

North Red Deer River Water Services Commission



Regular Meeting Agenda

Date:	September 13, 2021	Time:	9:00 am
Location:	COUNCIL CHAMBERS LACOMBE COUNTY AB		
Invitees:	<p>Members: Mayor Grant Creasey, City of Lacombe – Chairperson Councillor Ken Wigmore, Lacombe County - Vice Chairperson Mayor Richard Poole, Town of Blackfalds – Director Councillor Mark Matejka, Ponoka County – Director Councillor Clayton Nelson, Town of Ponoka– Director</p> <p>Others: Jordan Thompson, Acting NRDRWSC Administrator Matthew Goudy, CAO, City of Lacombe Sandra Lund, CAO, Town of Ponoka Charlie Cutforth, CAO, Ponoka County Myron Thompson, CAO, Town of Blackfalds Preston Weran, Director, Town of Blackfalds Tim Timmons, County Manager Lacombe County Michael Minchin, Director, Lacombe County Tracey McKinnon, Senior Manager, City of Lacombe Amber Mitchell, Manager, City of Lacombe Chris Huston, Manager, City of Lacombe</p> <p>Guests: Joel Sawatzky, Stantec Consulting Ltd. Todd Simenson, Stantec Consulting Ltd Robert Jenkins, R. Jenkins Consulting</p>		
Recorded by:	Denise Bellabono - Administrative Assistant NRDRWSC		
1. Call to Order by Chair			
2. Adoption of Agenda			
3. Adoption of Minutes			
3.1 Regular Meeting Minutes – June 21, 2021			
4. Presentations			
5. Reports			
5.1 Administrator			
5.2 Chair			
6. Old Business:			
6.1 Bylaw 1.1			

6.2 True-Up Agreement
7. New Business / Emergent Items: 7.1 New Member Governance Review 7.2 Signing Authority
8. Correspondence 8.1 Lacombe County Letter RE: Bylaw 1.1
9. In Camera 9.1 Legal (FOIP Section 24)
10.Next Meeting Date: November 8, 2021 in the City of Lacombe Council Chamber at 9:00am
11.Adjournment

NORTH RED DEER RIVER WATER SERVICES COMMISSION
MEETING MINUTES
June 21, 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
Tim Timmons, County Manager, Lacombe County
Matthew Goudy, CAO, City of Lacombe (Remote)
Tracey McKinnon, Senior Manager, City of Lacombe (Remote)
Amber Mitchell, Manager, City of Lacombe (Remote)
- Guest:** Joel Sawatzky, Stantec Consulting Ltd.
Todd Simenson, Stantec Consulting Ltd.
Robert Jenkins, R. Jenkins Consulting Ltd.
- Regrets:** Myron Thompson, CAO, Town of Blackfalds
Preston Weran, Director of Infrastructure, Town of Blackfalds
Michael Minchin, Director of Corporate Services, Lacombe County
Charlie Cutforth, CAO, Ponoka County

1. Call to Order:

Chair Creasey called the meeting to order at 8:50 am.

2. Adoption of the Agenda:

MOVED by Councillor Wigmore that the agenda for June 21, 2021, be adopted as presented.

CARRIED UNANIMOUSLY

3. Adoption of the Minutes:

MOVED by Mayor Poole that the minutes for May 17, 2021, be adopted as presented.

CARRIED UNANIMOUSLY

4. Presentation

4.1. Retiring of Mayor Rick Bonnett

Chair Creasey presented to Mayor Bonnett for his retirement from the Commission a painting from a local artist to commemorate him as a long-time member of the Commission.

5. Reports

5.1. Administrator

CAO Thompson presented the Administration's report to the Commission. Highlights of the report were a meeting with the Town of Blackfalds regarding the population and land demand analysis report, capacity rates, and that the Commission licensed allocation maybe sooner than anticipated by 2045.

MOVED by Councillor Wigmore that the Commission accept the June 21, 2021 reports as information.

CARRIED UNANIMOUSLY

6. Old Business

6.1. Bylaw 1.1

CAO Thompson presented Bylaw 1.1 that addresses the four initial issues of changes to the Municipal Government Act, contemplation of extension of the system, the need to address financial considerations that arose during the review, and a review of voting provisions for first reading. The proposed amendments were outlined in detail with supporting rationale in an attached report prepared by Mr. Jenkins.

MOVED by Councillor Wigmore that the Commission give first reading to Bylaw 1.1 with the following amendments to be prepared prior to 2nd reading:

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

CARRIED UNANIMOUSLY

7. New Business / Emergent Items:

8. Correspondence

8.1. 2020 True-Up Agreement

A correspondence letter from the City of Red Deer was received confirming no true-up payment is required per the Water Supply Agreement.

MOVED by Councillor Wigmore that the Commission direct administration to bring back alternatives to amend the True-Up er Water Supply agreement with the City of Red Deer.

CARRIED UNANIMOUSLY

9. Next Meeting:

Monday, September 13, 2021 at 9:00 am, Lacombe County Council Chambers

CARRIED UNANIMOUSLY

4. Adjournment:

MOVED by Councillor Wigmore to adjourn the meeting at 9:44 am.

CARRIED UNANIMOUSLY

Chairperson

Administrator

Administration Reports

Administrative, Financial & Operational

Date: September 13, 2021

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



ADMINISTRATIVE

Waterline Extension

- Worked with Robert Jenkins on the Governance Options report

FINANCIAL

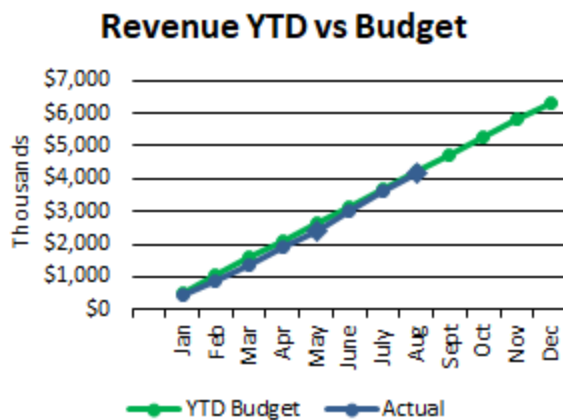
As seen in Table 1, overall, 2021 water volume levels are 0.5% higher than 2020 levels.

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

Member	2021	2020
City of Lacombe	875,511	865,275
Blackfalds	561,659	585,264
Lacombe County	20,397	23,168
Ponoka	466,217	444,718
Ponoka County	10,722	6,781
Total	1,934,506	1,925,206

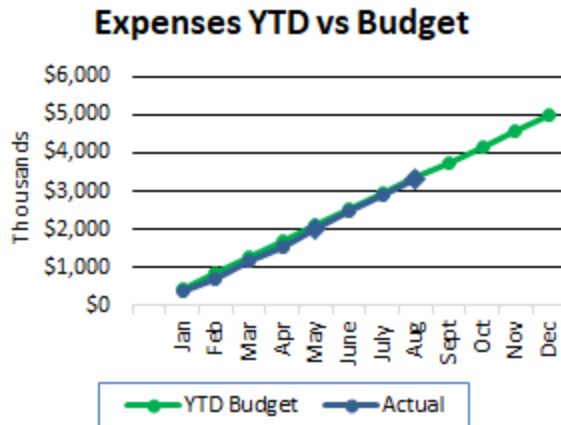
Revenue

As of August 2021, YTD (year to date) actual revenues are lower than YTD budgeted revenues by approximately \$20,516 or 0.5%.



Expenses

As of August 2021, the YTD actual expenses are lower than YTD budgeted expenses by approximately \$2,900. This favourable variance is mainly due timing differences as some expenditures have not yet been recorded.



Projected Surplus/Deficit

As of August 2021, the Water Commission is at a net deficit of approximately \$17,600.

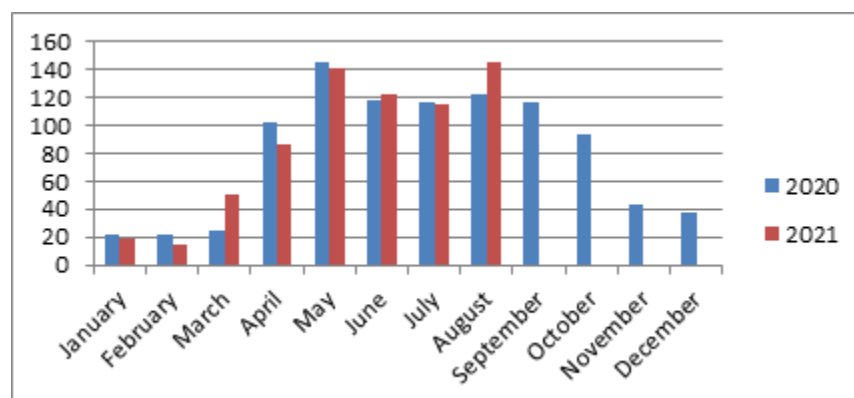
OPERATIONAL

Blindman River Valve Replacement

The Commission's Blindman River valve replacement is complete.

During the shutdown, Operations found that the Rotork actuator valve at Ponoka Lucas was malfunctioning. The valve kept losing its open/close parameters (August 13 & 17). Rotork was onsite on August 19 to replace the valve limiting control module and gear motor.

Alberta One-Call Locate Requests:



June – 122 locates July – 115 locates August – 145 locates
2021 to date 694 (2020 = 959)

Notable activities since last report:

- See above

ATTACHMENTS:

Old valve:



New valve:



Request For Decision

Bylaw 1.1 Amendments – 2nd/3rd Reading

Date: September 13th, 2021

Prepared by: Jordan Thompson, CAO

Presented by: Jordan Thompson, CAO



PURPOSE:

To present Bylaw 1.1 for the 2nd and 3rd reading.

ACTION/RECOMMENDATION:

THAT the Commission give 2nd reading to Bylaw 1.1

THAT the Commission give 3rd reading to Bylaw 1.1

ISSUE ANALYSIS:

Requirement for notification

The May 18th 2021 report served to provide Directors with notice of pending changes to Bylaw 1 per section 11.2:

Written notice of a proposed amendment to the Bylaw shall be provided to each Director and each Member not less than thirty (30) days in advance of the meeting at which the amendment is to be considered.

Requirement for a super-majority

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

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

Proposed changes to Bylaw 1

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

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

Bylaw 1.1 addresses these points, including the additional amendments approved by the Board on June 21st, 2021:

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

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

Future considerations not included in the proposed Bylaw revisions

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

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

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

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

Those that included specific allocations to Members:

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

Those that do not include specific allocations to Members:

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

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

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

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

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

3. The need to renew the current water license allowing up to 13.3 Million m³ annually which expires in 2031.

North Red Deer River Water Services Commission

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

ALTERNATIVES:

- A. *[Recommended]* THAT the Commission give 2nd reading to Bylaw 1.1.
- B. *[Recommended]* THAT the Commission give 3rd reading to Bylaw 1.1.
- C. THAT the Commission directs the Administration to prepare the following amendments to bylaw 1.1 before 3rd reading:
 - *[Mover to specify proposed amendments]*

ATTACHMENTS:

- Amending Bylaw 1.1
- Side-by-side comparison of existing Bylaw 1 with proposed changes.

NORTH RED DEER RIVER WATER SERVICES COMMISSION

BYLAW NO. 1.1

Being a By-Law to Amend Bylaw 1 which provides for the Governance, Management and Administration of the Commission

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

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

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

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

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

NOW THEREFORE the Board enacts the following:

1. Clause 1.11 is repealed and replaced with the following:

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

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

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

2. Clause 1.12 is repealed.

3. New clause 1.12 is added as follows:

1.12. "Organizational Meeting" means the first meeting of the Board held after November 1 in each year.

4. Clause 1.17 is amended by removing the words "*or the Regulation.*"

5. Clause 4.2 (b) is amended by replacing the word "*Town*" with "*City.*"

6. Section 4 is amended by adding new Clause 4.3.1

4.3.1 A Member may designate an alternate Director who shall be entitled to act in the place of the appointed Director for whom they are appointed as alternate when the appointed Director is absent or not able to attend a meeting of the Board.

7. Clause 4.4 is amended by replacing the phrase "*at the first Regular Meeting of the Board in November of each year*" with the phrase "*at the Organizational Meeting.*"

8. Clause 4.7 is amended by replacing the words "*facsimile transmission*" with "*electronic mail.*"

9. Clause 4.8 is replaced with the following:

4.8 A Board meeting or committee meeting may be conducted by means of electronic or other communication facilities. Notice shall be given to the public of the meeting, including the way in which it is to be conducted.

The communication facilities shall enable the public to watch or listen to the meeting and shall enable all the meeting's participants to watch or hear each other.

Directors participating in a meeting held by means of a communication facility are deemed to be present at the meeting.

10. Clause 4.9 is replaced with the following:

4.9 Except as provided in Clauses 5.6, 13.1 and 15.1, any matter properly placed before a meeting of the Board shall be decided by a majority of the votes cast by the Directors at the relevant Board Meeting. If there is an equal number of votes for and against a Board resolution, the resolution is defeated.

