

# North Red Deer River Water Services Commission



## Regular Meeting Agenda

Date:	March 29, 2021	Time:	9:00am-10:00am
Location:	COUNCIL CHAMBERS, LACOMBE COUNTY, AB		
Invitees:	<p><b>Members:</b> 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><b>Others:</b> Jordan Thompson, Acting NRDRWSC Administrator Matthew Goudy, CAO, City of Lacombe Sandra Lund, Acting CAO, Town of Ponoka Charlie Cutforth, CAO, Ponoka County Myron Thompson, CAO, Town of Blackfalds Preston Weran, Director, Town of Blackfalds Tim Timmons, County Manager Lacombe County Michael Minchin, Director, Lacombe County Mauricio Reyes, Senior Manager, City of Lacombe Amber Mitchell, Manager, City of Lacombe Chris Huston, Manager, City of Lacombe</p> <p><b>Guests:</b> Alan Lister, BDO Canada LLP Ryan Wachter, BDO Canada LLP Joel Sawatzky, Stantec Consulting Ltd. Todd Simenson, Stantec Consulting Ltd. Dorian Wandzura, Stantec Consulting Ltd.</p>		
Recorded by:	Denise Bellabono - Administrative Assistant NRDRWSC		
1. Call to Order by Chair			
2. Adoption of Agenda			
3. Adoption of Minutes			
3.1 Regular Meeting Minutes – November 9, 2020			
3.2 Special Meeting Minutes – February 1, 2021			
3.3 Special Meeting Minutes – March 1, 2021			
4. Presentations			
4.1 2020 Audit Statement – BDO Canada LLP			

<p>5. Reports</p> <p>5.1 Administrator</p> <p>5.2 Chair</p>
<p>6. Old Business:</p> <p>6.1 Red Deer River Municipal Users Group Membership – ACAO Thompson</p>
<p>7. New Business / Emergent Items:</p> <p>7.1 2020 Financial Audit – Sr. Manager Reyes</p> <p>7.2 2020 Surplus Allocation - Sr. Manager Reyes</p> <p>7.3 Cellular Modem Upgrade Phase 2 - ACAO Thompson</p> <p>7.4 Interim Alternative Appointed Official to CAO- ACAO Thompson</p> <p>7.5 Commission Meeting Addition/Changes – Assistant Bellabono</p>
<p>8. Correspondence</p> <p>8.1 Email from Government of Alberta</p>
<p>9. Next Meeting Date:</p> <p>June 21, 2021 in the Lacombe County Council Chamber at 9:00am</p>
<p>10. Adjournment</p>

**NORTH RED DEER RIVER WATER SERVICES COMMISSION**  
**MEETING MINUTES**  
**November 9, 2020**

**In Attendance:** Councillor Ken Wigmore, Lacombe County Councillor  
Councillor Mark Matejka, Ponoka County  
Mayor Richard Poole, Town of Blackfalds  
Mayor Grant Creasey, City of Lacombe  
Mayor Rick Bonnett, Town of Ponoka  
Councillor Clayton Nelson, Town of Ponoka  
Denise Bellabono, Administrative Assistant

**Others Present:** Jordan Thompson, Acting NRDRWSC Administrator  
Sandra Lund, Acting CAO, Town of Ponoka  
Tim Timmons, County Manager, Lacombe County  
Matthew Goudy, CAO, City of Lacombe  
Preston Weran, Director of Infrastructure, Town of Blackfalds  
Michael Minchin, Director of Corporate Services, Lacombe County  
Mauricio Reyes, Sr. Manager of Financial Services, City of Lacombe

**Guests:** Todd Simenson, VP, Stantec  
Joel Sawatzky, Managing Leader, Water, Stantec  
Dorian Wandzura, Stantec  
John Ireland, Red Deer River Municipal Users Group

**Regrets:** Myron Thompson, CAO, Town of Blackfalds  
Chris Huston, Utilities Manager, City of Lacombe  
Amber Mitchell, Engineering Services Manager, City of Lacombe

**1. Call to Order:**

*Acting CAO Thompson called the meeting to order at 8:57 am.*

**2. Adoption of the Agenda:**

*MOVED by Mayor Creasey that the agenda for November 9, 2020, be adopted as amended.*

*CARRIED UNANIMOUSLY*

**3. Governance**

**3.1. Annual Elections**

**3.1.a Election of Chair**

Mayor Poole nominated Councillor Ken Wigmore

Councillor Matejka nominated Mayor Grant Creasey

*MOVED by [NAME HERE] that the nomination of Chair cease*

*CARRIED UNANIMOUSLY*

Ballots were distributed for a private vote with an outcome of Mayor Grant Creasey being the successful nominee.

*MOVED by Councillor Wigmore that Grant Creasey be elected Chair of the North Red Deer River Water Services Commission for the term expiring November 8, 2020 on accordance with Bylaw 1.*

*CARRIED*

### 3.1.b Election of Vice Chair

Councillor Wigmore nominated Mayor Richard Poole

Mayor Creasey nominated Councillor Ken Wigmore

*MOVED by Councillor Wigmore that the nomination of Vice Chair cease*

*CARRIED UNANIMOUSLY*

Mayor Richard Poole withdrew his name from the nomination

Councillor Ken Wigmore is declared Vice-Chair by acclamation.

### 3.2. 2021 Scheduling of Meetings

Administrative Assistant Bellabono presented to the Commission the proposed 2021 Schedule of Meetings, which include quarterly meetings and an additional meeting in December to allow any new elected officials appointed to the Commission some transition time into the role.

*MOVED by Councillor Matejka that the 2021 Schedule of Meetings be adopted as presented.*

*CARRIED UNANIMOUSLY*

Following the Governance items, the newly elected Chair, Grant Creasey, chaired the remainder of the meeting

#### 4. Adoption of the Minutes:

*MOVED by Councillor Matejka that the minutes for September 21, 2020, be adopted as presented.*

*CARRIED UNANIMOUSLY*

#### 5. Presentation

##### 5.1 Red Deer River Municipal Users Group (RDRMUG)

John Ireland, Co-Chair of RDRMUG, presented to the Commission information on the organization that deals with the watershed of the Red Deer River. RDRMUG is an advocacy group that brings aware and watershed issues, supports conservation and promotes water health planning, members come together to advocate comment issues for mutual benefits. There are currently 34 members, with 300,000 people that depend on the Red Deer River Watershed. The annual flow, maximum allocation, allowable use, allocation status, licensed status and number of dams for the Bow River, Oldman River and Red Deer River were provided. The disadvantages to the Red Deer Watershed is the geography of it has the largest sub-basin and smallest mountainous headwaters areas/least amount of water, the history for water irrigation, and the allocation of it. Crown reservation and secure annual water supply are highly dependent on provincial action. Through municipalities' actions, it is seeming that water is a crucial asset, the availability is vital to sustainability, all land uses impact water quality and/or quantity and that municipalities' need to be leaders in sources water protection and watershed conservation. The existing allocations of the Red Deer River basin licensed surface water allocations including preliminary certificates total is 296,504.7 cubic An invitation was extended to non-RDRMUG members of the Commission to join RDRMUG.

*MOVED by Mayor Poole that the Commission direct administration to investigate options for the Commission to join Red Deer River Municipal Users Group.*

*CARRIED UNANIMOUSLY*

##### 5.2 Stantec Asset Management Update

Dorian Wandzura, Professional Engineer, presented to the Commission an update of the asset management plan, highlighting the following:

- 100 year expenditure Forecast (trajectory)estimate
- Consider how to handle the inner generational life cycle and what the future generations should contribute today
- No concerns with the laterals in the short or long term, monitor for performance and consider reinvestment in 2035.
- No large capital investments required until 2035 and 2058.

- Risk were ranked on a severity scale and have been categorized High, Medium, and Low:
  - only one High risk at this time; Failure to meet demand as a result of insufficient valves to isolate area affected by break (break has happened)
  - Steps are in place to address the High risk identified.
- Levels of Service (LOS) were put into four dimensions, with three types of LOS indicators, and 25 distinct LOS statements:
  - Flushing is currently the lowest LOS with medium risk level.
  - Steps are in place for the Commission Staff to evaluate the current LOS and assessing against outstanding medium risks.
- An annual LOS review will be created that will link Risk, LOS and budget for the Commissions.
- Governance tools will allow to explore policy options, provide information that support sound recommendations for the Commission to make effective decisions.

## 6. Reports

### 6.1. Administration Report

Acting CAO Thompson presented the November 9, 2020 Administration Report that includes the administrative, financial, and operational updates. Alberta Transportation provided the funding agreement for the First nations Water Tie In Program and Stimulus Funding, a total of \$38,900,000, with a completion date of Dec 31, 2022. A small surplus by the end of the year is projected, as 2019 had a spike in volume, there were no drastic changes in volume in 2020. The tie-in to the new meter vault was completed. Consideration to develop a contingency plan for shutdown longer than 36 hours was conveyed to the Commission as the current allowable shutdown time of the line is not accurate with the current water demands.

### 6.2. Chairperson's Report

Nothing to report at this time.

*MOVED by Councillor Wigmore to accept the Reports as information.*

*CARRIED UNANIMOUSLY*

## 7. Old Business

## 8. New Business/ Emergent Items

### 8.1. 2021 Operating Budget

Senior Manager Reyes presented the 2021 Operating Budget for consideration and approval. Highlighted was the 2020 actual volumes are trending lower than 2019, except in the Town of Blackfalds, with water revenue estimated to be at \$6.2 million by the year end. Water rates will remain at \$2.12 for 2021 and member contributions will decrease by \$1,152 and requested from the City of Red Deer for multi year projected rates. Treatment charge are projected to increase by \$0.03 per cubic meter and a water purchase increase of \$215,550 due to higher volumes and water purchase fees.

*MOVED by Mayor Poole that the Commission direct administration to provide options as to the ability to move forward with a multi year budget.*

*CARRIED UNANIMOUSLY*

*MOVED by Vice Chair Wigmore that the Commission adopt the 2021 Operating Budget as presented.*

*CARRIED UNANIMOUSLY*

## **8.2. 2021 Utility Rate Bylaw**

Senior Manager Reyes presented for all three readings of Bylaw 3.6, an amendment to Bylaw 3, for the 2021 Water Rate adjustment to members be set to \$2.12 per cubic meter.

*MOVED by Councillor Matejka to give first reading to Bylaw #3.6 as presented.*

*CARRIED UNANIMOUSLY*

*MOVED by Councillor Wigmore to give second reading to Bylaw #3.6 as presented.*

*CARRIED UNANIMOUSLY*

*MOVED by Mayor Poole to give third reading to Bylaw #3.6 as presented.*

*CARRIED UNANIMOUSLY*

## **9. In Camera**

*MOVED by Mayor Poole that the Commission move to In Camera at 10:50 am*

*CARRIED UNANIMOUSLY*

*MOVED by Councillor Wigmore that the Commission return to Open Meeting at 11:46 am*

*CARRIED UNANIMOUSLY*

**9.1. Update on Water Line Extension**

*MOVED by Councillor Wigmore that the Commission direct administration to distribute the first letter provided In Camera.*

*CARRIED UNANIMOUSLY*

*MOVED by Mayor Poole that the Commission direct administration to engage Robert Jenkins for the development of a financial model for the water line extension.*

*CARRIED UNANIMOUSLY*

**10.Next Meeting:**

Monday, March 29, 2021 at 9:00 am, City of Lacombe Council Chambers.

*MOVED by Mayor Poole that the Commission cancel the December 7, 2020 Commission meeting.*

*CARRIED UNANIMOUSLY*

**11.Adjournment:**

*MOVED by Councillor Matejka to adjourn the meeting at 11:50 am.*

*CARRIED UNANIMOUSLY*

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Chairperson

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Administrator



**NORTH RED DEER RIVER WATER SERVICES COMMISSION**  
**SPECIAL MEETING MINUTES**  
**February 1, 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  
Denise Bellabono, Administrative Assistant

**Others Present:** Jordan Thompson, NRDRWSC Administrator  
Sandra Lund, CAO, Town of Ponoka  
Charlie Cutforth, CAO, Ponoka County  
Tim Timmons, County Manager, Lacombe County  
Preston Weran, Director of Infrastructure, Town of Blackfalds  
Mauricio Reyes, Sr. Manager of Financial Services, City of Lacombe  
Justin de Bresser, Director of Corporate Services, Town of Blackfalds

**Guest:** 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

**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 February 1, 2021, be adopted as amended.*

*CARRIED UNANIMOUSLY*

**3. Presentation**

*MOVED by Councillor Wigmore to move In Camera at 9:04 am.*

*CARRIED UNANIMOUSLY*

**3.1. In Camera Presentation**

*MOVED by Councillor Wigmore to accept the presentation as information.*

*CARRIED UNANIMOUSLY*

**4. Commission Meeting Location**

**4.1 Commission Meeting Location**

The meeting location for March 29, 2021 and June 21, 2021 will be held at the Lacombe County office in Council Chambers to maintain COVID protocol and social distancing.

