

# North Red Deer River Water Services Commission



## Regular Meeting Agenda

Date:	June 21, 2021	Time:	9:00 AM
Location:	COUNCIL CHAMBERS LACOMBE AB		
Invitees:	<p>Members: Mayor Grant Creasey, City of Lacombe – Chairperson Councillor Ken Wigmore, Lacombe County - Vice Chairperson Mayor Richard Poole, Town of Blackfalds – Director Councillor Mark Matejka, Ponoka County – Director Councillor Clayton Nelson, Town of Ponoka– Director</p> <p>Others: Jordan Thompson, NRDRWSC Administrator Sandra Lund, CAO, Town of Ponoka Cutforth, CAO, Ponoka County Myron Thompson, CAO, Town of Blackfalds Matthew Goudy, CAO, City of Lacombe Tim Timmons, County Manager Lacombe County Preston Weran, Director, Town of Blackfalds 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 Robert Jenkins, R. Jenkins Consulting</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 – May 17, 2021			
4. Presentations			
4.1 Retiring of Mayor Rick Bonnett			
5. Reports			
5.1 Administrator			
5.2 Chair			
6. Old Business:			

6.1 Bylaw 1.1 – First Reading
7. New Business / Emergent Items:
8. Correspondence 8.1 2020 True-Up Agreement
9. Next Meeting Date: September 13, 2021 in the Lacombe County Council Chamber at 9:00am
10. Adjournment

**NORTH RED DEER RIVER WATER SERVICES COMMISSION**  
**MEETING MINUTES**  
**May 17, 2021**

- In Attendance:** Mayor Grant Creasey, City of Lacombe  
Councillor Ken Wigmore, Lacombe County Councillor  
Councillor Mark Matejka, Ponoka County  
Mayor Richard Poole, Town of Blackfalds  
Councillor Clayton Nelson, Town of Ponoka (Remote)  
Denise Bellabono, Administrative Assistant
- Others Present:** Jordan Thompson, NRDRWSC Administrator  
Sandra Lund, CAO, Town of Ponoka (Remote)  
Tim Timmons, County Manager, Lacombe County  
Preston Weran, Director of Infrastructure, Town of Blackfalds  
Amber Mitchell, Manager, City of Lacombe (Remote)
- Guest:** Joel Sawatzky, Stantec Consulting Ltd.  
Todd Simenson, Stantec Consulting Ltd.  
Dorian Wandzura, Stantec Consulting Ltd.  
Stephan Weninger, Stantec Consulting Ltd.  
Robert Jenkins, R. Jenkins Consulting Ltd.
- Regrets:** Myron Thompson, CAO, Town of Blackfalds  
Matthew Goudy, CAO, City of Lacombe  
Michael Minchin, Director of Corporate Services, Lacombe County  
Charlie Cutforth, CAO, Ponoka County

**1. Call to Order:**

*Chair Creasey called the meeting to order at 9:01 am.*

**2. Adoption of the Agenda:**

*MOVED by Councillor Wigmore that the agenda for May 17, 2021, be adopted as amended.*

*CARRIED UNANIMOUSLY*

**3. Adoption of the Minutes:**

*MOVED by Mayor Poole that the minutes for March 29, 2021, be adopted as presented.*

*CARRIED UNANIMOUSLY*

## **4. Presentation**

### **4.1. Asset Management Deliverables**

Mr. Wandzura presented to the Commission the Asset Management Plan highlighting the inventory and condition, level of service and risk, and governance. Long term renewal plan was highlighted and a 100 year replacement forecast. Levels of Service were categorized and risks were assessed. Governance of the plan included recommendations for best practices and regular level of service review.

### **4.2. Proposed Changes to Bylaw 1**

Mr. Jenkins presented to the Commission Bylaw 1 revisions, addressing the four initial issues of changes to the municipal Government Act, contemplation of extension of the system to Maskwacis, the need to address financial considerations that arose during the review, and a review of voting provisions. Section 10 required rewording and additional information, as well as adding new sections to address not addressed, which include the share of accumulated surpluses or obligations for existing liabilities, disposal of assets, and disestablishment.

### **4.3. 2022-2024 Financial Plan Preliminary**

Mr. Jenkins presented an enhanced model of the current Financial and Rate Model. The first year of the model would be implemented for the 2022 Operating Budget and 2022 Capital Budget. The model would integrate the Asset Management Plan projected capital investment forecast for 2020-2121. Modelling of operating revenue, expense and rate projections have been extended to 2040. Future consumption volumes have been reduced based on the final sales volumes for 2020. Target operating surplus is set and projected rates have been calculated beginning in 2022. Capital reserves would fund the capital requirements for the asset management plan expenses, renewal of Lateral 9 and for SCADA renewal. A version of the Financial Plans for the Maskwacis extension was provided with no significant changes in operating expenses or revenue presumptuous to the extension being fully funded by others with Ermineskin Cree Nations' cash contribution of \$3.4million, no impact on capital, obligations for renewal or replacement of any new infrastructure, and a phase-in to cost of service rates remaining unchanged until 2030.

## **5. Reports**

## **6. Old Business**

### **6.1. Final Asset Management Deliverables**

CAO Thompson presented a follow up to the Asset Management Plan presentation expanding on an installation issue on the mainline valves. Administration and operators identify opportunities for continuous improvement regularly to avoid raising any short term concerns regarding the service levels ranked below best practice or risks labelled medium/high. Administration will revisit the service levels and risks at the start of the Board term for 2022.

*MOVED by Councillor Matejka that the Commission accept the Asset Management Plan as information.*

*CARRIED UNANIMOUSLY*

#### 6.2. Notice of Pending Changes to Bylaw 1

Mr. Jenkins presented an enhanced model of the current Financial and Rate Model for consideration.

*MOVED by Councillor Wigmore that the Commission receive the Notice of Proposed Changes to Bylaw 1 as information.*

*CARRIED UNANIMOUSLY*

#### 6.3. 2022 -2024 Budget Options

Mr. Jenkins presented the 2022-2024 Financial Plan and 2022-2031 Capital Budget to the Commission. Financial plans prepared included one with the waterline extension and one without the waterline extension. The utility model included infrastructure requirements and projected life cycle cost for 2021 to 2121.

*MOVED by Councillor Nelson that the Commission accept 2022-2024 Financial Plan and 2022-2031 Capital Budget as information.*

*CARRIED UNANIMOUSLY*

#### 6.4. Waterline Extension Project Plan

CAO Thompson presented the proposed Waterline Extension Project Plan. Following direction from the March 1, 2021 NRDRWSC Special Meeting, Administration outlined key milestones for the waterline extension project and key project requirements. Representatives involved in the review of the plan included Ermineskin Cree Nation (ECN), the Government of Alberta departments of Indigenous Relations (IR) and Transportation (AT). The project consists of eight phases and only advancing to the next phase upon completion of the previous and keeping the Board well informed of each milestone completion and start up. Phase 1 would commence

in May 2021 in order to bring the governance options report to the Board in the fall of 2021.

*Meeting recessed at 11:40am*

*Meeting resumed at 11:48am*

*MOVED by Mayor Poole that the Commission accepts the Waterline extension Project Plan as information.*

*CARRIED UNANIMOUSLY*

*MOVED by Mayor Poole that the Commission directs Administration to proceed with Phase 1: governance options review as presented.*

*CARRIED UNANIMOUSLY*

## **7. New Business / Emergent Items:**

### **7.1. Capital Budget Request: Isolation Valve Replacement**

CAO Thompson presented to the Commission a request to use capital reserve funding for the replacement of a non-functioning isolation valve on the north side of Blindman River.

*MOVED by Councillor Wigmore that the Commission approves the replacement of the 24" isolation valve in 2021 at a cost of \$144,000 funded from the capital reserve.*

*CARRIED UNANIMOUSLY*

## **8. Correspondence**

## **9. Next Meeting:**

Monday, June 21, 2021 at 9:00 am, Lacombe County Council Chambers

*CARRIED UNANIMOUSLY*

## **4. Adjournment:**

*MOVED by Councillor Wigmore to adjourn the meeting at 12:12 pm.*

*CARRIED UNANIMOUSLY*

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Chairperson

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Administrator

# Administration Reports

## Administrative, Financial & Operational

Date: June 21, 2021

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



### ADMINISTRATIVE

- Met with Town of Blackfalds administration to discuss the population projections in the 2019 Blackfalds Population and Land Demand Analysis report.
  - Town growth, as suggested in the report to be 7-7.5% per annum, means the Commission may reach its licensed allocation sooner than anticipated (2045), excluding additional license capacity allocated to First Nations.
  - Overall, the Commission is well ahead of any actual capacity issues, but I recommend the Board review its long-term capacity needs as part of the next Board term between 2022-2025.
- Commission water loss to date is high at 9.3%. Operations staff have inspected the line but have not detected any leaks on the Commission's portion of the pipeline. Administration believes this new loss is attributed to the CRD leak downstream of the meter chamber. Staff will monitor metered water volumes after the CRD repair is complete this summer. If unmetered water losses return to a typical 2% or less, this is strong evidence that the CRD's meter chamber relocation is the cause and Administration will pursue reimbursement/credit from the CRD. In the interim operations staff will their regular inspection of the pipeline alignment for signs of leaks.
- Bylaw 1 revisions presented today for first reading.

### Waterline Extension

- Project plan shared with ECN representatives.
- Robert Jenkins engaged to conduct the Phase 1 governance review.

### FINANCIAL

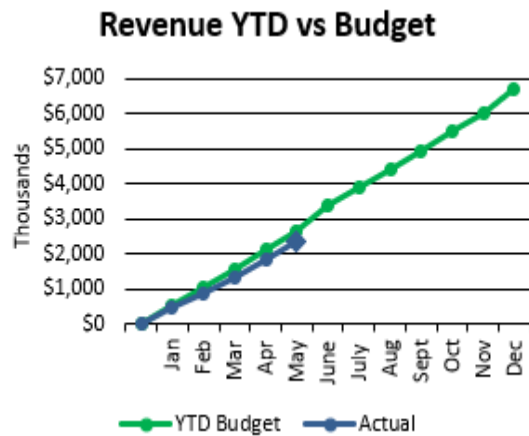
As seen in Table 1, overall, 2021 water volume levels are about 5.6% lower than 2020 levels.

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

Member	2021	2020
City of Lacombe	515,166	534,283
Blackfalds	312,599	359,946
Lacombe County	12,972	13,707
Ponoka	267,615	262,903
Ponoka County	3,066	3,781
<b>Total</b>	<b>1,111,418</b>	<b>1,174,620</b>

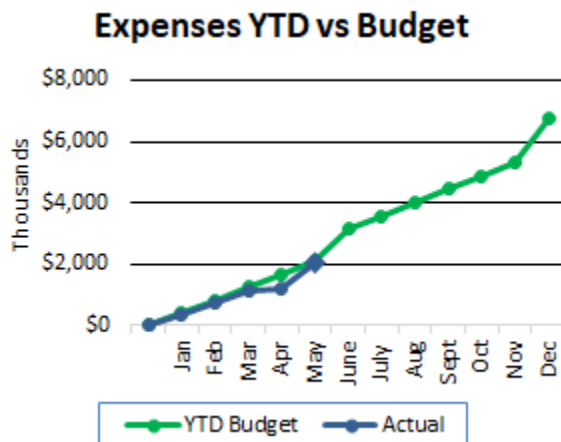
## Revenue

As of May 2021, YTD (year to date) actual revenues are lower than YTD budgeted revenues by approximately \$276,612 or 11.7%. This unfavourable variance is mainly due to decreased water volume sales.



## Expenses

As May 2021, the YTD actual expenses are lower than YTD budgeted expenses by approximately \$72,831 or 3.6%. This favourable variance is mainly due to the lower water volume purchases and timing differences as some expenditures may not occurred yet.



