



NORTH RED DEER RIVER WATER SERVICES COMMISSION

Regular Meeting

November 28, 2016 @ 9:00 AM

LACOMBE CITY HALL

AGENDA

1. Call to Order
2. Adoption of Agenda
3. Adoption of Minutes
 - a. October 17, 2016 - Regular Meeting (*attached*)
4. Presentation
5. Reports
 - a. Operations (*attached*)
 - b. Administrator (*attached*)
 - i) Monthly Report
 - ii) Financial - October
 - c. Chair
6. Correspondence
 - a. City of Red Deer letter – 2017 Water Supply Rates
7. Old Business
 - a. Operating & Capital Budget 2017
 - b. 2017-2021 Operating Projection
 - c. RFP - Administration and Operations Service
8. New Business
 - a.

9. In Camera

10. Next Meeting Date: April 17, 2017 (proposed)

11. Adjournment

NORTH RED DEER RIVER WATER SERVICES COMMISSION
REGULAR MEETING MINUTES
October 17, 2016

In Attendance: Mayor Steve Christie, City of Lacombe
Mayor Rick Bonnett, Town of Ponoka
Mayor Melodie Stol, Town of Blackfalds
Councillor Ken Wigmore, Lacombe County
Councillor Mark Matejka, Ponoka County
Michael Minchin, NRDRWSC Administrator
Jennifer Peterson, Administrator Assistant

Others Present: Albert Frootman, CAO Town of Ponoka
Myron Thompson, CAO Town of Blackfalds
Keith Boras, Manager of Environmental and Protective Services, Lacombe County
Preston Weran, Director of Infrastructure, Town of Blackfalds
Chris Huston, Utilities Manager, City of Lacombe
Jordan Thompson, Engineering Manager, City of Lacombe

1. Call to Order:

Chair Christie called the meeting to order at 9:02 am.

2. Adoption of the Agenda:

MOVED by Councillor Wigmore that the agenda for October 17 2016, be adopted as presented.

CARRIED

3. Adoption of the Minutes:

MOVED by Mayor Stol that the minutes for September 26, 2016, be adopted as presented.

CARRIED

4. Presentation

5. Reports

6. Correspondence/Information

7. Old Business:

Red Deer Servicing Agreement

Mr. Minchin provided an updated on the status of the agreement between the City of Red Deer and the Commission regarding the transport of water to Central Park Subdivision. Once the Commission receives the signed agreement back from Red Deer it will be forwarded to the Minister for approval. The process could take 10 – 12 weeks.

MOVED by Mayor Bonnett to accept as information.

CARRIED

8. New Business:

2017 Operating and Capital Budget

Mr. Minchin provided the Commission with the preliminary operating budget for 2017. Some highlights to the 2017 budget are as follows:

- Budget is based on a 3.85% increase in water rates from the City of Red Deer
- No increase to water rates to the partnering municipalities
- Increase to Other Professional Services for the SCADA review
- No major change to other expenses

The commission members were asked to share the 2017 preliminary budget with their respective council and provide any comments to Mr. Minchin before the next commission meeting.

2017-2021 Operating Plan

Mr. Minchin provided the Commission with the 2017-2021 projected Operations Budget. The projection shows that there will be no rate increase until 2019 due to the rate stabilization plan.

MOVED by Councillor Matejka to accept as information.

CARRIED

9. IN Camera

10. Next Meeting:

Monday, November 28 at 9 am, City of Lacombe Council Chambers.

11. Adjournment:

MOVED by Councillor Wigmore to adjourn this Meeting at 9:37 am.

CARRIED

Chairperson

Administrator

M E M O R A N D U M



North Red Deer River Water Services Commission

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Phone: (403) 782-6666
Direct Line: (403) 782-1268
Fax: (403) 782-5655

jthompson@lacombe.ca

November 28th, 2016

Attn: NRDRWSC

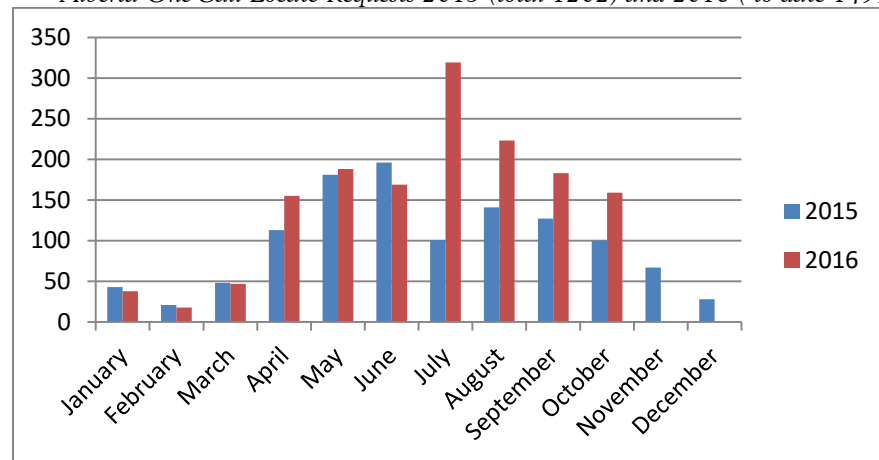
Re: Operational Report since September 26th, 2016.

Since the last update provided to members of the Commission, the City of Lacombe has dealt with the following:

GENERAL INFORMATION

- Alberta One-Call Locate Requests:
 - September – 183 locates
 - October – 159 locates

Alberta One-Call Locate Requests 2015 (total 1202) and 2016 (to date 1499)



Repair response charges:

- N/A

Call-Out:

- October 6 – The Commission operations manager was called out to pumphouse “B” at 6:45pm to check loss of communication at site. He was unable to immediately restore remote communication but approximately 3hrs later the communications issue was resolved. Red Deer confirmed the site was operating on local control and was filling.

Crossing/Proximity Agreements


- The Commission operator is working with the City of Red Deer and its contractor, Urban Dirt Works, to coordinate the connection to the regional line to feed Central City. The connection is expected to be made to an existing service stub before the end of November. The City of Red Deer’s new main cannot be supplied with water until the Commission receives ministerial approval of the water sale agreement.
- The Commission entered into a crossing agreement with the Town of Blackfalds for the crossing of a local road (Park Street), water, and shallow utilities to service Panorama Estates Phase 7.