**5. In Camera**

*MOVED by Councillor Wigmore that the Commission return to Open Meeting at 11:31 am.*

*CARRIED UNANIMOUSLY*

**6. Next Meeting:**

Schedule a Special meeting for Monday, March 1, 2021 at 9:00 am, City of Lacombe Council Chambers.

**7. Adjournment:**

*MOVED by Councillor Matejka to adjourn the meeting at 11:36 am.*

*CARRIED UNANIMOUSLY*

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Chairperson

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Administrator

**NORTH RED DEER RIVER WATER SERVICES COMMISSION**  
**SPECIAL MEETING MINUTES**  
**March 1, 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  
Denise Bellabono, Administrative Assistant

**Others Present:** Jordan Thompson, NRDRWSC Administrator  
Matthew Goudy, CAO, City of Lacombe (Remote)  
Sandra Lund, CAO, Town of Ponoka  
Charlie Cutforth, CAO, Ponoka County (Remote)  
Tim Timmons, County Manager, Lacombe County  
Preston Weran, Director of Infrastructure, Town of Blackfalds (Remote)  
Mauricio Reyes, Sr. Mgr. of Financial Services, City of Lacombe (Remote)

**Guest:** Robert Jenkins, R. Jenkins Consulting Ltd.

**Regrets:** Myron Thompson, CAO, Town of Blackfalds  
Michael Minchin, Director of Corporate Services, Lacombe County

**1. Call to Order:**

*Chair Creasey called the meeting to order at 9:04 am.*

**2. Adoption of the Agenda:**

*MOVED by Vice-Chair Wigmore that the agenda for March 1, 2021, be adopted as amended.*

*CARRIED UNANIMOUSLY*

**3. Presentation**

3.1. In Camera Presentation

**4. In Camera**

*MOVED by Councillor Matejka to move In Camera at 9:06 am.*

*CARRIED UNANIMOUSLY*

*MOVED by Mayor Poole that the Commission return to Open Meeting at 11:23 am.*

*CARRIED UNANIMOUSLY*

*Meeting recessed at 11:23am*

*Meeting resumed at 11:35am*

*MOVED by Councillor Matejka that the Board directs Administration to prepare future NRDRWSC budgets based on a cost of service basis as per Bylaw 1 section 8.10.*

IN FAVOR

Chair Grant Creasy  
Vice Chair Ken Wigmore  
Councillor Clayton Nelson  
Councillor Mark Matejka

OPPOSED

Mayor Richard Poole

*CARRIED*

*MOVED by Vice-Chair Wigmore 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.*

*CARRIED UNANIMOUSLY*

*MOVED by Mayor Poole that the Board directs Administration to engage in the review of the Commissions Bylaws.*

IN FAVOR

Chair Grant Creasy  
Mayor Richard Poole  
Councillor Clayton Nelson  
Councillor Mark Matejka

OPPOSED

Vice Chair Ken Wigmore

*CARRIED*

*MOVED by Vice-Chair Wigmore that the NRDRWSC welcomes productive engagement with Ermineskin Cree Nation, and the Province of Alberta on the expansion of its potable water transmission system, and;*

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

*BE IT RESOLVED THAT the NRDRWSC direct Administration to engage Ermineskin Cree Nation to develop a project plan for the waterline extension.*

*CARRIED UNANIMOUSLY*

**5. Next Meeting:**

Monday, March 29, 2021 at 9:00 am, City of Lacombe Council Chambers.

**6. Adjournment:**

*MOVED by Councillor Matejka to adjourn the meeting at 12:45 am.*

*CARRIED UNANIMOUSLY*

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Chairperson

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Administrator

North Red Deer River Water Services  
Commission  
Financial Statements  
For the year ended December 31, 2020

DRAFT FOR DISCUSSION PURPOSES ONLY

North Red Deer River Water Services Commission  
Financial Statements  
For the year ended December 31, 2020

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

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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of the North Red Deer River Water Services Commission (the Commission), which comprise the statement of financial position as at December 31, 2020, and the statement of operations, statement of changes in net debt, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

### Basis for Opinion

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

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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## Independent Auditor's Report

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

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

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

Chartered Professional Accountants  
Red Deer, Alberta  
March 29, 2021

North Red Deer River Water Services Commission  
Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash	\$ 487,510	\$ 2,879,881
Investments (Note 3)	7,543,779	5,198,236
Trade and Other Receivables	860,480	677,955
	<u>8,891,769</u>	<u>8,756,072</u>
Liabilities		
Accounts payable and accrued liabilities	487,937	573,585
Current Portion of Long-term Debt (Note 4)	805,389	770,264
	<u>1,293,326</u>	<u>1,343,849</u>
Long-term Debt, Net of Current Portion (Note 4)	9,806,426	10,611,814
	<u>11,099,752</u>	<u>11,955,663</u>
Net debt	<u>(2,207,983)</u>	<u>(3,199,591)</u>
Non-financial assets		
Tangible capital assets (Note 6)	27,504,615	27,822,604
Inventory of Supplies (Note 7)	75,484	75,596
	<u>27,580,099</u>	<u>27,898,200</u>
Accumulated surplus (Note 9)	<u>\$25,372,116</u>	<u>\$ 24,698,609</u>
Commitments (Note 11)		

# North Red Deer River Water Services Commission

## Statement of Operations

For the year ended December 31	Budget 2020	2020	2019
Revenue			
Water Sales to Commission Members (Note 10) \$	6,103,756	\$ 6,046,380	\$ 4,977,872
Service Fees to Commission Members (Note 10)	148,124	145,360	144,220
Interest income	75,000	174,065	167,581
Rebates & Dividends (Note 12)	30	-	34
Other Revenue	1,500	1,500	250
Provincial grants	-	-	50,000
Total revenue	6,328,410	6,367,305	5,339,957
Expenses			
Accounting and Audit Fees	8,300	9,060	7,293
Board Remuneration	3,800	6,000	5,250
Board Travel	1,350	524	668
Communication	17,672	5,588	7,725
General Material and Supplies	1,450	7,516	298
Insurance	3,889	4,878	4,749
Interest Long-Term Debt	504,636	502,231	535,929
Legal	500	-	4,751
Management Fees	60,876	60,956	57,984
Office	150	-	-
Operator Costs	130,069	102,376	102,070
Other Expenses	25	1,487	48
Other Professional Fees	23,152	20,009	68,636
Purchase of Water	4,501,414	4,495,849	4,387,473
Repairs and Maintenance	9,500	7,727	5,332
SCADA Maintenance	6,500	22,171	8,628
Utilities	3,500	5,322	4,735
Valves	5,000	1	526
Amortization of Capital Assets	465,610	442,103	422,437
Loss on disposal of Capital Assets	-	-	1,237,498
Total expenses	5,747,393	5,693,798	6,862,030
Excess of revenue over expenses	581,017	673,507	(1,522,073)
Accumulated surplus, beginning of year	24,698,609	24,698,609	26,220,682
Accumulated surplus, end of year	\$ 25,279,626	\$25,372,116	\$ 24,698,609

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

For the year ended December 31	Budget 2020	2020	2019
Excess of revenue over expenses	\$ 581,017	\$ 673,507	\$ (1,522,073)
Acquisition of tangible capital assets	-	(124,114)	(178,131)
Amortization of tangible capital assets	465,610	442,103	422,436
Loss on sale of tangible capital assets	-	-	1,237,498
Proceeds on sale of tangible capital assets	-	-	1,506,032
	1,046,627	991,496	1,465,762
Decrease (increase) in Inventory of Supplies	-	112	(755)
Net change in net debt	1,046,627	991,608	1,465,007
Net debt, beginning of year	(3,199,591)	(3,199,591)	(4,664,598)
Net debt, end of year	\$ (2,152,964)	\$ (2,207,983)	\$ (3,199,591)

North Red Deer River Water Services Commission  
Statement of Cash Flows

For the year ended December 31	2020	2019
Operating transactions		
Excess of revenue over expenses	\$ 673,507	\$ (1,522,073)
Items not involving cash		
Amortization	442,103	422,436
Loss on disposal of tangible capital assets	-	1,237,498
Changes in non-cash operating balances		
Accounts receivable	(182,525)	192,350
Inventories of supplies	112	(755)
Accounts payable and accrued liabilities	(85,648)	160,410
	<u>847,549</u>	<u>489,866</u>
Capital transactions		
Acquisition of tangible capital assets	(124,113)	(178,131)
Proceeds on sale of tangible capital assets	-	1,506,032
Investing transactions		
Acquisition of investments	<u>(2,345,543)</u>	<u>(198,236)</u>
Financing transactions		
Repayment of long-term debt	<u>(770,264)</u>	<u>(736,671)</u>
Net change in cash and bank indebtedness	(2,392,371)	882,860
Cash, beginning of year	<u>2,879,881</u>	<u>1,997,021</u>
Cash, end of year	<u>\$ 487,510</u>	<u>\$ 2,879,881</u>

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## North Red Deer River Water Services Commission

### Summary of Significant Accounting Policies

December 31, 2020

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Management's  
Responsibility for the  
Financial Statements

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

Investments

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

Budget Amounts

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

Inventories

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

Tangible Capital  
Assets

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

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

Revenue Recognition

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

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## North Red Deer River Water Services Commission

### Summary of Significant Accounting Policies

December 31, 2020

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#### Liability for

##### Contaminated Sites

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

##### Use of Estimates

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

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#### 1. Financial Instruments

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

The carrying value of these financial instruments approximates their fair value

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#### 2. Bank Overdraft

The Commission has an unused overdraft protection agreement with a maximum overdraft of \$1 million and interest charged at lender prime less 0.25%. Collateral is comprised of a general security agreement specifically pledging all grant proceeds and debenture products. As at year end December 31, 2020 the prime rate was 2.45%.

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2020

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3. Investments

	2020	2019
Short-term & medium-term Canadian bank paper notes, Principal protected notes yielding effective annual rates of 2.09% to 3.45% to maturity at cost.	\$ 7,543,779	\$ 5,198,236

The market value of the Commission's investments was \$7,697,137 (2019 - \$5,231,259)

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2020

4. Long-term Debt

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

	2020	2019
4.46% debenture, repayable \$66,762, semi-annually, due September 15, 2031	\$ 1,150,920	\$ 1,230,442
4.515% debenture, repayable \$570,688 semi-annually, due June 15, 2031	9,460,895	10,151,636
	<u>10,611,815</u>	<u>11,382,078</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	\$ 805,389	\$ 469,512	\$ 1,274,901
2022	842,116	432,785	1,274,901
2023	880,518	394,383	1,274,901
2024	920,671	354,230	1,274,901
2025	962,655	312,246	1,274,901
Thereafter	6,200,466	878,254	7,078,720
	<u>\$ 10,611,815</u>	<u>\$ 2,841,410</u>	<u>\$ 13,453,225</u>

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

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2020

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5. Debt Limits

Section 3 Alberta Regulation No. 76/2000 requires that debt and debt limits for the Commission to be disclosed. The Commission has received approval to borrow up to \$27 million under ministerial order L:043/05 (\$22,000,000) and L:148/05 (\$5,000,000) to complete the project and as such, has not exceeded its debt limit at December 31, 2020. The debt limit and debt service limit otherwise determined are as follows:

	2020	2019
Total debt limit	\$12,735,377	\$ 10,679,914
Total debt	<u>(10,611,815)</u>	<u>(11,382,078)</u>
Total debt limit (exceeded)	<u>2,123,562</u>	<u>(702,164)</u>
Debt servicing limit	2,228,691	1,868,985
Debt servicing	<u>(1,274,901)</u>	<u>(1,274,901)</u>
Total debt servicing limit	<u>953,790</u>	<u>594,084</u>

