

North Red Deer River Water Services Commission



Organizational & Regular Meeting Agenda

Date:	November 4, 2024	Time:	9:00 am
Location:	COUNCIL CHAMBERS, CITY OF LACOMBE, AB		
Invitees:	<p>Members: Mayor Grant Creasey, City of Lacombe - Director Mayor Jamie Hoover, Town of Blackfalds – Director Councillor Clayton Nelson, Town of Ponoka– Director Councillor John Ireland, Lacombe County – Director Councillor Mark Matejka, Ponoka County – Director</p> <p>Others: Jordan Thompson, NRDRWSC CAO Kim Isaak, CAO, Town of Blackfalds Sandra Lund, CAO, Town of Ponoka Matthew Goudy, CAO, City of Lacombe Peter Hall, CAO, Ponoka County Tim Timmons, County Manager, Lacombe County Preston Weran, Director of Infrastructure and Planning Services, Town of Blackfalds Michael Minchin, Director of Corporate Services, Lacombe County Manager Tracey McKinnon, City of Lacombe Acting Manager Phil Bevans, City of Lacombe Manager Chris Huston, City of Lacombe Manager Angela Smith, City of Lacombe Operator Matt Sawitsky, City of Lacombe Legislative Coordinator, Denise Bellabono, City of Lacombe</p> <p>Guests:</p>		
Recorded by:	Iwa Post - NRDRWSC Executive Assistant		
ORGANIZATIONAL MEETING			
1. Call to Order by CAO			
2. Adoption of Organizational Meeting Agenda			
3. Annual Elections			
3.1 Election of Board Chair			
<i>NRDRWSC Board Chair Assumes Chairing of the Meeting</i>			
3.2 Election of Board Vice-Chair			

4. New Business
4.1 2024-2025 Schedule of Meetings.
4.2 Update NRDRWSC Signing Authorities
4.3 2024 Auditor Appointment
5. Organizational Meeting Adjournment
REGULAR MEETING
1. Call to Order
2. Adoption of Regular Meeting Agenda
3. Adoption of Minutes
3.1 Regular Meeting Minutes – September 16, 2024
4. Presentation
5. Reports
5.1 Administration
5.2 Chair
6. New Business
6.1 2025 Proposed Operating and Capital Budget
6.2 2025 Utility Rate Bylaw 1 st Reading
7. Correspondence
7.1 Thank You Letter – Minister Schulz
8. In Camera
9. Next Meeting Date
December 16, 2024 at 9:00 am, Council Chambers, City of Lacombe
10. Adjournment

Request For Decision

2024/2025 Schedule of Meetings

Date: November 4, 2024

Prepared by: Iwalani Post, Executive Assistant

Presented by: Jordan Thompson, CAO



PURPOSE:

To propose regular Commission meeting dates for December 2024 and 2025.

ACTION/RECOMMENDATION:

THAT the Commission approves the Regular Commission Meeting dates for December 2024 and 2025 as presented.

ISSUE ANALYSIS:

Per the Commission's [Bylaw 1](#), section 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.

Administration recommends that the Board approve the addition of a December 2024 meeting as well as the 2025 Commission meeting dates below and that any additional meetings be scheduled as required.

- December 16, 2024
- April 22, 2025, at 9 AM (*Note that this is a Tuesday due to the Easter holiday)
- June 16, 2025, at 9 AM
- September 15, 2025, at 9 AM
- November 17, 2025, at 9 AM (Organizational meeting and 2026 Budget)
- December 15, 2025, at 9 AM

Additional Commission meetings and special meetings may be scheduled at the Chair's discretion or upon written request by at least three Directors, with date, time or place changes with no less than 48 hours notice to Board members.

Meetings are open to the public and will be posted on the [NRDRWSC website](#). Unless otherwise notified, all meetings will be held at 9:00 AM in Council Chambers at City Hall, 5432 56 Avenue, Lacombe, AB.

ALTERNATIVES:

The Commission may choose to:

1. **[Recommended]** THAT the Commission approves the Regular Commission Meeting dates for December 2024 and 2025.

OR

2. [Alternate] THAT the Commission approves the Regular Commission Meeting dates for December 2024 and 2025 with the following amendments: *[mover to specify amendments]*.

OR

3. [Alternate] THAT the Commission directs Administration on how it wishes to proceed.

ATTACHMENTS: N/A

Request For Decision

Signing Authorization

Date: November 4, 2024

Prepared by: Iwa Post, Administrative Assistant

Presented by: Jordan Thompson, Chief Administrative Officer



PURPOSE:

To seek Board approval for new signing authorizations for the Commission.

ACTION/RECOMMENDATION:

THAT the Commission directs Administration to replace the list of approved officers for the North Red Deer River Water Services Commission authorized to execute cheques, promissory notes, bills of exchange, and other instruments, whether negotiable or not, on behalf of the Commission with the following:

Chair, **[Name of elected Chair]**

Vice-Chair, **[Name of elected Vice-Chair]**

CAO, Jordan Thompson

Alternate, Matthew Goudy

Alternate, Tracey McKinnon

ISSUE ANALYSIS:

Section 6.15 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 their absence, the Vice-Chair, together with the CAO or alternate, are authorized to execute cheques, promissory notes, and other legal documents.

As per Section 4.4 of Bylaw 1, a Chair and Vice-Chair shall be elected at the Organizational Meeting. A new resolution identifying the newly elected signing officers by name is needed. The Commission's bank needs that resolution to process the change to their records. Servus Credit Union will contact signing authorities to add their signature to the signature cards for the Commission.

To comply with federal legislation, signing officers will have to provide their driver's license or other acceptable form of identification.

ALTERNATIVES:

The Commission may choose:

1. **[Recommended]** THAT the Commission directs Administration to replace the list of approved officers for the North Red Deer Regional Wastewater Services Commission authorized to execute cheques, promissory notes, bills of exchange, and other instruments, whether negotiable or not, on behalf of the Commission with the following:

Chair, **[Name of elected Chair]**

Vice-Chair, **[Name of elected Vice-Chair]**

CAO, Jordan Thompson

Alternate, Matthew Goudy

Alternate, Tracey McKinnon

OR

2. [Alternate] THAT the Commission directs Administration on how it wishes to proceed.