General Information:

➤ N/A

If you have any questions or comments regarding the operations described above please don't hesitate to call or email me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jordan Thompson', with a stylized flourish at the end.

Jordan Thompson, CET, PMP
Engineering Services Manager



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta
T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Michael Minchin, Administrator
DATE: November 21, 2016

RE: Administrator's Report – 3rd Qtr 2016

REF: 47/117
(2016)

The following is a summary of items Administration has been working on since the Board's last meeting:

1. The water supply agreement with the City of Red Deer has been signed and sent to the Minister of Municipal Affairs. The Minister will need to issue a Ministerial Order in order for the Commission to sell to the City.
2. The Commission issued a Request for Proposal for Administration and Operational Services. The Commission issued the RFP to all members and received one proposal. This item is on the agenda for Board discussion.
3. The 2017 and 5 Year operating budgets have been updated to reflect the current water rates presented by the City of Red Deer. Administration will be seeking approval of the 2017 budget later on in the agenda.



5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Michael Minchin, Administrator
DATE: November 18, 2016
RE: October 2016 Variance Report

REF: 13/860
2016

Attached is the 2016 variance report as of October 31st for the regional water commission.

Water sales are right on budget overall, however, as the fall volumes have made up for the lower summer volumes.

Expenses remain in line with expectations. No extraordinary expenses have been incurred. As expected the largest purchase to date is the purchase of water from the City of Red Deer.

Based on current projections, the Commission is on line for an operating surplus of \$566,000 (including the 2015 rebate). Excluding the rebate the Commission would have a surplus of \$217,900 compared to a budgeted surplus of 137,087.

North Red Deer River Water Services Commission				GL5330	Page :	1
GL Department Report				Date : Nov 18, 2016	Time :	4:28 pm
Year : 2016				Budget : FINAL BUDGET		
Period : 10						
Account No.	Description	Current	Year To Date	Budget	Variance	% Used
REGIONAL WATER REPORTING						
6 REGIONAL WATER COMMISSION						
1 REVENUES						
47 Regional Water Revenues						
06-1-47-35110	Water Sales - City of Lacombe	-215,229	-2,156,546	-2,665,494	-508,947	81
06-1-47-35120	Water Sales - Town of Ponoka	-116,711	-1,195,979	-1,451,308	-255,329	82
06-1-47-35130	Water Sales - Town of Blackfalds	-118,686	-1,269,014	-1,431,375	-162,361	89
06-1-47-35140	Water Sales - Ponoka County	-1,589	-16,494	-19,592	-3,098	84
06-1-47-42200	Line Crossing Fee	-250	-250	-1,750	-1,500	14
06-1-47-55100	Interest Revenue	0	-36,598	-42,000	-5,402	87
06-1-47-55500	Rebates & Dividends	0	-348,357	-50	348,307	696715
06-1-47-85140	Lacombe County Contribution	0	0	-70,000	-70,000	
06-1-47-85150	Ponoka County Contribution	0	0	-70,000	-70,000	
06-1-47-99000	Misc Revenue	-12,048	-323	0	323	
47 Regional Water Revenues		-464,513	-5,023,562	-5,751,568	-728,007	87
1 REVENUES		-464,513	-5,023,562	-5,751,568	-728,007	87
2 EXPENSES						
47 Regional Water Operating Expenditures						
06-2-47-11110	Board Wages-City of Lacombe	350	1,400	1,400	0	100
06-2-47-11120	Board Wages-Town of Ponoka	150	600	600	0	100
06-2-47-11130	Board Wages-Town of Blackfalds	150	600	600	0	100
06-2-47-11140	Board Wages-Lacombe County	0	0	600	600	
06-2-47-11150	Board Wages-Ponoka County	150	600	600	0	100
06-2-47-21110	Board Travel-City of Lacombe	0	0	500	500	
06-2-47-21120	Board Travel -Town of Ponoka	30	113	500	387	23
06-2-47-21130	Board Travel-Town of Blackfalds	15	59	500	441	12
06-2-47-21140	Board Travel-Lacombe County	0	0	500	500	
06-2-47-21150	Board Travel-Ponoka County	30	89	500	411	18
06-2-47-21180	Travel - Operations	0	11	0	-11	
06-2-47-21400	Membership Fees	0	377	200	-177	189
06-2-47-21500	Postage & Freight	0	0	50	50	
06-2-47-21700	Telephone - Office	25	256	305	50	84
06-2-47-21701	Telephone - Operations	672	6,735	9,084	2,349	74
06-2-47-23000	Management Fees	0	31,066	54,321	23,255	57
06-2-47-23100	Accounting and Auditor Fees	0	393	8,000	7,608	5
06-2-47-23200	Legal Fees	0	300	1,250	950	24
06-2-47-23900	Other Professional Services	411	7,336	36,800	29,464	20
06-2-47-25300	Equipment Repair & Maintenance	0	861	7,500	6,639	11
06-2-47-25301	SCADA Maintenance	722	6,848	11,280	4,432	61
06-2-47-27400	Insurance & Bond Premiums	0	3,252	5,500	2,248	59
06-2-47-34200	Administration	828	8,280	10,135	1,855	82
06-2-47-35100	Purchase of Water	253,505	3,004,433	3,600,362	595,929	83
06-2-47-35200	Operations	4,438	87,066	111,883	24,817	78
06-2-47-51000	Miscellaneous Expenses	0	0	500	500	
06-2-47-51100	Meeting Supplies	0	0	250	250	
06-2-47-51400	Office Supplies	0	120	250	130	48
06-2-47-52400	General Materials & Supplies	0	212	500	288	42
06-2-47-54400	Utilities-Electricity	191	2,204	4,500	2,296	49
06-2-47-56400	Valves	0	1,510	5,000	3,490	30
06-2-47-81400	Bank Charges & Interest	0	20	0	-20	
06-2-47-83100	Debenture Interest	0	351,893	630,473	278,580	56
06-2-47-83200	Debenture Principal	0	352,320	644,428	292,108	55

Year : 2016
Period : 10

Budget : FINAL BUDGET

Account No.	Description	Current	Year To Date	Budget	Variance	% Used
REGIONAL WATER REPORTING						
06-2-47-99000	Amortization	0	0	465,610	465,610	
	47 Regional Water Operating Ex	261,666	3,868,956	5,614,481	1,745,526	69
	2 EXPENSES	261,666	3,868,956	5,614,481	1,745,526	69
	Surplus/(Deficit)	-202,847	-1,154,606	-137,087	1,017,519	842
	6 REGIONAL WATER COMMISSION	-202,847	-1,154,606	-137,087	1,017,519	842
REGIONAL WATER REPORTING Total		-202,847	-1,154,606	-137,087	1,017,519	842



ENVIRONMENTAL SERVICES

October 26, 2016

Michael Minchin, Commission Administrator
North Red Deer River Water Services Commission
c/o City of Lacombe
5432 – 56 AVE
Lacombe AB T4L 1E9

Dear Mr. Minchin,

**Re: North Red Deer River Water Services Commission
2017 Water Supply Rates**

We have recently evaluated our water financial and rate allocation models and have tentatively established rates for 2017, subject to Council approval. Please be advised that the unit rate for the supply of water under the Water Supply Agreement with the North Red Deer River Water Services Commission (NRDRWSC) is expected to increase to \$1.38 per cubic metre, effective March 1, 2017.