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

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2020

6. Tangible Capital Assets

	2020			
	Engineered Structures	Land	Equipment	Total
Cost,				
beginning of year	\$ 31,538,802	\$ 1,821,692	\$ 188,767	\$ 33,549,261
Additions		-	124,114	124,114
Disposals				-
Cost, end of year	\$ 31,538,802	\$ 1,821,692	\$ 312,881	\$ 33,673,375
Accumulated amortization,,				
beginning of year	\$ 5,721,859	\$ -	\$ 4,798	\$ 5,726,657
Amortization	417,638	-	24,465	442,103
Disposals				-
Accumulated amortization, end of year	\$ 6,139,497	\$ -	\$ 29,263	\$ 6,168,760
Net carrying amount, end of year	\$ 25,399,305	\$ 1,821,692	\$ 283,618	\$ 27,504,615

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

North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2020

7. Inventories of Supplies

	2020	2019
Valves	\$ 41,321	\$ 42,601
Materials and supplies	8,660	8,523
Pipe	8,513	8,512
Couplings	5,484	4,266
Miscellaneous	11,506	11,694
	<u>\$ 75,484</u>	<u>\$ 75,596</u>

8. Equity in Tangible Capital Assets

	2020	2019
Tangible capital assets	\$ 33,673,375	\$ 33,549,261
Accumulated amortization	(6,168,760)	(5,726,657)
Total Long-Term Debt	<u>(10,611,815)</u>	<u>(11,382,078)</u>
	<u>\$ 16,892,800</u>	<u>\$ 16,440,526</u>

9. Accumulated Surplus

The Commission segregates its accumulated surplus in the following categories:

	2020	2019
Unrestricted Operating Surplus	3,300,191	3,521,063
Unrestricted Capital Surplus	233,104	233,104
Operating Reserve	763,543	763,543
Capital Reserve	4,182,478	3,740,374
Equity in tangible capital assets	<u>\$16,892,800</u>	<u>\$ 16,440,526</u>
	<u>\$25,372,116</u>	<u>\$ 24,698,609</u>

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

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2020

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10. Related Party Transactions

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

Water sales charged to Commission members are as follows:

	2020	2019
City of Lacombe	\$ 2,725,920	\$ 2,282,836
Town of Ponoka	1,409,615	1,173,221
Town of Blackfalds	1,890,937	1,492,183
Ponoka County	19,908	27,154
City of Red Deer	-	2,478
	<u>\$ 6,046,380</u>	<u>\$ 4,977,872</u>

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

	2020	2019
Lacombe County	72,680	72,110
Ponoka County	72,680	72,110
	<u>\$ 145,360</u>	<u>\$ 144,220</u>

The Commission is provided accounting, management and operations services by the City of Lacombe for a total cost of \$163,228 (2019 - \$159,981).

Included in accounts receivable are \$803,008 (2019- \$621,828) due from various members municipalities.

Included in accounts payable is \$12,443 (2019 - \$16,686) due to various member Municipalities.

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December 31, 2020

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11. Commitments

a) City of Red Deer

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

b) Related Parties

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

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12. Rebates

Based on the terms of the water supply agreement with the City of Red Deer effective September 1, 2005, annual water rates are based on forecasted consumption volume and costs which are subject to annual reconciliation. A "true-up" transactions, where one party compensates the other for variance in consumption and/or costs results in an actual cost per cubic metre variance greater than 10%. The Commission may receive a rebate as a result of the reconciliation of actual annual costs and volumes to annual budgeted costs and volumes completed by the City of Red Deer. The reconciled amount and resulting rebate or payable is not calculated until subsequent to year end and as a result is recognized in the financial statements when known or received. There was no rebate recognized or receivable for the 2019 or 2020 fiscal years.

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13. UNCERTAINTY DUE TO COVID-19

In March of 2020, the impact of COVID-19 in Canada and on the global economy increased significantly. The economic slowdown as a result of COVID-19 has resulted in a great deal of uncertainty as to the health of the global economy. At this time, the full potential impact of COVID-19 to the entity is not known.

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14. Approval of Financial Statements

The Board and Management approved these financial statements.

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## Administrative, Financial & Operational

Date: March 29, 2021

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

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### ADMINISTRATIVE

- Administration has engaged Robert Jenkins to prepare amendments to Bylaw 1 based regulatory changes to the MGA, and the Commission's direction to utilize a simple majority vote on all decisions. Robert Jenkins is also reviewing the Commission's policies for alignment with the Bylaw 1 amendments and the transition to a utility rate model.
- Mr. Jenkins is also reviewing the voting methods used by other regional services commissions and will present his findings at a future meeting.
- Presentation of Stantec's Asset Management Plan is delayed but nearly complete. The final report will be presented at the next meeting.
- This is Sr. Manager Reyes last meeting. We wish him the best with the Town of Drumheller.

### Waterline Extension

- February 18<sup>th</sup> - Participated with Chair Creasey in a "meet and greet" virtual call with ECN representatives: Chief Randy Ermineskin, Carol Wildcat, and Clayton Leonard.
- March 18<sup>th</sup> - Participated in a call with Carol Wildcat (ECN), Clayton Leonard (ECN), Joseph Jobin (IR), Barry Pape (AT). I provided them an update on the decisions made by the Board on March 1<sup>st</sup>.
- Development of the project plan is underway.

### FINANCIAL

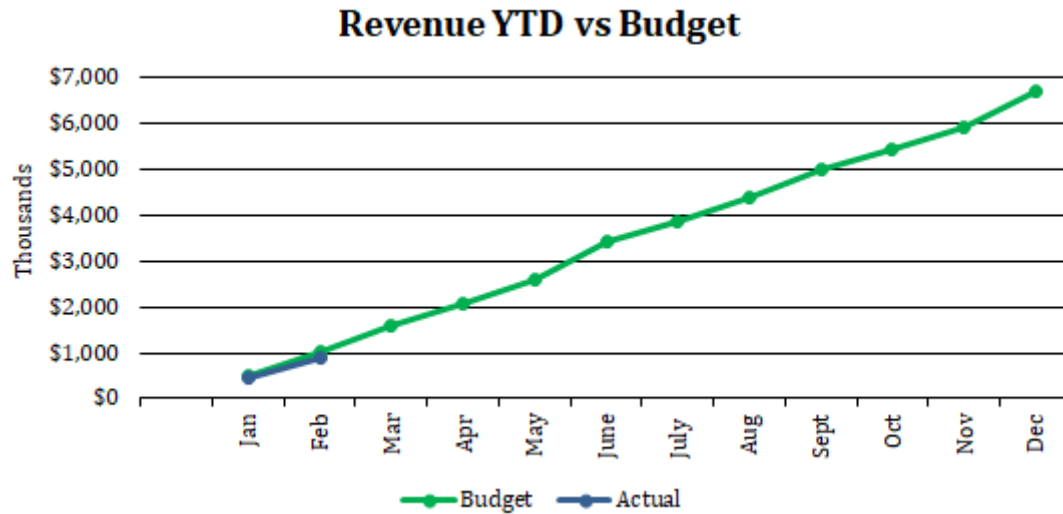
As seen in Table 1, overall, 2021 water volume levels are about 11.2 percent lower than 2020 levels.

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

Member	2021	2020
City of Lacombe	195,255	220,674
Blackfalds	117,314	139,535
Lacombe County	5,123	5,822
Ponoka	98,866	103,138
Ponoka County	1,028	1,247
<b>Total</b>	<b>417,586</b>	<b>470,416</b>

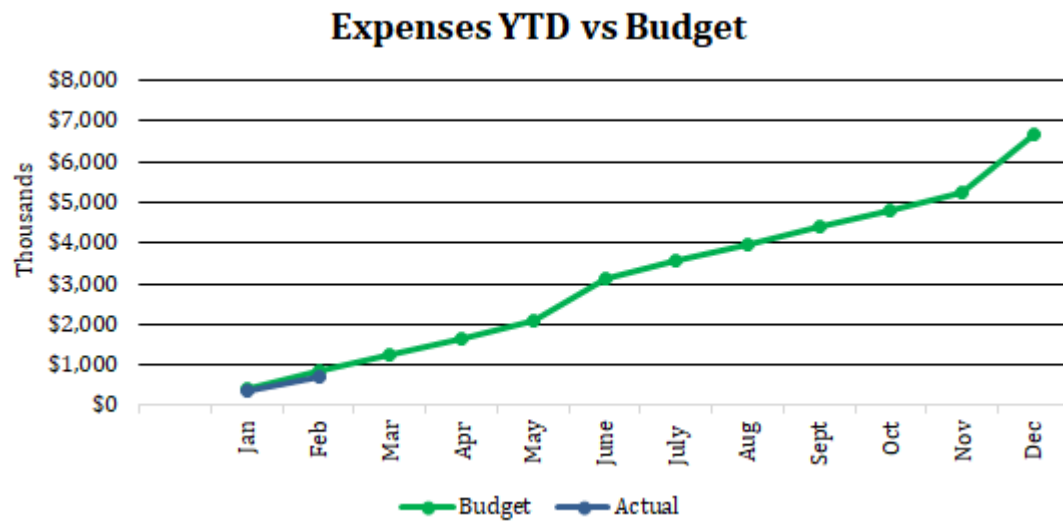
## Revenue

As of February 2021, YTD (year to date) actual revenues are lower than YTD budgeted revenues by approximately \$147,000 or 14 percent. This unfavourable variance is mainly due to decreased water volume sales.



## Expenses

As February 2021, the YTD actual expenses are lower than YTD budgeted expenses by approximately \$117,000 or 14 percent. This favourable variance is mainly due to the lower water volume purchases and timing differences as some expenditures may not have been paid yet.





### Projected Surplus/Deficit

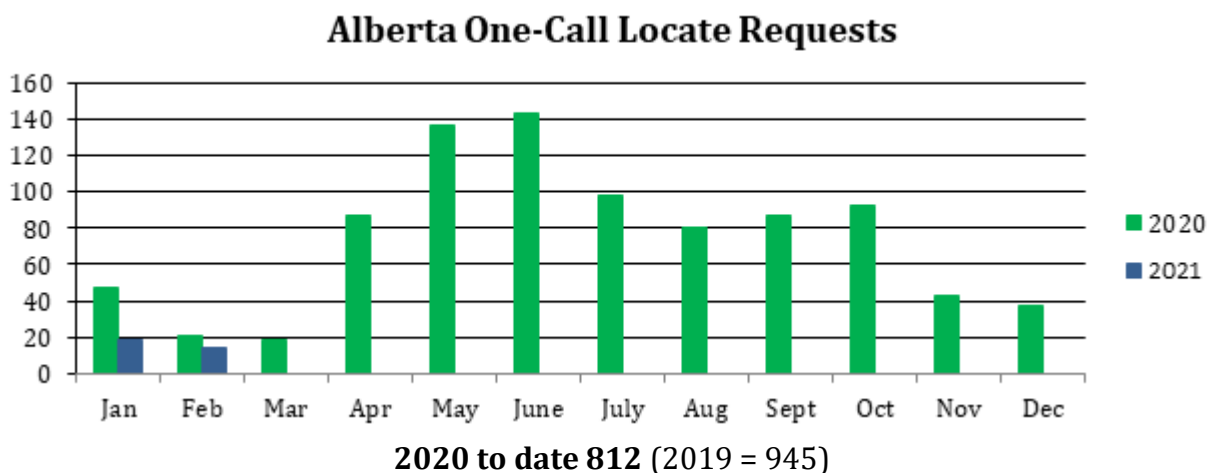
As of February 2021, it is too early to estimate whether the Commission will experience a surplus or deficit in the current year. The annual surplus/deficit in 2021 will depend on variations in water volumes and on how close operating expenditures are to budgeted amounts.

### **OPERATIONAL**

- Red Deer operators attempting to repair a stubborn leak on the southside of the Blindman River at one of their new couplings. They are working with their contractor and the Commission to complete the repair.

Alberta One-Call Locate Requests:

- November 2020– 43 locates
- December 2020– 37 locates
- January 2021 – 19 locates
- February – 14 locates



### **Notable activities since last report:**

- Blackfalds Broadway communications modem was replaced (see Cellular Modem Replacement Memorandum)

### **Upcoming planned activities:**

- There is the possibility of one more water line shutdown (not yet scheduled) for Red Deer's contractor to repair the coupling leak found on the south side of the Blindman River. The duration of the shutdown is undetermined at this time, this will be communicated to all member operators prior to and during the shutdown.