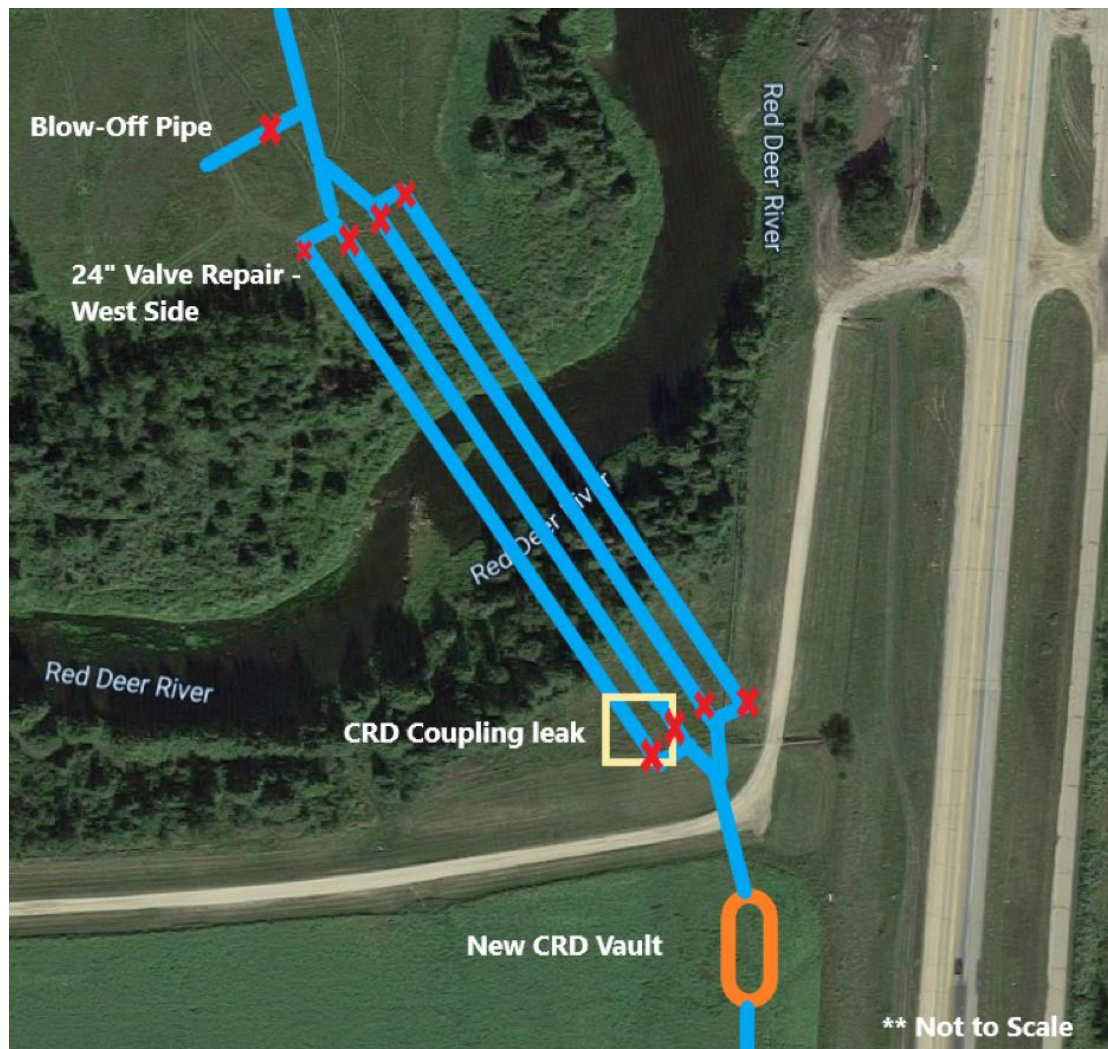
## Projected Surplus/Deficit

As of May 2021, the Commission is at a net deficit of approximately \$200,000. This deficit is in large part due to the unmetered water losses described above. The annual surplus/deficit in 2021 will depend on variations in water volumes and on how close operating expenditures are to budgeted amounts.

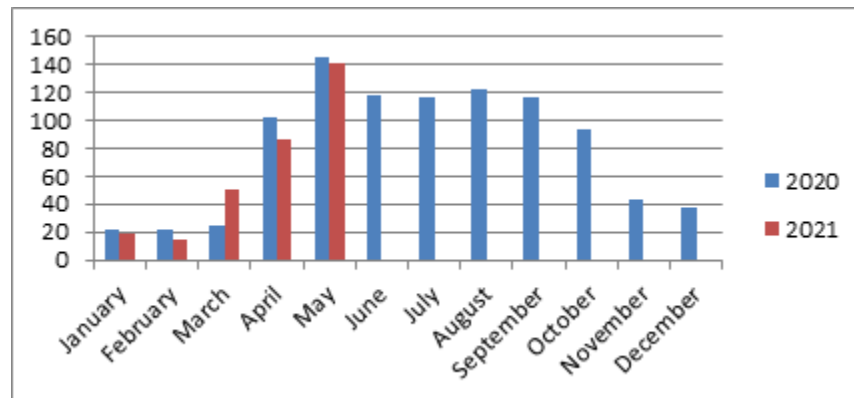


## OPERATIONAL

- City of Red Deer and the Commission are reviewing the Blindman River Valve and Leak Repair specifications with Pidherneys. The valve will be replaced with a vertical standing valve instead of the current horizontal version.



- Alberta One-Call Locate Requests:



April – 87 locates      May – 141 locates  
**2021 to date 312 (2020 = 959)**

#### Notable activities since last report:

- Cellular Modem Replacement - *Do the new cellular modems have the ability to be reset remotely?* The new cellular modems are accessible remotely, providing operations staff with the ability to perform a 'remote reset'. This remote access will also be used to check the system, helping to determine if there is a 'local modem' needing a refresh, or if the cellular communication is down (i.e., TELUS).

#### Upcoming planned activities:

- Blindman River valve and CRD leak repair – approx. late July to mid-August

**ATTACHMENTS:** N/A

# Request For Decision

## Bylaw 1.1 Amendments – 1<sup>st</sup> Reading

Date: June 21<sup>st</sup>, 2021

Prepared by: Jordan Thompson

Presented by: Jordan Thompson



### PURPOSE:

To present Bylaw 1.1 for the 1<sup>st</sup> reading. The first reading allows members to ask questions to clarify the bylaw amendments but not debate the amendment until the 2<sup>nd</sup> and 3<sup>rd</sup> reading.

### ACTION/RECOMMENDATION:

THAT the Commission give 1<sup>st</sup> reading to Bylaw 1.1

THAT the Commission directs the Administration to prepare the following amendments to bylaw 1.1 before the 2<sup>nd</sup> reading:

- Add a new provision to allow Alternate Directors
- Change the flat fee in Clause 10.1 to \$25,000

### ISSUE ANALYSIS:

#### Background:

At its regular March 1<sup>st</sup> meeting the Commission resolved two motions:

1. *That the Board directs Administration to present an amendment to Bylaw 1 that utilizes a simple majority votes with respect to all matters before the Board.*
2. *That the Board directs Administration to engage in the review of the Commissions Bylaws.*

#### Requirement for notification

The May 18<sup>th</sup> 2021 report served to provide Directors with notice of pending changes to Bylaw 1 per section 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.*

#### Requirement for a super-majority

Amendments to Bylaw 1 require the affirmative votes of 4 of 5 Directors per section 11.1:

*An amendment to this Bylaw may be passed by the Board upon a three quarters majority of the Directors of the Board.*

#### Proposed changes to Bylaw 1

Administration retained Mr. Jenkins to review Bylaw 1 and propose amendments to:

- align it with amended Regional Services Commission's (RSC) legislation,

- simplify the Commission's voting method to be a simple majority in all day-to-day matters. Also, to review the voting methods of other Commissions.
- facilitate the Commission's transition to a Cost of Service (Utility) rate model and,
- incorporate modernization and housekeeping updates.

Mr. Jenkins will highlight his proposed changes for the Board. His report is attached and outlines the amendments in detail with supporting rationale.

### **Future considerations not included in the proposed Bylaw revisions**

There are three matters which Mr. Jenkins highlighted in his review that are not addressed in the proposed bylaw amendments. These matters are summarized below for information only. They bear further discussion in the future, but their resolution is not critical in the short term. However, the Commission may direct Administration to bring these matters forward for earlier consideration. The Town of Blackfalds' recent population projection report would be considered in conjunction with the future review of these matters.

#### **1. Changes to members having a specific allocation (or equity/proprietary share) in the overall system:**

*"A larger policy issue here is whether or not to maintain the notion of equity or proprietary share of the System. Some other Commissions do not have this idea. Rather, the deal between the Members and the Commission is simply that the Commission will provide for the future needs of the Members, whatever these might be."*

*"Of the other entities reviewed above with respect to voting:*

##### ***Those that included specific allocations to Members:***

- Shirley McClellan water commission
- WILD water commission
- ACE Water Corp

##### ***Those that do not include specific allocations to Members:***

- Mountain View water commission
- South Red Deer wastewater commission
- Capital Region NE water commission
- Capital Region SW water commission
- Sylvan Lake wastewater commission"

#### **2. The need to renew the Commission's supply agreement with the City of Red Deer which expires in 2030.**

*"The other consideration in all of this is the expiry of the initial 25 year water supply agreement with the City of Red Deer on August 31st, 2030. The current supply agreement does not provide a minimum annual allocation for water to the Commission. The only obligation of the City is to use "Best Efforts" to:*

- supply the Commission with the Annual Quantity for that year established on a rolling 5 year projection process.*

- b. *"Avoid situations where it is unable to supply to the Commission the quantity of Water which the Commission requires."*

*When the issue of renewing the supply agreement with the City is taken up, presumably no later than about 2025 if not sooner, the whole issue of the future water availability in the Red Deer River, the willingness of the City to supply the Commission at all, the future volumes of water that can be available to the Commission and commitments the Commission can make to its Members will be need to be addressed."*

**3. The need to renew the current water license allowing up to 13.3 Million m<sup>3</sup> annually which expires in 2031.**

Conservative projections show, in 2041, the Commission's water consumption will be 49% of the water license allocation with the existing membership, and 70% – including all four Maskwacis communities. The Commission must report its projected water volumes to the Province every 10 years. The next report is due in 2026.

The amendments to Bylaw 1 will be presented to the Board for 2<sup>nd</sup> and 3<sup>rd</sup> reading on September 12<sup>th</sup>, 2021.

**ALTERNATIVES:**

- A. *[Recommended]* THAT the Commission give first reading to Bylaw 1.1.
- B. *[Recommended]* THAT the Commission directs the Administration to prepare the following amendments to bylaw 1.1 before 2<sup>nd</sup> reading:
- Add a new provision to allow Alternate Directors
  - Change the flat fee in Clause 10.1 to \$25,000
- C. *[Alternative 1]* THAT the Commission directs the following amendments by incorporated into Bylaw 1.1:
- *[Mover to specify amendments]*
- D. *[Alternative 2 – delays 2<sup>nd</sup> reading to November, 2022]* THAT the Commission directs Administration to prepare a report regarding members having a specific allocation in the overall system before 2<sup>nd</sup> reading.

**ATTACHMENTS:**

- NRDRWSC Bylaw Review, Robert Jenkins, R. Jenkins Consulting Ltd.
- Side-by-side comparison of existing Bylaw 1 with proposed changes.
- Amending Bylaw 1.1



# **North Red Deer River Water Services Commission**

## **Bylaw No. 1 Review**

May 17, 2021

Prepared by Robert Jenkins, R. Jenkins Consulting Ltd.

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# 1 Review of Commission Bylaw No. 1

The Commission's existing Bylaw No. 1 sets out the governance, administration and operation of the Commission. It was adopted in June 2004 and has not been amended since that time. The bylaw was based on a template prepared by Brownlee LLC and this template has formed the basis of many such bylaws for Alberta regional services commissions.

Amendments to the *Municipal Government Act* R.S.A 2000, c.M16 (*Act*), the contemplation of extending the NRD System to initially serve Ermineskin Cree Nation but ultimately all four Maskwacis First Nations and the review of rate and financial projections have identified areas of Bylaw 1 where amendments may be required or beneficial.

Set out following is a discussion of specific issues and bylaw provisions. This review was not intended to review the other provisions of the Bylaw in any substantive way though as the Board begins to work through its deliberation on the matters set out below, other issues may arise which the Board may want to consider further. The possible bylaw changes identified following have not been reviewed by legal counsel.

Existing and revised wording of the Bylaw 1 provisions are set out in the discussion areas below. The actual wording of a particular bylaw provision is shown in *italics*. **Grey highlight** in revised text will indicate substantive changes from existing provisions. The entirety of Bylaw 1 together with potential amendments that are discussed in the various issue areas below are set in a separate document entitled **Bylaw\_1\_with\_possible\_changes** to facilitate review. Also included in a separate document is a potential draft of an amending bylaw, Bylaw 1.1, which includes the more immediate possible amendments.

## 1.1 Changes to the Municipal Government Act

In September 2020 the Government of Alberta enacted amendments to the *Act* which among other things amended Part 15.1, that part of the *Act* which provides for Regional Services Commissions. A summary of changes and the new provisions of Part 15.1 are set out fully in Appendix A. Some of the more significant amendments for regional services commissions include the following:

1. Commissions no longer need to be created by Alberta Regulation. Two or more municipalities may simply decide to establish a commission by passing publicly advertised resolutions. The Minister just needs to be advised of the creation of a commission. Ministerial approval of certain bylaw provisions are no longer necessary and, for existing commissions, the regulation that created the commission, in the case of the NRDRWSC *Alberta Regulation AR 105/2004* (Appendix B), is repealed.
2. With a regulation no longer in force and the Minister no longer involved in approvals, the Commission will need bylaws to take up matters that were addressed in the Regulation or by the Minister. Section 602.09 of the *Act* requires commissions to pass bylaws respecting the:



- a. provision of the commission's services;
- b. administration of the commission;
- c. process for changing the directors of the board and the chair of the commission and for setting the terms of office of the board and the chair;
- d. process for adding or removing members;
- e. fees to be charged by the commission for services provided to its customers or to any class of its customers;
- f. disposal of assets by the commission;
- g. process for disestablishment of the commission including the treatment of assets and liabilities on disestablishment

Bylaws that address these requirements need to be in place by September 1, 2021.

Financially there is little change for Commissions. As noted in the summary of changes for Commissions *"RSCs will continue to be expected to operate on a non-profit, full cost-recovery basis. This means RSCs will continue to be prohibited from operating with the intention of making a profit or be able to distribute surplus funds to its members. If such factors exist within a regional service delivery model, other corporate structures, such as municipally controlled corporations, may be more appropriate."*

The preparation of a Business Plan to support the creation of a regional services commission is no longer required by Alberta Municipal Affairs though it certainly remains good practice for municipalities initially and commissions subsequently to prepare and maintain such corporate plans. It is possible, however, that a Business Plan will continue to be required to support a request to the Minister for an extension of debt limits of a commission or in support of major borrowings from the Alberta Capital Finance Authority.

## 1.2 Other Bylaw Amendments

1. The Board wished to review the provisions relating to voting on decisions of the Board.
2. During the Board's consideration of the rate review and financial impact of extending the System to Maskwacis there were identified some provisions of the present bylaw which may need to be addressed. These include:
  - a. the need to calculate rates on a Cost of Service (Utility) basis (Section 8.10)
  - b. limitations on the amount of cash reserves that can be held by the Commission (Section 8.3 (b)).
3. The potential to extend the System to Maskwacis and bring in Ermineskin Cree Nation initially and possibly all of the First Nations subsequently as new Members of the Commission raises a number of provisions of the existing bylaw that will need to be addressed.