ATTACHMENTS:

No attachments.

Request For Decision

Appointment of External Auditor for 2024 Annual Audit

Date: November 4, 2024

Prepared by: Iwa Post, Administrative Assistant

Presented by: Jordan Thompson, Chief Administrative Officer



PURPOSE:

To recommend the appointment of an external auditor for the Commission's 2024 annual financial audit.

ACTION/RECOMMENDATION:

THAT the Commission appoint BDO Canada LLP as the external auditor for the 2024 year-end audit.

ISSUE ANALYSIS:

The current contract for audit services ended in April 2024 following the finalization of the 2023 audit. Administration posted a Request for Proposal (RFP) on Alberta Purchasing Connection (APC) soliciting proposals for the 2024 to 2028 fiscal periods.

The RFP was posted from August 30th to September 30th, 2024. Submissions were received from:

1. BDO Canada LLP
2. Metrix Group LLP
3. RSM Canada LLP

A committee of four Administration employees was established to review and rank the proposals in accordance with the following criteria, with BDO Canada LLP being the top ranked proponent:

Scoring Criteria	Scoring Weight	BDO Canada LLP	Metrix Group LLP	RSM Canada LLP
Proposal Quality	10%	8.5	7.4	5.8
Fee Structure	30%	18.2	25.6	23.0
Approach & Methodology	30%	25.5	23.8	19.3
Experience & Qualifications	30%	28.3	21.8	22.0
Total	100%	80.5	78.6	70.1

Administration recommends awarding the contract to BDO Canada LLP. BDO Canada LLP was the Commission's previous auditor, with five years of experience performing the financial audits for the Commission.

FINANCIAL IMPLICATIONS:

Although BDOs fees for a five-year period are shown below, the Commission's bylaws require the appointment of an external auditor annually.

The annual financial audit costs for 2024 to 2028 are as follows:

North Red Deer River Water Services Commission Audit Fee Breakdown **2024-2028**

	2024	2025	2026	2027*	2028*
Yearly Audit Fee (includes audit, preparation of financial statements, and financial information return)	\$22,470	\$23,797	\$25,231	\$26,664	\$28,205

*The proposed fees for 2027 & 2028 are estimates based on current market conditions at the time of submission. At the conclusion of 2026, BDO will re-evaluate the fees and may adjust for inflationary costs, changes to the original scope of work, and/or changes to the original fee assumptions noted above.

LEGISLATIVE AUTHORITY:

Section 5.4 of the Commission’s [Bylaw 1](#) requires the annual appointment of an external auditor at the Commission’s first board meeting following the Annual Meeting. To comply with the Commission’s bylaw, the recommended external auditor will need to be re-appointed, at the board’s discretion, at the April 2025 board meeting for the 2025 year-end audit.

ALTERNATIVES:

The Commission may choose:

1. **[Recommended]** THAT the Commission appoint BDO Canada LLP as the external auditor for the 2024 year-end audit.

OR

2. [Alternate] THAT the Commission directs Administration on how it wishes to proceed.

ATTACHMENTS:

No Attachments.

NORTH RED DEER RIVER WATER SERVICES COMMISSION
MEETING MINUTES
September 16, 2024

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

Others Present: Jordan Thompson, NRDRWSC Manager, City of Lacombe
Peter Hall, CAO, Ponoka County
Matthew Goudy, CAO, City of Lacombe
Preston Weran, Director of Infrastructure and Planning Services, Town of Blackfalds
Tracey McKinnon, Manager of Finance, City of Lacombe
Michael Levia, Financial Analyst, City of Lacombe (*REMOTE*)
Phil Bevans, Acting Engineering Manager, City of Lacombe
Chris Huston, Manager of Utilities, City of Lacombe
Iwalani Post, NRDRWSC Administrative Assistant, City of Lacombe

Guests: Joe Ireland, P.Eng, Civil Engineer, Stantec Consulting Ltd.
Todd Simenson, P.Eng, FEC, FSS (Hon), ENV SP, Project Manager, Stantec Consulting Ltd.
Richard Jones, KC, Litigation, Municipal, Environmental & Utility Regulation, Brownlee LLP

Regrets: Sandra Lund, CAO, Town of Ponoka
Kim Isaak, CAO, Town of Blackfalds
Tim Timmons, County Manager, Lacombe County
Michael Minchin, Director of Corporate Services, Lacombe County
Angela Smith, Regional Utilities Foreman, City of Lacombe
Matt Sawitsky, Operator, City of Lacombe
Denise Bellabono, Legislative Coordinator, City of Lacombe

1. Call to Order:

Chair Creasey called the meeting to order at 8:58 am.

2. Adoption of the Regular Meeting Agenda:

MOVED by Vice-Chair Ireland that the regular meeting agenda for September 16, 2024, be adopted as presented.

CARRIED UNANIMOUSLY

3. Adoption of the Minutes:

3.1. Regular Meeting Minutes of June 17, 2024

MOVED by Councillor Matejka that the minutes for June 17, 2024, be adopted as presented.

CARRIED UNANIMOUSLY

4. Presentations

4.1. Waterline Extension Feasibility Study Update – Stantec Consulting Ltd.

Mr. Ireland and Mr. Simenson of Stantec Consulting Ltd presented the design criteria for the extension and outlined the rationale for future water demands. Mr. Ireland presented five potential pipeline alignments, Highway 2A Alignment (recommended), West Alignment, Central-East Alignment, East Alignment, and Central Alignment with an emphasis on the Highway 2A Alignment being the top-ranked alignment. Opinion of probable costs was also presented with the estimated engineering and construction cost for the Highway 2A alignment being \$54 million.

MOVED by Councillor Matejka to accept the Waterline Extension Feasibility Study Update as information.