The NRDRWSC rate was calculated on a cost of service basis, utilizing the principles set out in the American Water Works Association manuals of practice. The price was derived using an estimated volume of 2,804,145 cubic metres, which is a 1% increase over the forecast 2016 volume of 2,785,583. The 2017 rate is an increase of 6% above the 2016 rate of \$1.30

As per the Water Supply Agreement, we will prepare a “true-up” reconciliation following our 2017 year-end to develop an actual cost per cubic metre based on actual costs and supply volumes. We will then issue an invoice or credit if the actual unit cost is more than 10% above or below that used during the course of the year.

Should you have any questions or concerns, please contact me.

Sincerely,


Tim Ainscough, P. Eng.
Environmental Services Manager

jf/

c. Water Superintendent
Development Services Director
Environmental Services Administrative & Accounting Supervisor





5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Michael Minchin, Administrator

DATE: November 14, 2016

RE: 2017 Operational Budget – 2nd Draft **REF:** 47/934/2017

Administration has updated the 2017 operating budget and prepared a second draft. The changes in the budget are highlighted in the memo in red.

The 2017 draft operating is based on a **6.15%** ~~3.85%~~ increase in water rates from the City of Red Deer based on the most recent information obtained by the City. Administration is waiting on formal notification of the rate increase from the City. The preliminary rate from the City is expected to increase from \$1.30 to **\$1.38** ~~\$1.35~~ per cubic metre. **The details of the rate and impact on the budget are outlined on page 3.** The City of Red Deer's new rate will be effective for March 1, 2017.

Water volumes for 2017 have been increased only slightly from the estimates from the 2016 budget. Actual consumption for 2016 was lower than forecasted and Administration is forecasting slower growth in the coming years. Included in the estimate is a change to the water loss estimate as well as the inclusion of water volumes from the City of Red Deer. **Water forecasts are outlined in page 4 of this document.**

In addition to water purchases and sales volume estimates adjustments, Administration has also reviewed all expenses for the Commission and made a number of adjustments. The following a summary of those adjustments. **The operating budget starts on page 5.**

1. Increase of \$1,511 in interest revenue to reflect growing cash balances.
2. Increase of \$390 to reflect actual billing revenue to Counties.
3. Reduction in Board travel and mileage of \$1,000 to reflect actual expenses.
4. Increase in membership fees of \$100 to offset increase in AAMD&C membership.
5. Reduction in postage of \$100.
6. Increase in Telephone – Office of \$95.
7. Increase of Management Fees based on a January 1st increase. \$1,407 increase.
8. Increase in Other Professional Services of \$10,000. Increase SCADA review, which is being carried over from 2016, from \$20,000 to \$30,000.

9. Reduction in legal fees of \$750. Easement and right of way legal search project completed in 2016.
10. Reduction in SCADA costs to reflect new lower monthly rate. Savings of \$2,950.
11. Reduction in Insurance of \$1,611. This is subject to change based on November renewals.
12. Increase Administration (accounting services) based on a January 1st increase. \$257.
13. Increase in Operations costs to reflect increased rates effective January 1st.
14. Water purchases are based on projected water volumes and the new City of Red Deer rate.
15. Reduction in Miscellaneous, Meeting and Office Supplies to reflect historic averages. Overall savings of \$550.
16. Reduction in electricity costs to reflect current electricity rates. Factor has been included to cover carbon tax implementation for 2017.
17. Amortization remains unchanged. As this is a non-cash expense, the reserve policy will see this transferred to capital reserves at the end of the year in 2017.
18. Funding from rate stabilization reserve of \$158,000 to offset rate increase from City and reduced water volumes.
19. **The operating surplus has been reduced to make up the increase in water rates from the City. The project operating surplus has been reduced from 142,584 to 70,578, a reduction of \$72,006. This budget surplus is more in line with budget surpluses of the past. The Commission will be still access \$158,000 from the stabilization reserve.**

Water rates for the Commission to member municipalities would remain unchanged at \$2.03 per cubic metre.

Projections have been included in the 5 year budget for 2017-2021.

The budget is being presented for Commission review and comment.

North Red Deer River Water Services Commission
2017 Water Sales Forecast

2016 City of Red Deer Rate	\$	1.300
2017 City of Red Deer Projected Rate	\$	1.380
% Change		6.15%

<u>Water Purchases</u>	<u>January</u>	<u>February</u>	<u>March to December</u>	<u>Total</u>
Lacombe	101,251	88,595	1,075,794	1,265,640
Ponoka	56,670	49,587	602,123	708,380
Blackfalds	59,329	51,913	630,369	741,610
Lacombe County (thru Blackfalds)	1,890	1,654	20,081	23,625
Ponoka County	748	655	7,948	9,350
City of Red Deer	1,667	1,667	16,666	20,000
Water Loss	4,443	3,888	47,209	55,540
Subtotal	225,999	197,957	2,400,189	2,824,145

Price per m3	1.3000	1.3000	1.3800
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<u>Cost of Water</u>				
City	131,626.56	115,173.24	1,484,595.72	1,731,395.52
Ponoka	73,671.52	64,462.58	830,929.74	969,063.84
Blackfalds	77,127.44	67,486.51	869,908.53	1,014,522.48
Lacombe County (thru Blackfalds)	2,457.00	2,149.88	27,712.13	32,319.01
Ponoka County	972.40	850.85	10,967.55	12,790.80
City of Red Deer	2,167.10	2,167.10	22,999.08	27,333.28
Water Loss	5,776.16	5,054.14	65,148.42	75,978.72
Subtotal	293,798.18	257,344.30	3,312,261.17	3,863,403.65