4. A review of the Clause 7.1 and volume allocations may be warranted at some point in light of changing consumption characteristics of the Members and the prospect of adding new Members.
5. There will be some minor amendments discussed below which may be considered.

## 2 Amendments to Bylaw to Address *Municipal Government Act* Changes

Existing Bylaw 1 already addresses the first 3 matters set out in Section 602.09, these being:

- a. provision of the commission's services;
- b. administration of the commission;
- c. process for changing the directors of the board and the chair of the commission and for setting the terms of office of the board and the chair;

Existing Bylaw 3, amended from time to time when needed to set new rates, fulfills the requirement of Section 602.09 clause e. The remaining clauses of 602.09 are addressed following.

### 2.1 Process for Adding New Members– Section 602.09 d. of the *Act*

Existing Bylaw 1 addresses changes in Membership in Section 10. **Clause 10.1** currently reads as follows:

*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.*

As worded, adding a new member is discretionary and conditional on being able to supply sufficient volume. Further wording to the effect of *"or if the long term interests of the existing Members are not adversely affected"* would leave greater discretion in whether to accept a new Member or not.

**Clause 10.2** sets out what a New Member will be expected to pay. **Sub clause (a)** requires a one-time membership fee *"reflecting a proportionate share of the formation costs of the Commission plus applicable interest."* As seen in the analysis of the financial impact of extending the System to Maskwacis, an accounting of the formation costs has not been recorded. Determining that would entail some effort and would be subjective. Possibilities here might be:

- a. Retain the provision as worded,

- b. Set a specific fee to cover the effort and expense associated with processing the addition of a new member and recognizing in part the costs and efforts of founding the Commission. A fee of \$10,000 may be appropriate,
- c. Set a sliding scale fee based on volume of water required, or
- d. Delete the requirement for a membership fee

**Recommendation: Option B would provide a simple fixed fee of \$10,000 which would approximate the administrative costs for the formation of the Commission and adding a new member.**

**Sub-clause (b)** provides the calculation of a capital contribution for a proportionate share of the System based on the depreciated replacement cost. The sub-clause presently reads:

- (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.*

Implementation of these provisions was invoked in the analysis of the financial impact of the Maskwacis extension. If this approach is to be used some additional clarification of the approach to valuation of the System is warranted to reflect contributed capital (No Cost Capital). As well because of the possible low initial uptake of the First Nations service, some adjustment to the way that forecasted volume is determined. Suggested revised wording would be:

- (b) An amount equal to **ESV times FV** where:*
  - (i) **ESV (Existing System Value) is the replacement cost of the existing System less accumulated depreciation less amortized No Cost Capital, and***
  - (ii) **FV (Forecasted Volume) is the ratio of forecasted volume of water required by the new member based on the projected population times per typical rates of water consumption per capita 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.***

**Alternative 1** – An alternative approach was presented in the financial and rate analysis which saw a new Member contribute a proportionate share of the debenture principal and interest that has been paid by Members and a proportionate share of capital reserves

accumulated by the Members, both to the time of entry of the new Member. This approach would put a New Member in the same position as an existing Member and would not result in a split rate. The financial analysis identified that valuation of the System under this alternative is about the same as the valuation under the existing provision as modified above.

A wording to implement this approach would be:

- b) *An amount equal to  $(X + Y)$  times  $Z$  where:*
- (i)  $X$  is the total of the payments of principal and interest made by the Members from the inception of the System to the date of entry of the new member,*
  - (ii)  $Y$  is the total restricted surplus for capital purposes at the date of entry of the new member, and*
  - (iii)  $Z$  is the ratio of forecasted volume of water required by the new member based on the projected population times the typical per capita rates of water consumption 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.*

The Bylaw does not address a contribution by a New Member for new infrastructure that would be required to specifically serve the New Member such as an extension to the transmission system. The circumstances can be situation specific and so it is left to the discretion of the Commission to charge any or all of such costs. New clause 10.3 could be:

*10.3 A New Member may be required to contribute to the Commission all or a portion of the cost incurred by the Commission in extending or enhancing the System that is required to provide water services to a New Member.*

**Alternative 2** – Another approach would be to be less specific about what contributions would that required and leaving it to be a more negotiated item. The wording below could replace 10.2 and proposed 10.3:

*10.2 A new Member may be required to pay an amount to be calculated at the time of application, which may include but shall not be limited to contributions for existing or new capital or capital or other reserve contributions.*

**Recommendation: Alternative 1 ensures new members are put in the same financial position as existing members and allows the same rate for new members as existing members.**

Existing **Clause 10.3** (which would be renumbered to 10.4 if new clause 10.3 is added) currently reads as follows:

*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.*

Section 602.15 of the Act prohibiting the distribution of “any of its surpluses to its members” would seem to preclude this action. The Commission may wish to simply require these contributions to be placed in capital reserves. The wording here could be:

*10.4 Any contribution received by the Commission under Clause 10.2 shall become part of the Commission’s restricted surplus for capital purposes.*

## 2.2 Withdrawal of a Member from the Commission - Section 602.09 d. of the Act

**Existing Section 10.4** addresses the withdrawal of a Member from the Commission. For the sake of clarity it is proposed that the withdrawal be addressed in a separate Section 11. The current clause reads as follows:

*“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.”*

The existing bylaw provision creates the notion that the Members build up a proprietary equity in the System and that this equity has value. A member may purchase the equity of the withdrawing member and the water volume allocation that goes along with it. The Commission is not obligated to purchase the withdrawing members equity but ultimately cannot use that capacity without compensation.

The provisions should also address what becomes of cash surpluses accumulated during a withdrawing Member’s tenure with the Commission. It is proposed that the Commission would not be obligated to refund any share of accumulated surpluses to the withdrawing Member. The existing provisions should also address responsibility for Commission liabilities. New clauses are added to make the withdrawing member responsible for a share of those liabilities.

**New Section 11** revised wording would be as follows:

11.1 *A Member may withdraw from the Commission upon two years written notice*

11.2 *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:*

(i) *purchase the withdrawing Member's proportionate share of the system, or*

(ii) *compensate the Member for any respective share of restricted or unrestricted surpluses accumulated by the Commission.*

*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.*

11.3 *The withdrawing Member shall remain responsible for any respective proportion of net current financial obligations of the Commission for which the Member is responsible and shall pay to the Commission such share and any accrued interest.*

11.4 *The withdrawing Member shall remain responsible for any respective proportion of long term debt that has been incurred by the Commission in the construction of the System and for any future long term debt that will be required to complete the System as planned at the date of notice of withdrawal and shall either:*

(i) *pay the outstanding principle and any accrued interest of current long term debt and the respective share of future long term debt to the Commission, or*

(ii) *agree to continue to pay the respective share of the annual payments for the current and future debt such share being determined using the allocated volumes in Clause 7.1.*

A larger policy issue here is whether or not to maintain the notion of equity or proprietary share of the System. Some other Commissions do not have this idea. Rather, the deal between the Members and the Commission is simply that the Commission will provide for the future needs of the Members, whatever these might be. (See Section 6 below which also address this issue.)

If this position is taken then **clause 11.2** above would read:

*11.2 The withdrawing Member shall not be entitled to any portion or share of:*

*(i) a value of the net capital assets of the System, or*

*(ii) restricted or unrestricted surpluses accumulated by the Commission*

## 2.3 Disposal of Assets by the Commission – Section 602.09 f. of the Act

Disposal of Commission assets was addressed specifically in the Regulation. A new section is required to empower the Board to dispose of any asset which is no longer now or in the future required for the delivery of water to the Members or would not have any significant adverse effect on the services to the Members. Disposals valued over \$25,000 would be by public tender, public proposal or some other public process. The most favorable tender, proposal or offer would be chosen unless there are exceptional circumstances. Notice would need to be given to the Members for the disposal of assets exceeding a set value - \$75,000 is suggested.

Proceeds would be firstly directed to repayment of any grants received if such a repayment is required under the respective grant agreement. Net proceeds would be placed in capital reserves.

The new section could be:

### **12. DISPOSAL OF ASSETS**

*12.1 The Board may dispose of any land, buildings, equipment or other tangible assets of the Commission that are not required presently or in the future to supply water services of the Commission or the disposal of which would not otherwise have any significant adverse effect on the services provided by the Commission.*

*12.2 Any asset proposed for sale with a value exceeding \$25,000 shall be offered for public tender, public proposal or some other public process. Unless there are exceptional circumstances as determined by the Board, the most favorable tender, proposal or offer shall be chosen.*

*12.3 Notice of the intent to dispose of any asset or group of assets exceeding \$75,000 shall be given to Members no less than 30 days prior to disposition.*

*12.4 Proceeds from the sale of any asset shall be directed firstly to the repayment of any grant from the Government of Alberta where the applicable grant agreement requires such repayment, with remaining funds becoming part of the Commission's restricted surplus for capital purposes.*

The proposed provisions are intended to address instances where smaller assets, equipment and property are to be disposed. These would also accommodate a transaction like the recent sale of the southerly portion of the transmission line to the

City of Red Deer. Because of the restriction on the distribution of surplus funds this would not deal adequately with a circumstance where the Commission intends to continue but disposes of the entire system to private interests or to another regional services commission.

## 2.4 Process for Disestablishment of the Commission – Section 602.09 g. of the *Act*

Under the Regulation the Government of Alberta would have determined what becomes of the Commission upon disestablishment and as such the existing Bylaw 1 did not address this. The prospect of shutting down the System and disestablishing the Commission would seem unlikely and raises the question of how much time and effort should be put into bylaw provisions now to address a remote possibility.

As well, it could be argued that the Commission at the time would be the best determiner as to what disestablishment should look like especially in a sale to private interests or transfer to another regional services commission.

Policy questions that arise in considering this issue would include:

- a. *Who makes the decision on disestablishment? Options would be:*
  - i. Board on a simple majority with notice to Members
  - ii Board on a super majority with notice to Members
  - ii Member Municipal Councils
- b. What is to become of the assets and how are valued?
- c. How are contingent liabilities to be addressed?
- d. What is to become of any cash proceeds remaining after liabilities have been addressed?

Presumably the net cash proceeds would be distributed among the Members. Would these be distributed on the basis of:

- i. Initial volume allocations in Clause 7.1
- ii Actual volume provided to the Member from the beginning of the System by those Members receiving water from the Commission with adjustment for the Lacombe County and Ponoka County which are contributing proportionately on Section 7.1 volumes
- iii Amount paid to the Commission for services since the inception of the System.

Possible amendments to the Bylaw which address disestablishment are set out below in new Section 13. Because of its importance, a super majority and a longer 90 day notice to the Members are identified. Because the circumstances of disestablishment are not knowable, it leaves the determination of the details to the Board of the day.



### **13. DISESTABLISHMENT OF THE COMMISSION**

- 13.1 *The Board may disestablish the Commission upon approval of a three quarters majority of the Directors of the Board*
- 13.2 *Written notice of an intent by the Board to consider disestablishment of the Commission shall be provided to each Director and each Member not less than ninety (90) days in advance of the meeting at which the resolution is to be considered.*
- 13.3 *In the event that the Board approves the disestablishment of the Commission, the Board must, at the time of approval, specify further particulars of the procedure for the disestablishment including:*
- (a) a timeline for disestablishment of the Commission, and;*
  - (b) the distribution of the assets and liabilities upon disestablishment of the Commission, which shall include:*
    - (i) a process for the collection and disposition of any property and assets owned by the Commission,*
    - (ii) identification of any contingent liabilities and arrangements to address such liabilities,*
    - (iii) the discharge, assignment or transfer of the Commission's obligations, and*
  - (c) provide for any residual or remaining assets of the Commission to be distributed to the Members in accordance with each Member's proportionate historical payments for services provided by the Commission.*
- 13.4 *The Commission shall, as of the date of the Board's decision to approve disestablishment of the Commission, cease to provide services or begin the process of ceasing to provide services except to the extent that the Commission is legally required to do so or as required for the beneficial winding-up of the business or affairs of the Commission.*

## **3 Voting on Decisions of the Board**



### **3.1 Current Voting Provisions for Commission under Bylaw 1**

**General Motions and Resolutions** - are decided by way of simple majority of Directors present at a meeting with a quorum being a majority of the Members.

- 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.*

The effect of this is that these decisions can be made by as few as 2 members.

**Financial Decisions** - are decided by a weighted vote with:

Operating Budget and operational Financial Plan items decided by weighted vote based on proportionate water purchased in the preceding year. Section 8.4 reads as:

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.*

Capital Budget, Capital Items in the Financial Plan and capital financial matters generally are decided by weighted vote based on allocated water volume:

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.*

Under the existing provisions, the voting for financial matters including the 2022 Financial Plan and Budgets would be:

	Operational Matters		Capital Matters	
	2021 Sales Volume (m3)	%	Volume Allocation (m3)	%
Town of Ponoka	693,024	22%	2,097,000	22%
City of Lacombe	1,475,215	47%	4,862,000	50%
Town of Blackfalds	927,417	29%	1,903,000	20%
Lacombe County	39,725	1%	400,000	4%
Ponoka County	9,623	0%	400,000	4%
	3,145,004	100%	9,662,000	100%

**Amendments to Bylaw 1** – are decided by vote of  $\frac{3}{4}$  of Directors.

11.1 *An amendment to this Bylaw may be passed by the Board upon a three quarters majority of the Directors of the Board.*

With the present 4 directors, amendments to Bylaw 1 would require the affirmative votes of 4 of 5 Directors.

