of December 31, 2021.

In summary:

- Financial statements presented fair in all respect as a "clean audit".
- Long-term debt payments for 2021 will be \$809,000.
- The non-financial assets book value is \$27 million cost less amortization, surplus of 25.8 million.
- Expense summary was given, outlining assets, expenses and expenditures for the ECN waterline tie in, the water value repairs cost and final year end operation transactions, capital transactions and financing transaction for end of year.

5. Reports

5.1. Administrator

CAO Thompson presented the Administration Report highlighting the Board of Directors Training, confirming the members chose May 17th. Other municipalities were contacted for show of interest and indication of topics to be included in the training. Ermineskin Cree Nation (ECN) has selected an engineer for the on-reserve system improvement. Phase 3 of the project plan requires a resolution from the Board.

MOVED by Mayor Hoover to accept the April 4, 2022, Administration Report as information.

6. Old Business

7. New Business / Emergent Items:

7.1. 2021 Financial Audit

Sr. Manager McKinnon presented the 2021 Financial Audit to be submitted to Alberta Municipal Affairs by May 1, 2022.

MOVED by Vice-Chair Nelson that the Commission approve the North Red Deer River Water Services Commission 2021 Audited Financial Statement as amended.

CARRIED UNANIMOUSLY

MOVED by Councillor Matejka that the Commission approve the \$454,592 transfer to the Capital Reserve.

CARRIED UNANIMOUSLY

MOVED by Councillor Matejka that the Commission approve increase of \$88,326 rate transfer from the operating reserve.

CARRIED UNANIMOUSLY

8. Next Meeting:

Monday, June 20, 2022, at 9:00 am, City of Lacombe Council Chambers

Adjournment:

MOVED by Vice-Chair Nelson to adjourn the meeting at 9:45 am.

CARRIED UNANIMOUSLY

Chairperson

Administrator

Administration Reports

Administrative, Financial & Operational

Date: June 20, 2022

Presented by: CAO, Sr. Finance Manager, Operations Supervisor



ADMINISTRATIVE

Board of Director Training

- The Board of Director Training has been rescheduled for October 21st in Lacombe.
- Commission Administration is confirming the attendance of other regional services commissions who earlier expressed interest in the training.

Road Allowance Agreements

- The Commission's asset management plan identified missing road allowance agreements between the Commission and the following members:
 - Town of Blackfalds,
 - City of Lacombe,
 - Town of Ponoka, and
 - Ponoka County.
- Member Administrations have been contacted with a target of formalizing the missing road allowance agreements by the end of 2022.

Waterline Extension

- Per the Board's direction on September 13, 2021, the Commission is in Phase 2 of its Project Plan: ECN Membership Agreement.
- Mid-May, ECN provided comments on the draft membership agreement.
- Administration engaged Kelley L Fiske-Nielsen, a partner with Brownlee, to review and provide legal advice.
- The trigger to initiate Phase 3: Funding Agreements is a resolution from the Board.
- An updated copy of the project plan is available on <https://www.nrdrwsc.ca/information.html>

FINANCIAL

As seen in Table 1, overall, 2022 water volume are slightly higher by 0.9% than 2021 levels.

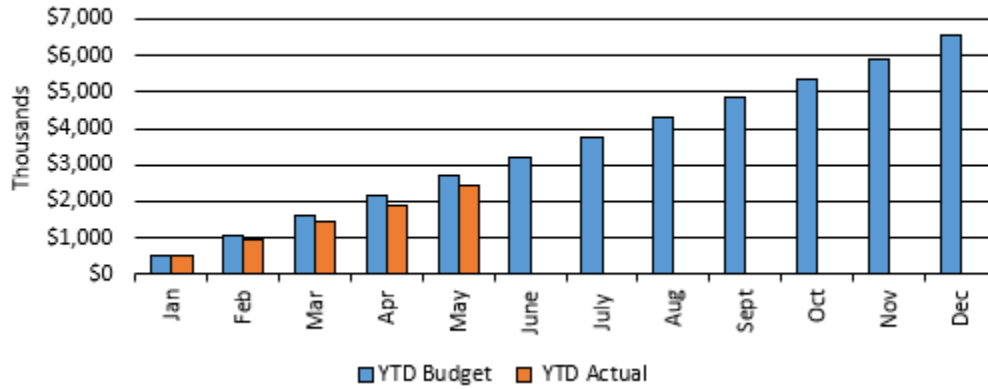
Table 1 - Water volumes (in cubic meters) - January to May

Member	2021	2022
City of Lacombe	515,166	517,327
Blackfalds	312,599	314,183
Lacombe County	12,972	19,881
Ponoka	267,615	267,206
Ponoka County	3,066	2,989
Total	1,111,418	1,121,586

Revenue

As of May 2022, YTD (year to date) actual revenues are lower than YTD budgeted revenues by \$250,859 or 10.31%. Water usage is typically higher in the summer months which will increase revenues as the year progresses.