11. New clause 4.10 is added as follows:

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

12. Existing Clauses 4.10, 4.11 and 4.12 are renumbered as Clauses 4.11, 4.12 and 4.13 respectively.
13. Renumbered Clause 4.12 is amended by replacing the word “Budget” in sub-clause (a) with the words “Operating and Capital Budgets”.
14. Renumbered Clause 4.13 is amended by replacing the word “Budget” with the words “Operating Budget”.
15. Clause 7.1 is amended by replacing “Town of Lacombe” with “City of Lacombe”.
16. Section 8 is deleted and replaced with the following:
 - 8.1 *The financial year of the Commission shall be the calendar year.*
 - 8.2 *The estimated annual revenue requirements of the System shall be determined on a Cost of Service basis utilizing the principles set out in the American Water Works Association (AWWA) manuals of practice dealing with water rates and charges, as revised and updated from time to time, and in accordance with the findings and directives of the Alberta Utilities Commission, such approach also being commonly referred to as the “utility rate model” and shall include full recovery of the annual costs of the Commission for those cost components set out in clause 8.4.*
 - 8.3 *The Commission may establish and maintain restricted surpluses for operating and capital purposes, also referred to as operating and capital reserves respectively, in accordance with the policies, procedures and directions of the Board from time to time.*
 - 8.4 *Without limiting the requirements for the Operating and Capital Budgets pursuant to the Act, the Board in the fall of each year shall prepare a Financial Plan for the forthcoming three (3) financial years and Operating and Capital Budgets for the next financial year which will set out the:*
 - (a) *expected consumption requirements of the Members;*
 - (b) *estimated cash expenditures for the:*
 - (i) *operations of the Board and Manager;*
 - (ii) *operations of the System;*
 - (iii) *purchase of water;*
 - (iv) *repayment of debt obligations;*
 - (b1) *estimated non-cash expense for the net amortization of tangible capital assets of the System;*
 - (b2) *estimated return on the utility rate base of the System;*

- (b3) estimated additional annual contributions required over and above revenue generated from cost of service rate to provide necessary funds for the demonstrated long term capital renewal of the System (capital surcharge);*
- (c) estimated revenue requirements to meet the expenditures, non-cash expense and return on the utility rate base of the Commission and the rates and fees to be charged to Members and customers of the Commission;*
- (d) second and third year projections of operating expenditures and expenses, revenue requirements and rate trends;*
- (e) capital projects planned and expected to be completed in the forthcoming financial year and the second and third financial years of the Financial Plan;*
- (f) estimated capital costs and sources of funding for each year of the Financial Plan;*
- (g) rates of remuneration and expenses to be provided to the Directors.*

8.5 The Commission shall set out in the annual Operating Budget, the rates proposed to be charged by the Commission for providing Water Services to the Members.

The rate to Members shall be a common rate, calculated by dividing the revenue required to be raised from rates by the total volume of water requested by the Members under Clause 7.2. The rate set may not exceed the rate that would be calculated on a Cost of Service basis.

The water rate to be charged shall be approved by bylaw.

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

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

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

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

- 8.10 *After the thirtieth (30th) day immediately following the date of distribution of the Budget and the Financial Plan, the Directors shall finalize and approve the Budgets and the Financial Plan for the relevant financial year.*
- 8.11 *Subject to the Act, the Manager may, during any financial year, present to the Members amendments to the Operating or Capital Budgets or the Financial Plan for the then current financial year. Any amendments to the Budgets or Financial Plan shall be made in accordance with the procedure for approval set forth in clauses paragraphs 8.8, 8.9 and 8.10 herein.*
- 8.12 *For those Members purchasing water from the Commission, the Members shall pay to the Commission the product of the actual volume of water purchased by the Member in a year times the rate set out in clause 8.5. Notwithstanding the actual volume of water purchased, the Member shall be responsible for a minimum payment to the Commission of 90% of the volume requested by the Member under clause 7.2 times the rate set out in clause 8.5.*
- 8.13 *For those Members not purchasing water from the Commission, the Member shall be responsible for a minimum annual payment to the Commission equal to the sum of the following:*
- (a) $1/x$ of the annual cost attributed to the Board of Directors where "x" is the number of members of the Commission, and*
 - (b) "y" times the cost components set out in sub-clauses 8.4 (b)(i)(ii)(vi) for the system where "y" is the ratio of the members volume allocation to the total volume allocation set out in Clause 7.1.*

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

10. ADDITION OF NEW MEMBERS

- 10.1 *The Board may agree to the addition of a municipal authority or an Indian Reserve as a Member of the Commission if sufficient capacity for the supply of water can be made available or if the long term interests of the existing Members are not adversely affected.*
- 10.2 *A New Member shall be required to pay:*
- (a) A one-time membership fee of \$25,000 as a contribution toward the costs and efforts incurred by the Members in establishing the Commission and bringing the System to operation; and*
 - b) An amount equal to $(X + Y)$ times Z where:*
 - (i) X is the total of the payments of principal and interest made by the Members from the inception of the System to the date of entry of the New Member,*
 - (ii) Y is the total restricted surplus for capital purposes at the date of entry of the New Member, and*

(ii) Z is the ratio of forecasted volume of water required by the new member based on the projected population times the typical rates of water consumption per capita for five years from the date of entry of the New Member, to the total forecasted volume of water required of the New and Existing members for five years from the date of entry of the New Member.

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

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

18. Existing Section 11 is renumbered as Section 15 and existing clauses 11.1 and 11.2 are renumbered as 15.1 and 15.2 respectively.

19. New Section 11 is added as follows:

11. WITHDRAWAL OF A MEMBER FROM THE COMMISSION

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

11.2 The withdrawing Member may sell the equity contributed by the Member during the Member's term of membership of the Commission to any other Member of the Commission for such compensation and on such terms as the parties may agree subject to the approval of the Board.

However, the Commission or any Member shall not be obligated to:

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

The Commission shall not utilize the capacity of the system related to the withdrawing Member's equity or utilize the withdrawing Member's water volume allocation without fair compensation.

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

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

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

20. New Section 12 is added as follows:

12. DISPOSAL OF ASSETS

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

21. New Section 13 is added as follows:

13. DISESTABLISHMENT OF THE COMMISSION

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

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

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

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

22. New Section 14 is added as follows:

14. SEVERANCE

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

23. This bylaw takes effect upon final passing.

READ A FIRST TIME this 21st day of June, 2021

READ A SECOND TIME this ____ day of _____, 20__

READ A THIRD TIME this ____ day of _____, 20__

CHAIRPERSON

MANAGER

Existing Provisions	Proposed Changes
NORTH RED DEER RIVER WATER SERVICES COMMISSION	New words and ideas marked in grey highlight
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 <i>Municipal Government Act</i> , R.S.A. 2000, c. M-26;	
1.2 "Annual Meeting" means the Meeting of the Board and the Members to be held on a date and at a location to be determined by the Board in accordance with this Bylaw;	
1.3 "Auditor" means the auditor of the Commission appointed by the Board pursuant to Section 5.5 hereof;	
1.4 "Board" means the Board of Directors of the Commission;	
1.5 "Budget" means the capital budget and the operating budget required by the Act;	
1.6 "Chair" means the chairperson of the Board;	
1.7 "Commission" means the North Red Deer River Water Services Commission;	
1.8 "Director" means the representative of a Member on the Board appointed in accordance with this Bylaw;	

Existing Provisions	Proposed Changes
1.9 "Financial Plan" means the financial plan for the Commission for the forthcoming three (3) financial years, as it exists from year to year;	
1.10 "Manager" means the person appointed by the Board as Manager in accordance with this Bylaw;	
1.11 "Member(s)" means those members set out in the Regulation;	Replace with: 1.11 Member(s) means any or all of: a) Town of Blackfalds b) City of Lacombe c) Town of Ponoka d) Lacombe County e) Ponoka County
1.12 "Regulation" means Alberta Regulation No. 221/2004;	Deleted
	New Clause 1.12 "Organizational Meeting" means the first meeting of the Board held after November 1 in each year
1.13 "Regular Meeting" means the meetings of the Board to be held each year on dates and at locations to be determined by resolution of the Board pursuant to Section 4.5 hereof;	
1.14 "System" means the pipelines, pump stations and control systems operated by the Commission for the purpose of providing water to the members and customers of the Commission.	
1.15 "Special Meeting" means a meeting of the Board called in accordance withSection 4.6 of this Bylaw;	
1.16 "Water Services" means all water services provided by the Commission; and	
1.17 All other words in this Bylaw are as defined or used in the Act or the Regulation.	Remove phrase "or the Regulation."
2. OBJECTS	

Existing Provisions	Proposed Changes
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;	Replace "Town" with "City"
(c) one (1) Director from the Town of Ponoka;	
(d) one (1) Director from Lacombe County;	
(e) one (1) Director from Ponoka County;	
Each Director must be an elected official of the Member appointing such Director.	
4.3 A Member may revoke the appointment of its appointed Director and may appoint a replacement Director.	
	<p>New clause 4.3.1</p> <p><i>4.3.1 A Member may designate an alternate Director who shall be entitled to act in the place of the appointed Director for whom they are appointed as alternate when the appointed Director is absent or not able to attend a meeting of the Board.</i></p>

Existing Provisions	Proposed Changes
<p>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.</p>	<p>Replace the phrase “at the first Regular Meeting of the Board in November of each year.” with the phrase “at the Organizational Meeting.”</p>
<p>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.</p>	
<p>4.6 The Chair:</p>	
<p>(a) may call a Special Meeting at the discretion of the Chair; and</p>	
<p>(b) shall call a Special Meeting upon receipt of written request by at least three (3) Directors.</p>	
<p>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:</p>	<p>Replace “facsimile transmission” with “electronic mail”</p>
<p>(a) all the Directors are present thereat and signify their waiver of such notice at such meeting; or</p>	
<p>(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.</p>	
<p>4.8 A Director may participate in a Board meeting or at a meeting of a committee of the Board by means of telephone conference or other electronic communications media that permits each of the Directors to hear each of the other Directors and to be heard by each of the other Directors.</p>	<p>Replaced with new Clause 4.8</p> <p><i>4.8 A Board meeting or committee meeting may be conducted by means of electronic or other communication facilities. Notice shall be given to the public of the meeting, including the way in which it is to be conducted.</i></p>

Existing Provisions	Proposed Changes
	<p><i>The communication facilities shall enable the public to watch or listen to the meeting and shall enable all the meeting's participants to watch or hear each other.</i></p> <p><i>Directors participating in a meeting held by means of a communication facility are deemed to be present at the meeting.</i></p>
<p>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.</p>	<p>Revise to read:</p> <p><i>4.9 Except as provided in Clauses 5.6, 13.1 and 15.1, any matter properly placed before a meeting of the Board shall be decided by a majority of the votes cast by the Directors at the relevant Board Meeting. If there is an equal number of votes for and against a Board resolution, the resolution is defeated</i></p> <p>Add new clause</p> <p><i>4.10 A Director attending a Board meeting shall vote on all matters before the Board unless a Director is required or permitted to abstain from voting under any bylaw of the Commission or provision of the Act.</i></p>
<p>4.10 A quorum of the Board shall be a majority of the Directors.</p>	<p>Renumber as 4.11</p>
<p>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:</p>	<p>Renumber as 4.12</p>
<p>(a) to approve the Financial Plan for the forthcoming three (3) years and the Budget for the forthcoming year;</p>	<p>Replace the word "Budget" with "Operating and Capital Budgets"</p>
<p>(b) to maintain the operations of the Commission in a manner which benefits its Members; and</p>	

Existing Provisions	Proposed Changes
(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.	Renumber as 4.13 Replace "Financial Plan and Budget" with "Operating Budget"
5. MEETINGS	
5.1 The Board shall call an Annual Meeting which shall be held no later than April 30th of each year.	
5.2 Written notice of the Annual Meeting shall be provided to each Member by mail postmarked not less than thirty (30) days prior to the date of the Annual Meeting.	
5.3 At the Annual Meeting, the Auditor shall present the audited financial statements of the Commission and the Chair shall report on the activities of the past year of the Board and the future plans of the Commission.	
5.4 At the first meeting of the Board following the Annual Meeting, the Board shall appoint the Auditor for the ensuing year whom shall report to the Board on the annual financial statement of the Commission and on the financial procedures and activities of the Commission.	
5.5 The Chair shall establish the agenda for any meeting of the Board. Directors shall be entitled to add items to the proposed agenda by [submitting] a written request to the Manager at least twenty-four (24) hours before the meeting	
5.6 The Board shall adopt the agenda at the beginning of the meeting and may, upon agreement of two thirds of those Directors present at the meeting add or delete items from the agenda.	

Existing Provisions		Proposed Changes
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;	

Existing Provisions	Proposed Changes
(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.	

Existing Provisions		Proposed Changes												
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.													
	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													
	<table><tr><td>Town of Blackfalds</td><td>1,903,000 m3</td></tr><tr><td>Town of Lacombe</td><td>4,862,000 m3</td></tr><tr><td>Town of Ponoka</td><td>2,097,000 m3</td></tr><tr><td>Lacombe County</td><td>400,000 m3</td></tr><tr><td>Ponoka County</td><td>400,000 m3</td></tr><tr><td>Total</td><td>9,662,000 m3</td></tr></table>	Town of Blackfalds	1,903,000 m3	Town of Lacombe	4,862,000 m3	Town of Ponoka	2,097,000 m3	Lacombe County	400,000 m3	Ponoka County	400,000 m3	Total	9,662,000 m3	Replace “Town of Lacombe” with “City of Lacombe”
Town of Blackfalds	1,903,000 m3													
Town of Lacombe	4,862,000 m3													
Town of Ponoka	2,097,000 m3													
Lacombe County	400,000 m3													
Ponoka County	400,000 m3													
Total	9,662,000 m3													
	and the Commission shall undertake to provide capacity within the systemto supply the volume of water annually requested by each member up to the allocation identified. The Commission													

Existing Provisions	Proposed Changes
<p>may at its discretion, provide to Members volumes of water exceeding these allocations.</p>	
<p>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.</p>	
<p>7.3 Where the capacity of the system is insufficient to deliver the water requested by the Members, the Members shall be allocated the available capacity proportionately based on the previous year's volumes, until such time as the Commission is able to fully supply the volume required.</p>	
<p>8. FINANCIAL</p>	
<p>8.1 The financial year of the Commission shall be the calendar year.</p>	
	<p>Move Section 8.10 forward to become Section 8.2 and revise to read:</p> <p><i>8.2 The estimated annual revenue requirements of the System shall be determined on a Cost of Service basis utilizing the principles set out in the American Water Works Association (AWWA) manuals of practice dealing with water rates and charges, as revised and updated from time to time, and in accordance with the findings and directives of the Alberta Utilities Commission, such approach also being commonly referred to as the "utility rate model" and shall include full recovery of the annual costs of the Commission for those cost components set out in clause 8.4.</i></p>