### 3.2 Other Regional Utilities

For information and reference, a number of other regional service commissions were canvassed as to their voting provisions. Also included is a municipal corporation which is an alternative available to municipalities through which to set up a regional system.

- **Mountain View Regional Water Services Commission** (Innisfail, Bowden, Olds, Didsbury, Carstairs, Crossfield) – Amendment to the Organizational Bylaw requires 3/4 majority of Directors. All other decisions simple majority of Directors present.
- **South Red Deer Regional Wastewater Commission** (Olds, Bowden, Innisfail, Penhold, Mountain View County, Red Deer County) - Amendment to the Organizational Bylaw requires 2/3 majority of Directors. All other decisions simple majority of Directors present.
- **Shirley McClellan Regional Water Services Commission** (Counties of Paintearth and Stettler: Towns of Castor and Coronation; Villages of Bawlf, Big Valley, Consort, Donalda, Halkirk, Rosalind and Veteran, Summer Villages of Rochon Sands and White Sands, Special Areas 2,3 and 4) - Amendment to the Organizational Bylaw requires 3/4 majority of Directors. All other decisions simple majority of Directors present.
- **Capital Region Northeast Water Services Commission** (City of Ft. Saskatchewan, Counties of Strathcona and Sturgeon, Towns of Bon Accord, Gibbons and Redwater). All decisions are by simple majority of Directors present.
- **Capital Region Southwest Water Services Commission** (Cities of Leduc and Beaumont, Counties of Leduc and Camrose, Towns of Calmar and Millet, Village of Hay Lakes) - The addition of a New Member, amendment of the organizational bylaw and disestablishment of the Commission requires 2/3 vote of Directors. All other decisions are by simple majority of Directors present.
- **West Inter Lake District (WILD) Regional Water Services Commission** (Counties of Lac Ste. Anne and Parkland, Town of Onoway, Villages of Alberta Beach and Wabamun, Alexis, Paul and Alexander (expected) First Nations, 12 Summer Villages) Amendment to the Organizational Bylaw requires 3/4 majority of Directors. All other decisions are by simple majority of Directors present.
- **Sylvan Lake Regional Wastewater Commission** (Counties of Lacombe and Red Deer, Town of Sylvan Lake, 5 Summer Villages) - majority vote of the Directors representing at least 75% of the weighted votes for:
  - Business Plan
  - Annual Financial Plan including the Annual Operating Budget and Annual Capital Budget
  - Capital Expenditures not included in the Annual Capital Budget
  - Amendments to or repeal of the Organizational Bylaw

#### Allocation of Votes

- Town of Sylvan Lake – 5 Votes
- Lacombe County – 5 Votes
- Red Deer County – 5 Votes
- Each Summer Village – 1 Vote

All other decisions are by simple majority of Directors present.

- **Alberta Central East (ACE) Water Corporation** (Shareholders: Counties of Minburn, Two Hills and Vermilion River, Towns of Vermillion and Two Hills, Villages of Dewberry, Innisfree, Kitscoty, Mannville, Marwayne, Myrnam, Paradise Valley and Willingdon) - Incorporated under the *Business Corporations Act* R.S.A 2000 c. B-9. Major decisions including financial decisions are voted on by Shareholders on weighted vote of number of Class “A” voting shares. Number of voting shares are based on capacity allocation to a maximum of 25% of system capacity.

Of the Commissions canvassed:

- all but one require a super majority for amendment of the organizational bylaw – generally either 2/3 or 3/4 of Directors of the Board or in the case of Sylvan Lake a weighted vote.
- only the Sylvan Lake Commission uses weighted voting for financial decisions

The ACE Water Corporation is structured quite differently from regional services commissions with weighted voting based on the number of voting shares of each municipality.

### 3.3 Amendment of Commission Bylaw 1

With respect to weighted voting on financial matters, to remove these requirements, Clause 8.13 would be repealed and existing Clause 8.4 would be amended to read:

**8.7 Each Director shall be entitled to vote on the Financial Plan and Operating and Capital Budgets.**

As to supermajority voting, Section 4.9 is amended to make reference that voting for disestablishment of the Commission and amendments to this Bylaw require a supermajority of  $\frac{3}{4}$ . This raises the question as to whether or not there should be any other decisions of the Board that should require a supermajority.

A couple of additional provisions on voting may be useful. The Commission Board presently has 5 Directors and the instances of a tie vote occurring would be infrequent. Should new Members be added, there becomes the possibility for an even number of directors. Clause 4.9 clarifies that a resolution is lost if there are equal votes for and against.

A second amendment – 4.10 – provides that Directors must vote on all motions except in circumstances where abstention is permitted. This reflects a similar requirement for members of Council. These provisions could read:

**4.9 Except as provided in Clauses 13.1 and 15.1, 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. If there is an equal number of votes for and against a Board resolution, the resolution is defeated*

- 4.10 *A Director attending a Board meeting shall vote on all matters before the Board unless a Director is required or permitted to abstain from voting under any bylaw of the Commission or provision of the Act.*

It raises the question as to whether or not there should be any other decisions of the Board that should require a supermajority.

## 4 Amendments to Financial Provisions

The financial provisions of Bylaw 1 are in Section 8. The Bylaw provides that rates are to be calculated on a Cost of Service basis. A number of changes are proposed to more logically order the sequence of clauses in Section 8 and to provide more precise wording of existing provisions. These are set out in the **Bylaw\_1\_with\_possible\_changes**. Substantive changes to the Bylaw are addressed following:

**Revised Clause 8.3** would remove the limitations on the amount of reserves and surplus that the Commission can hold and instead simply provides authority to establish reserves.

**8.3** *The Commission may establish and maintain restricted surpluses for operating and capital purposes, also referred to as operating and capital reserves respectively, in accordance with the policies, procedures and directions of the Board from time to time.*

**New sub clause (b3)** of revised clause 8.4 would provide for inclusion of a capital surcharge in the revenue requirement if the revenue generated with just the cost of service rate is insufficient.

**(b3)** *estimated additional annual contributions required over and above revenue generated from cost of service rate to provide necessary funds for the demonstrated long term capital renewal of the System (capital surcharge)*

**Revised Clause 8.5** provides that the rate may not exceed the rate calculated on a cost of service basis

**New Clause 8.6** allows the cost of service rate to be exceeded to allow a transition

**8.6** *Notwithstanding Clause 8.5, where the rate in a prior year was higher than the rate that would have been calculated on a cost of service basis, the Commission may, in the interests of rate and revenue stability, set rates in the forthcoming years which serve to transition to a cost of service rate.*

## 5 Amendments for Expansion of Membership to Include Maskwacis First Nations

For clarity, Clause 10.1 should be amended at this time to also include the addition of an “Indian Reserve” as a Member of the Commission to allow consideration of the Maskwacis extension to continue. Section 602.02 (1) of the Act provides that “Two or more municipal authorities may agree to jointly establish a commission.” Section 602.01 (1)(g) provides that “municipal authority” includes “a Metis settlement, an Indian reserve and an armed forces base.” Section 10.1 could read:

*10.1 The Board may agree to the addition of a municipal authority, or an Indian Reserve as a Member of the Commission if sufficient capacity for the supply of water can be made available or if the long term interests of the existing Members are not adversely affected.*

When it is known which of the First Nations are to be included initially, Clause 1.11 would be amended to include the specific First Nation as a Member. As well Clause 7.1 would be amended to add a minimum entitled annual volume for the particular First Nation, subject to the discussion of the whole notion of allocated volumes in the following section. Whether the First Nation volume is added onto the present allocations for the existing Members or whether the total volume is reallocated among the existing and new members is dependent on the City of Red Deer’s agreement to provide the additional volume. This also leads into the next policy issue.

## 6 Water Allocation Among Members

Section 7 of Bylaw 1 addresses the volume of water to be supplied to the Members. Clause 7.1 sets out the specific minimum annual volumes to which the Member are entitled. Below are the volume projections in the recent rate study:

	Projected Volume		Bylaw No 1		2045 Volume as % of Bylaw 1
	2033	2045	Allocations	Existing %	
Existing Members					
Town of Ponoka	780,917	879,957	2,097,000	22%	42%
City of Lacombe	1,915,429	2,487,005	4,862,000	50%	51%
Town of Blackfalds	1,923,059	3,166,861	1,903,000	20%	166%
Lacombe County	51,327	51,327	400,000	4%	13%
Wolf Creek Village	9,623	9,623	400,000	4%	2%
<b>Total Existing</b>	<b>4,680,355</b>	<b>6,594,773</b>	<b>9,662,000</b>	<b>100%</b>	<b>68%</b>

The total volume in 2045 is projected at only 68% of the Bylaw 1 total allocation. The projected growth of individual Members however is different from what was originally

envisioned. Blackfalds will reach 100% of its allocation in about 10 years. If this clause is to remain in the Bylaw the Commission will need at some point to address the determination of minimum allocations.

The other consideration in all of this is the expiry of the initial 25 year water supply agreement with the City of Red Deer on August 31, 2030. The current supply agreement does not provide a minimum annual allocation for water to the Commission. The only obligation of the City is to use “Best Efforts” to:

- i. supply the Commission with the Annual Quantity for that year established on a rolling 5 year projection process.
- ii. “Avoid situations where it is unable to supply to the Commission the quantity of Water which the Commission requires.”

When the issue of renewing the supply agreement with the City is taken up, presumably no later than about 2025 if not sooner, the whole issue of the future water availability in the Red Deer River, the willingness of the City to supply the Commission at all, the future volumes of water that can be available to the Commission and commitments the Commission can make to its Members will be need to be addressed. Into the mix will be added the need to renew the current water license which now allows up to 13.3 Million m3 annually and which expires in 2031.

The question the Board may need to address at some point is whether the inclusion of the specific water allocations in the Bylaw remains relevant. Of the other entities reviewed above with respect to voting:

<p>Those that included specific allocations to Members:</p> <ul style="list-style-type: none"> <li>• Shirley McClellan water commission</li> <li>• WILD water commission</li> <li>• ACE Water Corp</li> </ul>	<p>Those that do not include specific allocations to Members:</p> <ul style="list-style-type: none"> <li>• Mountain View water commission</li> <li>• South Red Deer wastewater commission</li> <li>• Capital Region NE water commission</li> <li>• Capital Region SW water commission</li> <li>• Sylvan Lake wastewater commission</li> </ul>
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A clause that could replace the existing 7.1 might be:

*7.1 Subject to constraints beyond the control of the Commission, the Commission shall meet the ongoing water needs of the Member and the Commission shall undertake capital planning, put in place capital financing and undertake to increase capacity of the System to ensure that the needs of the Members are met.*

## 7 Non-substantive and Other Amendments

A number of housekeeping and minor amendments are made to the Bylaw to update references, make corrections, clarify terms and fill in a few holes. These are shown on the **Bylaw\_1\_with\_possible\_changes document**.



## Appendix A – Amendments to the *Municipal Government Act*

# Regional Services Commissions Recent Legislative Changes

March 18, 2021


Roy Bedford, Municipal Viability Advisor  
Marnie Lee, Municipal Viability Advisor  
Desiree Kuori, Municipal Accountability Advisor



Alberta

Classification: Protected A

## Agenda

-  Regional Services Commissions Overview
-  Legislative Changes
-  Implications for Regional Services Commissions
-  Expectations for the Transition
  - Bylaws
-  Questions

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## Poll Question:

Are you:

- An RSC Manager/CAO
- Other RSC staff member
- Board member
- Municipal staff



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## RSC Overview

- Opportunity for municipal authorities to collectively (two or more members) provide services on a regional basis
- Separate legal entity
- Governed by a Board of Directors
- Not intended to make a profit
- Governed by the *Municipal Government Act (MGA)* Part 15.1
- There are currently 76 RSCs within the province

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## RSC Powers and Duties

- Legal status as an autonomous corporation
- Natural Person Powers, except as limited by the *MGA* or the RSC's bylaws
  - Own and expropriate land
  - Borrow money
- Board responsibilities
- Administration of the RSC

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The logo for the Government of Alberta, featuring the word "Alberta" in a stylized script font with a small square icon to the right.

## Legislative Changes

- Streamline the process for establishing and operating RSCs
- Increase accountable to member municipal authorities
- Regional Services Commissions Repeal Regulation
- Came into effect September 1, 2020
- Scope of powers and duties remain the same with additional autonomy and flexibility

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The logo for the Government of Alberta, featuring the word "Alberta" in a stylized script font with a small square icon to the right.

## Key Changes for Existing RSCs

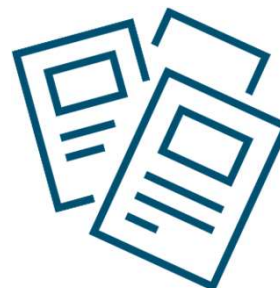
- Provincial approvals are no longer required for:
  - Changes to RSC services
  - Changes to board of director bylaws
  - Addition and/or removal of members or non-member municipal authority customers
  - Disposal of assets
  - Disestablishment
- Minister notification for substantive changes within 60 days
- Powers and duties will not significantly change

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## Key Changes for Establishing RSCs

- Municipal authorities may agree on establishment through council or band resolution
- Resolutions must specify:
  - The name of the RSC
  - Names of members
  - The first board of directors
  - The first chair of the RSC



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## Key Changes for Establishing RSCs

- Minister notification within 60 days, must include:
  - Resolutions of all members
  - RSC office location
  - Contact information
- Formally established once a ministerial order listing all RSCs is updated

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## Governance Implications

- Existing RSC members, board of directors, and chair will continue according to RSC bylaws (or ministerial order in the case of recently established RSCs)
  - No longer need to have Minister approve Board of Directors Bylaw
- RSCs will be subject to Sections 197 & 199 in the *MGA*, that govern meetings held by municipal councils

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## Financial Implications

- Continue to operate on a non-profit, full cost-recovery basis
- Alignment with municipal financial processes
  - Addressing financial shortfall (*MGA* Section 244)
  - Requirements for capital budgets (*MGA* Sections 245 & 246)
  - Use of borrowed money (*MGA* Section 253)
- No change to debt limit regulations, audited financial statements and financial information returns



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## Transition Requirements

- Review and update bylaws to comply with legislative requirements by **September 1, 2021**



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## Bylaw Requirements

- Outlined in Section 602.09(1) of the *MGA*
- RSCs must ensure they adopt bylaws that address:
  - The services provided by the RSC
  - Administration
  - The process for changing board directors and chair, and terms of office
  - The process for adding and removing members
  - Fees charged for services
  - Disposal of assets
  - Terms for disestablishment

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## Developing Bylaws and Resources

- Consistent process
  - Approval
  - Amendments
- Standard format
  - Naming
  - Numbering
  - Important clauses to include
- Security

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## Questions?