Other Expenses (Includes Amortization)				<u>2,026,017.00</u>
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Total Operating Costs				5,889,420.65
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Less non-water Revenue				<u>342,931.00</u>
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Total Water Sale Revenue Required				5,546,489.65
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<u>Water Sales Required</u>				
City	205,539.94	179,847.44	2,183,861.82	2,569,249.20
Ponoka	115,040.91	100,660.80	1,222,309.69	1,438,011.40
Blackfalds	120,437.46	105,382.78	1,279,648.06	1,505,468.30
Lacombe County	3,836.70	3,357.11	40,764.94	47,958.75
Ponoka County	1,518.44	1,328.64	16,133.43	18,980.51
City of Red Deer	3,117.29	3,117.29	31,165.42	37,400.00
Subtotal	449,490.74	393,694.06	4,773,883.36	5,617,068.16
Operating Surplus				70,578.51
Price per m3	\$ 2.0300	\$ 2.0300	\$ 2.0300	

Rate Increase				0.00%
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**North Red Deer River Water Services Commission
2017 Water Sales Forecast**

	2016 Projected			2016	
	<u>Jan to Sept</u>	<u>Oct to Dec</u>	<u>Total</u>	<u>Budget</u>	<u>Variance</u>
City of Lacombe	956,314	296,792	1,253,106	1,313,050	-4.78%
Town of Ponoka	531,659	173,896	705,555	714,930	-1.33%
Town of Blackfalds	566,664	146,421	713,085	699,660	1.88%
Lacombe County	16,875	5,625	22,500	5,450	75.78%
Ponoka County	7,342	1,560	8,902	9,650	-8.40%
Water Loss	<u>40,836</u>	<u>13,612</u>	<u>54,448</u>	<u>42,840</u>	<u>21.32%</u>
	2,119,690	637,906	2,757,596	2,785,580	-1.01%

2017 (Estimated)

	<u>January</u>	<u>February</u>	<u>March to December</u>	<u>Total</u>
City of Lacombe	101,251	88,595	1,075,794	1,265,640
Town of Ponoka	56,670	49,587	602,123	708,380
Town of Blackfalds	59,329	51,913	630,369	741,610
Lacombe County	1,890	1,654	20,081	23,625
Ponoka County	748	655	7,948	9,350
City of Red Deer	1,667	1,667	16,666	20,000
Water Loss	<u>4,443</u>	<u>3,888</u>	<u>47,209</u>	<u>55,540</u>
	225,999	197,957	2,400,189	2,824,145

	<u>Actual 2009</u>	<u>Actual 2010</u>	<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Projected 2016</u>	<u>Estimated 2017</u>
City of Lacombe	1,219,621	1,135,454	1,150,948	1,192,004	1,240,649	1,328,507	1,361,741	1,253,106	1,265,640
Town of Ponoka	767,791	703,634	700,402	699,781	699,205	706,460	715,080	705,555	708,380
Town of Blackfalds	515,855	524,584	526,983	564,434	593,449	678,191	752,324	713,085	741,610
Lacombe County	-	-	-	22,500	-	-	-	22,500	23,625
Ponoka County	4,844	2,705	3,560	4,662	5,771	7,336	8,383	8,902	9,350
City of Red Deer									20,000
Water Loss	<u>61,116</u>	<u>48,296</u>	<u>39,407</u>	<u>11,252</u>	<u>49,987</u>	<u>37,509</u>	<u>52,169</u>	<u>54,448</u>	<u>55,540</u>
	2,569,227	2,414,673	2,421,300	2,494,633	2,589,061	2,758,003	2,889,697	2,757,596	2,824,145

City of Lacombe	1.60%	-6.90%	1.36%	3.57%	4.08%	7.08%	2.50%	-7.98%	1.00%
Town of Ponoka	-11.37%	-8.36%	-0.46%	-0.09%	-0.08%	1.04%	1.22%	-1.33%	0.40%
Town of Blackfalds	7.82%	1.69%	0.46%	7.11%	5.14%	14.28%	10.93%	-5.22%	4.00%
Lacombe County									5.00%
Ponoka County	-95.83%	-44.16%	31.61%	30.96%	23.79%	27.12%	14.27%	6.19%	5.03%
City of Red Deer									0.00%
Water Loss	-64.41%	-20.98%	-18.41%	-71.45%	344.25%	-24.96%	39.08%	4.37%	2.01%
Total	-9.31%	-6.02%	0.27%	3.03%	3.79%	6.53%	4.77%	-4.57%	2.41%