Existing Provisions	Proposed Changes
	Revised to read: <i>8.3 The Commission may establish and maintain restricted surpluses for operating and capital purposes, also referred to as operating and capital reserves respectively, in accordance with the policies, procedures and directions of the Board from time to time.</i>
8.2 Without limiting the requirements for the Budget pursuant to the Act, the Board in the fall of each year will prepare a Financial Plan for the forthcoming three (3) financial years and Budget for the next financial year which will set out the:	Renumber to 8.4 and replace the word “Budget” with the words “Operating and Capital Budgets” in both cases
(a) expected consumption requirements of the Members;	
(b) estimated expenditures for the:	
(i) operations of the Board and Manager;	
(ii) operations of the system;	
(iii) purchase of water;	
(iv) repayment of debt obligations;	
(v) non cash expenditures; and	Move to next sub clause (b1)
(vi) return on equity and investments;	Move to new sub clause (b2)
	New sub clauses (b1), (b2) and (b3) <i>(b1) estimated non-cash expense for the net amortization of tangible capital assets of the System</i> <i>(b2) estimated return on the utility rate base of the System</i> <i>(b3) estimated additional annual contributions required over and above revenue generated</i>

Existing Provisions	Proposed Changes
	<i>from cost of service rate to provide necessary funds for the demonstrated long term capital renewal of the System (capital surcharge)</i>
(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	Add the words “ <i>non cash expense and return on the utility rate base</i> ” after “expenditures”
(d) second and third year projections of operating expenditure, revenue requirements and rate trends;	Add word “ <i>expenses</i> ” after “expenditures”
(e) capital projects planned and expected to be completed in the forthcoming financial year and the second and third financial years of the Financial Plan;	
(f) estimated costs and sources of revenue for each year of the Financial Plan	Revise to read: (f) <i>estimated capital costs and sources of funding for each year of the Financial Plan</i>
(g) rates of remuneration and expenses to be provided to the Directors.	
8.3 Subject to and in accordance with the Act and the Budget, the Commission may:	Move forward as Clause 8.3.
(a) accumulate operating surplus funds to an amount up to but not exceeding 50% of the annual operating expenditures in any year; and	
(b) accumulate capital reserve funds to an amount up to but not exceeding the total expected capital expenditures in the five years of the Financial Plan and Budget.	
	Move existing clause 8.9 and replace with: <i>8.5 The Commission shall set out in the annual Operating Budget, the rates proposed to be charged by the Commission for providing Water</i>

Existing Provisions	Proposed Changes
	<p><i>Services to the Members.</i></p> <p><i>The rate to Members shall be a common rate, calculated by dividing the revenue required to be raised from rates by the total volume of water requested by the Members under Clause 7.2. The rate set may not exceed the rate that would be calculated on a Cost of Service basis.</i></p> <p><i>The water rate to be charged shall be approved by bylaw.</i></p>
	<p>New clause</p> <p>8.6 <i>Notwithstanding Clause 8.5, where the rate in a prior year was higher than the rate that would have been calculated on a Cost of Service basis, the Commission may, in the interests of rate and revenue stability, set rates in the forthcoming years which serve to transition to a Cost of Service rate.</i></p>
<p>8.4 Members shall be entitled to vote on the Budget and on the Financial Plan in the proportion that their respective total actual volume water purchase bears to the total actual volume water purchase of the Commission for the immediately preceding calendar year.</p>	<p>Renumber to 8.7 and replace with:</p> <p>8.7 <i>Each Director shall be entitled to vote on the Financial Plan and Operating and Capital Budgets.</i></p>
<p>For the first year of the Commission, voting for each Member shall be based upon the proportion that their respective total estimated volume water purchase bears to the total estimated volume water purchase of the Commission.</p>	<p>Delete. No longer relevant</p>
<p>8.5 Upon receipt of authorization from the Board to distribute the proposed Budget and Financial Plan, the Manager shall distribute to each Member a complete copy of the proposed Budget and Financial Plan for the relevant financial year.</p>	<p>Renumber to 8.8</p>
<p>8.6 Any Member may submit comments and questions to the Board in writing in relation to the Budget and the Financial Plan within</p>	<p>Renumber to 8.9</p>

Existing Provisions	Proposed Changes
thirty (30) days immediately following the date of distribution of the Budget and the Financial Plan.	
<p>8.7 After the thirtieth (30th) day immediately following the date of distribution of the Budget and the Financial Plan, the Directors shall finalize and approve the Budget and the Financial Plan for the relevant financial year. For the purposes of this paragraph, approval of the Budget and the Financial Plan shall require a majority of those votes cast to be in favour.</p>	<p>Renumber to 8.10 and delete last sentence. It is redundant.</p>
<p>If the Budget and Financial Plan are not both approved by majority vote as aforesaid, the Manager shall, as soon as reasonably practicable thereafter, deliver to each Member a revised Budget and Financial Plan for approval in accordance with this paragraph and such process shall continue until the Budget and the Financial Plan for the relevant financial year have both been approved.</p>	
<p>8.8 Subject to the Act, the Manager may, during any financial year, present to the Members amendments to the Budget and the Financial Plan for the then current financial year. Any amendments to the Budget and the Financial Plan shall be made in accordance with the procedure for approval of the Budget and the Financial Plan set forth in paragraphs 8.5, 8.6 and 8.7 herein.</p>	<p>Renumber to 8.11. Replaces “paragraphs 8.5, 8.6 and 8.7” with “Clauses 8.8, 8.9 and 8.10.”</p>
<p>8.9 The Commission shall set out in the annual Budget and Financial Plan, the rate to be charged by the Commission for providing Water Services to the Members and customers. The rate to Members shall be a common rate, calculated by dividing the estimated costs of the system determined under clause 8.10, by the total volume of water requested by the Members under Clause 7.2 and anticipated to be sold to customers.</p>	<p>Move forward to become 8.4</p>
<p>8.10 The estimated costs of the system shall be determined on a cost of service basis utilizing the principles set out in the American Water Works Association (AWWA) manuals of practice dealing with water rates and charges, as revised and updated from time to time, and in accordance with the findings and directives of the</p>	<p>Move forward to become 8.2</p>

Existing Provisions	Proposed Changes
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.	Renumber to 8.12. Replace “clause 8.9” with “Clause 8.5 in both instances
8.12 For those Members not purchasing water from the Commission, the Member shall be responsible for a minimum annual payment to the Commission equal to the sum of the following:	Renumber to 8.13
(a) 1/“x” of the annual cost attributed to the Board of Directors where “x” is the number of members of the Commission	
(a) “y” times the cost components set out in sub-clauses 8.2 (b)(iv)(v)(vi) for the system where “y” is the ratio of the members volume allocation to the total volume allocation set out in Clause 7.1.	Replace “sub-clauses 8.2 (b)(iv)(v)(vi)” with “sub-clauses 8.4 (i)(ii)(iv)
8.13 The vote on Capital Items shall be a weighted vote based upon the allocated water volume assigned to each Member upon which the Capital Cost is prepared.	Clause is deleted
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.	

Existing Provisions	Proposed Changes
<p>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.</p>	
<p>10. CHANGE IN MEMBERSHIP</p>	<p>10. ADDITION OF NEW MEMBERS (Renamed)</p>
<p>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.</p>	<p>Revise to read:</p> <p><i>10.1 The Board may agree to the addition of a municipal authority or an Indian Reserve as a Member of the Commission if sufficient capacity for the supply of water can be made available or if the long term interests of the existing Members are not adversely affected.</i></p>
<p>10.2 A New Member shall be required to pay:</p>	
<p>(a) a one-time membership fee to the Commission reflecting a proportionate share of the formation costs of the Commission plus applicable interest; and</p>	<p>Revise to read:</p> <p><i>(a) A one-time membership fee of \$25,000 as a contribution toward the costs and efforts incurred by the Members in establishing the Commission and bringing the System to operation; and</i></p>
<p>(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.</p>	<p>Revise to read:</p> <p><i>b) An amount equal to (X + Y) times Z where:</i></p> <p><i>(i) X is the total of the payments of principal and interest made by the Members from the inception of the System to the date of entry of the New Member,</i></p> <p><i>(ii) Y is the total restricted surplus for capital purposes at the date of entry of the new member, and</i></p> <p><i>(ii) Z is the ratio of forecasted volume of water required by the New Member based on the projected population times the typical rates of water consumption per capita for five</i></p>

Existing Provisions	Proposed Changes
	<p><i>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.</i></p>
	<p>New clause 10.3</p> <p><i>10.3 A New Member may be required to contribute to the Commission all or a portion of the cost incurred by the Commission in extending or enhancing the System that is required to provide water services to a New Member.</i></p>
<p>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.</p>	<p>Revised to read:</p> <p><i>10.4 Any contribution received by the Commission under Clause 10.2 shall become part of the Commission's restricted surplus for capital purposes.</i></p>
<p>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.</p>	<p>Moved to New Section 11</p>
	<p>11. WITHDRAWAL OF A MEMBER FROM THE COMMISSION (New)</p>
	<p><i>11.1 A Member may withdraw from the Commission upon two years written notice</i></p>

Existing Provisions	Proposed Changes
	<p>11.2 <i>The withdrawing Member may sell the equity contributed by the Member during the Member's term of membership of the Commission to any other Member of the Commission for such compensation and on such terms as the parties may agree subject to the approval of the Board.</i></p> <p><i>However, the Commission or any Member shall not be obligated to:</i></p> <p>(i) <i>purchase the withdrawing Member's proportionate share of the system, or</i></p> <p>(ii) <i>compensate the Member for any respective share of surpluses accumulated by the Commission.</i></p> <p><i>The Commission shall not utilize the capacity of the system related to the withdrawing Member's equity or utilize the withdrawing Member's water volume allocation without fair compensation.</i></p>
	<p>11.3 <i>The withdrawing Member shall remain responsible for any respective proportion of net current financial obligations of the Commission for which the Member is responsible and shall pay to the Commission such share and any accrued interest</i></p>
	<p>11.4 <i>The withdrawing Member shall remain responsible for any respective proportion of long term debt that has been incurred by the Commission in the construction of the System and for any future long term debt that will be required to complete the System as planned</i></p>

Existing Provisions	Proposed Changes
	<p><i>at the date of notice of withdrawal and shall either:</i></p> <p><i>(i) pay the outstanding principle and any accrued interest of current long term debt and the respective share of future long term debt to the Commission or</i></p> <p><i>(ii) agree to continue to pay the respective share of the annual payments for the current and future debt such share being determined using the allocated volumes in Clause 7.1.</i></p>
	12. DISPOSAL OF ASSETS (New)
	<p>12.1 <i>The Board may dispose of any land, buildings, equipment or other tangible assets of the Commission that are not required presently or in the future to supply water services of the Commission or the disposal of which would not otherwise have any significant adverse effect on the services provided by the Commission.</i></p>
	<p>12.2 <i>Any asset proposed for sale with a value exceeding \$25,000 shall be offered for public tender, public proposal or some other public process. Unless there are exceptional circumstances as determined by the Board, the most favorable tender, proposal or offer shall be chosen.</i></p>
	<p>12.3 <i>Notice of the intent to dispose of any asset or group of assets exceeding \$75,000 shall be given to Members no less than 30 days prior to disposition.</i></p>

Existing Provisions	Proposed Changes
	<p>12.4 <i>Proceeds from the sale of any asset shall be directed firstly to the repayment of any grant from the Government of Alberta where the applicable grant agreement requires such repayment, with remaining funds becoming part of the Commission's restricted surplus for capital purposes.</i></p>
	<p>13. <i>DISESTABLISHMENT OF THE COMMISSION (New)</i></p>
	<p>13.1 <i>The Board may disestablish the Commission upon approval of a three quarters majority of the Directors of the Board</i></p>
	<p>13.2 <i>Written notice of an intent by the Board to consider disestablishment of the Commission shall be provided to each Director and each Member not less than ninety (90) days in advance of the meeting at which the resolution is to be considered.</i></p>
	<p>13.3 <i>In the event that the Board approves the disestablishment of the Commission, the Board must, at the time of approval, specify further particulars of the procedure for the disestablishment including:</i></p>
	<p><i>(a) a timeline for disestablishment of the Commission, and;</i></p>
	<p><i>(b) the distribution of the assets and liabilities upon disestablishment of the Commission, which shall include:</i></p> <p><i>(i) a process for the collection and disposition of any property and</i></p>

Existing Provisions	Proposed Changes
	<p>assets owned by the Commission,</p> <p>(ii) identification of any contingent liabilities and arrangements to address such liabilities,</p> <p>(iii) the discharge, assignment or transfer of the Commission's obligations, and</p> <p>provide for any residual or remaining assets of the Commission to be distributed to the Members in accordance with each Member's proportionate historical payments for services provided by the Commission.</p>
	<p>13.4 The Commission shall, as of the date of the Board's decision to approve disestablishment of the Commission, cease to provide services or begin the process of ceasing to provide services except to the extent that the Commission is legally required to do so or as required for the beneficial winding-up of the business or affairs of the Commission.</p>
	<p>14. SEVERANCE (New)</p>
	<p>14.1 Should any article, section or part of this Bylaw be found to be improperly enacted or ultra vires, for any reason, then such article, section or part shall be regarded as being severable from the Bylaw and the Bylaw remaining after such severance shall be effective and enforceable.</p>

Existing Provisions	Proposed Changes
11. AMENDMENTS	Renumber as Section 15
11.1 An amendment to this Bylaw may be passed by the Board upon a three quarters majority of the Directors of the Board.	Renumber as 15.1
11.2 Written notice of a proposed amendment to the Bylaw shall be provided to each Director and each Member not less than thirty (30) days in advance of the meeting at which the amendment is to be considered.	Renumber as 15.2

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

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

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

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

Request For Decision

True-up Agreement

Date: September 13, 2021

Prepared by: Jordan Thompson, CAO

Presented by: Jordan Thompson, CAO



PURPOSE:

To highlight the application and implications of the true-up methodology in the current water supply agreement.

ACTION/RECOMMENDATION:

THAT the Commission endorses eliminating the 10% true-up threshold in the City of Red Deer water supply agreement.

THAT the Commission endorses a review and audit of the City of Red Deer utility model.

ISSUE ANALYSIS:

Background

At its regular June 21st meeting the Commission resolved to

"...direct administration to bring back alternatives to amend the True-Up er Water Supply agreement with the City of Red Deer."

Each year, the City of Red Deer reviews actual costs, and usage for the North Red Deer River Water Services Commission assesses whether or not there should be a reconciliation of costs (i.e. a "true-up"). Based on Schedule E of the Water Supply Agreement, if actual usage and costs result in a variance of more than 10%, compared to the amounts charged, a "true-up" amount will be charged or paid to reconcile the difference.