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## Thank you!

### Contact Information:

- 780-427-2225 or toll-free by first dialing 310-0000
- [ma.lgsmail@gov.ab.ca](mailto:ma.lgsmail@gov.ab.ca)
- Administrative updates at [lgs.updates@gov.ab.ca](mailto:lgs.updates@gov.ab.ca)

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**Agreements for services**

**602** The Minister may enter into agreements with the Government of Canada or its agencies or with any other public body or person for the purpose of obtaining any service, benefit or other advantages for the whole or part of an improvement district or for its residents.

1994 cM-26.1 s602

## **Part 15.1**

### **Regional Services Commissions**

**Interpretation**

**602.01(1)** In this Part,

- (a) “board” means the board of directors of a commission;
- (b) “borrowing” means a borrowing as defined in section 241(a.1);
- (c) “bylaws” means the bylaws of a commission;
- (d) “capital property” means capital property as defined in section 241(c);
- (e) “commission” means a regional services commission;
- (f) “member” means, in respect of a commission, a municipal authority that is a member of the commission;
- (g) “municipal authority” means a municipal authority as defined in section 1(1)(p), and includes a Metis settlement, an Indian reserve and an armed forces base;
- (h) “public utility” means a public utility as defined in section 1(1)(y), excluding public transportation operated by or on behalf of a municipality;
- (i) “resolution” means a resolution passed by a municipal authority or commission under this Part;
- (j) “service” means, in respect of a commission, a service that the bylaws authorize the commission to provide;
- (k) “transportation service” means a service to transport people or goods by vehicle, including a vehicle that runs on rails.

**(2)** A reference to a bylaw or resolution in this Act outside this Part does not include a bylaw or resolution passed by a commission.

RSA 2000 cM-26 s602.1;2020 c25 s11

## **Division 1 Establishment and Operation**

### **Establishing commissions**

**602.02(1)** Two or more municipal authorities may agree to jointly establish a commission by passing resolutions.

(2) Before being passed under subsection (1), the proposed resolutions must be advertised in accordance with section 606.

(3) Within 60 days of the resolutions being passed under subsection (1), the Minister must be notified of the resolutions.

(4) A notification under subsection (3) must include copies of all the resolutions passed under subsection (1) and provide the commission's office location and contact information.

(5) A commission is not established until an order listing the commission is issued by the Minister under section 602.04.

RSA 2000 cM-26 s602.2;2016 c24 s88;2020 c25 s11

### **Resolution and notification**

**602.03(1)** A resolution establishing a commission must specify

- (a) the name of the commission, and
- (b) the names of the members, the first board of directors and the first chair of the commission.

(2) The commission must notify the Minister within 60 days of any change to any of the information provided under section 602.02(4).

(3) If a commission is to be disestablished under section 602.09(1)(g), the commission must notify the Minister within 60 days of the commission's being disestablished.

2020 c25 s11

### **List of commissions**

**602.04** The Minister may issue an order listing or updating the list of the names of all the commissions established or disestablished each time the Minister receives a notification under section 602.02(3) or 602.03(2) or (3), as the case may be.

2020 c25 s11

### **Corporation**

**602.05** A commission is a corporation.

RSA 2000 cM-26 s602.03;2020 c25 s11

**Board of directors**

**602.06(1)** A commission is governed by a board.

(2) Subject to sections 602.03(1)(b) and 602.07, the directors of the board are to be appointed and the chair of the commission designated in accordance with the commission's bylaws.

RSA 2000 cM-26 s602.04;2020 c25 s11

**Directors representing Province**

**602.07(1)** If, in the Minister's opinion, a service that a commission is authorized to provide is a service that is provided by the Government of Alberta or that may affect a service provided by the Government of Alberta, the Minister may, despite the bylaws, appoint as many directors of the commission as the Minister considers necessary.

(2) A director appointed under this section has the powers, duties and functions of a director appointed in accordance with the commission's bylaws.

RSA 2000 cM-26 s602.05;2020 c25 s11

**Delegation**

**602.08(1)** Subject to subsection (2), a board may delegate any of its or the commission's powers, duties or functions under this Act or any other enactment.

(2) A board may not delegate

- (a) the power or duty to pass bylaws,
- (b) the power to expropriate,
- (c) the power to authorize a borrowing,
- (d) the power to adopt budgets, and
- (e) the power to approve financial statements.

RSA 2000 cM-26 s602.06;2020 c25 s11

**Bylaws**

**602.09(1)** Each board must pass bylaws

- (a) respecting the provision of the commission's services;
- (b) respecting the administration of the commission;
- (c) respecting the process for changing the directors of the board and the chair of the commission and for setting the terms of office of the board and the chair;

- (d) respecting the process for adding or removing members;
- (e) respecting the fees to be charged by the commission for services provided to its customers or to any class of its customers;
- (f) respecting the disposal of assets by the commission;
- (g) respecting the process for disestablishment of the commission, including the treatment of assets and liabilities on disestablishment.

(2) The *Regulations Act* does not apply to the bylaws passed under subsection (1).

RSA 2000 cM-26 s602.07;2020 c25 s11

### Meetings

**602.1(1)** Subject to subsection (2), sections 197 and 199 apply to the meetings of a commission.

(2) Notwithstanding sections 197 and 199, for the purposes of this Part, a reference in sections 197 and 199 to a council, councils and council committees shall be read as a reference to a board, boards and board committees, respectively.

RSA 2000 cM-26 s602.08;2015 c8 s55;2019 c22 s10(16);2020 c25 s11

### Compliance with growth plan and ALSA regional plan

**602.11** In carrying out its functions and in exercising its jurisdiction under this Act and other enactments, a commission must act in accordance with any applicable growth plan under Part 17.1 and any applicable ALSA regional plan.

RSA 2000 cM-26 s602.021;2020 c25 s11

### Control of profit corporations

**602.12** Division 9 of Part 3 does not apply to a commission.

RSA 2000 cM-26 s602.09;2016 c24 s89;2020 c25 s11

## Division 2 Powers and Duties

### Natural person powers

**602.13** A commission has natural person powers, except to the extent that they are limited by this Act or any other enactment.

RSA 2000 cM-26 s602.1;2020 c25 s11

### Service area

**602.14** A commission may, as authorized by its bylaws, provide services

- (a) within the boundaries of its members, and

- (b) outside the boundaries of its members with approval
  - (i) from the other municipal authority within whose boundaries the services are to be provided, and
  - (ii) in the case of services to be provided in a part of a province or territory adjoining Alberta, the authority from that province or territory whose jurisdiction includes the provision of the services in that part of the province or territory.

RSA 2000 cM-26 s602.11;2020 c25 s11

**Profit and surpluses****602.15** A commission may not

- (a) operate for the purposes of making a profit, or
- (b) distribute any of its surpluses to its members.

2020 c25 s11

**Traffic Safety Act****602.16** A commission that is authorized by its bylaws to provide transportation services is subject to the *Traffic Safety Act*.

RSA 2000 cM-26 s602.12;RSA 2000 cT-6 s205;2020 c25 s11

**Acquisition of land****602.17(1)** A commission may acquire an estate or interest in land in a province or territory adjoining Alberta if the local government within whose boundaries the land is located consents in writing to the acquisition.**(2)** This section does not apply until the commission exercises the right of acquisition under subsection (1).

RSA 2000 cM-26 s602.125;2020 c25 s11

**Expropriation****602.18(1)** A commission may acquire by expropriation under the *Expropriation Act* an estate or interest in land for the purpose of providing a public utility or a transportation service.**(2)** A commission may acquire by expropriation an estate or interest under subsection (1) in land that is outside the boundaries of its members only if the municipal authority in whose boundaries the land is located consents in writing to the acquisition.

RSA 2000 cM-26 s602.13;2020 c25 s11

**Public utility disputes****602.19** If there is a dispute between a commission and another commission or a commission and any municipal authority with respect to

- (a) rates, tolls or charges for a service that is a public utility,
- (b) compensation for the acquisition by the commission of facilities used to provide a service that is a public utility, or
- (c) the use of any road, square, bridge, subway or watercourse by the commission to provide a service that is a public utility,

any party involved in the dispute may submit the dispute to the Alberta Utilities Commission, and the Alberta Utilities Commission may issue an order on any terms and conditions that the Alberta Utilities Commission considers appropriate.

RSA 2000 cM-26 s602.14;2007 cA-37.2 s82(17);2020 c25 s11

#### **Other disputes**

##### **602.2(1) If**

- (a) there is a dispute between a commission and another commission or a commission and any municipal authority and the matter in dispute is not under the jurisdiction of the Alberta Utilities Commission or the Alberta Transportation Safety Board or any other board or tribunal created by an enactment, or
- (b) there is a dispute between a commission and a municipal authority, other than an improvement district or special area, in respect of an expropriation that requires the consent of the municipal authority under section 602.18(2), any party involved in the dispute may submit the dispute to the Municipal Government Board.

**(2)** If a dispute is submitted to the Municipal Government Board, each party involved in the dispute must submit a written statement to the Board and to the other parties involved in the dispute that sets out

- (a) a summary of the facts and its position in the dispute, and
- (b) an address to which any notice or decision of the Board is to be sent.

**(3)** The Municipal Government Board must hold a hearing after the written statements have been submitted, or after the expiry of a time period established by the Board for submission of the statements, whichever occurs first.

RSA 2000 cM-26 s602.15;RSA 2000 cT-6 s205;  
2007 cA-37.2 s82(17);2020 c25 s11

**Order of Municipal Government Board**

**602.21(1)** After hearing a dispute under section 602.2(3), the Municipal Government Board may make any order it considers appropriate.

**(2)** The order under subsection (1) may

- (a) include terms and conditions, and
- (b) be effective on a future date or for a limited time.

**(3)** The Municipal Government Board must send its order, and its reasons if requested, to the parties involved in the dispute.

**(4)** An order of the Municipal Government Board under this section is binding on the parties involved in the dispute.

RSA 2000 cM-26 s602.16;2020 c25 s11

**Division 3  
Financial Matters****Financial year**

**602.22** The financial year of a commission is the calendar year.

RSA 2000 cM-26 s602.18;2020 c25 s11

**Operating budget**

**602.23(1)** A commission must adopt an operating budget for each calendar year.

**(2)** An operating budget must include the estimated amount of each of the following expenditures and transfers:

- (a) the amount needed to enable the commission to provide its services;
- (b) the amount needed to pay the debt obligations in respect of borrowings made to acquire, construct, remove or improve capital property;
- (c) if necessary, the amount needed to provide for a depreciation or depletion allowance, or both, for any public utility the commission is authorized to provide;
- (d) the amount to be transferred to reserves;
- (e) the amount to be transferred to the capital budget;
- (f) the amount needed to recover any shortfall as required under section 602.24.



**(3)** An operating budget must include the estimated amount of each of the following sources of revenue and transfers:

- (a) fees for services provided;
- (b) grants;
- (c) transfers from the commission's accumulated surplus funds or reserves;
- (d) any other source of revenue.

**(4)** The estimated revenue and transfers under subsection (3) must be at least sufficient to pay the estimated expenditures and transfers under subsection (2).

**(5)** The Minister may make regulations respecting budgets and that define terms used in this section that are not defined in section 602.01.

RSA 2000 cM-26 s602.19,602.2;2020 c25 s11

#### **Financial shortfall**

**602.24(1)** Subject to subsection (2), section 244 applies to a commission.

**(2)** Notwithstanding section 244, for the purposes of this Part, a reference in section 244 to a municipality shall be read as a reference to a commission.

RSA 2000 cM-26 s602.21;2020 c25 s11

#### **Capital budget**

**602.25(1)** Subject to subsection (2), sections 245 and 246 apply to a commission.

**(2)** Notwithstanding sections 245 and 246, for the purposes of this Part, a reference in section 245 to each council shall be read as a reference to each board.

RSA 2000 cM-26 s602.22;2020 c25 s11

#### **Expenditure of money**

**602.26(1)** A commission may make an expenditure only if it is

- (a) included in the commission's operating budget or capital budget or otherwise authorized by its board,
- (b) for an emergency, or
- (c) legally required to be paid.

(2) Each board must establish procedures to authorize and verify expenditures that are not included in a budget.

(3) If the Minister establishes a budget for a commission by virtue of section 244(3), the commission may not make an expenditure that is not included in the budget unless the expenditure is

- (a) authorized by the Minister,
- (b) for an emergency, or
- (c) legally required to be paid.

RSA 2000 cM-26 s602.24;2020 c25 s11

#### **Annual budget**

**602.27(1)** For the purpose of this section, “annual budget” means an annual budget as defined in section 241(a.02).

(2) A commission may adopt an annual budget in a format that is consistent with its financial statements.