**ATTACHMENTS: N/A**

## Red Deer River Municipal Users Group

Date: March 4, 2021

Prepared by: Matthew Goudy, P.Eng.

Presented by: Jordan Thompson, Administrator

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### PURPOSE:

To present the Board with information related to membership in the Red Deer River Municipal Users Group.

### ACTION/RECOMMENDATION:

THAT the Commission accepts this report as information.

### ISSUE ANALYSIS:

At the November 9, 2020 Meeting of the NRDRWSC, the Board unanimously endorsed a motion that:

*"The Commission direct administration to investigate options for the Commission to join Red Deer River Municipal Users Group."*

The [Red Deer River Municipal Users Group](#) (RDRMUG) is an association of rural and urban municipalities. The Group Membership comprises of **municipalities** within the Red Deer River Basin **and communities** that receive water from the Red Deer River. This differentiates them from the [Red Deer River Watershed Alliance](#), which has membership from municipal users, the provincial government (Alberta Environment and Parks) and industry stakeholders. By only representing municipalities, RDRMUG has a greater focus on proactively dealing with water-related issues directly affecting municipalities. RDRMUG works closely with the Red Deer River Watershed Alliance to minimize duplication efforts and provides the municipal perspective to the Red Deer River Basin's overall management.

The RDRMUG has recently produced two reports that highlight the importance of the Red Deer River to municipalities. These reports are available on their website - [www.rdrmug.ca](http://www.rdrmug.ca). Their vision is an enduring healthy Red Deer River system with sufficient flows through all seasons to sustain communities, the economy and healthy aquatic environments.

RDRMUG provides a unique and essential platform for members to work together towards shared goals. By involving only municipalities and representing elected officials, the group can focus on long-term sustainability.<sup>i</sup>

More generally, the mandate of the RDRMUG is to provide members with a platform to discuss water quality, quantity and usage. RDRMUG proactively serves as an advocate of municipal interests in water availability now and into the future. A significant focus of

RDRMUG has been to ensure a secure water supply of quality water for communities within the Red Deer River Basin to support a sustainable population and economic wellbeing into the future.

The current Executive Committee Board of Directors comprises of Councillors from:

- City of Red Deer
- Lacombe County
- Town of Sundre
- Town of Innisfail
- Town of Olds
- Town of Stettler
- Town of Hanna
- Starland County
- Town of Blackfalds
- 

As well as non-elected members (technical experts):

- City of Red Deer Water Superintendent
- City of Red Deer Water Advisor/RDRMUG Resource
- Special Area Council Representative

The RDRMUG was formed in 2004 by a group of urban and rural municipalities within the Red Deer River Basin. They either get their water needs directly from the Red Deer River or through pipe services such as the North Red Deer Water Services Commission. Currently, the RDRMUG has 36 active members, including:

- |                         |                        |
|-------------------------|------------------------|
| - Village of Acme       | - Village of Linden    |
| - MD Acadia #34         | - Mountain View County |
| - Village of Alix       | - County of Newell     |
| - Village of Big Valley | - Town of Olds         |
| - Town of Blackfalds    | - Town of Oyen         |
| - Town of Bowden        | - County of Paintearth |
| - Town of Carstairs     | - City of Red Deer     |
| - Village of Consort    | - Red Deer County      |
| - Clearwater County     | - Special Areas        |
| - Town of Crossfield    | - Starland County      |
| - Village of Delburne   | - County of Stettler   |
| - Town of Didsbury      | - Town of Stettler     |
| - Village of Donalda    | - Town of Sundre       |
| - Town of Drumheller    | - Town of Sylvan Lake  |
| - Village of Halkirk    | - Town of Three Hills  |
| - Town of Hanna         | - Town of Trochu       |
| - Town of Innisfail     |                        |
| - Kneehill County       |                        |
| - Lacombe County        |                        |

## FINANCIAL IMPLICATIONS:

The total cost of membership in the RDRMUG, for the NRDRWSC, is approximately \$12,500, for the population served (approximately 50,000).

Municipality	Population (2016 Federal Census)	Cost (\$0.25/capita)
City of Lacombe	13,057	\$3,264
Lacombe County*	10,343	\$2,586
Ponoka County	9,806	\$2,452
Town of Blackfalds*	9,328	\$2,332
Town of Ponoka	7,229	\$1,807
<b>TOTAL</b>	<b>49,763</b>	<b>\$12,441</b>

\*Lacombe County and the Town of Blackfalds are current members of the RDRMUG.

In an email, Director Poole provided further context to his motion. The Town of Blackfalds would intend to remain a contributing member regardless of the NRDRWSC's decision on membership. An additional benefit identified by Director Poole would be the Commission's ability to potentially delegate attendance at the meeting in Drumheller to a single-member municipality that is willing to take on the expense. These meetings are held in Drumheller, although they have been virtual of late. The members prefer in-person meetings, meaning costs will be incurred in their attendance (i.e. travel costs). If the Commission joined the RDRMUG, an option would be for one member to attend on all members' behalf. This information could then be shared with the NRDRWSC membership through regular updates.

## LEGISLATIVE AUTHORITY:

The NRDRWSC would be the only member of the RDRMUG that is not strictly a 'municipality.' Nonetheless, it has the legislative ability to engage in membership with advocacy or stewardship agencies like RDRMUG.

The respective Councils of the NRDRWSC's municipal members do have the ability to join the RDRMUG independently and have done so in the cases of Lacombe County and the Town of Blackfalds.

## ALTERNATIVES:

The Commission may choose to:

- A. Accept this report as information, OR
- B. Direct administration to budget for RDRMUG membership in 2022, OR

- C. Direct administration to allocate funds from the 2021 Operating Budget for RDRMUG membership.

**ATTACHMENTS:**

RDRMUG Handbook

<sup>i</sup> <http://rdrmug.ca/>

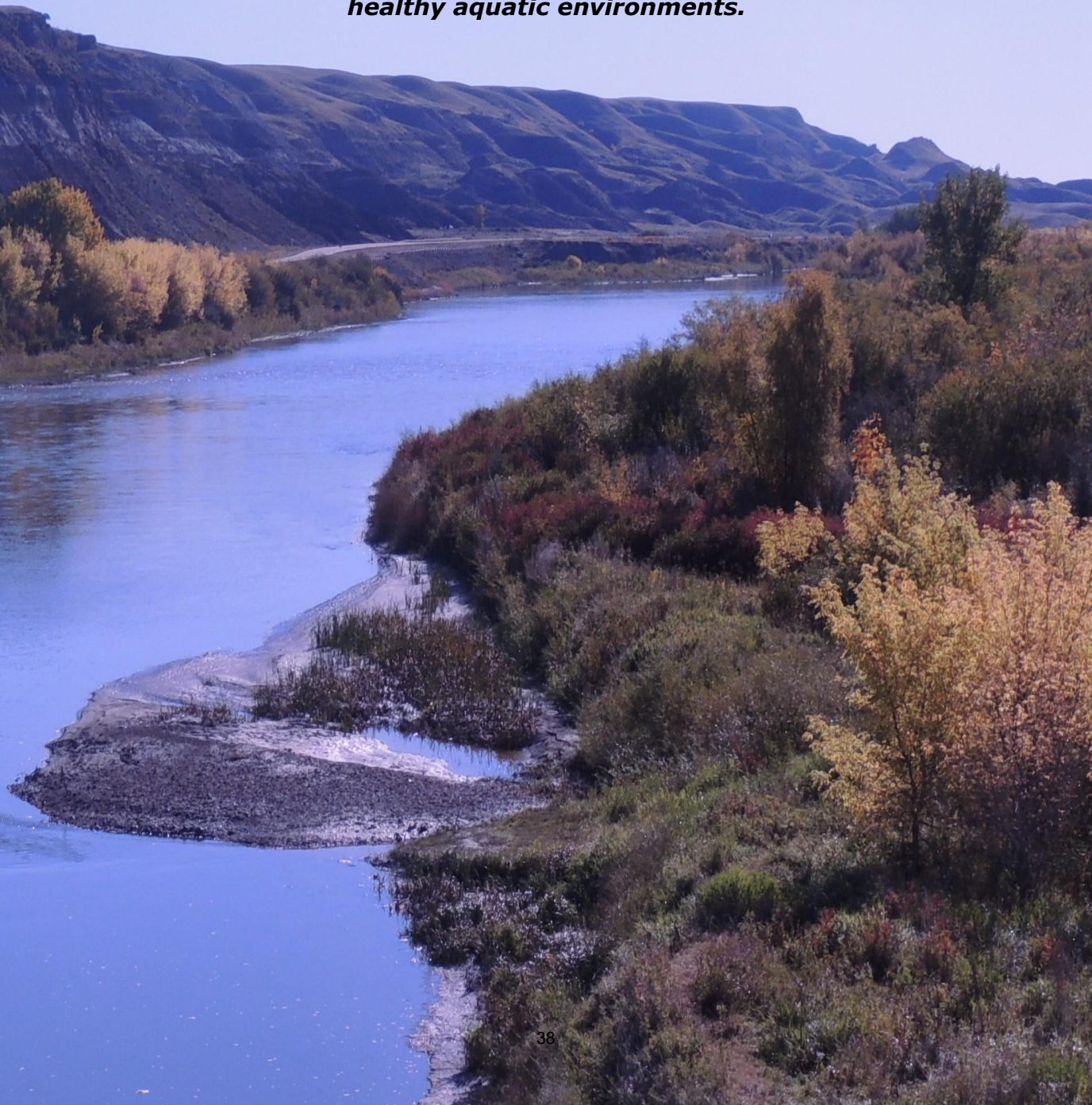


# **RED DEER RIVER MUNICIPAL USERS GROUP**

## **LOOKING BACK - MOVING FORWARD**

**2006 – 2020                      2021 – 2025**

***An enduring healthy Red Deer River system with sufficient flows  
through all seasons to sustain communities, the economy and  
healthy aquatic environments.***



## INTRODUCTION: WATER IS VITAL

As noted by the United Nations, ***“Water is at the core of sustainable development and is critical for socio-economic development, energy and food production, healthy ecosystems and for human survival itself.”*** In short, water is vital to life and well-being.

In the same way, water is vital to the well-being and sustainability of municipalities, their residents, businesses and many diverse environmental features. Recognizing that water is the lifeblood of communities, municipalities served by the Red Deer River formed the Red Deer River Municipal Users Group (RDRMUG or MUG) to address the present and future use and conservation of their lifeblood - the Red Deer River. There are 74 rural and urban municipalities located wholly or partly within the Red Deer River watershed. While some of the 74 exclusively

source groundwater, a number of communities not within the watershed are served by regional water systems that extend beyond the boundaries of the watershed. In total, there are 53 municipalities that use the Red Deer River as their water source.

Because municipalities recognize water as a strategically important natural asset, a main intention of the RDRMUG is to advance municipal interests in water. But in doing so, MUG recognizes the needs of other water use sectors and, as such, encourages collaboration among all sectors with respect to the use and conservation of water and the Red Deer River watershed,

**Alberta’s Water for Life Strategy states: “In Alberta, our quality of life, and life itself, depends on having a healthy and sustainable water supply for the environment, for our communities and for our economic well-being.”**

## HANDBOOK PURPOSES, PERSPECTIVES AND CONTENT

### PURPOSES

- Serve as an introduction to MUG’s interests in water
- Provide water related background information to municipalities and other interested parties
- Guide MUG’s activities related to water management priorities
- Encourage collaboration and partnerships among water users and other interest groups.

**PERSPECTIVES:** The handbook has two basic perspectives. The first is to spotlight key municipal interests and roles in the use, conservation and management of water. The second focusses primarily on flowing waters (i.e. the Red Deer River and its tributaries). However, groundwater and standing water (lakes, ponds, wetlands) are not overlooked, being key natural assets important to watershed conservation and source water protection.

**CONTENT:** The first part of this handbook provides an overview of the Red Deer River Municipal Users Group. The second provides an overview of the health of the Red Deer River watershed and the supply, quality and management of water. The third part addresses priority water challenges identified by MUG in 2020.

## RED DEER RIVER MUNICIPAL USERS GROUP

**VISION:** An enduring healthy Red Deer River system with sufficient flows through all seasons to sustain communities, the economy and healthy aquatic environments.