Historically, true-ups occurred in

- 2013 in the amount of \$409,800 to the NRDRWSC
- 2014 in the amount of \$350,632 to the NRDRWSC
- 2015 in the amount of \$348,357 to the NRDRWSC

In all three cases, the City of Red Deer cites reduced costs due to deferred projects and operating costs reductions as reasons for the true-up.

Water Supply Agreement, Schedule E, A., How the Rate is Determined:

"Rates will be calculated on a cost of service basis utilizing the principles set out in the American Water Works Association (AWWA) manuals of practice dealing with Water rates and charges, as revised and updated from time to time, and in accordance with the findings and directives of the Alberta Energy and Utilities Board, such approach being commonly referred to as the "utility rate model."

Water Supply Agreement, Schedule E, C., Current Rate:

“The intent is that the rate will be based on forecasted consumption and costs and there will not normally be “true-up” transactions that would result in year-end reconciliations. There would normally be no credits or debits issued to the Commission based on the actual recorded total utility consumption or costs. The exception to this would be when the actual costs and/or consumption (sales) result in an actual cost per cubic metre variance greater than ten percent (10%) of that forecasted for the Commission. In that case a “true-up” transaction will be done to reconcile the forecast with the actual. A resulting invoice or payment would then be issued to the Commission for the determined amount”

How the City Determines if a true-up Payment is Required

There are three components used to determine whether or not the true-up is required:

1. The City’s actual water utility costs overall (Costs).
2. The actual volume of water sold to the NRDRWSC (Water sold)
3. A back-calculation of what the water rate would have been, based on actual costs and actual water sold.

The water supply agreement indicates the City of Red Deer determines the Commission’s water rate on a cost of service basis utilizing the principles set out in the American Water Works Association (AWWA) – the same method used by the Commission. However the City’s model is much more complex. In general, the City sets its rates for all customers, including the NRDRWSC, based on two factors:

1. its estimated costs to maintain, operate and expand its water system
2. the estimated volume of water sold to all customers.

$$\frac{\text{Budgeted Costs}}{\text{Estimate of Water Sold}} = \text{CRD Water Rate}$$

The City determines the true-up by first “back calculating” the water rate based on actual costs and actual water sold.

$$\frac{\text{Actual Costs}}{\text{Actual Water Sold}} = \text{Back Calculated CRD Water Rate}$$

If the back-calculated rate is over 10% higher than the original CRD water rate, the Commission must pay the City of Red Deer a “true-up” based on the back-calculated rate and actual water sold. If the back-calculated rate is more than 10% lower than the original rate, the City of Red Deer must pay the Commission a “true-up” based on the back-calculated rate and actual water sold.

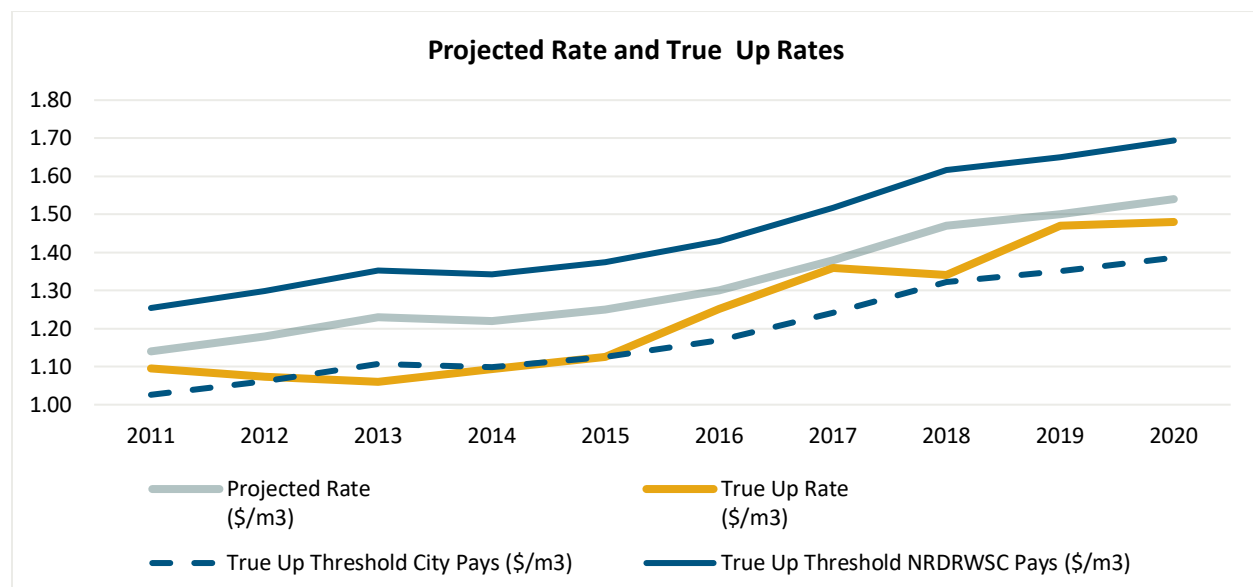
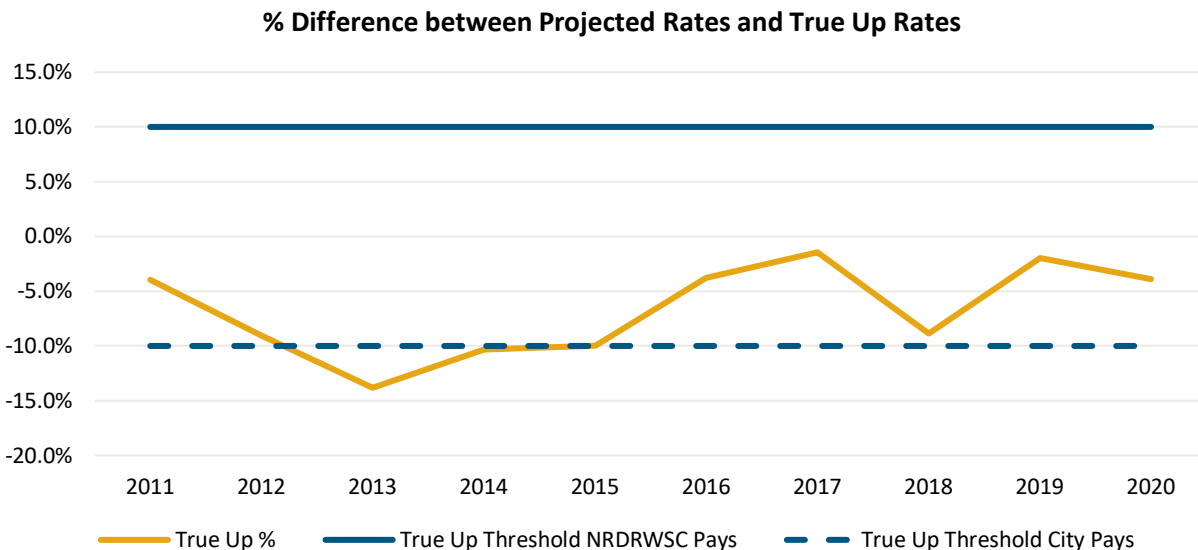
$$1 - \frac{\text{Back-calculated CRD Water Rate}}{\text{Original CRD Water Rate}} \times 100 = +/- 10\% \text{ True Up Required}$$

FINANCIAL IMPLICATIONS:

Implications of the Current True up Threshold

In the last ten years, the Commission paid a higher rate every year compared to the back-calculated, “true-up” rate. On average the rate charged to the Commission was 6.7% higher than the true-up rate resulting in overpayment of \$2.4M. Three of those years exceeded the 10% threshold in the supply agreement and the City issued payments to the NRDRWSC totalling \$1.1M. Still, the overpayment in the other seven years that did not trigger a true-up payment totals \$1.2M. To be clear, the City is correctly applying the true-up provision in the water supply agreement.

Cost Difference between Projected and True Up Rates (2011-2020)	\$ 2,362,033
True Up Payments to Date (2013,2014,2015)	-\$1,148,986
Ineligible True Up Overpayments (2011-2020)	\$ 1,213,047



North Red Deer River Water Services Commission

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True up Alternatives

1. Maintain the 10% true-up threshold – the Commission will likely continue to pay a higher rate for water than the true-up rate, but it is also unlikely to pay a true-up to the City of Red Deer.
2. Eliminate the true-up threshold - this ensures a true-up payment every year, regardless of the percent difference.
3. Eliminate the true-up altogether – this removes the requirement for a true-up payment from the agreement. Administration does not recommend this option.

The Commission should consider eliminating the 10% true-up threshold before renewing the Commission's water supply agreement with the City. Should the Board endorse this alternative (#2 above), it will be reflected in the Administration's long-term work plan presented to the Board in 2022.

City of Red Deer Utility Rate Model

The City uses a complex utility rate model to determine its costs for any given year. Per the supply agreement, the City must calculate rates utilizing the principles set out in the American Water Works Association (AWWA).

For example, a separate rate is calculated for in-City customers, the County of Red Deer, and the NRDRWSC. The 2021 rates for each of these customers are for:

- in-City customers - \$1.60/m³ + a fixed monthly charge based on meter size
- Red Deer County - \$1.57/m³
- NRDRWSC – \$1.55/m³

However, determining the City's system costs allocated to the NRDRWSC is not clear cut due to:

- Joint use of the City's water network by many customers
- Changes in the City's water treatment and distribution network over time
- Many different types of users
- Many different cost drivers: some clear, some not

These factors make rate modelling a challenge. The Commission is a major customer of the City and needs to be satisfied the City's rate model is fair, equitable and follows AWWA principles. The Commission last engaged an expert to audit the City's utility model in 2008. Administration recommends the model be reviewed and audited before renewing the Commission's water supply agreement with the City and will be reflected in the Administration's long-term work plan presented to the Board in 2022.

ALTERNATIVES:

The Commission may choose to:

- A. **[Recommended]** THAT the Commission endorses eliminating the 10% true-up threshold in the City of Red Deer water supply agreement.
- B. **[Recommended]** THAT the Commission endorses a review and audit of the City of Red Deer utility rate model.
- C. [Alternative] Accept this report as information.
- D. Direct Administration how it wished to proceed.

ATTACHMENTS:

True-up Example 1 City's costs are less than budgeted overall

True-up Example 2 The Commission buys more water than estimated

.Example 1 City's costs are less than budgeted overall

If the City estimates it will sell 100m³ of water and budgets its cost at \$200, the rate is \$2/m³.

$$\frac{\$200}{100\text{m}^3} = \$2/\text{m}^3$$

But at the end of the year, it determines its costs were only \$175; then the rate should have been \$1.75m³.

$$\frac{\$175}{100\text{m}^3} = \$1.75/\text{m}^3$$

Since the back-calculated rate is over 10% below the rate charged –a true-up is required to the Commission.

$$1 - \frac{\$1.75\text{m}^3}{\$2.00\text{m}^3} \times 100 = 12.5\% \text{ Below, True Up Required}$$

In this example, the City's costs were lower than expected, but its costs could be higher also. If the back-calculated is rate more than 10% higher than the original rate, the Commission is required to pay the City the true-up

Example 2 The Commission buys more water than estimated

If the City estimates it will sell 100m³ of water and budgets its cost at \$200, the rate is \$2/m³.

$$\frac{\$200}{100\text{m}^3} = \$2/\text{m}^3$$

But at the end of the year, it determines its actual water sales were 115m³; then the rate should have been \$1.73m³.

$$\frac{\$200}{115\text{m}^3} = \$1.73/\text{m}^3$$

Since the back-calculated rate is over 10% below the rate charged –a true-up is required to the Commission.

$$1 - \frac{\$1.73\text{m}^3}{\$2.00\text{m}^3} \times 100 = 13.5\% \text{ Below, True Up Required}$$

In this example, the Commission's water purchases were higher than estimated, but they could be lower also. If the back-calculated is rate more than 10% higher than the original rate, the Commission is required to pay the City the true-up

Request For Decision

NRDRWSC Waterline Extension Project Plan Phase 1: Governance Options Review

Date: September 13, 2021

Prepared by: Jordan Thompson, CAO & Robert Jenkins

Presented by: Jordan Thompson, CAO & Robert Jenkins



PURPOSE:

To present governance options for the extension of the NRDRWSC system.

ACTION/RECOMMENDATION:

THAT the Board endorses the *[membership, customer, or third-party ownership]* governance option for the system expansion.

THAT the Board proceeds to Phase 2 of the Project Plan and directs Administration work with Ermineskin Cree Nation to draft a *[membership or customer]* agreement for the Board's consideration.

ISSUE ANALYSIS:

Summary

Administration engaged Robert Jenkins to prepare a report outlining three governance and financial scenarios for the extension of the NRDRWSC system:

1. Full membership
2. Customer
3. 3rd Party Ownership

Mr. Jenkins' options report is attached and is summarized below. A companion report in the "in-camera" section of the agenda includes additional information.

Administration recommends the Board provide direction on its preferred governance option for the system expansion: membership or customer. Doing so advances the project to the next phase while allowing the Board to decide on the draft membership or customer agreement after the 2021 municipal election.

Alternatively, Administration may receive direction to present the Governance Options report after the 2021 municipal election.

It is Alberta's and ECN expectation that ECN will join the Commission as a full member.

Full membership

This is the current structure whereby all the NRDRWSC's customers are Members. NRDRWSC owns and operates the waterline extension to ECN's border. Expanding membership to ECN means it would be entitled to appoint a Director to the Board and a vote on all matters, including operating and capital budgets and setting rates for services. ECN would receive the same benefits and have the same obligations as the present Members. This is ECN's strong preference.

ECN would be required to pay a one-time fee of \$25,000 and a buy-in of \$3.1M to account for its share of what has been paid by the present Members for:

1. the interest and principal paid on the original debt for the existing System by the current Members, and
2. the surpluses accumulated by the Commission

All members, including ECN, are charged the same rate for purchased water – \$2.14/m³ until 2033.