North Red Deer River Water Svcs Commission
Provisional Budget Report

Account Code : 06-1-??-?????
To 06-2-??-?????
Fiscal Year : 2016

Account Code	Account Description	CC1	CC2	2015 ACTUAL VALUES	2016 ACTUAL VALUES	2016 FINAL BUDGET	2017 PROVISIONAL BUDGET
06	REGIONAL WATER COMMISSION						
REVENUES							
06-1-47-35110	Water Sales - City of Lacon			-2,764,334	-2,156,546	-2,665,494	-2,569,249
06-1-47-35120	Water Sales - Town of Ponoka			-1,451,612	-1,195,979	-1,451,308	-1,438,011
06-1-47-35130	Water Sales - Town of Blackfoot			-1,527,218	-1,269,014	-1,431,375	-1,553,427
06-1-47-35140	Water Sales - Ponoka Cour			-17,017	-16,494	-19,592	-18,981
06-1-47-35150	Water Sales - City of Red D			0	0	0	-37,400
06-1-47-42200	Line Crossing Fee			-1,000	-250	-1,750	-1,000
06-1-47-55100	Interest Revenue			-43,757	-36,598	-42,000	-43,511
06-1-47-55500	Rebates & Dividends			-350,662	-348,357	-50	-30
06-1-47-85140	Lacombe County Contributi			-69,143	0	-70,000	-70,195
06-1-47-85150	Ponoka County Contributio			-69,143	0	-70,000	-70,195
06-1-47-92100	Transfer from Reserves			0	0	0	-158,000
06-1-47-99000	Misc Revenue			0	-323	0	0
Total REVENUES				-6,293,886	-5,023,561	-5,751,569	-5,959,999
EXPENSES							
06-2-47-11110	Board Wages-City of Lacon			1,400	1,400	1,400	1,400
06-2-47-11120	Board Wages-Town of Ponoka			600	600	600	600
06-2-47-11130	Board Wages-Town of Blackfoot			600	600	600	600
06-2-47-11140	Board Wages-Lacombe Cou			0	0	600	600
06-2-47-11150	Board Wages-Ponoka Cour			300	600	600	600
06-2-47-21110	Board Travel-City of Lacombe			0	0	500	0
06-2-47-21120	Board Travel -Town of Ponoka			109	113	500	250
06-2-47-21130	Board Travel-Town of Blackfoot			59	59	500	250
06-2-47-21140	Board Travel-Lacombe Cou			0	0	500	250
06-2-47-21150	Board Travel-Ponoka Coun			30	89	500	250
06-2-47-21170	Travel-Administration			100	0	0	0
06-2-47-21180	Travel - Operations			0	11	0	0
06-2-47-21400	Membership Fees			196	377	200	300
06-2-47-21500	Postage & Freight			0	0	50	50
06-2-47-21700	Telephone - Office			301	256	305	400
06-2-47-21701	Telephone - Operations			8,447	6,735	9,084	8,072
06-2-47-23000	Management Fees			52,316	35,504	54,321	55,728
06-2-47-23100	Accounting and Auditor Fee			8,031	393	8,000	8,000
06-2-47-23200	Legal Fees			0	300	1,250	500
06-2-47-23900	Other Professional Services			41,712	7,336	36,800	46,800
06-2-47-25300	Equipment Repair & Maintenance			17,497	861	7,500	7,500
06-2-47-25301	SCADA Maintenance			11,481	7,570	11,280	8,300
06-2-47-27400	Insurance & Bond Premium			4,157	3,252	5,500	3,889
06-2-47-34200	Administration			9,760	9,724	10,135	10,392
06-2-47-35100	Purchase of Water			3,597,885	3,004,433	3,600,362	3,863,404
06-2-47-35200	Operations			111,314	87,066	111,883	121,300
06-2-47-51000	Miscellaneous Expenses			264	0	500	250
06-2-47-51100	Meeting Supplies			25	0	250	50
06-2-47-51400	Office Supplies			0	120	250	150
06-2-47-52400	General Materials & Supplies			490	212	500	500

North Red Deer River Water Svcs Commission
Provisional Budget Report

Account Code : 06-1-??-?????
To 06-2-??-?????
Fiscal Year : 2016

Account Code	Account Description	CC1	CC2	2015 ACTUAL VALUES	2016 ACTUAL VALUES	2016 FINAL BUDGET	2017 PROVISIONAL BUDGET
06-2-47-54400	Utilities-Electricity			3,525	2,204	4,500	3,500
06-2-47-56400	Valves			12,701	1,510	5,000	5,000
06-2-47-81400	Bank Charges & Interest			20	20	0	25
06-2-47-83100	Debenture Interest			656,651	351,893	630,473	601,086
06-2-47-83200	Debenture Principal			616,323	352,320	644,428	673,815
06-2-47-99000	Amortization			465,610	0	465,610	465,610
Total EXPENSES				5,621,904	3,875,558	5,614,481	5,889,421
Total REGIONAL WATER COMMISSION				-671,982	-1,148,003	-137,088	-70,578



5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Michael Minchin, Administrator

DATE: November 14, 2016

RE: 2017-2021 Budget Projections – Update

REF: 47/934
(2017)

Purpose

To present to the Board for discussion the second draft of the Commission's 2017-2021 Operational Budget.

Background

Administration has prepared an updated 5 year operations budget for the Regional Water Services Commission. This document is intended to provide the Board with a projection of the expected operations of the Commission for the period 2017-2021. The document is a planning document and is the basis for the 2017 operating budget.

This document is the second draft and incorporates the most recent estimate from the City of Red Deer for the 2017 water rate. Any changes in the plan are outlined in red below.

The document is 3 pages. The first page outlines the cost escalators and projected City of Red Deer water rates. Page 2 outlines the forecasted water volumes for the Commission. Page 3 outlines the projected budget for the next 5 years.

Issue Analysis

The projections have been prepared based on the following assumptions:

1. Water forecasts based on a combination of 4 year average and expected growth.
2. Water loss based on 2% of total annual consumption.
3. Water forecast done on year by year basis.
4. City rate applied based on an average monthly consumption for first two months (non-seasonally adjusted).
5. City of Red Deer rates based on projections provided by the City. **Rates also include the 2017 estimate provided by the City in October of 2016.**
6. Operations based on current customer base and current asset inventory.
7. Application of known true up reserves including true up revenue received in 2016.

8. No change to debt payments.
9. Maintain annual operating surplus of \$125,000 to \$145,000 per year **except for 2017 where the surplus has been reduced to \$70,500 to reflect higher than City of Red Deer water rate increase.**
10. Include projected City of Red Deer water revenue for 2017 and 2018.
11. Impact of potential sale of a portion of line to the City is not yet factored in but expected to be completed by end of 2018.

Administration is awaiting an updated 5 year rate projection from the City and is using most recent information from the City.

The plan itself calls for very stable rates over the next five years. This is due to increasing water demand and stable non water supply costs. The plan maintains a projected surplus of \$125,000 annually that could be applied against future rate increases and/or offset lower than expected water sales **except for 2017 where the surplus was reduced to ensure no change in water rates for 2017.**

Given the projected water rate increases from the City, the Commission's rate is expected to increase starting in 2018 even with the application of true up reserves.

Alternatives

1. The report is prepared for information. Administration is seeking input from the Board on any possible changes. No other alternatives are proposed at this time.

Attachment

- [2017-2021 Projected Operations Budget – North Red Deer Water Services Commission – version 2](#)

Action/Recommendation

- Administration is recommending that this report be received for information.



North Red Deer River Water Services Commission

2017-2021 Project Operating Budget

Draft 2

November 14, 2016

*City of Red Deer Rates based on Aug 27, 2014 for 2017 to 2020.