**FORMATION:** In 2006 municipalities from throughout the Red Deer River watershed began to meet regarding the long-term availability of water to municipalities. Three factors prompted these meetings:

1. The 2006 *South Saskatchewan Water Management Plan* set an allocation limit of 550,000 dam<sup>3</sup> from the Red Deer River (less than expected, being only about 1/3 of its mean volume)
2. Interests in new water licences, including a very large licence for agricultural and related uses
3. Recognition growing and competing demands for water will continue.

**PURPOSES:** The purposes of the [Red Deer River Municipal Users Group](#) are:

- A forum to discuss water supply, use and quality
- An advocate of municipal interests in the supply, availability, use, delivery and quality of water
- Foster collaboration among stakeholders to achieve desired and common goals to protect, conserve and wisely use water resources
- Undertake studies and reports that encourage the vision, goals and objectives of the RDRMUG to be attained.

*Water is the lifeblood of municipalities. It is vital for municipal sustainability, including economic viability, environmental integrity, social well-being and cultural vibrancy.*

Red Deer River Municipal Users Group

**HOW TO GET THERE:** Collaborative partners and stakeholders implementing purposeful, practical plans and policies for integrated watershed management and integrated water management.

**GOALS:** The goals of MUG are those of the *Alberta Water for Life Strategy*:

- Safe secure supply of drinking water for all residents
- Reliable quality water supplies for a sustainable economy
- Healthy aquatic ecosystems.

**OBJECTIVES:** Some objectives of MUG are:

- Inform and update municipalities on water matters and concerns
- Ensure that reliable clean water supplies are available for a sustainable economy and environment throughout the watershed
- Encourage watershed conservation and source water protection
- Promote the efficient and effective use of water
- Support integrated watershed management planning through the Red Deer River Watershed Alliance
- Promote the integrated management of the waters of the Red Deer River system.

### MUG'S PRIMARY ROLES

- Advocate
- Collaborate
- Undertake
- Educate.



## LOOKING BACK: ACTIONS TO DATE

Actions include:

- Encourage municipalities to conserve and effectively use water



- Assist the Red Deer River Watershed Alliance - Red Deer River Watershed Atlas, provide municipal perspectives information for [Blueprint Phase 1 – Water Quality](#), make presentations at forums and promoting watershed and water conservation
- Support the interbasin transfer of Red Deer River water to areas as far east as Consort and Acadia Valley and north to Lacombe, Ponoka and Bashaw
- Submission to the Province in support of floodproofing highly prone reaches of the Red Deer River



- Successfully opposed the interbasin transfer of water to CrossIron Mills which is located in the Bow River Basin
- Input to the WaterSmart report [Adaptation Roadmap for Sustainable Water Management in the South Saskatchewan River Basin](#)
- Input to the WaterSmart [report Room for the River in the Red Deer River Basin](#)
- Input to the Alberta Water Council report on source water protection
- Conduct municipal workshops and seminars in locations throughout the watershed on the importance of water, watershed conservation and source water protection



- Input to the [Special Areas Water Supply](#) project – questioned the large volume of water originally proposed, then generally favored a revised project requesting a smaller volume of water
- Input to the ten-year review of the [South Saskatchewan River Basin Water Management Plan](#)
- Input to the Province's 2013 "[Water Conversations](#)"
- Raise the future need of additional water storage within the basin.

## LOOKING BACK: MAJOR REPORTS

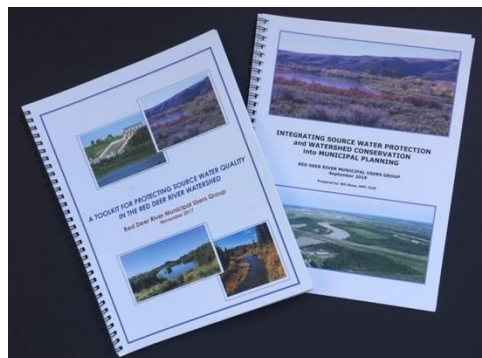
The RDRMUG has prepared a number of reports related to municipal roles in the use, management and conservation of water and related natural resources. While rural and urban municipalities are the primary audience, the reports also are intended for use by other water use sectors, groups and the general public interested in water and watersheds

[Water Assurance Study](#) - provides a number of proactive approaches aimed at securing water for municipalities, including reserving water for municipal use, net diversion licencing and return flow credits.

[Source Water Quality Primer](#) – includes background information on water availability in the Red Deer River basin and serves as an introduction of the importance of source water quality to communities and the economy.



[Toolkit for Protecting Source Water Quality in the Red Deer River Watershed](#) - describes threats to water quality and municipal roles in water and watershed management. A key provision is a list of 'tools' to use in protecting the availability of good quality source water for communities and other water users throughout the watershed, and beyond.



[Integrating Source Water Protection and Watershed Conservation into Municipal Planning](#) - this report stresses the importance of addressing in community plans, through strategies and policies, the conservation of water and the watershed.

**Municipalities are “encouraged to integrate source water protection and watershed conservation into the DNA of municipal statutory plans.” RDRMUG**

[Natural Assets – A Statutory Plan Guide](#) - provides a comprehensive list of policy guides to meaningfully address, through optional planning approaches, the conservation and use of arable land, water, air and environmentally significant areas.



## WATER: VITAL IMPORTANCE and MUNICIPAL ROLES THEREIN

**VITAL IMPORTANCE:** Water is vital to the sustained well-being of municipalities, both rural and urban.

**“No water, no municipality. Water is the lifeblood of municipalities” AUMA**

The [Alberta Urban Municipalities Association](#) (AUMA) pointedly advises “water is essential to all five elements of municipal sustainability, both urban and rural:

- Economic viability . . .
- Environmental integrity. . .
- Social well-being . . .
- Cultural vibrancy. . .
- Governance.”



### KEY WATER RELATED MUNICIPAL ROLES:

The [Rural Municipalities of Alberta](#) (RMA) emphasizes two key municipal roles in water management and protecting water quality.

- “Municipalities are responsible for land-use planning and environmental decisions where water bodies or wetlands are factors.
- Municipalities play a role in managing water systems that impact residents, business and industry.”

The AUMA supports these views in stating: “One of the most important ways that we can effectively manage our water is to change the way we manage our land. Land use has many impacts on our watersheds . . . “

Thus, municipalities play key roles in water conservation and water quality protection:

1. drinking water management and wastewater management
2. environmental conservation (e.g. wetland, riparian land and aquatic habitat protection)
3. management of land use impacts (e.g. point and non-point source pollution)
4. land use planning, and
5. the promotion of land stewardship.

**It is vitally important to combine land use management with watershed management to ensure that both our land and water are protected. AUMA**

Municipalities, and especially municipalities working collaboratively and with other partners, can do much to protect water and manage water use within a watershed.

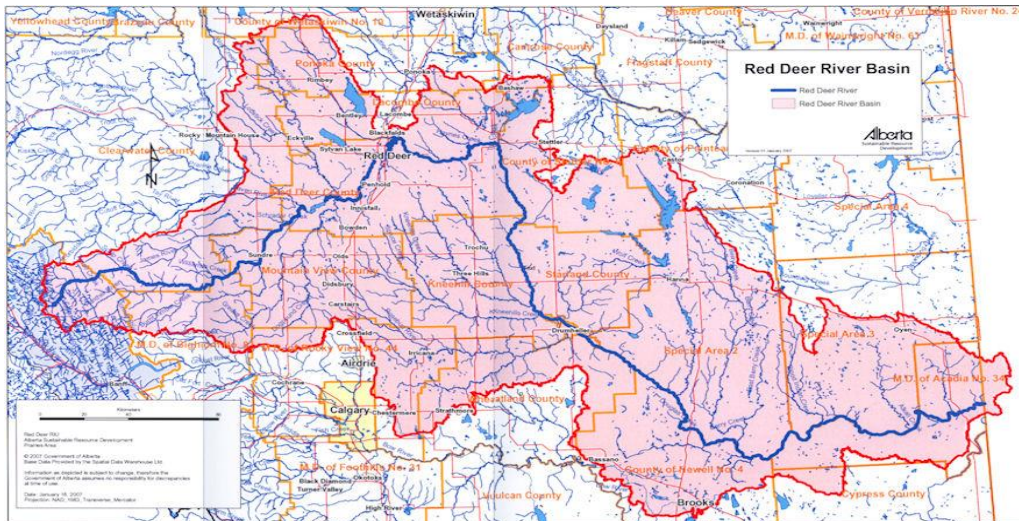




## RED DEER RIVER WATERSHED AND ITS HEALTH

**RED DEER RIVER WATERSHED:** The Red Deer River watershed has an area of 49,650 km<sup>2</sup> (19,170 sq. miles). A small portion of the watershed lies within Banff National Park, while the eastern portions extends just inside the Province of Saskatchewan where the Red Deer River enters the South Saskatchewan River. The Red Deer River traverses 740 km

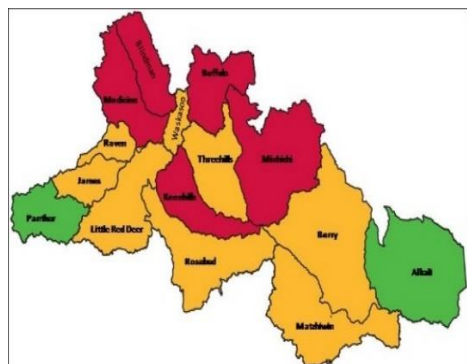
(460 miles) from the Drummond Glacier to the confluence with the South Saskatchewan River. The watershed has a diversity of landscapes and ecosystems as it contains five natural regions - the Rocky Mountain, Foothills, Boreal, Parkland and Grassland natural regions within which there are 12 sub-regions.



**WATERSHED HEALTH:** The [Red Deer River Watershed Alliance](#) has meaningfully addressed the state of the watershed in its [2009 State of the Watershed Report](#).

**The water quality of the Red Deer River is the report card of the health of the watershed.**

Watershed health in 15 sub-watersheds was measured in terms of water quality using 20 indicators. The health (see map) of only two sub-watersheds was rated as good (green). Eight reaches were rated as fair (yellow) and five (red) as poor. Main contributors to poor ratings were linear development densities, resource exploration, extraction activities, nutrient concentrations in surface water and land conversion activities.



## RED DEER RIVER WATER SUPPLY AND WATER QUALITY

**WATER SUPPLY:** Annual precipitation in the Red Deer River watershed varies considerably, yielding a wide range in annual river flow volumes. While the mean annual flow of the Red Deer River is 1,666,000 dam<sup>3</sup>, volumes 2.5 times higher (over 4,000,000 dam<sup>3</sup>) have been recorded, while the record low at Red Deer of 660,100 dam<sup>3</sup> is only 37% of the mean flow. As such, within the watershed there are very dry years exhibiting drought conditions and very wet years often accompanied by floods. In the 97 years between 1912 and 2009 there were eleven years of annual flow close to or higher than the 2005 flood year

**WATER QUALITY:** In *Blueprint*, the RDRWA reports, from background study information, that water quality in the Red Deer River generally deteriorates as the river flows downstream. Some of the causes of deterioration are natural (e.g. sedimentation) while others are caused by human activities (e.g. point source pollution). The four river reaches upstream from the Highway 21

(about 2,600,000 dam<sup>3</sup>), thus averaging about one every ten years. During the same time there were 23 years when the annual flow was less than 1,000,000 dam<sup>3</sup> (drought conditions), or about one every five years. Thus, dry years which lead to drought conditions are much more frequent than wet years which may produce major floods. Drought conditions are more evident when dry years occur consecutively. Five times low flows occurred in two consecutive years. Twice it happened in three consecutive years (75/76/77; 2000/01/02).

crossing (Nevis) have water quality ratings ranging between excellent, good-to-excellent and good. The three reaches downstream have ratings ranging from good-to-fair and fair. While none of the reaches have marginal or poor ratings, each reach has one or more conditions that exceed general standards or guidelines.

*The health of our waters is the principal measure of how we live on the land. Luna Leopold.*

Low winter flows in the Red Deer became very problematic in the '60s and 70s. Aquatic health was being impacted by low oxygen levels, while concerns arose about abnormally low flows impacting the ability to withdraw water from the river. Government responses included higher standards for wastewater returns, funding to upgrade sewage treatment plants and to develop storage on the Red Deer River, primarily to augment low winter flows. In determining the required storage volume of [Dickson Dam](#), the desired minimum winter flow at Red Deer was set at 16.0 m<sup>3</sup>/s. This was subsequently recognized by the

Province in 2007 when water conservation objectives (WCOs) were adopted by regulation for all Southern Alberta rivers.