Expansion owner and operator	NRDRWSC
ECN proportional system ownership	Yes
ECN entitled to sit on the Board	Yes
ECN ownership buy in cost	\$3.1M
Estimated rate for ECN	\$2.14/m ³ until 2033
Estimated rate for current members	\$2.14/m ³ until 2033
Key Advantages to Current Members	<ul style="list-style-type: none">• More efficient use of the existing System• Ponoka County may negotiate a future connection with NRDRWSC• Membership agreement terms are well defined• Experienced managers and operators of the regional water system• Ponoka County may negotiate a future connection with NRDRWSC
Key Disadvantages to Current Members	<ul style="list-style-type: none">• Current member individual voting weight reduces from 20% to 17%
Key Advantages to ECN	<ul style="list-style-type: none">• Entitled to sit on the Board• Same rate as existing members• Shared benefit from surplus's• ECN's strong preference
Key Disadvantages to ECN	<ul style="list-style-type: none">• Significant buy-in cost• Shared responsibility for deficits.

Customer

The NRDRWSC will own and operate the extension to ECN's border. ECN would not have an ownership share of the System and would not be required to be involved in the routine decisions made by the Board.

ECN would be required to pay a one-time fee of \$25,000, but they pay for the benefit of using the existing System through their rate. Also, they would not need to pay to "catch-up" on existing capital and operating reserve payments made by members to date. Nor would ECN receive the benefit of current or future surpluses (such as rate stabilization). Mr. Jenkins estimates ECN would pay \$2.45/m³ in 2024 (compared to the modelled membership rate of \$2.14/m³), rising to \$2.85/m³ by 2040 (compared to the modelled membership rate of \$2.45/m³).

Expansion owner and operator	NRDRWSC
ECN proportional system ownership	No
ECN entitled to sit on the Board	No
ECN ownership buy in cost	N/A
Estimated rate for ECN	\$2.45/m ³ rising to \$2.85/m ³ by 2040
Estimated rate for current members	\$2.14/m ³ until 2033, rising to \$2.45/m ³ by 2040
Key Advantages to Current Members	<ul style="list-style-type: none">• Maintains the existing governance structure• More efficient use of the existing System• Experienced managers and operators of the regional water system• Ponoka County may negotiate a future connection with NRDRWSC
Key Disadvantages to Current Members	<ul style="list-style-type: none">• A customer is more likely to challenge rates to the AUC• Introducing a first customer adds complexity• Alberta may apply Ministerial pressure for the Board to accept ECN membership.
Key Advantages to ECN	<ul style="list-style-type: none">• No buy-in requirement• Not responsible for deficits• May be able to negotiate more favourable terms in the customer agreement
Key Disadvantages to ECN	<ul style="list-style-type: none">• Does not benefit from surpluses• Not entitled to sit on the Board.

3rd Party Ownership

In this scenario, ECN initially builds and operates the waterline extension AND is a customer of the NRDRWSC. In the future ECN, and at least one other municipal entity may form a regional services commission. Either way, this mimics the customer model described above with one notable difference. The 3rd Party considers future connection requests to the expanded System. Should Ponoka County deem it advantageous to connect to the expanded water system in the future, it would apply to the 3rd Party, not the NRDRWSC.

Expansion owner and operator	ECN or other Regional Services Commission
ECN proportional system ownership	No
ECN entitled to sit on the Board	No
ECN ownership buy in cost	N/A
Estimated rate for 3 rd Party	\$2.26/m ³ rising to \$2.71/m ³ by 2040
Estimated rate for current members	\$2.14/m ³ until 2033, rising to \$2.45/m ³ by 2040
Key Advantages to Current Members	<ul style="list-style-type: none"> • Maintains the existing governance structure • More efficient use of the existing System
Key Disadvantages to Current Members	<ul style="list-style-type: none"> • A customer is more likely to challenge rates to the AUC • Introducing a first customer adds complexity • Ponoka County must negotiate outside the NRDRWSC for a future connection to the 3rd-Party System. • Alberta may apply Ministerial pressure for the Board to accept ECN membership.
Key Advantages to 3 rd Party	<ul style="list-style-type: none"> • No buy-in requirement • Not responsible for deficits • May be able to negotiate more favourable terms in the customer agreement • Controls the management and operations of the system expansion • Controls future connections from the system expansion.
Key Disadvantages to 3 rd Party	<ul style="list-style-type: none"> • Not entitled to sit on the Board • Does not benefit from NRDRWSC surpluses.

ALTERNATIVES:

The Commission may choose to:

1. *[Recommended]* THAT the Board endorses the *[membership, customer, or third-party]* governance option for the system expansion.
2. *[Recommended]* THAT the Board proceeds to Phase 2 of the Project Plan and directs Administration work with Ermineskin Cree Nation to draft a *[membership or customer]* agreement for the Board's consideration.
3. *[Alternative 1]* Direct Administration to present the Governance Options report to the Board after the 2021 municipal election.
4. *[Alternative 2]* Provide alternative direction to Administration.

ATTACHMENTS:

- Governance Options for the Provision of Regional Water Services to Maskwacis - Prepared by R. Jenkins Consulting Ltd.



North Red Deer River Water Services Commission

Governance Options for the Provision of Regional Water Services to Maskwacis

Prepared by R. Jenkins Consulting Ltd.

September 8, 2021

Table of Contents

1. Background and Intent of this Report	3
2. Governance of the Commission	5
3. Financial Modelling.....	5
4. Identification of Possible Options	7
5. Extension of Commission System to Maskwacis.....	7
5.1. First Nations as Members of the Commission	8
5.2. First Nations as Customers of the Commission	10
6. Development of Extension by First Nations	13
Appendix A – Part 15.1 - <i>Municipal Government Act</i>	14
Appendix B – Commission Bylaw 1 Consolidation as anticipated to Adopted	15
Appendix C – Financial Analysis Tables.....	16

1. Background and Intent of this Report

The Ermineskin Cree Nation (Ermineskin) located at Maskwacis has approached the Commission to consider the feasibility of Commission providing water services to Ermineskin through the development of a transmission pipeline connecting to the existing Commission System at Ponoka and extending to the Ermineskin water distribution reservoir at Maskwacis. This transmission pipeline will be referred to as “the Extension” in this report. As part of examining the feasibility of the Extension, the Commission directed the preparation of a report identifying the options for the development of the Extension and governance and relationship with Ermineskin.

By way of historical reference, the four First Nations at Maskwacis (then Hobbema) including Ermineskin were part of the original exploration of the development of the System in early 2000’s. Their participation was contemplated as being full members of a commission along with the 5 municipalities. Ultimately the arrangements and decisions needed for inclusion of the First Nations did not come together and the five municipalities moved forward to create the Commission and develop the System.

While only Ermineskin has initiated contact with the Commission for water supply at this time, the development of the Extension would open up the opportunity to provide water services to the other three First Nations at Maskwacis, these being:

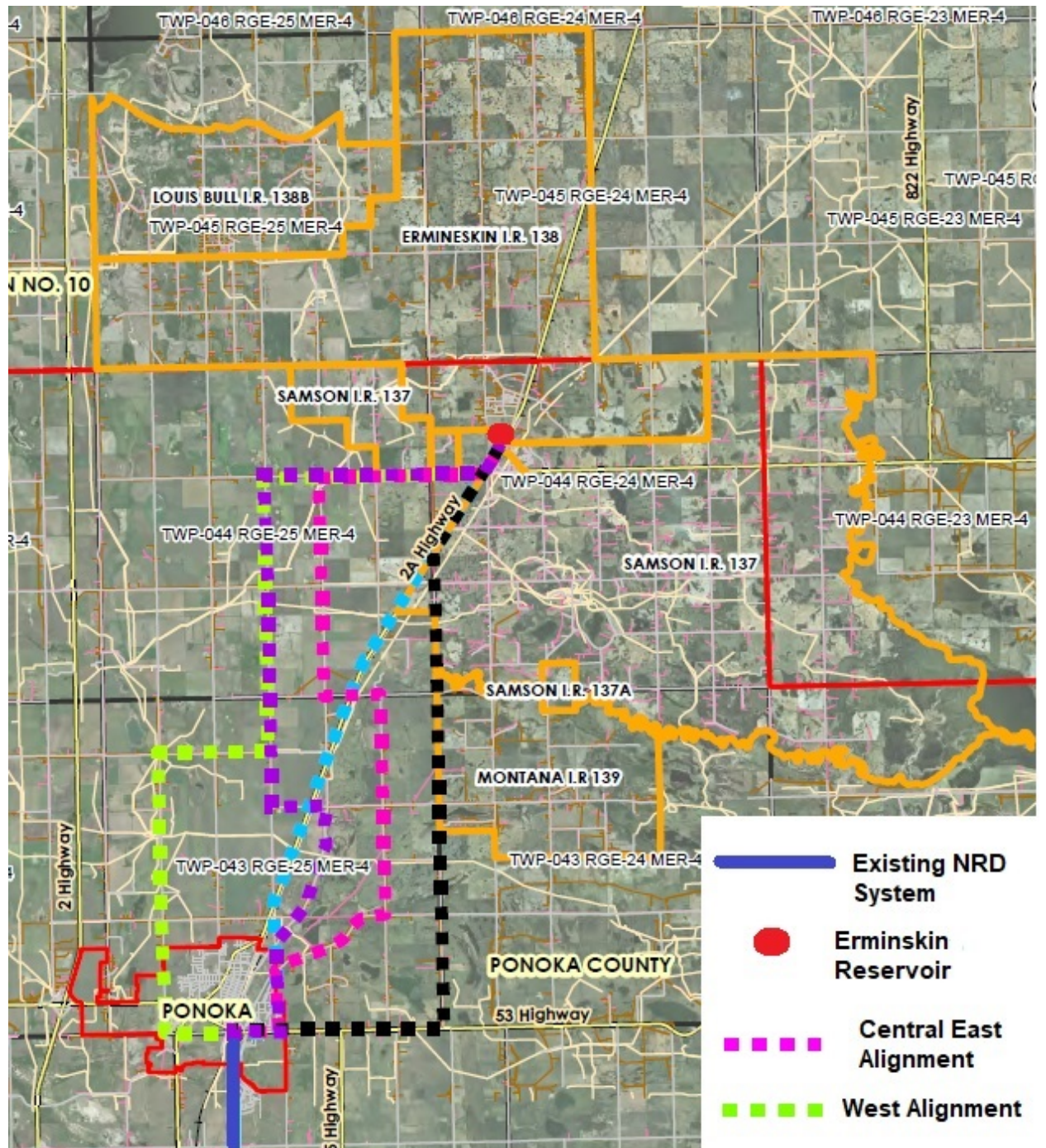
- Louis Bull Tribe (Louis Bull)
- Montana First Nation (Montana), and
- Samson Cree Nation (Samson)

As well the Extension becomes a potential source of water supply for developments in Ponoka County along the alignment of the Extension particularly along the West Alignment as identified in the First Nations Feasibility Study prepared by Stantec Consulting Ltd., November 25, 2019 (Stantec Study) and shown on the Figure 1 below.

This report is intended to identify the possible options for the construction, operation and governance of the Extension and set out the primary features, the governance relationships and financial arrangements of each option.

In that the options and arrangements that would apply to Ermineskin would also generally apply to the remaining Maskwacis First Nations should they choose to seek water services from the Extension in the future, the report discusses the options for Ermineskin as well as the others.

Figure 1
Possible Alignments for the Maskwacis Extension



Source: First Nations Feasibility Study prepared by Stantec Consulting Ltd., November 25, 2019

2. Governance of the Commission

The creation and operation of regional services commissions is provided for in Part 15.1 of the *Municipal Government Act*, R.S.A 2000, c.M-26 (the *Act*). These provisions are included in Appendix A of this report. The Commission Board has set the specifics of governance and operation of the Commission in Bylaw 1. The Commission Board is in the process of amending this bylaw and first reading has been given to proposed amendments. The discussion of governance features for the options below contemplates the provisions of Bylaw 1 as it is proposed to be amended. The consolidated bylaw with the anticipated amendments is included in Appendix B.

3. Financial Modelling

The Commission has had prepared a financial analysis for the years 2022 to 2040 which has modelled estimations of future water requirements, capital costs and funding, and annual expense to provide projections of future rates and contributions. The financial analysis allows the modelling for the existing Members only as well as for the inclusion of one or more of the Maskwacis First Nations.

The financial analysis is based on a number of assumptions about the future. As such the values identified in this report including projected rates and contributions are not firm but rather estimations which are subject to change. Excerpts from the financial analysis relevant to this report have been included in Appendix C.

Major assumptions in the analysis include:

1. Projected Population, Water Requirements and Sales for Maskwacis First Nations.

For the purposes of determining capacity of the Extension and the System overall, the estimated 25 year water requirements for the Maskwacis First Nations were set out the Stantec Study. The projections assumed a 2.54% annual population increase for each First Nation and an average daily water consumption of 275 litres per person per day. (lcd)

The projected population and water volumes for the existing Members and the Maskwacis First Nations as based on these assumptions are set out in Table 1.1 of Appendix C. The Ermineskin projections will be reviewed with Ermineskin as part of the planning process for the Extension and would also be reviewed with each of the Maskwacis First Nations as planning begins for their respective connection should they choose to receive services from the Extension.

Rate projections are dependent on expected sales of water services and the timing of connection and increased expenses. It is assumed that the Extension would be operational by mid 2023 with service to Ermineskin beginning July 1, 2023. The

consumption rate of 275 lcd is what would be expected for an urban distribution system with piped connections. However not all of the Erminskin population would be served initially by a piped distribution system. To reflect this, only a portion of projected volumes are expected as sales initially. The proportion of the Erminskin population is increased over time to reach 70% of projected volume by 2040.

To get a sense of what projected rates might be should the remaining Maskwacis First Nations become connected, the financial analysis assumed connection of Louis Bull in 2024 and Samson and Montana (Highway 2A commercial lands) in 2026. The projected sales volumes for the Maskwacis First Nations is set out Table 1.2 in Appendix C.

2. Capital Costs and Funding for Maskwacis Extension

The estimated the capital cost of a transmission line of capacity to meet the 25 year estimated water volumes of all Maskwacis First Nations is \$39.5 Million based on the Stantec Study and assuming the Central East Alignment. There would be sufficient pressure to supply Erminskin. The provision of services to the other Maskwacis First Nations would necessitate the installation of a pressure booster station for a further \$6 Million. It is assumed that the capital costs of the Maskwacis Extension including the transmission line and the booster station would be fully funded from a combination of Federal, Provincial and First Nations sources.