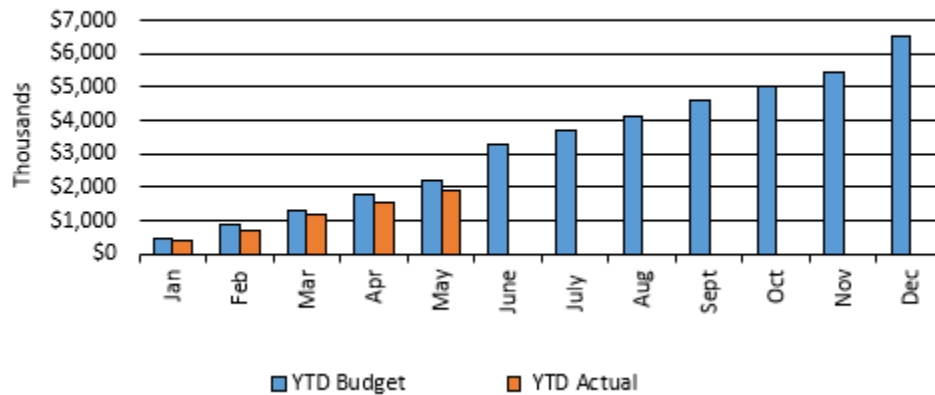
Revenue YTD vs Budget



Expenses

As of May 2022, the YTD actual expenses are lower than YTD budgeted expenses by approximately \$280,000 or 14.5%. Expenses typically are higher during the summer months when weather is more favourable for repairs as required.

Expenses YTD vs Budget

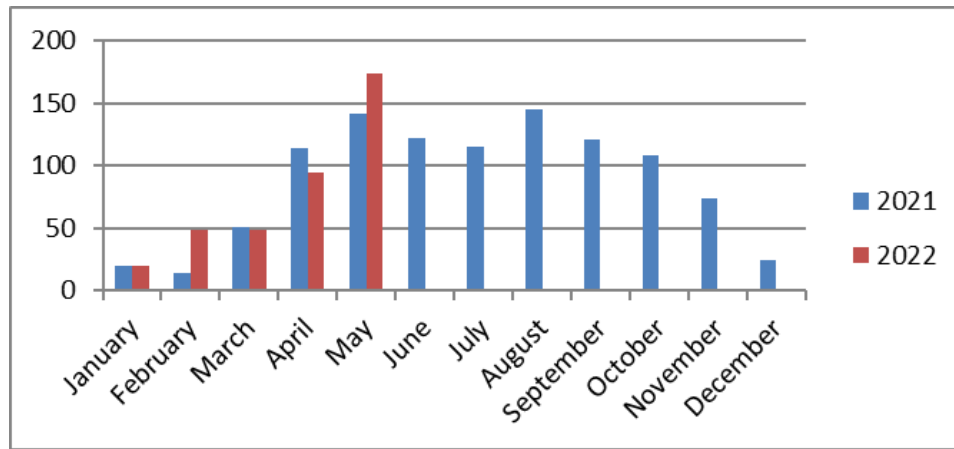


Projected Surplus/Deficit

As of May 2022, the Water Commission is at a net surplus of approximately \$29,000.

OPERATIONAL

Alberta One-Call Locate Requests:



April – 94 locates May – 174 locates
2022 to date 384 (2021 = 1048)

Notable activities since last report:

- Operations continue working with Eramosa regarding latency concerns when using the regional SCADA system. The latency timing has improved, although Eramosa and our cellular contractor have some additional improvements to make to speed up the system.