## WATER MANAGEMENT AND AVAILABILITY

A fundamental tenant of the [\*Approved Water Management Plan for the South Saskatchewan River Basin\*](#) (Alberta) is the interprovincial sharing of the waters of the South Saskatchewan River among Alberta, Saskatchewan and Manitoba. A general principle of the [\*1969 Master Agreement on Apportionment\*](#) is that the waters of the South Saskatchewan River are to be divided equitably between Alberta and Saskatchewan. Even though the Red Deer River flows into Saskatchewan on its own, Alberta has opted to consider the Red Deer and to be an integral part of the South Saskatchewan for purposes of apportionment calculations. This opened the option of the Red Deer basin not being entitled to have 50% of its water allocated for use within the basin.

The 2006 *Approved Water Management Plan for the South Saskatchewan River Basin* set the amount of water that can be licenced for withdrawal from rivers. For the much larger Bow and Oldman Rivers the allocation limits were set at approximately 70% based on existing licences, such that these rivers were deemed 'closed' (no new licences). The allocation limit for the Red Deer was set at 550,000 dam<sup>3</sup>, just 33% of the mean annual flow. This limit was seen as a way to regularly meet water conservation objectives.

Of the 550,000 dam<sup>3</sup> limit, 55% or 300,000 dam<sup>3</sup> has been allocated. Total municipal allocations, including regional water systems, are about 81,000 dam<sup>3</sup>, or 27% of total allocations. Of the 250,000 dam<sup>3</sup> remaining to be allocated, proposed agricultural and irrigation projects in the Special Areas and Acadia Valley may take 90,000 dam<sup>3</sup>, leaving 160,000 dam<sup>3</sup> for other water use sectors. When the allocation limit of 550,000 dam<sup>3</sup> is

approached, the Province is to review the health of the river. If conditions warrant, the allocation limit may be increased to 600,000 dam<sup>3</sup>.

The 2006 *Approved Water Management Plan for the South Saskatchewan River Basin* also set [\*Water Conservation Objectives\*](#) (WCOs) for the southern rivers and their tributaries. WCOs address the need to protect aquatic environments and other in-stream uses of water. They have the affect of water licences. The regulation for the Red Deer River established all licences dated after May 1, 2005 are junior licences to the WCOs. Many regional water systems in the Red Deer basin are junior to the WCO. As shown in the table below, even with Dickson Dam augmenting winter flows, the WCO frequently is not met, being situations whereby the Government can choose to require junior licence holders to cease or restrict water withdrawals so the WCO can be met.

### % of days WCO not met: 2005-13

Month	Red Deer	Bindloss
Jan	30%	48%
Feb	35%	40%
March	4%	10%
Nov	4%	5%
Dec	13%	36%

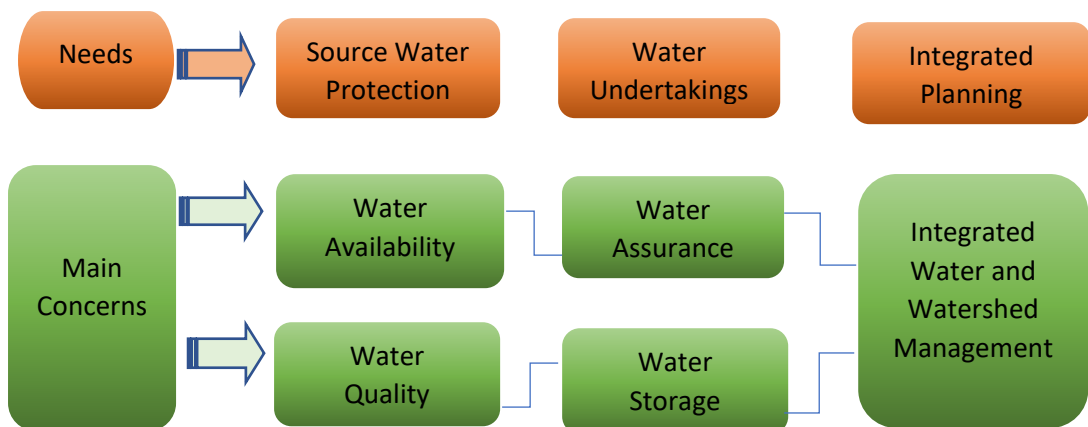
Also worthy of note, the majority of water licences in the Red Deer River watershed are junior to the senior irrigation water licences in southern Alberta. In periods of major droughts across the entire South Saskatchewan River basin, junior licences in the Red Deer watershed are subject to use limitations in favor of the senior licences to provide them water assurances.

## PRIORITY WATER CONCERNS

**ISSUES:** Early in 2020 MUG members rated water issues. The top five issues were: (1) water security; (2) water quality; (3) drought; (4) water assurance; and (5) water storage. The next three were: (6) water resource management; (7) watershed impacts; and (8) flooding. Subsequent research reflected on the issue of water security as defined by UNESCO. This definition enunciates three core aspects of water security: adequate **quantities** of water, acceptable water **quality** and effective **protection**. Security infers each of

Water security is "the capacity of a population to safeguard access to adequate quantities of water of acceptable quality for sustaining human and ecological health on a watershed basis, and to ensure efficient protection of life and property against water-related hazards such as floods, landslides, land subsidence and droughts." UNESCO

these three **aspects** are ensured, thus requiring planning and management. This led MUG to address five main concerns in the scope of three broad needs – (1) source water protection, (2) water undertakings and (3) integrated planning.



These five main concerns address all top eight issues. While not specifically evident, drought and flooding can be addressed within water resource management and water storage, while watershed impacts can be addressed under water resource management and water quality.

**ISSUE ACTION FRAMEWORK:** To address the issues, the following pages provide a framework for MUG actions in the coming years. The directions outlined could change as life unfolds in the Red Deer River watershed and Alberta (environmentally, economically and socially). While the concerns are addressed from a municipal perspective, it is recognized there a host of other perspectives at play. The action framework identifies the various roles MUG should play. In doing so it recognizes other agencies need to perform lead roles and, above all, collaboration among water sector users and other interest groups is crucial.

"There is no one simple solution for adapting the water management systems in the Red Deer River Basin as the economic base grows, environmental considerations evolve, and the climate changes."  
Alberta WaterSmart

## CONCERN 1: WATER AVAILABILITY

**Water Availability:** adequate supplies of water through all seasons.

**Essential Message:** Water availability is essential for any municipality's security and hope for the future.

### Desired Key Outcome

- Adequate stream flow in all seasons to ensure the availability of water for the operation and sustainable growth of municipalities, a viable economy and healthy aquatic environments.

### Goals

- Year-round availability of sufficient water for municipalities, and other water use sectors
- An Increase the water allocations allowable from the Red Deer River
- During periods of low flows in the South Saskatchewan River basin, water licences in the Red Deer sub-basin are not disproportionately impacted
- Collaborative strategies and actions by key partners working together.

### Some Basic Matters

- Ensuring the primary purpose in the management of the Eastern Slopes and other headwater areas is source water protection
- Municipal statutory plans address source water protection and watershed conservation
- A commitment by the Provincial Government to review the limit placed on allocations from the Red Deer River

- The [Intrabasin Water Coordinating Committee](#) addresses when the sharing of water may be required during times of water shortages in all or parts the South Saskatchewan River basin, the manner of apportioning water would not disproportionately impact junior water licences in the Red Deer River sub-basin
- Appropriate infrastructure in place to meet future needs for water.

### Key Actions:

- Protection of headwaters
- Review of Red Deer River water allocation limit
- Updated report: Red Deer River water supply, uses, demands, allocations and future needs.

### Lead Roles:

- [Alberta Environment and Parks](#)
- RDRMUG

### MUG's Roles

- Meet with Alberta Environment and Parks to discuss key water availability issues: headwater protection; adequate stream flow (water volume) in all seasons and Red Deer River allocation limits
- Continue to encourage municipalities to support source water protection and watershed conservation through beneficial land use
- Apprise and update the Red Deer River Watershed Alliance.

### Other Partners

- [Red Deer River Watershed Alliance](#).



## CONCERN 2: WATER QUALITY

### Essential Message:

- Reliable clean water is significantly beneficial to municipalities and other water users, and is a reflection of the health of the watershed.

### Desired Key Outcomes

- Reliable access by municipalities and other water users to clean water
- Updated Water Quality Study for the Red Deer River
- Surface Water Quality Management Framework for the Red Deer River Watershed.

### Goals

- Secure clean drinking water
- Avoid water contamination, especially source water for drinking
- A better understanding of contamination threats, especially close to drinking water sources
- A surface water quality framework for the Red Deer River watershed, which includes a review of WCO requirements
- Prepare and implement source water protection plans in support of drinking water safety plans
- Beneficial land use practices
- Collaborative strategies and actions by key partners working together.

### Some Basic Matters

- Reduce, and where possible eliminate, point and non-point water polluting impacts.
- Prepare source water protection plans
- Encourage municipalities to support source water and water quality protection through beneficial land use practices and watershed conservation

- Gaining a clear understanding of how WCOs were determined and how they impact the water allocation limit for the Red Deer River
- Collaborative input to the Surface Water Quality Management Framework
- Promote wider community education and engagement of actions to protect water quality.

### Key Actions:

- Develop a Surface Water Quality Management Framework
- An updated water quality study
- Initiate and encourage actions to maintain and improve water quality.

### Lead Roles:

- Alberta Government (re: [Alberta Land Stewardship Act](#)): Surface Water Quality Management Framework
- Red Deer River Watershed Alliance: encourage actions to maintain and improve surface water quality
- Municipalities: statutory plans guide source water protection and watershed conservation through beneficial land use planning and practices.

### MUG's Roles

- Provide input into the development of a Surface Water Quality Management Framework
- Continue to encourage municipalities to incorporate and implement beneficial management practices
- Input into a review of WCOs

### Other Partners

- Municipalities, watershed stewardship groups, water and wastewater utility providers.

## CONCERN 3: WATER ASSURANCE

### Essential Message:

- Without sufficient supplies of good quality water, the long term economic, social and environmental viability and sustainability of communities will be in doubt.

### Desired Key Outcome

- Municipalities have very long-term water supply licences (and/or reservations) within a water allocation system that is mindful of other water use sectors.

### Goals

- Better understanding of water supply, uses and needs, both current and future
- Productive dialogue with Alberta Environment and Parks regarding long term municipal water security
- Gain commitments to allocate water to municipalities to meet very long-term municipal needs
- Municipalities promote water conservation through the effective and efficient use of water
- Collaborative strategies and actions by key partners working together.

### Some Basic Matters

- Meetings with Alberta Environment and Parks to:
  - Explore water allocation options, including a Crown Reservation
  - discuss the future re-assessment of Red Deer River allocation limits.
- Review [Water Assurance Study](#)
- Addressing periodic water shortages.

- Municipalities implementing water conservation plans to foster the efficient and effective use of water
- Consider supporting the Intrabasin water transfer to areas where viable options for demonstrated water needs are not available.

### Key Actions:

- Review 2009 South Saskatchewan River Water Supply Study and other related reports
- Report on very long-term municipal water needs
- Report that guides achieving municipal water assurance, while recognizing the future needs of other water use sectors.

### Lead Role:

- Red Deer River Municipal Users Group.

### MUG's Roles

- New report on very long-term municipal water needs
- Gaining assistance from Alberta Environment and Parks to explore and evaluate options, including a Crown Reservation, that will provide an assured very long-term supply of water for municipalities
- Inform, update and involve, when appropriate, municipalities throughout the watershed and the Red Deer River Watershed Alliance.

### Other Partners

Alberta Environment and Parks, Red Deer River Watershed Alliance, municipalities, [Intrabasin Water Coordinating Committee](#).

## CONCERN 4: WATER STORAGE

### Essential Messages:

- A strategic need is additional water storage to provide a range of long-term benefits, including to ameliorate droughts, upgrade flood protection and meet WCO requirements.

### Desired Key Outcomes

- A report that addresses the need for additional water storage, including options, benefits, impacts, and recommendations
- A water storage strategy and action plan for the Red Deer River basin.