CARRIED UNANIMOUSLY

5. Reports:

5.1. Administration

Manager Thompson presented the Administration Report highlighting the progress of the three major scopes of work currently underway. Drought monitoring continues and the reservoir is currently at 100% capacity with Environment Canada predicting normal precipitation for 2025. The Waterline Extension's current cost estimate is \$53.184M. The grant agreement caps at \$38.9M but the grant agreement states that the Commission will not advance the project to tendering and construction until there is sufficient funding from Alberta to finish the project. The Joint Steering Committee has held a kickoff meeting to initiate the rate review process with the City of Red Deer. The next meeting is scheduled for late September. The main concerns for the Commission are rate instability, subsidizing Red Deer ratepayers, and capital uncertainty.

Financials were provided for January to July 2024. Water volumes are 0.29% higher than 2023, revenue is lower than budgeted by 0.19%, and expenses are 0.60% higher than budgeted amounts. The Commission is showing a net deficit of approximately \$27K due to a higher than budgeted rate from the City of Red Deer.

MOVED by Mayor Hoover to accept the September 16, 2024, Administration Report as information.

CARRIED UNANIMOUSLY

6. New Business / Emergent Items

7. Correspondence

8. In Camera:

MOVED by Vice-Chair Ireland to move In Camera with Administrative Staff attending (CAO Goudy, Manager McKinnon, Analyst Levia, Manager Huston, Acting Manager Bevans and Assistant Post) at 9:45 am.

CARRIED UNANIMOUSLY

Councillor Matejka left the meeting at 10:55 am.

MOVED by Vice-Chair Ireland to return to Open Meeting at 11:01 am.

CARRIED UNANIMOUSLY

MOVED by Councillor Nelson that the Commission approve the Memorandum of Understanding: Regional Water Transmission Pipeline Extension and Water Supply to ECN Reserve as presented.

CARRIED UNANIMOUSLY

MOVED by Councillor Nelson that the Commission appoint Chair Grant Creasey to the Waterline Extension Onboarding Committee.

CARRIED UNANIMOUSLY

MOVED by Vice-Chair Ireland that the Commission appoint Director Clayton Nelson to the Waterline Extension Technical Committee.

CARRIED UNANIMOUSLY

MOVED by Councillor Matejka that the Commission directs Administration to notify Alberta that it requires a decision within 30 days on the procurement of a qualified general engineering consultant for the waterline extension AND that the Commission directs Administration to follow Alberta's procurement recommendation.

CARRIED UNANIMOUSLY

9. Next Meeting:

Monday, November 4th, 2024, at 9:00 am, City of Lacombe Council Chambers.

Adjournment:

MOVED by Councillor Nelson to adjourn the meeting at 11:05 am.

CARRIED UNANIMOUSLY

Chairperson

Manager

Administration Reports

Administrative, Financial & Operational

Date: November 4, 2024

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



ADMINISTRATIVE

Drought Monitoring

The Province downgraded the Red Deer River Basin to Drought Stage 2 (from Stage 4). The 2024 Water Sharing MOU - Red Deer River Basin remains inactive but in place as a tool for the Province to manage future drought scenarios.

Waterline Extension

Administration received seven proposals in response to the Project Management RFP, which closed on September 25. Each submission was evaluated and ranked, with the top three proponents shortlisted for interviews. Following a thorough review, Administration selected a project management team based on demonstrated administrative and financial expertise, comprehensive knowledge of regional water commissions, infrastructure design and construction, and extensive experience in stakeholder consultation, including with First Nations. Their proven ability to build and sustain effective working relationships and in-depth familiarity with the Commission's service areas further supported this choice. Led by Localis, the selected team includes Albert Frootman, Michael Wuetherick, Michelle Tetreault, and Darwin Durnie.

Joint Steering Committee (JSC)

October 22, 2024

1. The Draft Terms of Reference for the JSC is attached to this report for the Board's information. Administration seeks feedback from the Board on whether they wish to discuss the TOR at a future meeting. If not, Administration intends on finalizing the document with Red Deer.
2. City of Red Deer proposed 2025 regional rates:
NRDRWSC: \$1.92/m³
NRDRWSC: \$1.38/m³
3. The City of Red Deer is actively working to modernize and improve the information provided to NRDRWSC and all regional partners. To achieve these goals, they propose the following actions:

New Annual Reporting Structure

The City plans to release updated annual documentation in Q2 2025, aligned with the availability of their year-end information.

Rate Model Review

A dedicated session is proposed to review the City's rate model. This session will offer Joint Committee Members an in-depth look at the rate modelling tools and processes. The session will include the City's rate model creator, NRDRWSC representatives, and a consultant. While the intention is to invite members from all regional commissions, scheduling will be managed to accommodate as many as

possible. The session is tentatively scheduled for mid-January 2025, with flexibility to adjust as needed.

- The Commission’s engagement with KPMG is paused until Red Deer’s January rate model review meeting.

FINANCIAL

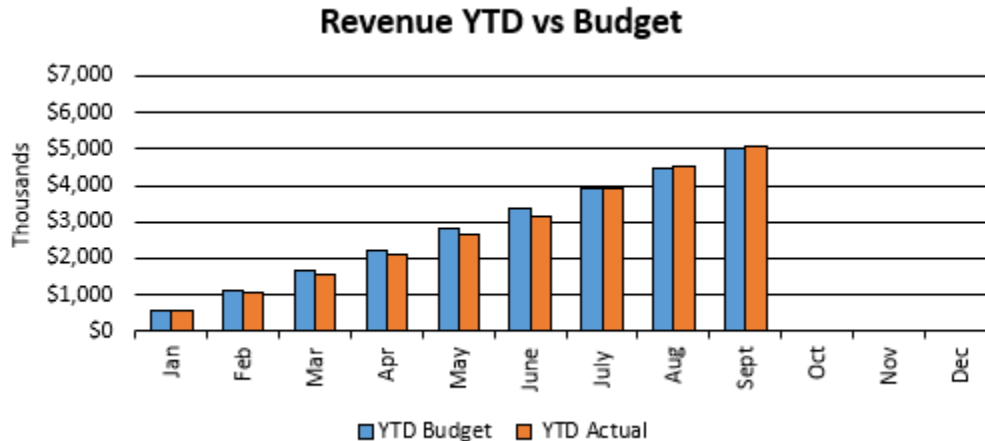
As seen in Table 1, 2024 water volumes as of September are higher by 0.49% than the actual 2023 levels for the same period.