Not addressed in this report are the specifics of supplying water services to Louis Bull, Montana and Samson. While Montana and Samson are in close proximity to the Extension alignment, Louis Bull is some distance beyond the identified end of the Extension at the Erminskin reservoir. The details of connecting each of these First Nations would be addressed as part of the planning for connection should such be initiated by these First Nations.

Erminskin and the First Nations would be free to construct bulk water distribution facilities (truck fills) as part of their own water distribution systems.

3. Operating and Annual Expense

Generally, an overall inflationary increase of 2% annually is factored into operating expense. Utility expense has been increased annually by 5% while maintenance, repairs and materials expense has been increased by 3% annually. An increase in certain operating expenses of 15% is allowed in 2023 with the beginning of operations with of the Extension and a further 5% in 2026 when the booster station would become operational.

Treated water is purchased from the City of Red Deer on a /m3 basis with increased annual expense resulting from increased volume and from an increase in the rate anticipated at 2% annually.

A major expense for the Commission is the repayment of debt incurred for the construction of the original System. Payments for that will end by 2032.

4. Identification of Possible Options

There are two primary approaches to the development of the Extension.

1. In the first approach the Commission would construct, own and operate an extension of the present Commission System to the Ermineskin Reservoir with Ermineskin and ultimately the other three Maskwacis First Nations as either Members of the Commission or as Customers.
2. The second approach would be for either Ermineskin individually or the 4 Maskwacis First Nations collectively, to construct, own and operate a water transmission system, purchasing water from the Commission System at Ponoka and delivering water to Ermineskin and ultimately the other Maskwacis First Nations.

These approaches and the options within them are addressed below.

5. Extension of Commission System to Maskwacis

In the first approach, the Maskwacis Extension would be undertaken as an extension of the present Commission System with the Commission responsible for the planning and implementation of the capital construction of the Extension and for its subsequent operation. The Commission would engage such consultants and contractors to undertake design, project management and construction. As noted above the Commission expects full funding of the capital costs for the design, right of way, construction and commissioning of the Extension and its connection to the existing System to be provided from a combination of contributions from Canada, Alberta, Maskwacis First Nations. No funding would be provided by the Commission.

The Extension would become part of the Commission System and its operation, maintenance and repair integrated with the present System. The Commission would assume responsibility into the future for upgrading, enhancement or replacement.

The relationship between the Commission and the First Nations with respect to the Extension can take two forms, that of membership in the Commission or that of customer of the Commission.

5.1. First Nations as Members of the Commission

The *Municipal Government Act* provides that an Indian Reserve¹, as a municipal authority, may become a Member of a regional services commission and the provisions for the inclusion of an Indian Reserve as a Commission Member are included Bylaw 1. In this option Ermineskin initially and the other Maskwacis First Nations subsequently, would each have the opportunity to seek membership in the Commission. Provisions governing the addition of new Members to the Commission is set out in Article 10 of Bylaw 1.

Acceptance of a New Member is conditional on the satisfaction of the provisions of Section 10.1.² A consideration here is the supply of water under the 2004 water supply agreement with the City of Red Deer (CRD Agreement) with the initial question of whether Ermineskin and the other Maskwacis First Nations are within the Commission's Boundaries or authorized to served outside the Commission Boundaries. There is some uncertainty on this in the CRD Agreement. The map in Appendix B of the CRD Agreement shows Ermineskin, Samson and Montana as within the Ponoka County component of the Customer Boundary. However the definition of Customer Boundaries in the body of the CRD Agreement refers to *"that area of those members of the Commission that are rural municipalities (County of Lacombe and Ponoka County)"*. Indian Reserves are not within the boundaries of rural municipalities and the ownership map of Ponoka County reflects this. As well, there exists a Schedule F in the CRD Agreement which provides for Resale of Water outside of the Customer Boundary and within that schedule the Commission is authorized to *"resell water to the Montana Band."* If Montana Band is considered outside of the Customer Boundary then so would Ermineskin and Samson. To move forward with accepting Ermineskin as a Member, an amendment to Schedule F of CRD Agreement is required to allow resale of water to Ermineskin, Louis Bull and Samson in addition to Montana. With an acceptance of an agreement amendment by the City, it would seem to follow that the City is prepared to make available of sufficient volumes for the New Members.

As a Member, each First Nation would be entitled to appoint a Director to the Board and would have a vote on all matters including operating and capital budgets and the setting of rates for services. Each First Nation would receive the same benefits and have the same obligations as the present Members. The relationship between the First Nation as a Member and the Commission will be set out in a Membership Agreement which would include among its provisions:

1. Allowable Daily Quantity and Maximum Rate of Flow that the System is to deliver to the Member,

¹ *Municipal Government Act* R.S.A 2000, c. M26, s. 602.01(1), s.602.02(1)

² Bylaw 1 – Section 10.1 *The Board may agree to the addition of a municipal authority or an Indian Reserve as a Member of the Commission if sufficient capacity for the supply of water can be made available or if the long term interests of the existing Members are not adversely affected.*

2. Expectations and Obligations of the Member and the Commission with respect to membership in the Commission and participation in its affairs,
3. Obligations of the Member with respect to connection with the System, environmental compliance and indemnification,
4. Process for Dispute Resolution
5. The process and basis for establishing rates for water services,
6. The infrastructure required to meet the water service needs of the Member,
7. The amount of capital contribution and the fiscal arrangements required for connection to the System and for the construction of any infrastructure needed to serve the Member not otherwise assumed by the Commission, and
8. Provisions for suspension and shutdown of the Members Connection.

As each First Nation is accepted as a New Member, the Commission would amend Bylaw 1 to

- i. include that First Nation as a Member in Section 1.11,
- ii. increase the Board of Directors with the addition of a Director appointed by the First Nation joining the Commission, and
- iii. identify in Section 7.1 the minimum volume of water to which the First Nation would be entitled. This would be 25 year projected volume referred to in section 4.2 above which would be based on the agreed forecast population and consumption rates calculated in a manner similar to that shown in Table 1.1.

As New Members, each First Nation would be required to pay to the Commission a \$25,000 one-time membership fee as *“a contribution toward the costs and efforts incurred by the Members in establishing the Commission and bringing the System to operation.”*³

As well, each First Nation would be required to contribute funds equivalent proportionately to what has been paid by the present Members for:

1. the interest and principal paid on the original debt for the existing System by the present Members, and
2. the surpluses accumulated by the Commission

to the time of joining the Commission.⁴ Applying the formula in Bylaw 1 and using the assumed values in the financial analysis, which may change, the contribution of Ermineskin would be about \$3.1 Million. The respective shares for the other Maskwacis First Nations would be approximately:

- Louis Bull - \$1.5 Million
- Montana - \$495,000
- Samson - \$4.1 Million

³ Bylaw 1 – Section 10.2 (a)

⁴ Bylaw 1 – Section 10.2 (b)

Details of the calculations are set out in Tables 2.4 and 2.5 in Appendix C

Going forward, the First Nations would be charged for water services in the same manner as the present Members, that being a unit rate charge per cubic meter of water delivered to each First Nation. Based on the financial analysis, this rate for Ermineskin and the present Members is projected to hold at \$2.14 / m³ until year 2033 and then begin to rise each year by about 2% to \$2.40 by year 2040. Including additional Maskwacis First Nations would not materially alter the projected rates.

These projected rates are calculated on a Cost of Service basis. The Commission may choose to charge less than the Cost of Service rates and, as Members, the First Nations would as well be charged the lesser rate.

5.2. First Nations as Customers of the Commission

While Ermineskin has indicated its expectation of becoming a Member of the Commission, an alternative relationship with the Commission would be that Ermineskin and the other Maskwacis First Nations become customers of the Commission. While the Commission at present does not have any customers, Bylaw 1 contemplates the existence of customers and as such no amendment of Bylaw 1 would be required.

The terms of the connection and supply of water services would be set out in a Customer Water Services Agreement. This agreement would, among other things, set out the:

1. Allowable Daily Quantity and Maximum Rate of Flow that the System is to deliver to the Customer,
2. Obligations of the Customer with respect to connection with the System, environmental compliance and indemnification,
3. Process for Dispute Resolution
4. The process and basis for establishing rates for water services,
5. The infrastructure required to meet the water service needs of the Customer,
6. The amount of capital contribution and the fiscal arrangements required for connection to the System and for the construction of any infrastructure needed to serve the Customer, and
7. Provisions for suspension and shutdown of the Customer's Connection.

As with the acceptance of a New Member, the Commission's acceptance of a First Nation as a customer would be, subject to an agreement by the City of Red Deer to resell water outside of the Commission boundaries and to the same conditions as Section 10.1 of Bylaw 1, that being sufficient capacity of the supply of water being made available and the long term interests of the existing Members not being adversely affected.

The financial relationship would be different from that of a Member. There would be a one-time customer connection fee of \$25,000. A capital contribution towards the existing

System would be a matter of negotiation. The Ermineskin share of the value of the existing as determined under a replacement cost new less depreciation (RCN-D) approach would be \$2.3 Million. If an up-front capital contribution is provided, the future rate to Ermineskin would be reduced. In terms of the Commission surpluses, Customers would not be entitled to any benefit from the present and future surpluses of the Commission.

The calculation of the water services rate is altered. The rate would be calculated on a Cost of Service basis less any annual non-rate revenues and would not be the same rate as charged to Members. The annual costs associated with the Extension would now be charged only to the Customers using that component of the System. For the users of the Extension the rate charged would be the sum of the:

1. Proportionate share of revenue requirements for the existing System based all of the volumes of Members and Customers,
2. Proportionate share of the revenue requirements for the Extension based on the volume of the users of the Extension,
3. A charge for the Commissions Stewardship and management of the System for the provision of service to the Customers, and
4. A reduction for the value of upfront capital contributions if any.

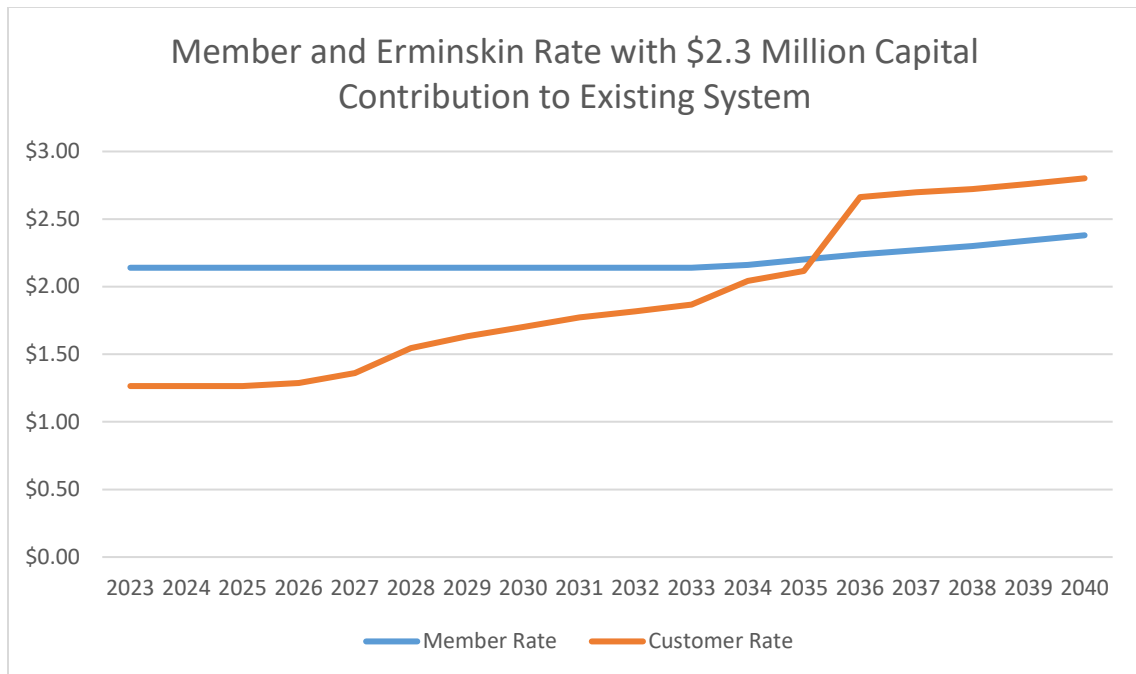
Based on the financial analysis, the projected rate for Ermineskin in the first full year of service in 2024 with no capital contribution is estimated at:

Cost of Service Rate for Existing System	\$2.05/m3
Operating Expense of Maskwacis Extension	\$0.15/m3
Stewardship and Management @10%	<u>\$0.22/m3</u>
Total Rate	\$2.42/m3

The Member rate in 2024 is projected at \$2.14/m3 which is a phase-in from the existing Commission rate level to the Cost of Service rate. The 2024 Cost of Service rate to the Members would be \$2.02/m3.

By 2040 the customer rate to Ermineskin would be about \$2.80 / m3 if there are no additional customers on the Extension. This would compare to an estimated rate of about \$2.40 /m3 for Members.

If Ermineskin were to provide an upfront capital contribution toward the value of the existing System, then the rate would be adjusted to reflect the value of the contribution. If the full \$2.3 Million were contributed then the Ermineskin rate would be reduced to \$1.26 /m3 in the first 3 years. Because of the way it is accounted for, the value of the credit would then decline each year until it disappears. Graphically, this would be:



What is not reflected in the rate is the benefit to the Members of the \$2.3 Million now in reserves and the potential interest off its investment. Assuming the investment interest rates in the financial analysis, this interest is perhaps as much as \$800,000.

In terms of including the other First Nations to the Extension, the additional operating expense would not increase much with additional sales volume. Should additional users be added the operating expense component of the customer rate would be reduced as the expense is spread over a greater volume.

6. Development of Extension by First Nations

As a further alternative, Ermineskin individually or the Maskwacis First Nations collectively can also opt to undertake the ownership, development and operation of the Extension rather than this being the responsibility of the Commission. In this approach the Commission would establish the requirements, standards and specifications for the connection of the Extension to the existing System.

If Ermineskin is to undertake this initiative, there remains the option of being a Member or a customer. The membership arrangements would be the same as set out in Section 5.1 above. The annual rate would not include any of the annual costs for the Extension as these would be assumed by Ermineskin. As well the customer relationship as set out 5.2 above would also be the same but again would not include any expense related to the Extension.