Request For Decision

Management and Operations Services Contract

Date: June 20, 2022

Prepared by: Jordan Thompson, CAO

Presented by: Jordan Thompson, CAO



PURPOSE:

To advise the Board of the City of Lacombe's intent to seek renewal of its Management and Operations Services Contract with the NRDRWSC.

ACTION/RECOMMENDATION:

THAT the Commission accepts this report as information.

ISSUE ANALYSIS:

The current contract term with the City of Lacombe ends December 31, 2022. The services agreement indicates the parties will negotiate in good faith between September 1 – October 31, 2022 to complete a new contract for services effective January 1, 2023. To that end the City has expressed its intent to submit a renewed services proposal at the September 19, 2022 meeting for the Commission's consideration.

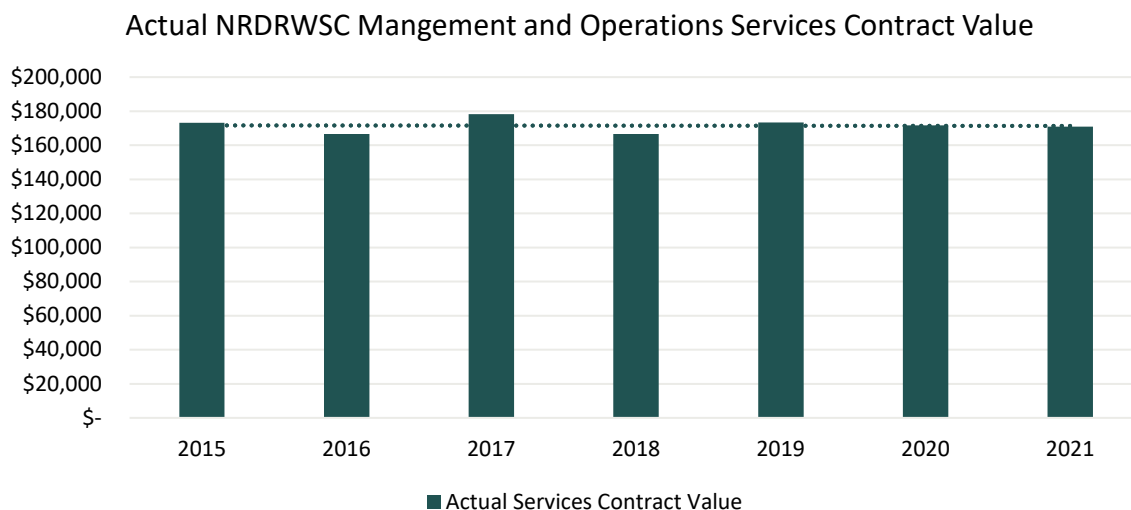
The Board is advised that due to the pending system expansion, inflationary pressures, and continuous improvement of its services, it is highly unlikely the upcoming services contract value will remain at its historical average rate of \$172,000/year for the next contract term.

At the September meeting the Board will be asked to decide on the following options:

1. Accept the City's proposal and renew the contract with the City of Lacombe, or
2. Negotiate the terms of the City's proposal for consideration at a future meeting, or
3. Invite member municipalities to respond to a Request for Proposal, or
4. Issue an open and competitive Request for Proposal.

FINANCIAL IMPLICATIONS:

The 2015-2021 average value of the current services contract is \$172,000.



ALTERNATIVES:

The Commission may choose to:

- A. Accept this report as information. OR
- B. Direct Administration how it wishes to proceed.

ATTACHMENTS:

In Camera- NRDRWSC Contract for Services – 2020-2022



UTILITY SERVICES

June 10, 2022

VIA EMAIL

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: 2021 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 2021 budgeted revenue requirement for the water utility was \$28.00 million, and the actual revenue requirement was \$27.55 million; a net reduction of \$0.45 million. The primary reasons for the reduction are related to: operating expense variances of \$0.83 million; depreciation and cost of capital reduction of \$1.57 million as some anticipated capital expenses were deferred from 2021 to 2022; and offset by lower revenues of \$1.95 million.

For NRDRWSC, the actual cost allocated in 2021 was \$4,144,785 and the actual consumption was 2,936,752 m³; or \$1.41/m³. This compares to actual revenue collected of \$4,547,585; resulting in a variance of \$402,800. 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,

Alex Monkman, P. Eng.
Water Superintendent
ME/AT

c. Utility Services Manager
CSV Accounting & Financial Supports Supervisor