(3) For the purpose of section 602.26, the adoption of an annual budget is equivalent to the adoption of an operating budget under section 602.23 or the adoption of a capital budget under section 602.25.

2020 c25 s11

#### **Civil liability of directors re expenditure**

**602.28(1)** Subject to subsection (2), a director of a board who

- (a) makes an expenditure that is not authorized under section 602.26,
- (b) votes to spend money that has been obtained under a borrowing on something that is not within the purpose for which the money was borrowed, or
- (c) votes to spend money that has been obtained under a grant on something that is not within the purpose for which the grant was given

is liable to the commission for the expenditure or amount spent.

(2) A director is not liable under subsection (1)(b) if spending the money is allowed under section 602.3.

(3) If more than one director of the board is liable to the commission under this section in respect of a particular expenditure or amount spent, the directors are jointly and severally liable to the commission for the expenditure or amount spent.

- (4) The liability under this section may be enforced by action by
- (a) the commission,
  - (b) a member of the commission,
  - (c) a taxpayer of a member of the commission, or
  - (d) a person who holds a security under a borrowing made by the commission.

RSA 2000 cM-26 s602.3;2020 c25 s11

**Authorized investments**

**602.29** A commission may invest its money only in the investments referred to in section 250(2)(a) to (d).

RSA 2000 cM-26 s602.26;2020 c25 s11

**Use of borrowed money**

**602.3(1)** Subject to subsection (2), section 253 applies to a commission.

(2) Notwithstanding section 253, for the purposes of this Part, a reference in section 253 to a municipality shall be read as a reference to a commission.

RSA 2000 cM-26 s602.27;2020 c25 s11

**Borrowing**

**602.31** No commission may make a borrowing if the borrowing will cause the commission to exceed its debt limit, unless the borrowing is approved by the Minister.

RSA 2000 cM-26 s602.28;2020 c25 s11

**Debt limit regulations**

**602.32(1)** The Minister may make regulations

- (a) respecting how a debt limit for a commission is determined;
- (b) defining debt for the purposes of determining whether a commission has exceeded its debt limit, and the definition may include anything related to a commission's finances.

(2) The regulations made under this section may establish different methods of determining debt limits and different definitions of debt for different commissions.

RSA 2000 cM-26 s602.29;2020 c25 s11

**Civil liability of directors re borrowing**

**602.33(1)** When a commission makes a borrowing that causes the commission to exceed its debt limit, a director of the board who voted to authorize the borrowing is liable to the commission for the

amount borrowed, unless the borrowing has been approved by the Minister.

(2) If subsection (1) applies to more than one director of the board, the directors are jointly and severally liable to the commission for the amount borrowed.

(3) The liability under this section may be enforced by action by

- (a) the commission,
- (b) a member of the commission,
- (c) a taxpayer of a member of the commission, or
- (d) a person who holds a security under a borrowing made by the commission.

RSA 2000 cM-26 s602.3;2020 c25 s11

#### **Loans and guarantees**

**602.34** A commission may not lend money or guarantee the repayment of a loan.

RSA 2000 cM-26 s602.31;2020 c25 s11

#### **Financial information return**

**602.35(1)** Each commission must prepare a financial information return respecting the financial affairs of the commission for the immediately preceding calendar year.

(2) The Minister may establish requirements respecting the financial information return, including requirements respecting the accounting principles and standards to be used in preparing the return.

RSA 2000 cM-26 s602.32;2020 c25 s11

#### **Audited financial statements**

**602.36** Each commission must prepare audited annual financial statements for the immediately preceding calendar year.

RSA 2000 cM-26 s602.33;2020 c25 s11

#### **Distribution of returns and statements**

**602.37** Each commission must submit its financial information return and audited annual financial statements to the Minister and each member of the commission by May 1 of the year following the year for which the return and statements have been prepared.

RSA 2000 cM-26 s602.34;2020 c25 s11

## Division 4 Minister's Powers

### Inspection

**602.38(1)** The Minister may require any matter connected with the management, administration or operation of any commission to be inspected

- (a) on the Minister's initiative, or
- (b) on the request of a member of the commission.

**(2)** For the purposes of subsection (1), the management, administration or operation of a commission includes

- (a) the affairs of the commission,
- (b) the conduct of a director of the board or of an employee or agent of the commission, and
- (c) the conduct of a person who has an agreement with the commission relating to the duties or obligations of the commission or the person under the agreement.

**(3)** The Minister may appoint one or more persons as inspectors for the purposes of carrying out inspections under this section.

**(4)** An inspector

- (a) may require the attendance of any director of the board, any officer of the commission or any other person whose presence the inspector considers necessary during the course of an inspection, and
- (b) has the same powers, privileges and immunities as a commissioner under the *Public Inquiries Act*.

**(5)** When required to do so by an inspector, a commission must produce for examination and inspection all the books and records of the commission.

**(6)** After the completion of an inspection, the inspector must make a report to the Minister and, if the inspection was made at the request of a member of the commission, to the member and the commission.

RSA 2000 cM-26 s602.35;2020 c25 s11

### Directions and dismissal

**602.39(1)** If because of an inspection under section 602.38 or a report of an official administrator under section 602.41 the Minister considers that a commission is managed in an irregular, improper or improvident manner, the Minister may by order direct the board

to take any action that the Minister considers proper in the circumstances.

**(2)** If an order of the Minister under this section is not carried out to the satisfaction of the Minister and the Minister considers that the commission continues to be managed in an irregular, improper or improvident manner, and all reasonable efforts to resolve the situation have been attempted and have been unsuccessful, the Minister may make one or more of the following orders:

- (a) an order suspending the authority of the board to make bylaws in respect of any matter specified in the order;
- (b) an order exercising bylaw-making authority in respect of all or any of the matters for which bylaw-making authority is suspended under clause (a);
- (c) an order removing a suspension of bylaw-making authority, with or without conditions;
- (d) an order withholding money otherwise payable by the Government to the commission pending compliance with an order of the Minister;
- (e) an order repealing, amending and making policies and procedures with respect to the commission;
- (f) an order requiring or prohibiting any other action as necessary to ensure an order is complied with;
- (g) an order dismissing the board or any director of the board.

**(3)** Before making an order under subsection (2), the Minister must give the commission notice of the intended order and at least 14 days in which to respond.

**(4)** If an order of the Minister under this section is not carried out to the satisfaction of the Minister, the Minister may dismiss the board or any director of the board.

**(5)** On the dismissal of the board or of any director of the board, the Minister may direct that a new board or director be appointed or may appoint a new board or director.

**(6)** The Minister may appoint an official administrator

- (a) on the dismissal of a board, or
- (b) on the dismissal of one or more directors of the board if the remaining directors do not constitute a quorum.

(7) An official administrator appointed under subsection (6) has all the powers and duties of the board.

RSA 2000 cM-26 s602.36;2017 c13 s1(52);2020 c25 s11

#### **Official administrator as supervisor**

**602.4(1)** The Minister may at any time appoint an official administrator to supervise a commission and the board.

(2) As long as the appointment of an official administrator under this section continues,

- (a) no bylaw or resolution that authorizes the commission to incur a liability or to dispose of the money or property of the commission has any effect until the bylaw or resolution has been approved in writing by the official administrator, and
- (b) the official administrator may at any time within 30 days after the passing of any bylaw or resolution disallow it, and the bylaw or resolution so disallowed becomes and is deemed to have always been void.

RSA 2000 cM-26 s602.37;2020 c25 s11

#### **Reports of official administrators**

**602.41** An official administrator appointed under section 602.39(6) or 602.4 shall on request of the Minister, and may at any other time, report to the Minister on

- (a) any matter respecting the commission, or the board or the administration of the commission,
- (b) any matter respecting the provision of services by the commission, or
- (c) any other matter that the Minister may consider necessary.

2017 c13 s1(53);2020 c25 s11

#### **Enforcement when commission under supervision**

**602.42(1)** If the Minister considers that a commission has, while under the supervision of an official administrator,

- (a) incurred a liability or disposed of money or property without the written approval of the official administrator required by section 602.4(2)(a), or
- (b) acted on a bylaw or resolution that has been disallowed by the official administrator under section 602.4(2)(b),

the Minister may take any necessary measures to address the situation, including, without limitation, making one or more orders referred to in section 602.39(2)(a) to (g).

(2) Before making an order under subsection (1), the Minister must give the commission notice of the intended order and at least 14 days in which to respond.

2017 c13 s1(53);2020 c25 s11

#### **Remuneration for official administrator**

**602.43** When an official administrator is appointed for a commission by the Minister under this Part, the remuneration and expenses of the official administrator as set by the Minister must, if required by the Minister, be paid by the commission.

RSA 2000 cM-26 s602.38;2020 c25 s11

#### **Providing Minister with copies and information**

**602.44(1)** The Minister may direct a commission to provide

- (a) a copy of any document in its possession, or
- (b) any information or statistics respecting the commission

to the Minister within the time specified by the Minister.

(2) A commission must comply with a direction of the Minister under this section and provide any copy, information or statistics to the Minister without charge.

(3) This section does not apply to documents prepared or information acquired by a commission that is subject to any type of legal privilege, including solicitor-client privilege.

RSA 2000 cM-26 s602.381;2020 c25 s11

#### **Ministerial orders**

**602.45(1)** In addition to any other orders that the Minister may make under this Part, the Minister may

- (a) by order take any action that a commission or a board may or must take under this Part, or
- (b) make an order providing for any other matter that the Minister considers necessary for carrying out the purposes of this Part.

(2) If there is a conflict or inconsistency between an order made by the Minister under subsection (1) and an action taken by a commission or a board, the Minister's order prevails to the extent of the conflict or inconsistency.

(3) The *Regulations Act* does not apply to an order made by the Minister under this Part.

2020 c25 s11



**Ministerial regulations**

**602.46** The Minister may make regulations to remedy any confusion or inconsistency in applying the provisions of this Part.

2020 c25 s11

**Division 5  
Transitional Provisions and  
Ministerial Regulations****Transitional provisions**

**602.47(1)** In this Division,

- (a) “continued commissions” means the regional services commissions established and existing under the former provisions before this Part comes into force;
- (b) “former provisions” means the provisions in Part 15.1 of this Act in force immediately before the coming into force of this Division.

**(2)** Continued commissions continue as regional services commissions as if the continued commissions are established under this Part.

**(3)** The bylaws and resolutions of the continued commissions continue until repealed, amended or replaced by the boards of the continued commissions.

**(4)** The members, the boards and the chairs of the continued commissions continue until changed according to the bylaws amended or replaced under subsection (3).

**(5)** On the coming into force of this Part, all liabilities, assets, rights, duties, functions and obligations of continued commissions continue to have effect until expired or amended under this Part or any other enactment.

**(6)** A reference to commissions in any enactment, regulation, order, bylaw, certificate of title, agreement or any other instrument is continued.

**(7)** Within one year after the coming into force of this Part, all continued commissions must ensure that the bylaws of the continued commissions conform to the requirements in section 602.09.

**(8)** The Minister may issue an order listing all the continued commissions continued under this section.

2020 c25 s11

**Ministerial regulations**

**602.48** The Minister may make regulations to deal with any difficulty or impossibility resulting from transitioning to this Part from the former provisions.

2020 c25 s11

## **Part 16**

### **Miscellaneous**

**Lieutenant Governor in Council regulations**

**603(1)** The Lieutenant Governor in Council may make regulations

- (a) for any matter that the Minister considers is not provided for or is insufficiently provided for in this Act;
- (b) restricting the power or duty of a council to pass bylaws.

**(2)** A regulation made under subsection (1) is repealed on the earliest of

- (a) the coming into force of an amendment that adds the matter to this Act;
- (b) the coming into force of a regulation that repeals the regulation made under subsection (1);
- (c) two years after the regulation comes into force.

**(3)** The repeal of a regulation under subsection (2)(b) or (c) does not affect anything done, incurred or acquired under the authority of the regulation before the repeal of the regulation.

1994 cM-26.1 s603

**Validation of regulations**

**603.1(1)** Despite any decision of a court to the contrary made before or after the coming into force of this section,

- (a) a regulation made under section 603(1) before the coming into force of this section, including a new regulation described in clause (c), is validated and declared for all purposes to have been validly made as of the date on which the regulation was made,
- (b) everything done under a regulation referred to in clause (a) is validated and declared for all purposes to have been validly done, and
- (c) where a regulation made under section 603(1) before the coming into force of this section (in this clause called the “former regulation”) is repealed and another regulation

## Appendix B – Alberta Regulation 105/2004

**ALBERTA REGULATION 105/2004**

**Municipal Government Act**

**NORTH RED DEER RIVER WATER SERVICES  
COMMISSION REGULATION**

**Establishment**

- 1** A regional services commission known as the North Red Deer River Water Services Commission is established.

**Members**

- 2** The following municipalities are members of the Commission:

- (a) Lacombe County;
- (b) Ponoka County;
- (c) Town of Blackfalds;
- (d) Town of Lacombe;
- (e) Town of Ponoka.

**Water supply system**

- 3** The Commission is authorized to provide and operate a water supply system.

**Operating deficits**

- 4** The Commission may not assume operating deficits that are shown on the books of any of the member municipalities.

**Sale of property**

- 5(1)** The Commission may not, without the approval of the Minister, sell any of its land, buildings, equipment or inventory whose purchase has been funded wholly or partly by grants from the Government of Alberta.

- (2)** The Minister may not approve a sale under subsection (1) unless the Minister is satisfied

- (a) as to the repayment of the grants from the Government of Alberta and outstanding debt associated with that portion of the land, buildings, equipment or inventory to be sold,
- (b) that the sale would not have a significant adverse effect on the services the Commission provides, and

- (c) that the sale will be properly reflected in the rates subsequently charged to the customers of the Commission.