**North Red Deer River Water Services Commission
2017 -2021 Assumptions**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>City of Red Deer Rate</u>	1.38	1.41	1.54	1.59	1.64
% Increase	6.2%	2.2%	9.2%	3.0%	3.0%

<u>Cost Escalators</u>	2017	2018	2019	2020	2021
Rates					
General	1%	1%	1%	1%	1%
Utilities	5%	5%	5%	5%	5%
Materials	3%	3%	3%	3%	3%
Contract	2%	2%	2%	2%	2%

<u>Cost of Water</u>					
Lacombe	1,731,396	1,802,403	1,988,263	2,073,344	2,159,929
Ponoka	969,064	1,002,806	1,099,637	1,139,887	1,180,439
Blackfalds	1,014,522	1,087,491	1,235,265	1,326,378	1,422,815
Lacombe County (thru Blackfalds)	32,319	34,976	40,112	43,485	47,101
Ponoka County	12,791	13,846	15,877	17,220	18,647
City of Red Deer	27,333	28,200	-	-	-
Water Loss	<u>75,979</u>	<u>79,877</u>	<u>88,981</u>	<u>93,715</u>	<u>98,597</u>
Subtotal	3,863,404	4,049,599	4,468,135	4,694,029	4,927,528

<u>Water Sales Required</u>					
Cost of Water	3,863,404	4,049,599	4,468,135	4,694,029	4,927,528
Other Expenses	2,026,017	2,031,324	2,036,788	2,042,211	2,047,756
Less Non Water Revenue	- 342,931	- 336,770	- 488,627	- 340,503	- 292,397
Plus Surplus	<u>70,578</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Subtotal	5,617,068	5,869,153	6,141,296	6,520,737	6,807,887

Water Sales Volume (excl loss)	2,768,605	2,815,406	2,843,607	2,893,279	2,944,470
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<u>Regional Water Rate</u>	2.030	2.085	2.160	2.254	2.312
	0.00%	2.71%	3.60%	4.35%	2.57%

**North Red Deer River Water Services Commission
2017 -2021 Water Sales Forecast**

Page 2

Histocial Consumption

	Actual <u>2007</u>	Actual <u>2008</u>	Actual <u>2009</u>	Actual <u>2010</u>	Actual <u>2011</u>	Actual <u>2012</u>	Actual <u>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>	2016 <u>Projected</u>
City of Lacombe	1,168,822	1,200,431	1,219,621	1,135,454	1,150,948	1,192,004	1,240,649	1,328,507	1,361,741	1,253,106
Town of Ponoka	795,012	866,298	767,791	703,634	700,402	699,781	699,205	706,460	715,080	705,555
Town of Blackfalds	462,420	478,435	515,855	524,584	526,983	564,434	593,449	678,191	752,324	713,085
Lacombe County	-	-	-	-	-	-	-	-	-	22,500
Ponoka County	-	116,099	4,844	2,705	3,560	4,662	5,771	7,336	8,383	8,902
Water Loss	<u>42,469</u>	<u>171,715</u>	<u>61,116</u>	<u>48,296</u>	<u>39,407</u>	<u>11,252</u>	<u>49,987</u>	<u>37,509</u>	<u>52,169</u>	<u>54,448</u>
	2,468,723	2,832,978	2,569,227	2,414,673	2,421,300	2,472,133	2,589,061	2,758,003	2,889,697	2,757,596
Change										
City of Lacombe		2.70%	1.60%	-6.90%	1.36%	3.57%	4.08%	7.08%	2.50%	-7.98%
Town of Ponoka		8.97%	-11.37%	-8.36%	-0.46%	-0.09%	-0.08%	1.04%	1.22%	-1.33%
Town of Blackfalds		3.46%	7.82%	1.69%	0.46%	7.11%	5.14%	14.28%	10.93%	-5.22%
Lacombe County										
Ponoka County				-44.16%	31.61%	30.96%	23.79%	27.12%	14.27%	6.19%
Water Loss		304.33%	-64.41%	-20.98%	-18.41%	-71.45%	344.25%	-24.96%	39.08%	4.37%
Water Loss (% of Total)		6.06%	2.38%	2.00%	1.63%	0.46%	1.93%	1.36%	1.81%	1.97%

Sales Volume Forecast

% Changes	Actual <u>2016</u>	Projected <u>2017</u>	Projected <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>
City of Lacombe	-8.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Town of Ponoka	-1.3%	0.4%	0.4%	0.4%	0.4%	0.4%
Town of Blackfalds (excluding Count	-5.2%	4.0%	4.0%	4.0%	4.0%	4.0%
Lacombe County (County Estimate)	n/a	5.0%	5.0%	5.0%	5.0%	5.0%
Ponoka County (County Estimate)	6.2%	5.0%	5.0%	5.0%	5.0%	5.0%
City of Red Deer	n/a	n/a	0.0%	-100.0%		
Water Loss	4.4%	2.0%	2.0%	2.0%	2.0%	2.0%

	Budget <u>2016</u>	Projected <u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of Lacombe	1,313,050	1,253,106	1,265,640	1,278,300	1,291,080	1,303,990	1,317,030
Town of Ponoka	714,930	705,555	708,380	711,210	714,050	716,910	719,780
Town of Blackfalds	699,660	713,085	741,610	771,270	802,120	834,200	867,570
Lacombe County	5,450	22,500	23,625	24,806	26,047	27,349	28,720
Ponoka County	9,650	8,902	9,350	9,820	10,310	10,830	11,370
City of Red Deer			20,000	20,000	-	-	-
Water Loss	<u>42,840</u>	<u>54,448</u>	<u>55,540</u>	<u>56,650</u>	<u>57,780</u>	<u>58,940</u>	<u>60,120</u>
	2,785,580	2,757,596	2,824,145	2,872,056	2,901,387	2,952,219	3,004,590

**North Red Deer River Water Services Commission
2017 -2021 Operations Budget**

Page 3

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	Projected	Projected	Projected	Projected	Projected	Projected
<u>Revenues</u>						
Water Sales - City of Lacombe	\$ 2,543,805	\$ 2,569,249	\$ 2,665,256	\$ 2,788,733	\$ 2,939,193	\$ 3,044,973
Water Sales - Town of Ponoka	1,432,277	1,438,011	1,482,873	1,542,348	1,615,915	1,664,131
Water Sales - Town of Blackfalds	1,447,563	1,505,468	1,608,098	1,732,579	1,880,287	2,005,822
Water Sales - Lacombe County	45,675	47,959	51,721	56,262	61,645	66,401
Water Sales - Ponoka County	18,071	18,981	20,475	22,270	24,411	26,287
Water Sales - City of Red Deer	-	37,400	37,400	-	-	-
Line Crossing Fee	250	1,000	1,000	1,000	1,000	1,000
Interest Revenue	43,080	43,511	43,946	44,385	44,829	45,277
Rebates & Dividends	348,387	30	30	30	30	30
Lacombe County Contribution	69,500	70,195	70,897	71,606	72,322	73,045
Ponoka County Contribution	69,500	70,195	70,897	71,606	72,322	73,045
Rate Subsidization	-	158,000	150,000	300,000	150,000	100,000
Subtotal - Revenue	\$ 6,018,108	\$ 5,959,999	\$ 6,202,593	\$ 6,630,819	\$ 6,861,954	\$ 7,100,011