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

Member	2023	2024
City of Lacombe	982,344	967,734
Blackfalds	644,216	654,176
Lacombe County	53,286	45,457
Ponoka	558,546	583,857
Ponoka County	7,792	6,064
Total	2,246,184	2,257,288

Revenue

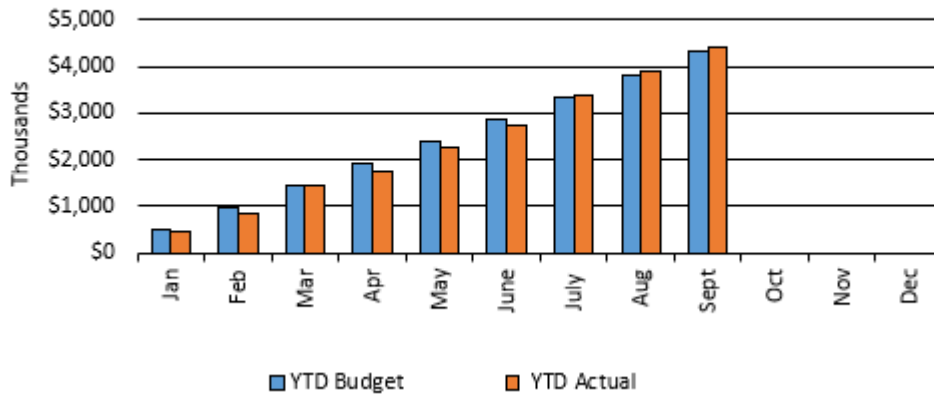
As of September, YTD (year-to-date) actual revenues are higher than the YTD budgeted revenues by \$52,204 or 1.03%.



Expenses

As of September, the YTD actual expenses are higher than YTD budgeted expenses by \$106,837 or 2.42%.

Expenses YTD vs Budget

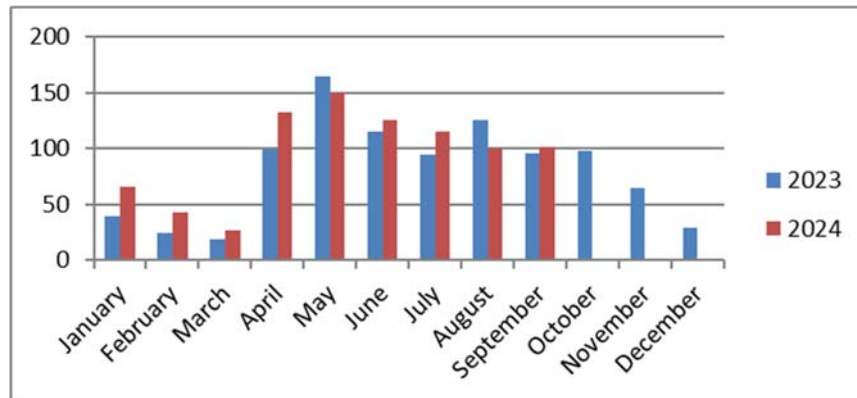


Surplus/Deficit

As of September 2024, the Water Commission has a YTD net deficit of approximately \$55K due to the City of Red Deer’s actual rate increase being greater than budgeted. Administration is expecting this deficit to continue to grow by year-end.

OPERATIONAL

Alberta One-Call Locate Requests:



2023 = 966 (2022 = 1052)

2024 to date = 857

Notable activities since the last report:

- Completed water meter accuracy testing with Endress+Hauser

Upcoming Activities:

- November 7 – Contracted air release chamber inspection and equipment check.

ATTACHMENTS:

- NRDRWSC, NRDRWWSC, City of Red Deer, Joint Planning Committee Draft Terms of Reference



North Red Deer River Water Services Commission, North Red Deer Regional Wastewater Services Commission & The City of Red Deer Joint Planning Committee

TERMS OF REFERENCE

1. Purpose:

As established in Article 20 of the North Red Deer River Water Services Commission agreement between the North Red Deer River Water Services Commission (the Water Commission) and The City of Red Deer (the City) and in Article 10.1 of the North Red Deer Regional Wastewater Services Commissions agreement between the North Red Deer Regional Wastewater Services Commission (the Wastewater Commission) and The City of Red Deer (the City), the Commissions and the City will create and develop a process of planning and consultation. The parties agree to the establishment of a Joint Planning Committee (the Committee), whose mandate is to:

- (a) enhance communications between the City and the Commissions,
- (b) analyze and improve operations in both the Water and Wastewater systems,
- (c) For Water Systems:
 - a. engage in a process of strategic planning regarding such issues as the supply and delivery of Water, Water conservation, capital expenditures and rates and rate increases or decreases; and
 - b. provide a forum for the discussion of issues respecting Annual Quantity determinations, the Delivery water Pressures determinations and any other concerns respecting the purchase, supply and delivery of Water
- (d) For Wastewater Systems:
 - a. review and discuss changes in rate, flows, projections, odours, costs, Wastewater substances and parameters, and other issues of mutual concern under this Agreement; and
 - b. review, assess, plan for and implement improvements to the Commission's Wastewater conveyance systems and the City's Wastewater Services.

Ultimately, the intent is for the Committee to develop recommendations for collaboration efforts that support an equitable regional partnership for Water and Wastewater.