### Goals

- Appropriate infrastructure in place to meet future water demands, maintain a healthy river and minimize the impacts of droughts and floods
- Assist in meeting Water Conservation Objectives, and thus aquatic health
- Provincial Government confirmation of the need to prioritize the provision of additional water storage infrastructure in the Red Deer River sub-basin.

### Some Basic Matters

- [AMEC](#) – reports high variability in annual natural flows indicates that storage development . . . would be helpful to better match available supply with demand on both a seasonal and annual basis . . . In light of projections of 2030 deficits, investigation of new storage opportunities . . . is prudent
- [WaterSmart](#) - in the future the Red Deer sub-basin will require an additional 72,500 dam<sup>3</sup> of storage to meet Water Conservation Objectives

requirements in view of increasing water demands

- Improve understanding of water storage requirements in relation to future water use needs, climate variability and periods of drought
- Explore the benefits of increased storage, such as greater flexibility to manage surface water runoff and supplies to meet water user needs and water conservation objectives; assist water quality and aquatic systems management; assist in alleviating the impacts of floods and droughts.

### Key Action:

- Preparation of a Water Storage Strategy Report.

### Lead Partner:

- Red Deer River Municipal Users Group

### MUG's Roles

- Review previous studies and reports
- Prepare a terms of reference for the preparation of a Water Storage Strategy Report
- Establish a Steering Committee representing a number of key stakeholders
- Engage a consultant to produce the Water Storage Strategy Report
- Present the report to the Provincial Government and encourage action.

### Other Partners

- Alberta Environment and Parks, Alberta Agriculture and Forestry, Red Deer River Watershed Alliance, Special Areas/Acadia Valley, other major water users.

## CONCERN 5: INTEGRATED WATER AND WATERSHED MANAGEMENT

### Essential Messages:

- Water resource management for the Red Deer River can be significantly advanced through two complementary plans: Integrated Water Management Plan and Integrated Watershed Management Plan (IWMP). These plans will encourage, guide and support strategies and actions to manage land and water resources significantly advance environmental, economical and social sustainability.

### Desired Key Outcomes

- A Red Deer River Integrated Water Management Plan
- An Integrated Watershed Management Plans for the Red Deer River Watershed
- Dynamic collaborative relationships among basin stakeholders and the provincial government to work together to amplify and sustain the environmental, economic, community and social benefits of water and land resources throughout the watershed.

### Goals

- Effective watershed wide perspectives, partnerships, strategies and actions
- Integration of land use planning, water resource management and watershed conservation
- Comprehensive river basin planning
- Water security (i.e. sufficient quantity of clean water in all seasons)
- Water sharing strategies and actions
- Collaborative engagement by many partners working together
- Increased water and watershed literacy.

### Key Action:

- Gain commitments to build upon WaterSmart reports to the Province re: integrated water management and the RDRWA's *Blueprint* (IWMP).

### Lead Roles:

- Alberta Environment and Parks - Red Deer River Integrated Water Management Plan
- Red Deer River Watershed Alliance - Integrated Watershed Management Plan for the Red Deer River Watershed.

### MUG's Roles

- Encourage Alberta Environment and Parks to prioritize the preparation of a Red Deer River Integrated Water Management Plan to foster water security for municipalities and other water users, including the environment
- Encourage the Red Deer River Watershed Alliance to prioritize the completion of the Integrated Watershed Management Plan for the Red Deer River Watershed
- Participate in the preparation of a Red Deer River Integrated Water Management Plan and Integrated Watershed Management Plan
- Support positive collaborative relationships among water stakeholders within and outside the Red Deer River watershed.

### Partners

- Municipalities, various Provincial Government Departments, major water use sectors, water stewardship groups.

## REFERENCES

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- [Red Deer River Watershed Alliance. 2016. Blueprint - An Integrated Watershed Management Plan for the Red Deer River Watershed – Phase 1: Water Quality.](#)
- [Rural Municipalities of Alberta.2016. Advocacy Position Papers: Water.](#)

## RDRMUG MEMBER MUNICIPALITIES (2021)

Cities - Red Deer

Towns – Blackfalds, Bowden, Carstairs , Coronation, Crossfield, Didsbury, Drumheller, Hanna, Innisfail, Olds, Oyen, Stettler, Sundre, Sylvan Lake, Three Hills, Trochu

Villages - Acme, Alix, Big Valley, Consort, Delburne, Donalda, Halkirk

Counties – Clearwater, Kneehill, Lacombe, Mountain View, Newell, Red Deer, Paintearth, Starland, Stettler

Special Areas

MD of Acadia Valley

## CONTACT INFORMATION

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Executive Director: [execdir@rdrmug.ca](mailto:execdir@rdrmug.ca)

Printed February 2021

Prepared by: Keith Ryder, RDRMUG Executive Director and Bill Shaw, RPP, FCIP, Planning Advisor  
River pictures: Bill Shaw.

## **2020 Financial Audit**

Date: March 29, 2021

Prepared by: Mauricio Reyes, Sr. Manager of Finance

Presented by: Mauricio Reyes, Sr. Manager of Finance

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### **PURPOSE:**

To present the 2020 audited financial statement for the North Red Deer River Water Services Commission for the Board's approval.

### **ACTION/RECOMMENDATION:**

THAT the Commission approve the North Red Deer River Water Services Commission 2020 Audited Financial Statement as presented.

### **ISSUE ANALYSIS:**

The NRDRWSC 2020 draft audited Financial Statement is now complete and ready for the Board's review and approval. Representatives from BDO LLP will present the 2020 audited Financial Statement at the Board meeting on March 29.

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

The 2020 audited statement presentation differs slightly from the annual operating budget in terms of how the operating surplus is presented. The following is a reconciliation of the deficit reported on the audited statement to that of the operating budget.

2020 Audited Statement Surplus	\$673,507
Less Debt Principal Payments for 2020	(\$770,264)
Plus Transfer from Operating Reserve	<u>259,565</u>
2020 Adjusted Surplus	\$162,808

The 2020 budgeted surplus was \$25,754. The difference between the actual surplus and budgeted surplus mainly due to higher water sales to members as well as higher investment revenue during the year.

In 2020, the Commission has a remaining debt capacity of \$2.1 million mainly due to increased revenues and debt repayments amounting to \$770,264. Although not needed in 2020, this gives the Commission the ability to borrow if required.

**FINANCIAL IMPLICATIONS:**

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

**LEGISLATIVE AUTHORITY:**

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

**ALTERNATIVES:**

The Commission may choose to:

- A. Approve the North Red Deer River Water Services Commission 2020 Audited Financial Statement as presented.
- B. Direct Administration how it wishes to proceed.

**ATTACHMENTS:**

Draft – 2020 Audited Financial Statement – North Red Deer River Water Services Commission.

## 2020 Surplus Allocation

Date: March 29, 2021

Prepared by: Mauricio Reyes, Sr. Manager of Finance

Presented by: Mauricio Reyes, Sr. Manager of Finance

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### **PURPOSE:**

To propose allocations of the 2020 operating surplus to reserves in accordance with Commission policy.

### **ACTION/RECOMMENDATION:**

THAT the Commission approves an amount equal to the 2020 amortization in the amount of \$442,103 be transferred to the Capital Reserve.

AND

THAT the Commission approves the 2020 operating surplus in the amount of \$162,808 be transferred to the Operating Reserve.

### **ISSUE ANALYSIS:**

In accordance with the Commission's capital and operating reserve policy (see attached), annual surpluses are to fund contributions to the capital and operating reserves.

Based on policy, Administration is proposing the following allocations:

#### Operating Reserve

As per clause 4, "one hundred percent of any annual general operating surplus will be placed in an operating reserve account to ensure proper working capital ... The target for the operating reserves is the equivalent of 90 days of cash general operating expenses (which also includes debt servicing payments)"

The 2020 operating surplus was \$162,808. The higher than budgeted operating surplus was mainly due to higher water sales to members and higher investment income.

Upon the Board's approval of the transfer of the operating surplus to operating reserve the operating reserve balance will be as follows:

Reserve Balance Before Transfer	\$ 736,543
Transfer Equivalent to 2020 Surplus	<u>\$ 162,808</u>
Reserve Balance After Transfer	\$ 899,351

2020 operating reserve target is	\$1,492,285 (2019 - \$1,464,353)
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Administration recommends that the balance of the 2020 surplus be allocated to the operating reserve.

#### Capital Reserves

As per clause 2 of Policy #7, “the annual capital reserve contribution will be equal to the greater of the annual amortization expense and the ten-year rolling average annual expense for replacement of existing capital infrastructure”

In 2020, the annual amortization expense reported in the audited financial statements is \$442,103. Administration recommends that an amount equivalent to the 2020 amortization be transferred to the capital reserve as per policy.

Reserve Balance Before Transfer	\$3,740,374
Transfer equivalent to 2020 Amortization	<u>\$ 442,103</u>
Reserve Balance After Transfer	\$4,182,478

#### Rate Stabilization Reserve

In 2019, the rate stabilization reserve was fully utilized. Consequently, the balance of this reserve remains at zero.

#### **FINANCIAL IMPLICATIONS:**

The transfer to reserves has no immediate impact on the 2020 operating budget.

#### **LEGISLATIVE AUTHORITY:**

Commission Policy #7

#### **ALTERNATIVES:**

The Commission may choose to:

- A. Approve an amount equal to the 2020 amortization in the amount of \$442,103 be transferred to the Capital Reserve.
- B. Approve the 2020 operating surplus in the amount of \$162,808 be transferred to the Operating Reserve.
- C. Vary transfers as per Board direction.
- D. Do nothing and retain surplus in unrestricted operating surplus.

#### **ATTACHMENTS:**

Commission Policy #7 - Capital & Operating Reserves.



## **CAPITAL & OPERATING RESERVES**

Policy No. 7 (2012)

Replaces: 7 (2010)

Date Passed: August 20, 2012

### **Purpose of Policy**

To provide guidelines and appropriate controls to maintain reserve account balances and reserve account contributions.

### **Policy Statement**

1. In compliance with this policy and the Municipal Government Act, the establishment of all reserve accounts and the transfers to and from these accounts require Board Commission approval.
2. The annual capital reserve contribution will be equal to the greater of:
  - a. the annual amortization expense incurred by the Commission and reported in the Commission's annual audited financial statements; or
  - b. the ten year rolling average annual expense for replacement of existing capital infrastructure.

These annual contributions will be placed in an asset replacement reserve (an unrestricted capital reserve account).

3. In addition to the annual 10-year rolling average contribution to preserve the status quo, an additional unrestricted capital reserve account with a target balance of \$1,000,000 will be maintained to cover unexpected equipment failures or emergencies and to provide investment income to assist in funding annual capital requirements.
4. One hundred percent of any annual general operating surplus will be placed in an operating reserve account to ensure proper working capital and to provide for any emergency operating expenses or to fund rate stabilization initiatives of the Commission. The target for the operating reserves is the equivalent of 90 days of cash general operating expenses (which also includes debt servicing payments).
5. Reserve account balances will be reviewed on a periodic basis by Administration, with recommendations made to the Board.

### **Definitions**

1. Annual General Operating Surplus is the excess of revenue over expenses (excluding non-cash expenses i.e. amortization), for operating activities, as consistent with the Commission's audited financial statements.
2. General Operating Expenses are the general government operating expenses

consistent with the City's annual audited financial statements for the most recent year (excluding non-cash expenses i.e. amortization).

3. Reserve Accounts represent amounts appropriated from surpluses for designated requirements.
4. Unrestricted Capital Reserves Accounts represents amounts appropriated from surpluses and are not restricted in their use by provincial legislation.

## Procedure

1. Commission Manager to:
  - a. Recommend to the Board Commission approval of the establishment of and changes to reserve accounts.
  - b. Recommend transfers to or from reserve accounts through a formal reserve reporting process.
  - c. Recommend to Board a strategy to replenish the asset replacement reserve if the annual reserve contribution falls below the ten year rolling average for existing infrastructure.
2. Reserve accounts and transfers will be reported to and approved by the Board.
3. The Commission Manager will undertake a detailed review of reserve requirements every three years.
4. Interest earnings are intended to be applied to a reserve if there are external requirements based on legislation or agreements. Interest will normally be applied at the Commission's short-term investment earnings rate.
5. The unrestricted capital reserves shall maintain a minimum balance of \$1,000,000.
6. The annual capital reserve contribution will be equal to the greater of:
  - a. the annual amortization expense incurred by the Commission and reported in the Commission's annual audited financial statements; or
  - b. the ten year rolling average annual expense for replacement of existing capital infrastructure
7. Any annual general operating surpluses will be placed in an operating reserve accounts;
8. The General Operating Reserve shall maintain a balance equal to 90 days of general government expenses.