It is also possible that the Maskwacis First Nations would want to collectively take on the development of the Extension. The four of them would make such arrangements among them as they find necessary to undertake ownership, construction and operation. The creation of an incorporated entity or regional services commission would seem likely. A company or a regional services commission however under the *Act* is not able to become a member of the Commission. As such it would seem that a customer relationship is the only option here and the relationship set out in 5.2 above would be the same except without the annual costs associated with the Extension.

The relationship of the Commission and Ponoka County in terms of any future servicing of development in Ponoka County from the Extension changes if the Extension is owned by Ermineskin or the First Nations. The Commission or Ponoka County, depending on how the servicing relationship is structured, would become a customer of Ermineskin or the First Nations.

Appendix A – Part 15.1 - *Municipal Government Act*

Agreements for services

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

1994 cM-26.1 s602

Part 15.1

Regional Services Commissions

Interpretation

602.01(1) In this Part,

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

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

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

Division 1

Establishment and Operation

Establishing commissions

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

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

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

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

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

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

Resolution and notification

602.03(1) A resolution establishing a commission must specify

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

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

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

2020 c25 s11

List of commissions

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

2020 c25 s11

Corporation

602.05 A commission is a corporation.

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

Board of directors

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

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

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

Directors representing Province

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

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

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

Delegation

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

(2) A board may not delegate

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

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

Bylaws

602.09(1) Each board must pass bylaws

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

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

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

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

Meetings

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

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

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

Compliance with growth plan and ALSA regional plan

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

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

Control of profit corporations

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

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

Division 2 Powers and Duties

Natural person powers

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

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

Service area

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

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

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

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

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

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

2020 c25 s11

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

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

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

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

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

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

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

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

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

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

Other disputes

602.2(1) If

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

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

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

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

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

Order of Municipal Government Board

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

(2) The order under subsection (1) may

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

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

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

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

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

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

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

Operating budget

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

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

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

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

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

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

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

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

Financial shortfall

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

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

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

Capital budget

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

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

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

Expenditure of money

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

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

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

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

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

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

Annual budget

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

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

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

2020 c25 s11

Civil liability of directors re expenditure

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

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

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

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

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

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

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

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

Authorized investments

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

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

Use of borrowed money

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

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

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

Borrowing

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

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

Debt limit regulations

602.32(1) The Minister may make regulations

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

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

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

Civil liability of directors re borrowing

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

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

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

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

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

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

Loans and guarantees

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

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

Financial information return

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

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

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

Audited financial statements

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

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

Distribution of returns and statements

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

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

Division 4 Minister's Powers

Inspection

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

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

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

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

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

(4) An inspector

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

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

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

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

Directions and dismissal

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

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

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

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

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

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

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

(6) The Minister may appoint an official administrator

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

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

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

Official administrator as supervisor

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

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

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

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

Reports of official administrators

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

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

2017 c13 s1(53);2020 c25 s11

Enforcement when commission under supervision

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

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

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

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

2017 c13 s1(53);2020 c25 s11

Remuneration for official administrator

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

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

Providing Minister with copies and information

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

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

to the Minister within the time specified by the Minister.

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

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

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

Ministerial orders

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

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

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

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

2020 c25 s11

Appendix B – Commission Bylaw 1 Consolidation as anticipated to Adopted

NORTH RED DEER RIVER WATER SERVICES COMMISSION

BYLAW 1 (Consolidated with Proposed Bylaw 1.1)

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 any or all of:
 - (a) Town of Blackfalds
 - (b) City of Lacombe
 - (c) Town of Ponoka
 - (d) Lacombe County
 - (e) Ponoka County
- 1.12 "Organizational Meeting" means the first meeting of the Board held after November 1

in each year;

- 1.13 "Regular Meeting" means the meetings of the Board to be held each year on dates and at locations to be determined by resolution of the Board pursuant to Section 4.5 hereof;
- 1.14 "System" means the pipelines, pump stations and control systems operated by the Commission for the purpose of providing water to the members and customers of the Commission.
- 1.15 "Special Meeting" means a meeting of the Board called in accordance with Section 4.6 of this Bylaw;
- 1.16 "Water Services" means all water services provided by the Commission; and
- 1.17 All other words in this Bylaw are as defined or used in the Act.

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 City 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.
 - 4.3.1 A Member may designate an alternate Director who shall be entitled to act in the place of the appointed Director for whom they are appointed as alternate when the appointed Director is absent or not able to attend a meeting of the Board.
- 4.4 The Directors shall elect, from amongst their number, the Chair and the Vice-Chair at the Organizational Meeting.

- 4.5 The Board, by resolution, may establish the date and number of Regular Meetings held during a year, however, there shall be not less than two (2) Regular Meetings per year.
- 4.6 The Chair:
- (a) may call a Special Meeting at the discretion of the Chair; 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 electronic mail 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 Board meeting or committee meeting may be conducted by means of electronic or other communication facilities. Notice shall be given to the public of the meeting, including the way in which it is to be conducted
- The communication facilities shall enable the public to watch or listen to the meeting and shall enable all the meeting's participants to watch or hear each other.
- Directors participating in a meeting held by means of a communication facility are deemed to be present at the meeting.
- 4.9 Except as provided in Clauses 5.6, 13.1 and 15.1, any matter properly placed before a meeting of the Board shall be decided by a majority of the votes cast by the Directors at the relevant Board Meeting. If there is an equal number of votes for and against a Board resolution, the resolution is defeated
- 4.10 A Director attending a Board meeting shall vote on all matters before the Board unless a Director is required or permitted to abstain from voting under any bylaw of the Commission or provision of the Act.
- 4.11 A quorum of the Board shall be a majority of the Directors.
- 4.12 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 Operating and Capital Budgets 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.

4.13 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 Operating Budget.

5. MEETINGS

- 5.1 The Board shall call an Annual Meeting which shall be held no later than April 30th of each year.
- 5.2 Written notice of the Annual Meeting shall be provided to each Member by mail postmarked not less than thirty (30) days prior to the date of the Annual Meeting.
- 5.3 At the Annual Meeting, the Auditor shall present the audited financial statements of the Commission and the Chair shall report on the activities of the past year of the Board and the future plans of the Commission.
- 5.4 At the first meeting of the Board following the Annual Meeting, the Board shall appoint the Auditor for the ensuing year whom shall report to the Board on the annual financial statement of the Commission and on the financial procedures and activities of the Commission.
- 5.5 The Chair shall establish the agenda for any meeting of the Board. Directors shall be entitled to add items to the proposed agenda by [submitting] a written request to the Manager at least twenty-four (24) hours before the meeting
- 5.6 The Board shall adopt the agenda at the beginning of the meeting and may, upon agreement of two thirds of those Directors present at the meeting add or delete items from the agenda.

6. ADMINISTRATION

- 6.1 There shall be a Chair, a Vice-Chair and a Manager and such other Officers as determined by the Board in its discretion from time to time.
- 6.2 The term of office of the Chair is one year.
- 6.3 The Chair shall preside over each Regular Meeting, Special Meeting and the Annual Meeting and of any meetings of any committee of the Commission
- 6.4 The Chair shall appoint all officials and committees as directed by the Board.
- 6.5 The Chair shall be an ex-officio member of all committees.
- 6.6 The Chair shall vote on all matters before the Board.
- 6.7 The Chair shall perform all other and such other duties as are usually performed by the Chair.
- 6.8 The Vice-Chair shall act and perform the duties of the Chair in his absence in the conduct of his office.
- 6.9 The term of office for the Vice-Chair is one year.

- 6.10 In the absence of the Chair at any meeting, the Vice-Chair shall preside over the meeting for that meeting only.
- 6.11 During the absence or inability of the Chair and Vice-Chair, a Director appointed by the Board for that purpose shall exercise the duties and powers of the Chair.
- 6.12 The Manager shall act as the administrative head of the Commission and without limiting the foregoing, the Manager shall
- (a) ensure that the policies and programs of the Commission are implemented;
 - (b) advise and inform the Board on the operations and affairs of the Commission;
 - (c) maintain custody of the seal of the Commission and when required on any instrument requiring the seal of the Commission, affix the same together with one of the Chair or the Vice-Chair;
 - (d) perform the duties and exercise the powers assigned to the Manager in this Bylaw
 - (e) perform the duties and exercise the powers required of the Manager in the Act or any other applicable legislation;
 - (f) cause the funds of the Commission to be received and disbursed in accordance with the directions of the Board, subject to this Bylaw;
 - (g) cause to be kept detailed accounts of all income and expenditures including proper vouchers for all disbursements of the Commission;
 - (h) cause to be rendered to the Board at Regular Meetings or whenever required by the Board an account of all transactions of the Commission and the financial position of the Commission;
 - (i) cause all facts and minutes of all proceedings to be kept on all meetings of the Commission;
 - (j) cause all notices to be given to Members and to Directors required by this Bylaw;
 - (k) cause to be kept all books, papers, records, correspondence, contracts and other documents belonging to the Commission and shall cause the same to be delivered up when required by the Act or when authorized by the Board to such person as may be named by the Board; and
 - (l) shall carry out any lawful direction of the Board from time to time.
- 6.13 The Board may select as Manager:
- (a) an individual that is an employee of the Commission;
 - (b) an individual or firm engaged on a contractual basis; or
 - (c) one of the Members of the Commission
- on such terms and conditions as may be acceptable to the Board
- 6.14 In addition to the duties set forth herein, the Officers shall have such duties as the

Board may from time to time determine.

- 6.15 Any one of the Chair or Vice-Chair, together with the Manager are authorized to execute and deliver any cheques, promissory notes, bills of exchange and other instruments, whether negotiable or not, on behalf of the Commission.
- 6.16 The Board may, from time to time, appoint an acting manager who shall be authorized, in the absence the Manager, to perform such duties of the Manager as the Board may prescribe.

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
City 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 The estimated annual revenue requirements of the System shall be determined on a cost of service basis utilizing the principles set out in the American Water Works Association (AWWA) manuals of practice dealing with water rates and charges, as revised and updated from time to time, and in accordance with the findings and directives of the Alberta Utilities Commission, such approach being commonly referred to as the "utility rate model" and shall include full recovery of the annual costs of the Commission for those cost components set out in clause 8.4.

- 8.3 The Commission may establish and maintain restricted surpluses for operating and capital purposes, also referred to as operating and capital reserves respectively, in accordance with the policies, procedures and directions of the Board from time to time.
- 8.4 Without limiting the requirements for the Operating and Capital Budgets pursuant to the Act, the Board in the fall of each year shall prepare a Financial Plan for the forthcoming three (3) financial years and an Operating and Capital Budget for the next financial year which will set out the:
- (a) expected consumption requirements of the Members;
 - (b) estimated cash expenditures for the:
 - (i) operations of the Board and Manager;
 - (ii) operations of the System;
 - (iii) purchase of water;
 - (iv) repayment of debt obligations;
 - (b1) estimated non-cash expense for the net amortization of tangible capital assets of the System;
 - (b2) estimated return on the utility rate base of the System;
 - (b3) estimated additional annual contributions required over and above revenue generated from cost of service rate to provide necessary funds for the demonstrated long term capital renewal of the System (capital surcharge);
 - (c) estimated revenue requirements to meet the expenditures, non-cash expense and return on the utility rate base of the Commission and the rates and fees to be charged to Members and customers of the Commission;
 - (d) second and third year projections of operating expenditures and expenses, revenue requirements and rate trends;
 - (e) capital projects planned and expected to be completed in the forthcoming financial year and the second and third financial years of the Financial Plan;
 - (f) estimated capital costs and sources of funding for each year of the Financial Plan;
 - (g) rates of remuneration and expenses to be provided to the Directors.
- 8.5 The Commission shall set out in the annual Operating Budget, the rates proposed to be charged by the Commission for providing Water Services to the Members.
- The rate to Members shall be a common rate, calculated by dividing the revenue required to be raised from rates by the total volume of water requested by the Members under Clause 7.2. The rate set may not exceed the rate that would be calculated on a cost of service basis.
- The water rate to be charged shall be approved by bylaw.
- 8.6 Notwithstanding Clause 8.5, where the rate in a prior year was higher than the rate

that would have been calculated on a cost of service basis, the Commission may, in the interests of rate and revenue stability, set rates in the forthcoming years which serve to transition to a cost of service rate.

- 8.7 Each Director shall be entitled to vote on the Financial Plan and Operating and Capital Budgets.
- 8.8 Upon receipt of authorization from the Board to distribute the proposed Budget and Financial Plan, the Manager shall distribute to each Member a complete copy of the proposed Budgets and Financial Plan for the relevant financial year.
- 8.9 Any Member may submit comments and questions to the Board in writing in relation to the Budgets and the Financial Plan within thirty (30) days immediately following the date of distribution of the Budgets and the Financial Plan.
- 8.10 After the thirtieth (30th) day immediately following the date of distribution of the Budget and the Financial Plan, the Directors shall finalize and approve the Budgets and the Financial Plan for the relevant financial year.
- 8.11 Subject to the Act, the Manager may, during any financial year, present to the Members amendments to the Operating or Capital Budgets or the Financial Plan for the then current financial year. Any amendments to the Budgets or Financial Plan shall be made in accordance with the procedure for approval set forth in clauses paragraphs 8.8, 8.9 and 8.10 herein.
- 8.12 For those Members purchasing water from the Commission, the Members shall pay to the Commission the product of the actual volume of water purchased by the Member in a year times the rate set out in clause 8.5. Notwithstanding the actual volume of water purchased, the Member shall be responsible for a minimum payment to the Commission of 90% of the volume requested by the Member under clause 7.2 times the rate set out in clause 8.5.
- 8.13 For those Members not purchasing water from the Commission, the Member shall be responsible for a minimum annual payment to the Commission equal to the sum of the following:
 - (a) $1/x$ of the annual cost attributed to the Board of Directors where "x" is the number of members of the Commission, and
 - (b) "y" times the cost components set out in sub-clauses 8.4 (b)(i)(ii)(vi) for the system where "y" is the ratio of the members volume allocation to the total volume allocation set out in Clause 7.1.