2. Shared Values:

The Committee members commit to being accountable to each other for these shared values:

- (a) Mutual respect
- (b) Collaborative intent and tone to discussions
- (c) Focus on increasing regional benefit
- (d) Create opportunity for shared success, where both parties benefit
- (e) Recognize each other's vision and distinctiveness, appreciate similarities and differences
- (f) Create a safe space for addressing challenges:

- i) open minded
- ii) honesty
- iii) candor
- iv) seeking to understand each other's perspectives
- v) respectfully agreeing to disagree
- (g) Stay focused and being productive

3. Membership:

The Committee will be composed the Chief Administrative Officer of the commission, and up to three (3) representatives of the City including the General Manager of Community Services or delegate, the Utilities Manager, and the Community Services Division Controller provided that, for the purposes of voting on Joint Planning Committee resolutions. Quorum is achieved when representatives from both the Commission and the City are in attendance. All decisions will be on a consensus basis.

The role of the Chair of the Committee will be rotated alternatively between the City representative(s) and the Commission representative(s) in each calendar year.

It is intended that all members will be present for Committee meetings. If a member cannot attend, it is their discretion to determine if the meeting can proceed without their presence, or if it will be rescheduled.

In order to carry out its mandate, the Joint Planning Committee may delegate tasks to sub-committees. The sub-committees may be composed of individuals who are not members of the Joint Planning Committee. The terms of reference for the subcommittee will be approved, chaired and administrative supported by this committee,

The Committee may request a third-party subject matter expert or invested party to participate at a meeting by providing information for consideration.

4. Agendas:

Either the Commission or the City can propose a topic for inclusion in an upcoming agenda. The initiating member will provide supporting information outlining rationale for the topic and demonstrate how the item impacts the members. The Committee will discuss the item using the Shared Values as conversation guidelines. The Committee will endeavor to identify agenda items at each meeting.

5. Meeting schedule:

The Committee will meet as needed, and no less than two times per year as called by the Chair or as mutually agreed upon. The Committee will endeavour to meet twice per year; once in the spring (May) and once in the fall (September). Meetings will be in-person with virtual attendance accommodated, when possible, based on the available resources. The City of Red Deer will provide a location, administrative support for minute taking, and coordination of meetings with the agenda to be circulated one week prior to the meeting. The City will present to each of the Commissions each electoral term.

6. Communications expectations:

Information discussed at Committee meetings will be considered confidential unless mutually agreed upon by all parties. Media communications will be handled by joint media releases. Media representation will be the joint responsibility of the Commission and The City.

7. Decision-Making Model:

- (a) The Committee makes decisions about what topics are in scope and makes recommendations to all interested parties.
- (b) Recommendations and agreements will be documented during the meeting in draft form, and through a Summary of Outcomes memo to be circulated in the subsequent meeting's agenda package for review.

8. Conflict Resolution

- (a) Committee members are committed to resolving any disputes in a non-adversarial, informal and cost-efficient manner.
- (b) Committee members shall make all reasonable efforts to resolve all disputes by facilitated collaboration and agree to provide, without prejudice, open and timely disclosure of relevant facts, information and documents to the facilitated collaboration.
- (c) A formal mediation process is not considered as part of these terms of reference but may be explored if needed.
- (d) During the conflict resolution process, the Committee may continue to collaborate on other topics.

9. Terms of Reference Review

- (a) The Terms of Reference will be reviewed annually for optimization opportunities and set regular review period for subsequent years.
- (b) The first review will occur at the fall (September) 2025 meeting.

Request For Decision

2025 Operating & Capital Budget

Date: November 4, 2024

Prepared by: Jordan Thompson, CAO

Presented by: Jordan Thompson, CAO



PURPOSE:

To present the 2025 Operating and Capital Budgets for adoption.

ACTION/RECOMMENDATION:

1. THAT the Commission adopts the 2025 Operating Budget as presented.

AND

2. THAT the Commission adopts the 2025 Capital Budget as presented.

ISSUE ANALYSIS:

Administration prepared the 2025 Operating Budget based on the 2025-2040 Financial Plan. The Financial Plan:

- ensures the Commission's capital debt is paid off by 2031.
- grows the capital reserve to support the Commission's asset management plan without requiring new debt before at least 2040.
- assumes a future grant or new debt is required to top off capital reserves to replace the mainline at the end of its life.

FINANCIAL IMPLICATIONS:

Sales Volume

In 2025, overall water volumes are projected to increase 2% over 2024 year-end estimates, primarily driven by increased industrial demand in Lacombe County in anticipation of [Dairy Innovation West's \(DIW\) milk concentration facility](#) coming online next year. The region's historical population growth and member consumption rate assumptions in the 2025-2025 Financial Plan are also factors in the volume projections. Compared to the 2024 budgeted sales volume, the proposed 2025 budget estimates the following sales volume adjustments:

- Town of Ponoka: +2.2%
- City of Lacombe: -1.3%
- Town of Blackfalds: -2.7%
- Lacombe County¹: +65.3%
- Ponoka County: -11.3%
- **Overall Volumes: +0.7%**

¹ Lacombe County volumes are shown for information purposes only. The Commission bills the Town of Blackfalds and City of Lacombe for all volume that flows through their import meters to Lacombe County.

Annual Expenses

Board

This expense line includes Board remuneration and travel expenses.

The 2025 budget proposes a 4% increase over 2024, projecting additional waterline extension-related meetings in 2025.

Administration

This expense line includes the Commission's management and administration contract with the City of Lacombe, insurance, other professional services, and miscellaneous office expenses.

The 2025 budget proposes a 19.2% increase over the 2024 budget which includes a 67% increase (to \$23K) in auditor fees related to new regulation and auditing standards and a contracted 5% rate increase with the City of Lacombe for management and administration services and a \$10K increase to professional services to support the CRD Rate Model Review shared with the NRDRWSC.

System Operations

This expense line consists of the Commission's operations contract with the City of Lacombe, utilities, telephone, equipment repair/maintenance, valve maintenance, and SCADA.

The 2025 budget proposes a 9.0% increase over the 2024 budget due to general cost increases, a contracted 5% rate increase with the City of Lacombe for operations services and an adjustment to reflect actual SCADA costs (\$38K in 2024).