**Profit and surpluses**

- 6** Unless otherwise approved by the Minister, the Commission may not
- (a) operate for the purposes of making a profit, or
  - (b) distribute any of its surpluses to its member municipalities.

**Approval**

- 7** The Minister may make an approval under section 5 or 6 subject to any terms or conditions the Minister considers appropriate.

Existing Provisions	Possible Changes
<b>NORTH RED DEER RIVER WATER SERVICES COMMISSION</b>	New words and ideas marked in grey highlight
<b>BYLAW 1</b>	
<b>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</b>	
<b>WHEREAS</b> 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	
<b>NOW THEREFORE</b> the Board enacts the following	
<b>1. DEFINITIONS</b>	
1.1 "Act" means the <i>Municipal Government Act</i> , 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;	

Existing Provisions	Possible Changes
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;	Member(s) means any or all of: a) Town of Blackfalds b) City of Lacombe c) Town of Ponoka d) Lacombe County e) Ponoka County
1.12 "Regulation" means Alberta Regulation No. 221/2004;	Deleted
	New Clause 1.12 "Organizational Meeting" means the first meeting of the Board held after November 1 in each year
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.	Remove phrase "or the Regulation."
<b>2. OBJECTS</b>	
2.1 The objects of the Commission are:	

Existing Provisions	Possible Changes
(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.	
<b>3. MANAGEMENT</b>	
3.1 The management of this Commission shall be vested in the Board.	
<b>4. BOARD OF DIRECTORS</b>	
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;	Replace "Town" with "City"
(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.	Replace the phrase "at the first Regular Meeting of the Board in November of each year." with the phrase "at the Organizational Meeting."
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;	



Existing Provisions	Possible Changes
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:	Replace “facsimile transmission” with “electronic mail”
(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.	<p><b>Replaced with new Clause 4.8</b></p> <p><i>4.8 A Board meeting or committee meeting may be conducted by means of electronic or other communication facilities. Notice shall be given to the public of the meeting, including the way in which it is to be conducted.</i></p> <p><i>The communication facilities shall enable the public to watch or listen to the meeting and shall enable all the meeting’s participants to watch or hear each other.</i></p> <p><i>Directors participating in a meeting held by means of a communication facility are deemed to be present at the meeting.</i></p>
4.9 Any matter properly placed before a meeting of the Board shall	Revise to read:

Existing Provisions	Possible Changes
be decided by a majority of the votes cast by the Directors at the relevant Board Meeting.	<p>4.9 <i>Except as provided in Clauses 13.1 and 15.1, 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. If there is an equal number of votes for and against a Board resolution, the resolution is defeated</i></p> <p>Add new clause</p> <p>4.10 <i>A Director attending a Board meeting shall vote on all matters before the Board unless a Director is required or permitted to abstain from voting under any bylaw of the Commission or provision of the Act.</i></p>
4.10 A quorum of the Board shall be a majority of the Directors.	Renumber as 4.11
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:	Renumber as 4.12
(a) to approve the Financial Plan for the forthcoming three (3) years and the Budget for the forthcoming year;	Replace the word "Budget" with "Operating and Capital Budgets"
(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.	<p>Renumber as 4.13</p> <p>Replace "Financial Plan and Budget" with "Operating Budget"</p>
<b>5. MEETINGS</b>	
5.1 The Board shall call an Annual Meeting which shall be held no	

Existing Provisions		Possible Changes
	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.	
<b>6.</b>	<b>ADMINISTRATION</b>	
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	

Existing Provisions		Possible Changes
	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;	

Existing Provisions	Possible Changes
(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	

Existing Provisions		Possible Changes														
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.															
Members shall have the right to inspect and may obtain extracts or copies of all books and records of the Commission.																
<b>7. VOLUME OF WATER SUPPLIED</b>																
7.1	Each member of the Commission shall be entitled to the following minimum annual allocations															
<table><tr><td>Town of Blackfalds</td><td>1,903,000 m3</td></tr><tr><td>Town of Lacombe</td><td>4,862,000 m3</td></tr><tr><td>Town of Ponoka</td><td>2,097,000 m3</td></tr><tr><td>Lacombe County</td><td>400,000 m3</td></tr><tr><td>Ponoka County</td><td>400,000 m3</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td>Total</td><td>9,662,000 m3</td></tr></table>		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	Replace “Town of Lacombe” with “City of Lacombe”
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 systemto supply the volume of water annually requested by each member up to the allocation identified. The Commission may at its discretion, provide toMembers 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.															

Existing Provisions	Possible Changes
<p>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.</p>	
<p><b>8. FINANCIAL</b></p>	
<p>8.1 The financial year of the Commission shall be the calendar year.</p>	
	<p>Move Section 8.10 forward to become Section 8.2 and revise to read:</p> <p><i>8.2 The estimated annual revenue requirements 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 Utilities Commission, 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 clause 8.4.</i></p>
	<p>Revised to read:</p> <p><i>8.3 The Commission may establish and maintain restricted surpluses for operating and capital purposes, also referred to as operating and capital reserves respectively, in accordance with the policies, procedures and directions of the Board from time to time.</i></p>

Existing Provisions	Possible Changes
<p>8.2 Without limiting the requirements for the Budget pursuant to the Act, the Board in the fall of each year will prepare a Financial Plan for the forthcoming three (3) financial years and Budget for the next financial year which will set out the:</p>	<p>Renumber to 8.4 and replace the word “Budget” with the words “Operating and Capital Budgets” in both cases</p>
(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	Move to next sub clause (b1)
(vi) return on equity and investments;	Move to new sub clause (b2)
	<p>New sub clauses (b1), (b2) and (b3)</p> <p><i>(b1) estimated non-cash expense for the net amortization of tangible capital assets of the System</i></p> <p><i>(b2) estimated return on the utility rate base of the System</i></p> <p><i>(b3) estimated additional annual contributions required over and above revenue generated from cost of service rate to provide necessary funds for the demonstrated long term capital renewal of the System (capital surcharge)</i></p>
(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	<p>Add the words “<i>non cash expense and return on the utility rate base</i>” after “expenditures”</p>



Existing Provisions	Possible Changes
(d) second and third year projections of operating expenditure, revenue requirements and rate trends;	Add word “ <i>expenses</i> ” after “expenditures”
(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	Revise to read: (f) <i>estimated capital costs and sources of funding for each year of the Financial Plan</i>
(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:	Move forward as Clause 8.3.
(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.	
	Move existing clause 8.9 and replace with:  <i>8.5 The Commission shall set out in the annual Operating Budget, the rates proposed to be charged by the Commission for providing Water Services to the Members.</i>  <i>The rate to Members shall be a common rate, calculated by dividing the revenue required to be raised from rates by the total volume of water requested by the Members under Clause 7.2. The rate set may not exceed the rate that would be calculated on a cost of service basis.</i>  <i>The water rate to be charged shall be approved</i>

Existing Provisions	Possible Changes
	<i>by bylaw.</i>
	<p>New clause</p> <p><i>8.6 Notwithstanding Clause 8.5, where the rate in a prior year was higher than the rate that would have been calculated on a cost of service basis, the Commission may, in the interests of rate and revenue stability, set rates in the forthcoming years which serve to transition to a cost of service rate.</i></p>
<p>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.</p>	<p>Renumber to 8.7 and replace with:</p> <p><i>8.7 Each Director shall be entitled to vote on the Financial Plan and Operating and Capital Budgets.</i></p>
<p>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.</p>	<p>Delete. No longer relevant</p>
<p>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.</p>	<p>Renumber to 8.8</p>
<p>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.</p>	<p>Renumber to 8.9</p>
<p>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.</p>	<p>Renumber to 8.10 and delete last sentence. It is redundant.</p>

Existing Provisions	Possible Changes
<p>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.</p>	
<p>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.</p>	<p>Renumber to 8.11. Replaces “paragraphs 8.5, 8.6 and 8.7” with “Clauses 8.8, 8.9 and 8.10.”</p>
<p>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.</p>	<p>Move forward to become 8.4</p>
<p>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.</p>	<p>Move forward to become 8.2</p>
<p>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</p>	<p>Renumber to 8.12. Replace “clause 8.9” with “Clause 8.5 in both instances</p>

Existing Provisions	Possible Changes
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:	Renumber to 8.13
(a) 1/"x" of the annual cost attributed to the Board of Directors where "x" is the number of members of the Commission	
(a) "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.	Replace "sub-clauses 8.2 (b)(iv)(v)(vi)" with "sub-clauses 8.4 (i)(ii)(iv)"
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.	Clause is deleted
<b>9. CUSTOMERS AND RESTRICTIONS IN USE OF WATER</b>	
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.	
<b>10. CHANGE IN MEMBERSHIP</b>	<b>10. ADDITION OF NEW MEMBERS (Renamed)</b>
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.	Revise to read: <i>10.1 The Board may agree to the addition of a municipal authority, or an Indian Reserve as a</i>

Existing Provisions	Possible Changes
	<i>Member of the Commission if sufficient capacity for the supply of water can be made available or if the long term interests of the existing Members are not adversely affected.</i>
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	Revise to read: (a) A one-time membership fee of \$10,000; 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.	Revise to read:  b) An amount equal to $(X + Y)$ times $Z$ where: (i) $X$ is the total of the payments of principal and interest made by the Members from the inception of the System to the date of entry of the new member, (ii) $Y$ is the total restricted surplus for capital purposes at the date of entry of the new member, and (ii) $Z$ is the ratio of forecasted volume of water required by the new member based on the projected population times the typical rates of water consumption per capita 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.
	New clause 10.3 10.3 A New Member may be required to contribute to the Commission all or a portion of the cost incurred by the Commission in extending or enhancing the System that is required to

Existing Provisions	Possible Changes
	<i>provide water services to a New Member.</i>
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.	Revised to read: <i>10.4 Any contribution received by the Commission under Clause 10.2 shall become part of the Commission's restricted surplus for capital purposes.</i>
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.	Moved to New Section 11
	<b>11. WITHDRAWAL OF A MEMBER FROM THE COMMISSION (New)</b>
	<i>11.1 A Member may withdraw from the Commission upon two years written notice</i>
	<i>11.2 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.</i>  <i>However, the Commission or any Member shall not be obligated to:</i>  <i>(i) purchase the withdrawing Member's</i>

Existing Provisions	Possible Changes
	<p><i>proportionate share of the system, or</i></p> <p><i>(ii) compensate the Member for any respective share of surpluses accumulated by the Commission.</i></p> <p><i>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.</i></p>
	<p><i>11.3 The withdrawing Member shall remain responsible for any respective proportion of net current financial obligations of the Commission for which the Member is responsible and shall pay to the Commission such share and any accrued interest</i></p>
	<p><i>11.4 The withdrawing Member shall remain responsible for any respective proportion of long term debt that has been incurred by the Commission in the construction of the System and for any future long term debt that will be required to complete the System as planned at the date of notice of withdrawal and shall either:</i></p> <p><i>(i) pay the outstanding principle and any accrued interest of current long term debt and the respective share of future long term debt to the Commission or</i></p> <p><i>(ii) agree to continue to pay the respective share of the annual payments for the current and future debt such share being</i></p>

Existing Provisions	Possible Changes
	<i>determined using the allocated volumes in Clause 7.1.</i>
	<b>12. DISPOSAL OF ASSETS (New)</b>
	<b>12.1</b> <i>The Board may dispose of any land, buildings, equipment or other tangible assets of the Commission that are not required presently or in the future to supply water services of the Commission or the disposal of which would not otherwise have any significant adverse effect on the services provided by the Commission.</i>
	<b>12.2</b> <i>Any asset proposed for sale with a value exceeding \$25,000 shall be offered for public tender, public proposal or some other public process. Unless there are exceptional circumstances as determined by the Board, the most favorable tender, proposal or offer shall be chosen.</i>
	<b>12.3</b> <i>Notice of the intent to dispose of any asset or group of assets exceeding \$75,000 shall be given to Members no less than 30 days prior to disposition.</i>
	<b>12.4</b> <i>Proceeds from the sale of any asset shall be directed firstly to the repayment of any grant from the Government of Alberta where the applicable grant agreement requires such repayment, with remaining funds becoming part of the Commission's restricted surplus for capital purposes.</i>
	<b>13. DISESTABLISHMENT OF THE COMMISSION</b>
	<b>13.1</b> <i>The Board may disestablish the</i>



Existing Provisions	Possible Changes
	<i>Commission upon approval of a three quarters majority of the Directors of the Board</i>
	13.2 <i>Written notice of an intent by the Board to consider disestablishment of the Commission shall be provided to each Director and each Member not less than ninety (90) days in advance of the meeting at which the resolution is to be considered.</i>
	13.3 <i>In the event that the Board approves the disestablishment of the Commission, the Board must, at the time of approval, specify further particulars of the procedure for the disestablishment including:</i>
	(a) <i>a timeline for disestablishment of the Commission, and;</i>
	(b) <i>the distribution of the assets and liabilities upon disestablishment of the Commission, which shall include:</i> (i) <i>a process for the collection and disposition of any property and assets owned by the Commission,</i> (ii) <i>identification of any contingent liabilities and arrangements to address such liabilities,</i> (iii) <i>the discharge, assignment or transfer of the Commission's obligations, and</i> <i>provide for any residual or remaining assets of the Commission to be</i>