<u>Expenses</u>						
Board Wages-City of Lacombe	\$ 1,750	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400
Board Wages-Town of Ponoka	750	600	600	600	600	600
Board Wages-Town of Blackfalds	750	600	600	600	600	600
Board Wages-Lacombe County	-	600	600	600	600	600
Board Wages-Ponoka County	750	600	600	600	600	600
Board Travel-City of Lacombe	-	-	-	-	-	-
Board Travel -Town of Ponoka	133	250	250	250	250	250
Board Travel-Town of Blackfalds	148	250	250	250	250	250
Board Travel-Lacombe County	-	250	250	250	250	250
Board Travel-Ponoka County	120	250	250	250	250	250
Travel- Administration	11	-	-	-	-	-
Membership Fees	296	300	303	306	309	312
Postage & Freight	50	50	51	52	53	54
Telephone - Office	306	400	400	400	400	400
Telephone - Operations	8,072	8,072	8,476	8,900	9,345	9,812
Management Fees	54,321	55,728	56,843	57,980	59,140	60,323
Accounting and Auditor Fees	8,393	8,000	8,000	8,160	8,160	8,160
Legal Fees	288	500	505	510	515	520
Other Professional Services	8,557	46,800	47,268	47,741	48,218	48,700
Equipment Repair & Maintenance	5,000	7,500	7,575	7,651	7,728	7,805
SCADA Maintenance	8,300	8,300	8,383	8,467	8,552	8,638
Insurance & Bond Premiums	3,850	3,889	3,928	3,967	4,007	4,047
Administration	10,135	10,392	10,600	10,812	11,028	11,249
Purchase of Water	3,584,875	3,863,404	4,049,599	4,468,135	4,694,029	4,927,528
Operations	111,883	121,300	123,726	126,201	128,725	131,300
Miscellaneous Expenses	250	250	258	266	274	282
Meeting Supplies	50	50	52	54	56	58
Office Supplies	150	150	155	160	165	170
General Materials & Supplies	300	500	515	530	546	562
Utilities-Electricity	2,750	3,500	3,800	3,990	4,190	4,400
Valves	3,000	5,000	5,150	5,305	5,464	5,628
Bank Charges & Interest	20	25	25	25	25	25
Debenture Interest	630,473	601,086	570,359	538,231	504,637	469,512
Debenture Principal	644,428	673,815	704,542	736,670	770,264	805,389
Amortization	465,610	465,610	465,610	465,610	465,610	465,610
Subtotal - Expenses	\$ 5,555,767	\$ 5,889,421	\$ 6,080,923	\$ 6,504,923	\$ 6,736,240	\$ 6,975,284

Surplus/Deficit (+/-)	<u>\$ 462,341</u>	<u>\$ 70,578</u>	<u>\$ 121,670</u>	<u>\$ 125,896</u>	<u>\$ 125,714</u>	<u>\$ 124,727</u>
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Rate Stabilization Reserve

Opening Balance	760,432	1,108,789	950,789	800,789	500,789	350,789
Annual True Up	348,357	-	-	-	-	-
Withdrawal	-	158,000	150,000	300,000	150,000	100,000
Closing Balance	1,108,789	950,789	800,789	500,789	350,789	250,789



**North Red Deer
River Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Michael Minchin, Administrator

DATE: November 21, 2016

RE: RFP – Administration and Operations
Service

REF: 47/990
(2016)

PURPOSE:

To present for the Board's consideration, the results of the request for proposal for managerial and operational services for the North Red Deer River Water Services Commission.

BACKGROUND:

The current managerial and operations agreement between the City of Lacombe and the Commission expired on June 16th of this year. Initially, Administration presented a proposal for the Boards consideration. After reviewing the proposal, the Board decided to issue a RFP for these services and invite all member municipalities to submit a proposal.

A RFP was issued in October and closed on November 7th. The RFP that was used was the original RFP issued by the Commission in 2009 by the former Administrator. As the current Administration was also a proponent, the use of this proposal template was used to avoid any potential conflict of interest. A copy of the RFP is attached.

On November 7th, one submission was received prior to close. The submission will be sent out to the Board separately from the agenda as it contains personal information of City staff.

ISSUE ANALYSIS:

As there is only one submission, Administration is recommending that the Board as a whole evaluate the merits of the submission and either accept or reject the proposal.

Administration will not be making a recommendation on this matter so as to avoid any conflict of interest.

FINANCIAL IMPLICATIONS:

The Proposal would see the following costs:

	2016 Budget	2017	2018	2019
Total	176,339	\$187,420	\$191,077	\$194,849
% Increase		6.2%	1.95%	1.97%

Proposal for 2017 was already accommodated in the 2017 draft budget.

LEGISLATIVE AUTHORITY:

- Section 6 of Bylaw 1, North Red Deer River Water Services Commission – Manager Position and authorities

ALTERNATIVES:

1. Award Contract to City of Lacombe
2. Reject submissions and issue new Request for Proposal

ATTACHMENTS:

- RFP - Package
- City of Lacombe Submission – to be submitted separately and in camera.

ACTION/RECOMMENDATION:

The information is presented for the Boards consideration.



NORTH RED DEER REGIONAL WATER SERVICES COMMISSION

Request for Proposal
Administration/Operational Services

Deadline for Submission
November 7, 2016

North Red Deer Regional Water Services Commission
Request for Proposal
Administration / Operational Services

1. Background

The North Red Deer River Water Services Commission (NRDRWSC) operates a regional water line from the City of Red Deer and provides water to the Commission Members – Town of Blackfalds, City of Lacombe, Town of Ponoka, Lacombe County and Ponoka County.

The Regional line acquires water from the City of Red Deer and works in conjunction with the City in the water operations.

2. Intent

The NRDRWC requests proposals from qualified firms or individuals for management services for the Commission Administration.

3. Deadline for PFP

The Proposal will be accepted at the Commission Office located at the City of Lacombe until November 7, 2016.