Purchase of Treated Water

The City of Red Deer has preliminarily indicated their 2025 water supply rate to the Commission. The 2025 budget assumes the 2025 rate will be \$1.92/m³ starting February 1st, 2025 – fourteen cents higher than the 2024 actual rate (+7.9%) and 22 cents higher than [the rate assumed in the 2024 operating budget](#).

Administration projects the 2025 total water purchases from the City of Red Deer to be \$5.8M, which is 12.7% higher than the budgeted 2024 purchase costs.

Debt Payments

This expense line includes principal and interest payments on two capital debentures for the system's original construction. The payments are fixed year over year until the debentures mature in 2031.

Transfers to Reserves

Amortization: The commission's financial strategy accounts for amortization as a non-cash expense. Some municipalities choose to make a transfer to capital reserves equivalent to amortization. The 2025 budget proposes minimal transfers to the capital reserves. Capital reserve transfers are projected to increase significantly starting in 2031 when the Commission retires its original capital debt.

Revenues

Water Revenues

Administration recommends a 2025 water sale rate to members of **\$2.45/m³**.

For 2025, Administration is projecting total water sales of \$7.3M, 10.7% higher than predicted in the 2024 budget. This reflects an increase of approximately \$783K compared to the 2024 year-end projections.

Other Revenue and Interest

This revenue line includes fees charged to third parties for crossing agreements per the 'Fee for Line Crossing Policy.' It also includes interest revenue from investing the Commission's cash reserves in principle guaranteed investments permitted under the Municipal Government Act. The 2025 budget proposes lower interest revenue on the expectation from CIBC Wood-Gundy that 2025 returns will be lower in 2025.

County Contributions

As in prior years, the 2025 operating budget includes direct contribution payments from Lacombe County and Ponoka County, covering their portions of the annual administration costs (20% based on membership) and debt servicing costs (4.1% each based on the volume allocation in [Bylaw 1](#)). The rate model accounts for each County's portions of these costs paid for in the rate.

County Direct Contribution	2024 (Budget)	2025 (Budget)
Lacombe County	\$50,980	\$30,476
Ponoka County	\$71,811	\$75,252

The County direct contributions diminish with more volume purchased from the Commission. Lacombe County's notable decrease in 2025 is due to forecasted increased industrial demand from the DIW milk concentration development.

Surplus Balance at Year-End

The 2023 year-end reserve balances were adjusted to match the actual balances reported in the Audited Financial Statements.

The 2025 budget projects the year-end total surplus balance to be \$8.9M.

Administration's 2024 year-end projection shows an estimated \$280,790 deficit at year-end, requiring a transfer from reserves. This is due to a higher-than-expected 2024 rate increase from the City of Red Deer, and lower sales revenue to members. More background information can be found in [this April 8th, 2024 report](#).

Capital

The 2025 Capital Budget includes a \$38.625M expenditure for the waterline extension. When combined with the 2024 expenditure approval (\$125K), the total expenditure

authorization is \$38.9M, aligning it with the NRDRWSC/Alberta Grant Agreement which provides 100% funding for the project.

ALTERNATIVES:

The Commission may choose to:

1. **[Recommended]** THAT the Commission adopts the 2025 Operating Budget as presented.

AND

2. **[Recommended]** THAT the Commission adopts the 2025 Capital Budget as presented.

OR

3. [Alternative] THAT the Commission directs Administration to return the 2025 Operating Budget *[and/or Capital Budget]* with the following changes:
 - *[Mover to specify changes]*

ATTACHMENTS:

- NRDRWSC 2025 Operating Budget, Forecast 2025-2027 – Table S1
- NRDRWSC 2025 Capital Budget, Forecast 2025–2040 – Table S2

Table S1
North Red Deer River Water Services Commission
2025 - 2040 Financial Model
2025 Operating Budget, Forecast 2026-2028

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	2024	2024	2025	2026	2027	2028
	Budget	Forecast	Budget	Forecast	Forecast	Forecast
Sales Volume (m3)						
Town of Ponoka	721,668	754,438	737,204	740,890	744,594	750,368
City of Lacombe	1,297,511	1,260,599	1,281,211	1,300,429	1,319,935	1,343,405
Town of Blackfalds	867,635	839,522	844,630	866,568	888,973	914,354
Lacombe County	69,819	65,110	115,436	241,013	242,218	243,429
Wolf Creek Village (Ponoka Cnty)	8,864	7,821	7,860	7,899	7,939	7,979
Ermineskin Cree Nation	-	-	-	-	69,213	94,887
Total Sales	2,965,497	2,927,490	2,986,340	3,156,798	3,203,660	3,259,534
Annual Expense						
Operating Purposes						
Board	\$6,837	\$3,269	\$7,110	\$7,394	\$8,615	\$8,960
Administration (Mgt, Gen Srv, Prof Srv, Legal)	\$128,234	\$228,771	\$152,845	\$157,956	\$177,710	\$183,610
System Operations	\$305,830	\$317,734	\$333,288	\$343,957	\$408,110	\$421,191
Purchase of Treated Water						
Volume (m3)	3,012,945	2,974,330	3,034,122	3,207,307	3,325,238	3,408,092
Average Rate (/m3)	\$1.70	\$1.76	\$1.90	\$2.05	\$2.21	\$2.33
Expense	\$5,108,098	\$5,229,458	\$5,759,361	\$6,573,951	\$7,360,925	\$7,954,568
Total Operating Expense	\$5,548,999	\$5,779,233	\$6,252,604	\$7,083,258	\$7,955,361	\$8,568,329
Capital Purposes						
Debt Payments	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901
To Reserves (Restricted Surplus)	\$1,675	\$0	\$32,389	\$92,399	\$17,772	\$33,283
Total Capital Expense	\$1,276,576	\$1,274,901	\$1,307,291	\$1,367,300	\$1,292,674	\$1,308,184
Total Annual Expense	\$6,825,575	\$7,054,134	\$7,559,894	\$8,450,558	\$9,248,034	\$9,876,513
Rate to Members (/m3)						
Cost of Service Rate	\$2.10	\$2.20	\$2.36	\$2.49	\$2.67	\$2.78
Phase in to Cost of Service Rate	\$0.08	-\$0.02	\$0.09	\$0.11	\$0.08	\$0.09
Sales Rate	\$2.18	\$2.18	\$2.45	\$2.60	\$2.75	\$2.87
		1.9%	12.4%	6.1%	5.8%	4.4%