Existing Provisions	Possible Changes
	<i>distributed to the Members in accordance with each Member's proportionate historical payments for services provided by the Commission.</i>
	<b>13.4</b> <i>The Commission shall, as of the date of the Board's decision to approve disestablishment of the Commission, cease to provide services or begin the process of ceasing to provide services except to the extent that the Commission is legally required to do so or as required for the beneficial winding-up of the business or affairs of the Commission.</i>
	<b>14. SEVERANCE (New)</b>
	<b>14.1</b> <i>Should any article, section or part of this Bylaw be found to be improperly enacted or ultra vires, for any reason, then such article, section or part shall be regarded as being severable from the Bylaw and the Bylaw remaining after such severance shall be effective and enforceable.</i>
<b>11. AMENDMENTS</b>	<b>Renumber as Section 15</b>
11.1 An amendment to this Bylaw may be passed by the Board upon a three quarters majority of the Directors of the Board.	Renumber as 15.1
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.	Renumber as 15.2

Read a first time this 24<sup>th</sup> day of June, 2004

Read a second time this 24<sup>th</sup> day of June, 2004

Read a third time this 24<sup>th</sup> day of June, 2004

Original Signed

CHAIR

Original Signed

MANAGER

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

Original Signed

The Honorable Minister of Municipal Affairs

## NORTH RED DEER RIVER WATER SERVICES COMMISSION

### BYLAW NO. 1.1

#### BEING A BY-LAW TO AMEND BYLAW 1 WHICH PROVIDES FOR THE GOVERNANCE, MANAGEMENT AND ADMINISTRATION OF THE COMMISSION

**WHEREAS** the Government of Alberta on September 1, 2020 enacted amendments to Part 15.1 of the *Municipal Government Act* R.S.A 2000, c.M-26 which change a number of aspects of the governance, management and administration of the regional services commissions, and

**WHEREAS** under the provisions s. 602.09 the Board of the Commission must pass Bylaws respecting the:

- a) provision of the commission's services;
- b) administration of the commission;
- c) process for changing the directors of the board and the chair of the commission and for setting the terms of office of the board and the chair;
- d) process for adding or removing members;
- e) fees to be charged by the commission for services provided to its customers or to any class of its customers;
- f) disposal of assets by the commission;
- g) process for disestablishment of the commission, including the treatment of assets and liabilities on disestablishment; and

**WHEREAS** the Commission wishes to amend Bylaw 1 to address those provisions that must be passed by bylaw and which have not already been addressed in this Bylaw, and

**WHEREAS** the Commission wishes to amend Bylaw 1 to remove restriction on the amount of restricted surplus funds that may be accumulated by the Commission, to clarify the expenses to be considered in the calculation of annual rates to Members and Customers of the Commission, to revise the voting requirements in certain provisions of the Bylaw and to update and clarify the wording of some provisions of the Bylaw.

**NOW THEREFORE** the Board enacts the following:

1. Clause 1.11 is amended to read:

*1.11. Member(s) means any or all of:*

- a) *Town of Blackfalds;*
- b) *City of Lacombe;*
- c) *Town of Ponoka;*

- d) *Lacombe County;*
- e) *Ponoka County.*

2. Clause 1.12 is repealed.
3. New clause 1.12 is added:
  - 1.12. *“Organizational Meeting” means the first meeting of the Board held after November 1 in each year.*
4. Clause 1.17 is amended by removing the words *“or the Regulation.”*
5. Clause 4.2 is amended by replacing the word *“Town”* with *“City”* in sub-clause (b).
6. Clause 4.4 is amended by replacing the phrase *“at the first Regular Meeting of the Board in November of each year”* with the phrase *“at the Organizational Meeting.”*
7. Clause 4.7 is amended by replacing *“facsimile transmission”* with *“electronic mail”*.
8. Clause 4.8 is replaced with the following:
  - 4.8 *A Board meeting or committee meeting may be conducted by means of electronic or other communication facilities. Notice shall be given to the public of the meeting, including the way in which it is to be conducted.*  
  
*The communication facilities shall enable the public to watch or listen to the meeting and shall enable all the meeting’s participants to watch or hear each other.*  
  
*Directors participating in a meeting held by means of a communication facility are deemed to be present at the meeting.*
9. Clause 4.9 is replaced with the following:
  - 4.9 *Except as provided in Clauses 13.1 and 15.1, 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. If there is an equal number of votes for and against a Board resolution, the resolution is defeated.*

10. Existing Clauses 4.10, 4.11 and 4.12 are renumbered as Clauses 4.11, 4.12 and 4.13 respectively.
11. Renumbered Clause 4.12 is amended by replacing the word “*Budget*” in sub-clause (a) with the words “*Operating and Capital Budgets*”.
12. Renumbered Clause 4.13 is amended by replacing the word “*Budget*” with the words “*Operating Budget*”.
13. Clause 7.1 is amended by replacing “*Town of Lacombe*” with “*City of Lacombe*”.
14. Section 8 is deleted and replaced with the following:
  - 8.1 *The financial year of the Commission shall be the calendar year.*
  - 8.2 *The estimated annual revenue requirements 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 Utilities Commission, 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 clause 8.4.*
  - 8.3 *The Commission may establish and maintain restricted surpluses for operating and capital purposes, also referred to as operating and capital reserves respectively, in accordance with the policies, procedures and directions of the Board from time to time.*
  - 8.4 *Without limiting the requirements for the Operating and Capital Budgets pursuant to the Act, the Board in the fall of each year shall prepare a Financial Plan for the forthcoming three (3) financial years and an Operating and Capital Budget for the next financial year which will set out the:*
    - (a) *expected consumption requirements of the Members;*
    - (b) *estimated cash expenditures for the:*
      - (i) *operations of the Board and Manager;*
      - (ii) *operations of the System;*
      - (iii) *purchase of water;*
      - (iv) *repayment of debt obligations;*
    - (b1) *estimated non-cash expense for the net amortization of tangible capital assets of the System;*
    - (b2) *estimated return on the utility rate base of the System;*
    - (b3) *estimated additional annual contributions required over and above revenue generated from cost of service rate to provide necessary*

*funds for the demonstrated long term capital renewal of the System (capital surcharge);*

- (c) estimated revenue requirements to meet the expenditures, non-cash expense and return on the utility rate base 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 expenditures and expenses, 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 capital costs and sources of funding for each year of the Financial Plan;*
  - (g) rates of remuneration and expenses to be provided to the Directors.*
- 8.5 The Commission shall set out in the annual Operating Budget, the rates proposed to be charged by the Commission for providing Water Services to the Members.*
- The rate to Members shall be a common rate, calculated by dividing the revenue required to be raised from rates by the total volume of water requested by the Members under Clause 7.2. The rate set may not exceed the rate that would be calculated on a cost of service basis.*
- The water rate to be charged shall be approved by bylaw.*
- 8.6 Notwithstanding Clause 8.5, where the rate in a prior year was higher than the rate that would have been calculated on a cost of service basis, the Commission may, in the interests of rate and revenue stability, set rates in the forthcoming years which serve to transition to a cost of service rate.*
- 8.7 Each Director shall be entitled to vote on the Financial Plan and Operating and Capital Budgets.*
- 8.8 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 Budgets and Financial Plan for the relevant financial year.*
- 8.9 Any Member may submit comments and questions to the Board in writing in relation to the Budgets and the Financial Plan within thirty (30) days immediately following the date of distribution of the Budgets and the Financial Plan.*
- 8.10 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 Budgets and the Financial Plan for the relevant financial year.*

*8.11 Subject to the Act, the Manager may, during any financial year, present to the Members amendments to the Operating or Capital Budgets or the Financial Plan for the then current financial year. Any amendments to the Budgets or Financial Plan shall be made in accordance with the procedure for approval set forth in clauses paragraphs 8.8, 8.9 and 8.10 herein.*

*8.12 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 8.5. 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 8.5.*

*8.13 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, and*
- (b) "y" times the cost components set out in sub-clauses 8.4 (b)(i)(ii)(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.*

15. Section 10 is deleted and replaced with the following:

#### **10. ADDITION OF NEW MEMBERS**

*10.1 The Board may agree to the addition of a municipal authority or an Indian Reserve as a Member of the Commission if sufficient capacity for the supply of water can be made available or if the long term interests of the existing Members are not adversely affected.*

*10.2 A new Member shall be required to pay:*

- (a) A one-time membership fee of \$10,000; and*
- b) An amount equal to  $(X + Y)$  times  $Z$  where:*
  - (i)  $X$  is the total of the payments of principal and interest made by the Members from the inception of the System to the date of entry of the new member,*
  - (ii)  $Y$  is the total restricted surplus for capital purposes at the date of entry of the new member, and*



(ii) *Z is the ratio of forecasted volume of water required by the new member based on the projected population times the typical rates of water consumption per capita 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 *A New Member may be required to contribute to the Commission all or a portion of the cost incurred by the Commission in extending or enhancing the System that is required to provide water services to a New Member.*

10.4 *Any contribution received by the Commission under Clause 10.2 shall become part of the Commission's restricted surplus for capital purposes.*

16. Section 11 is renumbered as Section 15.

17. New Section 11 is added as follows:

**11. WITHDRAWAL OF A MEMBER FROM THE COMMISSION**

11.1 *A Member may withdraw from the Commission upon two years written notice.*

11.2 *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:*

- (i) purchase the withdrawing Member's proportionate share of the system, or*
- (ii) compensate the Member for any respective share of surpluses accumulated by the Commission.*

*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.*

11.3 *The withdrawing Member shall remain responsible for any respective proportion of net current financial obligations of the Commission for which the Member is responsible and shall pay to the Commission such share and any accrued interest.*

11.4 *The withdrawing Member shall remain responsible for any respective proportion of long term debt that has been incurred by the Commission in the construction of the System and for any future long term debt that will be required to complete the System as planned at the date of notice of withdrawal and shall either:*

- (i) *pay the outstanding principle and any accrued interest of current long term debt and the respective share of future long term debt to the Commission, or*
- (ii) *agree to continue to pay the respective share of the annual payments for the current and future debt such share being determined using the allocated volumes in Clause 7.1.*

18. New Section 12 is added as follows:

## **12. DISPOSAL OF ASSETS**

- 12.1 *The Board may dispose of any land, buildings, equipment or other tangible assets of the Commission that are not required presently or in the future to supply water services of the Commission or the disposal of which would not otherwise have any significant adverse effect on the services provided by the Commission.*
- 12.2 *Any asset proposed for sale with a value exceeding \$25,000 shall be offered for public tender, public proposal or some other public process. Unless there are exceptional circumstances as determined by the Board, the most favorable tender, proposal or offer shall be chosen.*
- 12.3 *Notice of the intent to dispose of any asset or group of assets exceeding \$75,000 shall be given to Members no less than 30 days prior to disposition.*
- 12.4 *Proceeds from the sale of any asset shall be directed firstly to the repayment of any grant from the Government of Alberta where the applicable grant agreement requires such repayment, with remaining funds becoming part of the Commission's restricted surplus for capital purposes.*

19. New Section 13 is added as follows:

## **13. DISESTABLISHMENT OF THE COMMISSION**

- 13.1 *The Board may disestablish the Commission upon approval of a three quarters majority of the Directors of the Board.*
- 13.2 *Written notice of an intent by the Board to consider disestablishment of the Commission shall be provided to each Director and each Member not less than ninety (90) days in advance of the meeting at which the resolution is to be considered.*
- 13.3 *In the event that the Board approves the disestablishment of the Commission, the Board must, at the time of approval, specify further particulars of the procedure for the disestablishment including:*
  - (a) *a timeline for disestablishment of the Commission, and;*
  - (b) *the distribution of the assets and liabilities upon disestablishment of the Commission, which shall include:*

- (i) *a process for the collection and disposition of any property and assets owned by the Commission,*
- (ii) *identification of any contingent liabilities and arrangements to address such liabilities,*
- (iii) *the discharge, assignment or transfer of the Commission's obligations, and*

*provide for any residual or remaining assets of the Commission to be distributed to the Members in accordance with each Member's proportionate historical payments for services provided by the Commission.*

*13.4 The Commission shall, as of the date of the Board's decision to approve disestablishment of the Commission, cease to provide services or begin the process of ceasing to provide services except to the extent that the Commission is legally required to do so or as required for the beneficial winding-up of the business or affairs of the Commission.*

20. New Section 14 is added as follows:

**14. SEVERANCE**

*14.1 Should any article, section or part of this Bylaw be found to be improperly enacted or ultra vires, for any reason, then such article, section or part shall be regarded as being severable from the Bylaw and the Bylaw remaining after such severance shall be effective and enforceable.*

21. This bylaw takes effect upon final passing.

Read a first time this \_\_\_ day of \_\_\_\_\_, 20\_\_

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
CHAIRPERSON

\_\_\_\_\_  
MANAGER



## UTILITY SERVICES

May 19, 2021

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: 2020 True-up per the Water Supply Agreement**

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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 2020 budgeted revenue requirement for the water utility was \$27.94 million, and the actual revenue requirement was \$26.75 million; a net reduction of \$1.19 million. The primary reasons for the reduction are related to: operating expense variances of \$0.04 million; depreciation and cost of capital reduction of \$0.27 million as some anticipated capital expenses were deferred from 2020 to 2021; and lower revenues of \$0.88 million.

For NRDRWSC, the actual cost allocated in 2020 was \$4,343,731 and the actual consumption was 2,931,053 m<sup>3</sup>; or \$1.48/m<sup>3</sup>. This compares to actual revenue collected of \$4,495,849; resulting in a variance of \$152,118. 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,



Digitally signed by Alexander G Monkman  
DN: cn=Alexander G Monkman, o=City of Red  
Deer, ou=Utility Services,  
email=Alex.Monkman@reddeer.ca, c=CA  
Date: 2021.05.19 09:08:04 -06'00'

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

c. Utility Services Manager  
CSV Accounting & Financial Supports Supervisor