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. ADDITION OF NEW MEMBERS

- 10.1 The Board may agree to the addition of a municipal authority or an Indian Reserve as a Member of the Commission if sufficient capacity for the supply of water can be made available or if the long term interests of the existing Members are not adversely affected.
- 10.2 A New Member shall be required to pay:
- (a) a one-time membership fee of \$25,000 as a contribution toward the costs and efforts incurred by the Members in establishing the Commission and bringing the System to operation; and
 - (b) an amount equal to $(X + Y)$ times Z where:
 - (i) X is the total of the payments of principal and interest made by the Members from the inception of the System to the date of entry of the New Member,
 - (ii) Y is the total restricted surplus for capital purposes at the date of entry of the new member, and
 - (iii) Z is the ratio of forecasted volume of water required by the New Member based on the projected population times the typical rates of water consumption per capita for five years from the date of entry of the New Member, to the total forecasted volume of water required of the new and existing members for five years from the date of entry of the New Member.
- 10.3 A New Member may be required to contribute to the Commission all or a portion of the cost incurred by the Commission in extending or enhancing the System that is required to provide water services to a New Member.
- 10.4 Any contribution received by the Commission under Clause 10.2 shall become part of the Commission's restricted surplus for capital purposes.

11. WITHDRAWAL OF A MEMBER FROM THE COMMISSION

- 11.1 A Member may withdraw from the Commission upon two years written notice.
- 11.2 The withdrawing Member may sell the equity contributed by the Member during the Member's term of membership of the Commission to any other Member of the Commission for such compensation and on such terms as the parties may agree subject to the approval of the Board.

However, the Commission or any Member shall not be obligated to:

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

The Commission shall not utilize the capacity of the system related to the withdrawing Member's equity or utilize the withdrawing Member's water volume

allocation without fair compensation.

- 11.3 The withdrawing Member shall remain responsible for any respective proportion of net current financial obligations of the Commission for which the Member is responsible and shall pay to the Commission such share and any accrued interest
- 11.4 The withdrawing Member shall remain responsible for any respective proportion of long term debt that has been incurred by the Commission in the construction of the System and for any future long term debt that will be required to complete the System as planned at the date of notice of withdrawal and shall either:
 - (i) pay the outstanding principle and any accrued interest of current long term debt and the respective share of future long term debt to the Commission or
 - (ii) agree to continue to pay the respective share of the annual payments for the current and future debt such share being determined using the allocated volumes in Clause 7.1.

12. DISPOSAL OF ASSETS

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

13. DISESTABLISHMENT OF THE COMMISSION

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

Commission, which shall include:

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

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

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

14. SEVERANCE

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

15. AMENDMENTS

- 15.1 An amendment to this Bylaw may be passed by the Board upon a three quarters majority of the Directors of the Board.
- 15.2 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.

Appendix C – Financial Analysis Tables

Table 1.1
North Red Deer River Water Services Commission
2022 - 2040 Financial Model
Population and Volume Projections for Capacity

[Index](#)

2022	2023	2024	2025	2030	2040	2048
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Population

Growth Rates	
2020 - 2030	2031 - 2048

Existing System - Connected Urban Members

Town of Ponoka	1.0%	1.0%	7,676	7,753	7,831	7,909	8,312	9,182	9,943
City of Lacombe	2.2%	2.2%	14,580	14,901	15,229	15,564	17,353	21,571	25,673
Town of Blackfalds*	9.30%	6.37%	12,848	14,043	15,349	16,777	26,171	48,529	79,535
Total Existing System			35,105	36,697	38,408	40,249	51,835	79,282	115,151

Maskwacis First Nations

Ermineskin	2.54%	2.54%	4,055	4,158	4,264	4,372	4,956	6,369	7,784
Louis Bull	2.54%	2.54%	2,071	2,123	2,177	2,232	2,531	3,252	3,975
Montana	2.54%	2.54%	867	889	911	934	1,059	1,361	1,664
Samson	2.54%	2.54%	7,110	7,290	7,475	7,665	8,690	11,167	13,648
Total Maskwacis			14,102	14,460	14,828	15,204	17,236	22,150	27,072

Total System

49,207	51,158	53,236	55,454	69,071	101,432	142,222
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Consumption Factors - Litres per Person per Day (lcd)

Existing System - Connected Urban Members

Town of Ponoka	247	247	247	247	247	247	247
City of Lacombe	254	254	254	254	254	254	254
Town of Blackfalds	222	224	226	228	238	250	250

Maskwacis First Nations

Ermineskin	275	275	275	275	275	275	275
Louis Bull	275	275	275	275	275	275	275
Montana	275	275	275	275	275	275	275
Samson	275	275	275	275	275	275	275

Table 1.1
North Red Deer River Water Services Commission
2022 - 2040 Financial Model
Population and Volume Projections for Capacity

[Index](#)

Annual Volume

Existing System - Connected Urban Members

	2022	2023	2024	2025	2030	2040	2048
Town of Ponoka	692,053	698,973	705,963	713,022	749,394	827,797	896,385
City of Lacombe	1,351,707	1,381,445	1,411,837	1,442,897	1,608,755	1,999,856	2,380,159
Town of Blackfalds	1,041,110	1,148,185	1,266,171	1,396,172	2,273,431	4,428,295	7,257,546
Lacombe County (through Blackfalds)	45,512	47,373	49,310	51,327	51,327	51,327	51,327
City of Red Deer							
Ponoka County (Wolf Creek Village)	13,162	13,162	13,162	13,162	13,162	13,162	13,162
Total Existing System	3,143,544	3,289,138	3,446,442	3,616,580	4,696,069	7,320,437	10,598,579

Maskwacis First Nations

Ermineskin	407,032	417,370	427,971	438,842	497,479	639,305	781,366
Louis Bull	207,844	213,123	218,536	224,087	254,029	326,450	398,991
Montana	86,999	89,209	91,475	93,798	106,331	136,645	167,009
Samson	713,637	731,763	750,350	769,409	872,216	1,120,874	1,369,946
Total Maskwacis	1,415,511	1,451,465	1,488,332	1,526,136	1,730,055	2,223,274	2,717,312
Total System	4,559,055	4,740,603	4,934,775	5,142,717	6,426,123	9,543,711	13,315,891

Average Annual Daily Flow (l/s)

Existing System - Connected Urban Members

Town of Ponoka	21.9	22.2	22.4	22.6	23.8	26.2	28.4
City of Lacombe	42.9	43.8	44.8	45.8	51.0	63.4	75.5
Town of Blackfalds	33.0	36.4	40.2	44.3	72.1	140.4	230.1
Lacombe County (through Blackfalds)	1.4	1.5	1.6	1.6	1.6	1.6	1.6
Ponoka County (Wolf Creek Village)	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Existing System	99.7	104.3	109.3	114.7	148.9	232.1	336.1

Table 1.1
North Red Deer River Water Services Commission
2022 - 2040 Financial Model
Population and Volume Projections for Capacity

[Index](#)

Maskwacis First Nations

	2022	2023	2024	2025	2030	2040	2048
Ermineskin	12.9	13.2	13.6	13.9	15.8	20.3	24.8
Louis Bull	6.6	6.8	6.9	7.1	8.1	10.4	12.7
Montana	2.8	2.8	2.9	3.0	3.4	4.3	5.3
Samson	22.6	23.2	23.8	24.4	27.7	35.5	43.4
Total Maskwacis	44.9	46.0	47.2	48.4	54.9	70.5	86.2
Total System	144.57	150.32	156.48	163.07	203.77	302.63	422.24

Maximum Day Volume (l/s)

Max Day Factor

Existing System - Connected Urban Members

Town of Ponoka	1.5	32.9	33.2	33.6	33.9	35.6	39.4	42.6
City of Lacombe	1.5	64.3	65.7	67.2	68.6	76.5	95.1	113.2
Town of Blackfalds	1.5	49.5	54.6	60.2	66.4	108.1	210.6	345.2
Lacombe County (through Blackfalds)	1.5	2.2	2.3	2.3	2.4	2.4	2.4	2.4
Ponoka County (Wolf Creek Village)	1.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Existing System		149.5	156.4	163.9	172.0	223.4	348.2	504.1

Maskwacis First Nations

Ermineskin	1.5	19.4	19.9	20.4	20.9	23.7	30.4	37.2
Louis Bull	1.5	9.9	10.1	10.4	10.7	12.1	15.5	19.0
Montana	1.5	4.1	4.2	4.4	4.5	5.1	6.5	7.9
Samson	1.5	33.9	34.8	35.7	36.6	41.5	53.3	65.2
Total Maskwacis		67.3	69.0	70.8	72.6	82.3	105.7	129.2
Total System		216.85	225.49	234.72	244.61	305.66	453.94	633.37

Table 1.2
North Red Deer River Water Services Commission
2022 - 2040 Financial Model
Sales and Purchase Volumes (m3)

[Index](#)

2022 Estimated	2023 Estimated	2024 Estimated	2025 Estimated	2026 Estimated	2030 Estimated	2040 Estimated
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Sales Volumes

Maskwacis First Nations

Ermineskin - Begin Service

7/1/2023 1/1/2024

Number of Days 184

Capacity Projection 407,032 417,370 427,971 438,842 449,988 497,479 639,305

% Connected 30% 30% 30% 35% 40% 70%

Sales Volume - 63,120 128,391 131,653 157,496 198,992 447,513

Louis Bull

Capacity Projection 207,844 213,123 218,536 224,087 229,779 254,029 326,450

% Connected 0% 50% 60% 60% 65% 75%

Sales Volume - 109,268 134,452 137,867 165,119 244,837

Montana (Begin Service to Highway 2A development lands - 2026)

Capacity Projection 86,999 89,209 91,475 93,798 96,181 106,331 136,645

% Connected 0% 0% 0% 10% 15% 20%

Sales Volume - - - 9,618 15,950 27,329

Samson (Begin Service 2026 to existing distribution system)

Capacity Projection 713,637 731,763 750,350 769,409 788,952 872,216 1,120,874

% Connected 0% 0% 0% 30% 30% 70%

Sales Volume - - - 236,686 261,665 784,612

Total Maskwacis - 63,120 237,659 266,105 541,667 641,725 1,504,292

Total System Sales **3,143,544** **3,352,258** **3,684,102** **3,882,685** **4,340,351** **5,337,793** **8,824,728**

Purchase of Water from the City of Red Deer

Unrecorded Volume Factor 1.6% 1.6% 1.6% 1.6% 1.6% 1.6% 1.6%

Purchased 3,192,502 3,404,467 3,741,479 3,943,155 4,407,949 5,420,926 8,962,167

Table 2.4
North Red Deer River Water Services Commission
2022 - 2040 Financial Model
Maskwacis New Member Fee

[Index](#)

Calculation	Allocation Based on Share of 5 Year Volume			
	Ermineskin	Louis Bull	Montana	Samson
Calculation of Proportionate Share of Volume				
Service Begins	2023	2024	2026	2026
Fifth Year	2027	2028	2030	2030
New Member 5 Year Volume m3 (Table 1.1)	2,195,590	1,149,617	505,962	4,150,309
Total System 5 Year Volume m3 (Table 1.1)	20,342,559	22,469,190	29,376,570	29,376,570
Proportionate Share of System Volume	10.8%	5.1%	1.7%	14.1%
 Flat Membership Fee	 \$100,000	 \$25,000	 \$25,000	 \$25,000

Table 2.5
North Red Deer River Water Services Commission
2022 - 2040 Financial Model
Maskwacis Capital Contribution for Buy In to Existing System

[Index](#)

	Calculation	Allocation Based on Share of 5 Year Volume			
		Ermineskin	Louis Bull	Montana	Samson
Proportionate Share of System Volume (Table 2.4)		10.8%	5.1%	1.7%	14.1%

3. Share of Debt Retired and Reserve Accumulated to Date by Existing Members

Debt

Original Borrowing Debentures 1 and 2	\$19,000,000
Principal Balance December 31, 2022	\$8,964,309
Principal Retired	\$10,035,691
Total Interest to Dec 31, 2022	\$9,816,076
Total Interest and Principal	\$19,851,766

First Nations Share

Principal		\$1,083,161	\$513,467	\$172,848	\$1,417,838
Interest		\$1,059,458	\$502,231	\$169,065	\$1,386,811
Total	\$6,304,879	\$2,142,619	\$1,015,698	\$341,913	\$2,804,649

Surplus at December 31, 2022

Restricted Surplus - Operating	\$763,543
Restricted Surplus - Capital	\$4,799,671
Unrestricted Surplus - Operating	\$3,202,403
Total	\$8,765,618

First Nation Share	\$2,783,942	\$946,081	\$448,485	\$150,973	\$1,238,403
Total First Nation Contribution	\$9,088,821	\$3,088,699	\$1,464,184	\$492,886	\$4,043,051

Request For Decision

Alternative Appointed Official to CAO

Date: September 13, 2021

Prepared by: Denise Bellabono, Administrative Assistant

Presented by: Jordan Thompson, CAO



PURPOSE:

To seek Board approval for the alternate appointed office signing authority for North Red Deer River Water Services Commission effective September 13, 2021.

ACTION/RECOMMENDATION:

- 1) THAT the Commission appoints Tracey McKinnon as the alternative official with signing authority for Commission cheques, documents, or investments in the absence of the CAO.

ISSUE ANALYSIS:

Matthew Goudy is currently an alternate signing authority, appointed at the March 29, 2021 Regular Commission meeting. The primary appointed official is Jordan Thompson, CAO. Administration is asking the Board to endorse Tracey McKinnon as a second alternate.

ALTERNATIVES:

The Commission may choose to:

- A. Appoint Tracey McKinnon as the alternative appointed official with signing authority for Commission cheques, documents, or investments in the absence of the CAO.
- B. Nominate an alternative appointed official.
- C. Direct Administration not to proceed with the request at this time.

ATTACHMENTS:

None.



August 27, 2021

North Red Deer River Water Services Commission
c/o the City of Lacombe
5432 – 56 Avenue
Lacombe AB T4L 1E9

Dear Sirs:


**Re: NORTH RED DEER RIVER WATER SERVICES COMMISSION
BYLAW AMENDMENTS**

Please be advised that as per the amendments made to the Municipal Government Act in 2020 which included changes to Part 15.1 of the Act which governs regional services commissions, the following resolution received the approval of Council at their August 26, 2021 meeting:

That the provisions of draft Bylaw No. 1.: of the North Red Deer River Water Services Commission be endorsed.

If anything further is required please contact my office.

Yours truly,



TIM TIMMONS, CLGM
County Manager
Lacombe County

/lt