Table S1
North Red Deer River Water Services Commission
2025 - 2040 Financial Model
2025 Operating Budget, Forecast 2026-2028

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	2024 Budget	2024 Forecast	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast
Annual Revenue						
Sales to Members						
Town of Ponoka	\$1,573,236	\$1,644,675	\$1,806,150	\$1,926,314	\$2,047,635	\$2,153,555
City of Lacombe	\$2,828,573	\$2,748,107	\$3,138,966	\$3,381,115	\$3,629,822	\$3,855,572
Town of Blackfalds	\$1,891,445	\$1,830,157	\$2,069,344	\$2,253,076	\$2,444,676	\$2,624,197
Lacombe County	\$152,206	\$141,940	\$282,817	\$626,633	\$666,099	\$698,641
Wolf Creek Village (Ponoka Cnty)	\$19,323	\$17,050	\$19,257	\$20,538	\$21,832	\$22,899
Ermieskin Cree Nation	\$0	\$0	\$0	\$0	\$190,335	\$272,325
Total Member Sales	\$6,464,784	\$6,381,928	\$7,316,534	\$8,207,676	\$9,000,399	\$9,627,188
Non-rate Revenue						
Other Revenue	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Interest	\$237,000	\$159,000	\$133,000	\$191,000	\$192,000	\$190,000
Government Grants	\$0	\$108,625	\$0	\$0	\$0	\$0
County Contributions	\$122,791	\$122,791	\$109,361	\$50,882	\$54,636	\$58,325
Transfer from Reserves	\$0	\$280,790	\$0	\$0	\$0	\$0
Total Non Rate Revenue	\$360,791	\$672,206	\$243,361	\$242,882	\$247,636	\$249,325
Total Revenue	\$6,825,575	\$7,054,134	\$7,559,894	\$8,450,558	\$9,248,034	\$9,876,513
Unrestricted Surplus	\$0	\$0	\$0	\$0	\$0	\$0
Surplus Balance at Year End						
Restricted Surplus						
Operating Reserve	\$1,132,242	\$1,132,242	\$1,132,242	\$1,132,242	\$1,132,242	\$1,132,242
Capital Reserve	\$4,811,353	\$4,809,678	\$4,842,067	\$4,934,466	\$4,952,238	\$4,864,888
	\$5,943,595	\$5,941,920	\$5,974,309	\$6,066,708	\$6,084,480	\$5,997,130
Unrestricted Surplus						
Operating	\$3,225,675	\$2,944,885	\$2,944,885	\$2,944,885	\$2,944,885	\$2,944,885
Capital	\$0	\$0	\$0	\$0	\$0	\$0
	\$3,225,675	\$2,944,885	\$2,944,885	\$2,944,885	\$2,944,885	\$2,944,885
Total Surplus	\$9,169,270	\$8,886,805	\$8,919,194	\$9,011,593	\$9,029,365	\$8,942,015

Table S1
North Red Deer River Water Services Commission
2025 - 2040 Financial Model
2025 Operating Budget, Forecast 2026-2028

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	2024	2024	2025	2026	2027	2028
	Budget	Forecast	Budget	Forecast	Forecast	Forecast
Debenture Debt						
Annual Payments						
Interest	\$354,230	\$354,230	\$312,246	\$268,347	\$222,447	\$174,453
Principal	\$920,671	\$920,671	\$962,655	\$1,006,554	\$1,052,455	\$1,100,448
Total Payments	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901
Average Interest Rate	4.509%	4.509%	4.509%	4.509%	4.509%	4.508%
Debt Principal Owing at Year End	\$7,163,120	\$7,163,120	\$6,200,465	\$5,193,911	\$4,141,457	\$3,041,008
Debt Limit						
Statutory Debt Limit (2 x Revenue)	\$13,651,150	\$13,329,438	\$15,119,789	\$16,901,116	\$18,496,069	\$19,753,027
Actual Debt	\$7,163,120	\$7,163,120	\$6,200,465	\$5,193,911	\$4,141,457	\$3,041,008
% of Debt Limit Used	52%	54%	41%	31%	22%	15%
Annual Debt Servicing Limit						
Statutory Limit (35% of Rev)	\$2,388,951	\$2,332,652	\$2,645,963	\$2,957,695	\$3,236,812	\$3,456,780
Annual Payments	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901	\$1,274,901
% of Servicing Limit Used	53%	55%	48%	43%	39%	37%
Liquidity						
<u>Annual Revenue</u>	\$6,825,575	\$7,054,134	\$7,559,894	\$8,450,558	\$9,248,034	\$9,876,513
<u>Unrestricted Surplus Target</u>						
Proportion of Revenue	25%	25%	25%	25%	25%	25%
Amount	\$1,706,394	\$1,763,534	\$1,889,974	\$2,112,640	\$2,312,009	\$2,469,128
<u>Unrestricted Surplus</u>						
At Year End	\$3,168,695	\$2,944,885	\$2,944,885	\$2,944,885	\$2,944,885	\$2,944,885
Proportion of Revenue	46%	42%	39%	35%	32%	30%

Table S2
North Red Deer River Water Services Commission
2025 - 2040 Financial Model
2024 Capital Budget, Forecast 2025 - 2040