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Chairperson

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Manager

## **Cellular Modem Replacement**

Date: March 29, 2021

Prepared by: Chris Huston, Operations Supervisor

Presented by: Jordan Thompson, Administrator

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### **PURPOSE:**

To request the Commission's funding approval to replace seven (7) LTE cellular communication modems at the Commission's sites.

### **ACTION/RECOMMENDATION:**

THAT the Commission approves the replacement of the remaining seven modems in 2021 at a cost of \$17,347.99 funded from the capital reserve.

### **ISSUE ANALYSIS:**

Commission and City of Red Deer operators connect remotely to the Commission's nine sites via 3G cellular modems installed in 2006. This remote connection allows operators to monitor each site's status to review alarms, troubleshoot issues, and, in many cases, resolve problems without having to be physically present at the site. Most site visits due to communication modem failure happen outside of regular working hours. When the current modems stop communicating, operators drive to the site and attempt to reboot the modems. Most of the time, this resolves the communications issues. In 2018 operators rebooted the modems 13 times in 2019 three times and in 2020 two times.

In September 2020 and February 2021, two of the nine modems failed and were replaced with the new LTE models. In addition, operators found the old 3G cellular modems were causing regular outages and communications glitches in the new SCADA system. Because of the modem failures to date, the age of the remaining modems and the presence of minor but ongoing communications glitches, operators request the modems are replaced with modern, LTE versions.

Administration recommends the Commission's approval to replace the remaining seven modems in 2021 at a cost of \$17,347.99 funded from the capital reserve.

### **ALTERNATIVES:**

The Commission may choose to:

- A. THAT the Commission approves the replacement of the remaining seven modems in 2021 at a cost of \$17,347.99 funded from the capital reserve.
- B. THAT the Commission directs Administration to defer the replacement of the remaining seven modem so that it can be considered with the 2022 Budget.
- C. THAT the Commission directs Administration how it wished to proceed.

**ATTACHMENTS:**

February 10<sup>th</sup>, 2021 – Eramosa Cellular Modem Upgrade Document

File: C42618.B

Date: February 10, 2021

Chris Huston  
Operations Supervisor  
North Red Deer River Water Services Commission

Attention: Chris Huston  
Operations Supervisor

REF: NORTH RED DEER RIVER WATER SERVICES COMMISSION  
LTE MODEM UPGRADES

Dear Chris:

We are pleased to provide our revised proposal for replacement and upgrade of the seven (7) 3G cellular network sites to LTE. As a part of the previous SCADA upgrade project it was identified that the old 3G cellular routers were causing regular outages and latency that is unacceptable to the SCADA systems. In an effort to resolve these communications issues Eramosa recommends the replacement of the communications solution to a LTE based communication.

The sites listed below will be upgraded to bullet LTE modems which have already provided by NRDRWSC and are located in Eramosa's Calgary office;

1. Ponoka Riverside,
2. Ponoka 39th Ave,
3. Lacombe A,
4. Lacombe B,
5. Lacombe C,
6. Blackfalds Broadway Reservoir, (recently reported as having communication issues)
7. Blackfalds Railway

The proposal includes the following activities and outlines the deliverables for this project.

1. A detailed design will be completed including how the systems will connect and communicate with the SCADA network. This will be provided to the city for review and comment.
2. Testing of the solution off site to ensure connectivity is fully established prior to implementation.
3. The implementation of each of the seven (7) LTE devices and decommission of existing systems over a three (3), day period. Eramosa is expecting that these will be 10 hour days and will require both electrical support and escort to sites where required.
4. Provide a day of on site support to monitor if any issues are occurring and remediation of the issues.

5. Update of the design documentation to include as built changes if applicable.

Eramosa is not able to provide assistance with the implementation of any electrical cabling or the mounting of any external antenna's if they are required to obtain optimal signal strength. An electrician should be available to provide these services during the installation phase of the implementation.

We have subtracted time and fees associated to the Wolf Creek modem upgrade as this was repaired in an emergency need. Lesson's learned from the configuration and setup of the Wolf Creek modem will also reduce our fees for this proposal.

Our price to complete this assignment is \$17,347.99 plus applicable taxes. A breakdown of these fees is attached below.

We are pleased for this opportunity to assist the North Red Deer Water Services Commission in this endeavor and remain available to discuss this proposal at your earliest convenience.


Yours truly,

**ERAMOSA ENGINEERING INC.**

A handwritten signature in purple ink, appearing to read 'D. Flynn', with a long horizontal stroke extending to the right.

David Flynn, C.E.T.  
Technical Group Leader

DPF:dpf

		Eramosa Project No.:		C42618.B	Eramosa P.M.	Kent Fulford				
		Project Title:		Cellular Modem upgrades - 7 sites						
		End Client:		NRDRWSC						
		Proposal By:		David Flynn						
Task #	Description	Comments	FOIP Section 16			Totals				
			Technical Lead / QA/QC	Technical Specialist	Systems Integrator					
1 Design and PreBuild										
1.01	Design of solution including configurations for modem and firewall	In Office work completed to date	FOIP Section 16							
1.02	update existing documentation for new design	In Office								
1.03	prebuild devices for onsite deployment - 7 sites	In Office - Revised - Wolf Creek LL								
1.04	Remotely test communication	In Office								
	Design and PreBuild Subtotal									
2 Site Installation										
2.01	Equipment set-up - 7 sites	Onsite								
2.02	Post commissioing support									
	Site Installation Subtotal									
3 Documentation										
3.01	System As-Build Documentation - IP Schedule and Network overview	In Office								
	Documentation Subtotal									
	Implementation Phases Subtotals									
	Project Subtotal		FOIP Section 16							
	Project Management									
	QAQC									
	Disbursements									
PROJECT TOTAL (Taxes Not Included)						\$ 17,347.99				



## **Interim Alternative Appointed Official to CAO**

Date: March 24, 2021

Prepared by: Denise Bellabono, Administrative Assistant

Presented by: Jordan Thompson, CAO

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### **PURPOSE:**

To seek Board approval for the alternate appointed office signing authority for North Red Deer River Water Services Commission effective March 29, 2021.

### **ACTION/RECOMMENDATION:**

THAT the Commission appoints Matthew Goudy as the interim, alternative official with signing authority for Commission cheques and documents in the absence of the CAO.

### **ISSUE ANALYSIS:**

Section 6.16 of the Commission's Bylaw #1 outlines who is responsible for signing documents, including bank-related information, on behalf of the Commission. Either the Chair or in his/her absence, the vice-chair, together with the Administrator (CAO) are authorized to execute cheques, promissory notes, and other legal documents.

With the departure of Senior Finance Manager Mauricio Reyes, currently, there is only one appointed official, Jordan Thompson, CAO. Administration is asking the Board to endorse Matthew Goudy as the interim alternate.

### **LEGISLATIVE AUTHORITY:**

North Red Deer River Water Services Commission Bylaw 1, Administration 6.16

### **ALTERNATIVES:**

The Commission may choose to:

- A. Appoint Matthew Goudy as the interim alternative appointed official with signing authority for Commission cheques and documents in the absence of the CAO.
- B. Nominate an interim alternative appointed official.
- C. Direct Administration not to proceed with the request at this time.

### **ATTACHMENTS:**

NRDRWSC Bylaw 1

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

### **BYLAW 1**

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

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

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

#### **1. DEFINITIONS**

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

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

## **2. OBJECTS**

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

## **3. MANAGEMENT**

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

## **4. BOARD OF DIRECTORS**

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

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

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

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

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

## **5. MEETINGS**

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

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

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

## **6. ADMINISTRATION**

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

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

6.13 The Board may select as Manager:

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

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

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

## **7. VOLUME OF WATER SUPPLIED**

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

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

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

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



## **8. FINANCIAL**

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

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

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

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

8.5 Upon receipt of authorization from the Board to distribute the proposed Budget and Financial Plan, the Manager shall distribute to each Member a complete copy of the proposed Budget and Financial Plan for the relevant financial year.

8.6 Any Member may submit comments and questions to the Board in writing in relation to the Budget and the Financial Plan within thirty (30) days immediately following the date of distribution of the Budget and the Financial Plan.

8.7 After the thirtieth (30<sup>th</sup>) day immediately following the date of distribution of the Budget and the Financial Plan, the Directors shall finalize and approve the Budget and the Financial Plan for the relevant financial year. For the purposes of this paragraph, approval of the Budget and the Financial Plan shall require a majority of those votes cast to be in favour

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

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

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

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

## **9. CUSTOMERS AND RESTRICTIONS IN USE OF WATER**

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

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

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

## **10. CHANGE IN MEMBERSHIP**

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

## 11. AMENDMENTS

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

Read a first time this 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

## **Meeting Schedule Additions/Changes**

Date: March 29, 2021

Prepared by: Denise Bellabono, Administrative Assistant

Presented by: Denise Bellabono, Administrative Assistant

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### **PURPOSE:**

To request Commission's approval to schedule an additional meeting in May and reschedule the September 20, 2021 meeting date due to a conflict.

### **ACTION/RECOMMENDATION:**

THAT the Commission approves the additional meeting on May 17, 2021 in the Lacombe County Office, Council Chambers at 9:00 a.m.

THAT the Commission approve the rescheduling of the September 20, 2021 Commission meeting to September 13, 2021 at 9:00 a.m.

### **ISSUE ANALYSIS:**

#### **Request for an Additional Meeting**

Administration has a number of items to bring to the Commission prior to the next scheduled Commission meeting of June 21, 2021. These items are:

- Final Asset Management Plan Deliverables
- 2022-2024 Budget Options (Mr. Jenkins)
- Bylaw 1 and Financial Policy amendments (Mr. Jenkins)
- Waterline Extension Project Plan

The confirmed available dates for the additional meeting are May 3 or May 17, 2021 at 9:00 a.m.

#### **Request to Reschedule a Meeting**

The regular meeting on September 20, 2021 has a scheduling conflict due to the Municipal Elections Nomination Day. Administration proposed the meeting be rescheduled to September 13<sup>th</sup> or 27<sup>th</sup>, 2021 at 9:00a.m.

### **ALTERNATIVES:**

The Commission may choose to:

- A. THAT the Commission approve the additional meeting on **May 17, 2021** in the Lacombe County Office, Council Chambers at 9:00 a.m.
- B. THAT the Commission approve the additional meeting on **May 3, 2021** in the Lacombe County Office, Council Chambers at 9:00 a.m.

AND

- C. THAT the Commission approve the rescheduling of the September 20, 2021 Commission meeting to **September 13, 2021** at 9:00 a.m.
- D. THAT the Commission approve the rescheduling of the September 20, 2021 Commission meeting to **September 27, 2021** at 9:00 a.m.
- E. Direct Administration to find another date to reschedule the September 20, 2021 meeting.

**ATTACHMENTS:**

N/A

**From:** [Jordan Thompson](#)  
**To:** [Denise Bellabono](#)  
**Subject:** FW: NRDRWS  
**Date:** March 24, 2021 11:28:00 AM

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**From:** Barry Pape <[Barry.Pape@gov.ab.ca](mailto:Barry.Pape@gov.ab.ca)>  
**Sent:** March 24, 2021 08:59  
**To:** [gcreasey@lacombe.ca](mailto:gcreasey@lacombe.ca).  
**Cc:** Jordan Thompson <[JThompson@lacombe.ca](mailto:JThompson@lacombe.ca)>  
**Subject:** NRDRWS

Good morning Grant . . . I appreciate the significant progress that the commission has made this spring in advancing the regional water line extension to Maskwacis/Ermineskin FN. As you may be aware, the 'funding agreement' has been forwarded previously to the commission for execution. (optimistically) we had identified a significant advance payment in the current fiscal year. From a budget perspective there is some advantage for the department to make this payment now, rather than having to re-profile to next year. I am just inquiring if the commission is comfortable enough with negotiations/progress to execute the agreement prior to the end of March. Please call if you wish to discuss.  
. . . regards, B.P.

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