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	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Capital Projects																
Asset Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Main Transmission System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Laterals																
Meter Replacement - Laterals 1, 3-	\$0			\$107,229												
Meter Replacement - Lateral 2			\$0	\$13,404												
SCADA	\$0	\$0	\$0	\$0	\$0	\$147,776	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$962,843
System Extension	\$38,625,000	\$16,100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Expense	\$38,625,000	\$16,100,000	\$0	\$120,633	\$0	\$147,776	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$962,843
Capital Funding																
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants	\$38,625,000	\$16,100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
From Reserves (To Reserves)	\$0	\$0	\$0	\$120,633	\$0	\$147,776	\$0	\$0	\$0	\$0	\$2,499,936	\$0	\$0	\$0	\$0	\$962,843
Total Capital Funding	\$38,625,000	\$16,100,000	\$0	\$120,633	\$0	\$147,776	\$0	\$0	\$0	\$0	\$2,499,936	\$0	\$0	\$0	\$0	\$962,843
Capital Reserve Funds																
Additions	\$32,389	\$3,713,303	\$17,772	\$33,283	\$42,970	\$33,521	\$309,282	\$895,581	\$903,373	\$876,921	\$944,227	\$1,018,993	\$1,026,213	\$1,010,749	\$1,013,727	\$1,004,039
Withdrawals	\$0	\$0	\$0	(\$120,633)	\$0	(\$147,776)	\$0	\$0	\$0	\$0	(\$2,499,936)	\$0	\$0	\$0	\$0	(\$962,843)
Closing Balance	\$4,842,067	\$8,555,370	\$8,573,143	\$8,485,792	\$8,528,763	\$8,414,508	\$8,723,790	\$9,619,371	\$10,522,745	\$11,399,666	\$9,843,957	\$10,862,950	\$11,889,163	\$12,899,912	\$13,913,638	\$13,954,834

Request For Decision

2025 Water Rate Bylaw First Reading

Date: November 4, 2024

Prepared by: Jordan Thompson, CAO

Presented by: Jordan Thompson, CAO



PURPOSE:

To present for first reading, the Water Rate Bylaw 3.9, an amendment to the Commission's Water Rate [Bylaw 3](#).

ACTION/RECOMMENDATION:

1. THAT the Commission gives first reading to Bylaw 3.9.

ISSUE ANALYSIS:

Bylaw 3.9 proposes to amend the Commission's water rate to \$2.45/m³, consistent with the 2025 Operating Budget.

The Board may pass all three readings of this bylaw at their discretion or defer one or more readings to the next meeting, proposed on December 16th.

FINANCIAL IMPLICATIONS:

The rate amendment is required to balance the proposed 2025 Operating Budget.

ALTERNATIVES:

1. ***[Recommended]*** THAT the Commission gives first reading to Bylaw 3.9.

OR

2.
 - a. [Alternative] THAT the Commission gives second reading to Bylaw 3.9.

AND

- b. [Alternative] THAT the Commission gives third reading to Bylaw 3.9.

OR

3. [Alternative] THAT the Commission directs Administration to return the bylaw to a future meeting with the following amendments:
 - ***[mover to specify amendments].***

ATTACHMENTS:

- 2025 Water Rate Bylaw 3.9

NORTH RED DEER RIVER WATER SERVICES COMMISSION

BYLAW 3.9

**BEING A BY-LAW OF THE BOARD OF DIRECTORS OF THE NORTH
RED DEER RIVER WATER SERVICES COMMISSION TO AMEND
COMMISSION BYLAW 3, THE 2016 WATER RATE BYLAW**

WHEREAS the North Red Deer Water Services Commission has been established by its members pursuant to Part 15.1 of the Municipal Government Act, RSA 2000, c. M-26; and

WHEREAS the Board of Directors of the North Red Deer Water Services Commission now wishes to make a Bylaw establishing the per unit rate to be charged for the sale of water to its member municipalities and customers;

WHEREAS the Board of Directors of the North Red Deer Water Services Commission approved Commission Bylaw 3 in 2016, as amended from time to time, to establish an annual utility rate, and the Board wishes to amend this Bylaw.

NOW THEREFORE the Board enacts the following:

1. Commission Bylaw 3 is hereby amended in the following manner:
 - a. Section 3 is deleted in its entirety and replaced with the following:

“3. The rate to be charged for the sale of potable water as of January 1, 2025 to members by the Commission is hereby set at \$2.45 per cubic meter of measured water.”

2. This bylaw comes into force upon final adoption.

Read a first time this ___ day of _____, **2024**

Read a second time this ___ day of _____, **2024**

Read a third time and adopted this ___ day of _____, **2024**

CHAIR

MANAGER



ALBERTA

ENVIRONMENT AND PROTECTED AREAS

Office of the Minister

Jordan Thompson
Chief Administrative Officer
North Red Deer Water Services Commission
5432 56 Ave
Lacombe, AB T4L 1E9
jthompson@lacombe.ca

Dear Water Sharing Agreement Signatory:

Thank you for your voluntary participation in Alberta's largest water sharing agreements (WSAs). These agreements provide Albertans more access to water and reduce negative drought impacts on communities, the economy, and the environment. As one of the 38 signatories to the water sharing agreement memoranda of understanding (MOU), Environment and Protected Areas (EPA) acknowledges the vital role you played in minimizing drought risks this year.

The Water Sharing Agreement process resulted in four MOUs covering the Bow River Basin, Red Deer River Basin, southern tributaries, and Oldman/South Saskatchewan River Basin (SSRB). Water conservation measures and water use restrictions were undertaken by all MOU signatories, with two of the MOUs being fully activated within the southern tributaries and Oldman/SSRB.

EPA further acknowledges these unprecedented actions demonstrated leadership, community-minded spirit and provided all Albertans in the SSRB with continued, easy access to water for their individual, community, or commercial needs.

I am also pleased that you have been invited to a session in late October to further share lessons learned during this year's WSA process. This session is an additional opportunity for the Government of Alberta to recognize the effort and contributions your organization invested in supporting fellow Albertans.

Thank you again for your partnership as we navigated through this response. Water remains an important topic in Alberta, and my department looks forward to continuing the conversation in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebecca Schulz". The signature is fluid and cursive, with the first name being more prominent.

Rebecca Schulz
Minister of Environment and Protected Areas