4. Scope of Work

The firm(s) or individual(s) will be responsible for all phases of general administration services which include but not limited to:

- A. General Administration Duties
- B. Budget and Financial Supervision
- C. Management of Line Crossings
- D. Communicate with Member Communities and City of Red Deer
- E. Water Rate Calculation
- F. Emergency Services
- G. On Call Duties
- H. Water Conservation Management
- I. Operation & Maintenance of the Regional Water Line

5. Proposal Content

Each Proposal should contain the following information:

- A. Proposed Scope of Work
- B. Detailed information of firm(s)/individual(s) background and experience
- C. Key staff with resumes
- D. Fee proposal including a list of monthly rates and per diem rates
- E. Proof of Insurance

6. References and Experience

In order to provide the expected services, the firm(s)/individual(s) must possess expertise in Regional Water Commission administration and operation.

Proposal must state what the firm(s)/individual(s) is prepared to offer. Proposal shall include a resume and list of clients for whom the service has provided similar services.

7. Contact Information

Additional information is available from Michael Minchin at 403.782.1253 or 403.877.3444 (cell).

8. Contract

The successful firm(s)/individual(s) shall enter into a written contract with the Commission within twenty one (21) days after the notice of award.

9. Addendum

If it becomes necessary to revise any part of the request or if additional data is necessary to enable interpretation of provisions of this request, revisions will be provided to all prospective firms who receive or request this RFP.

10. Preparation and Submittal of Proposals

- A. All proposals shall be signed in ink by the firm(s)/individual(s) duly authorized principal
- B. Requests for extensions of the opening time and date will not be granted
- C. Firm(s)/individual(s) mailing their proposals should allow for normal mail time to ensure receipt of their proposals by the Commission Office prior to the date fixed for opening of proposals
- D. Proposals or unsolicited amendments to proposals received by the Commission Office after the acceptance deadline will not be considered
- E. Proposal may be withdrawn on written request from the firm addressed to the Commission Office prior to the time of acceptance
- F. Negligence or oversight on the part of the firm(s)/individual(s) in preparing the proposal confers no right of withdrawal after time fixed for acceptance of the proposals

11. Miscellaneous

- a) Firm(s)/individual(s) may be required to make one or two follow-up oral presentations
- b) The contents of the proposal submitted by the selected firm(s)/individual(s) and this RFP will become a part of the any contract award.

12. Subcontracting

The firm(s)/individual(s) who are selected will be prohibited from assigning, transferring, conveying, subletting, or otherwise disposing of the resulting agreement or its right, title, or interest therein or its power to execute such agreement to any other person, company or corporation without the previous consent and approval in the writing by the Commission.

13. Criteria for Evaluating Proposals

- 80% - Firm(s)/individual(s) background and professional expertise, including previous experience of personnel to be assigned to this project and their competency
- 20% - Proposed Fee

When the firm(s)/individual(s) have received a substantially equal ranking the proposed fee will be the determining factor.

14. Award

The Commission may reject any or all proposals for such reason as it may deem proper. In acceptance of proposals, the Commission will be guided by consideration of the interest of the Commission. The Commission also reserves the right to negotiate further with one or more of the firm(s)/individual(s) as to any features of their proposal and to accept modification of the work and price when such action will be in the best interest of the Commission.

15. Proposal Submissions

Six (6) copies of the proposal must be submitted to the NRDRWC Office at the following address no later than 2:00pm November 7, 2016.

NRDRWC Office
City of Lacombe
5432 56 Ave
Lacombe AB T4L 1E9

All proposals must be clearly marked with the name of the proposal.

**North Red Deer Regional Water Services Commission
Administration / Operational Services
Summary Form**

North Red Deer Regional Water Services Commission
5432 56 Ave
Lacombe AB T4L 1E9

Deadline November 7, 2016

RFP Submitters

To assist the evaluation by the board, the following is an outline of the schedule of work summary sheet for the Administration / Operational Services Request for Proposal. The costs are to be quoted in yearly monetary amounts. This document should be attached to your Request for Proposal.

A. General Administration Duties

- i. Management of Commission _____
- ii. Financing / Accounting _____
- iii. Budget Supervision _____

B. Computer Costs

Appendix A – Outline of Computer Service _____

C. Office / Storage – Rent _____

D. Operational (Please refer to attached prior Agreement list)

- i. Operational Staff – Hourly Rate
 - ii. Vehicle Rate
 - iii. Administration Allowance
 - iv. Equipment Cost
- Appendix B – Schedule Rate of Equipment / Vehicle

Estimated Yearly Cost _____

**North Red Deer Regional Water Services Commission
Administration / Operational Services
Summary Form**

Appendix A

Computer Service
Outline of Computer Service

**North Red Deer Regional Water Services Commission
Administration / Operational Services
Summary Form**

Appendix B

Hourly Staff Rates

Position	Rate
a.	
b.	
c.	
d.	

Other:

Schedule Rate of Equipment / Vehicle

**North Red Deer Regional Water Services Commission
Administration / Operational Services
Summary Form**

Attachments

1. Draft Contract for Services

CONTRACT FOR SERVICES

BETWEEN

THE NORTH RED DEER RIVER WATER SERVICES COMMISSION
(the “Commission”)

and

(the “Contractor”)

Effective June 15, 2017

TABLE OF CONTENTS

1.1	Definitions.....	1
1.2	Schedules	3
1.3	Revisions to Schedules	3

ARTICLE 2

SERVICES, APPOINTMENTS AND AUTHORIZATIONS

2.1	Services.....	3
2.2	Additional Services	3
2.3	Independent Contractor	3
2.4	Affiliates and Agents	4

ARTICLE 3

THE CONTRACTOR OBLIGATIONS

3.1	The Contractor's Services.....	4
3.2	The Contractor's Covenants	4
3.3	Insurance Requirements.....	5

ARTICLE 4

THE COMMISSION'S OBLIGATIONS

4.1	The Commission Responsibilities	6
4.2	Additional Instructions	6

ARTICLE 5

MUTUAL OBLIGATIONS

5.1	Provision of Information and Access.....	6
5.2	Records	7

ARTICLE 6

INDEMNIFICATION

6.1	Mutual Indemnification	7
6.2	Limitation on Liability	7
6.3	Exclusion of Liability	8

ARTICLE 7

PAYMENT FOR SERVICES

7.1	Obligation of The Commission.....	8
7.2	Goods and Services Tax	8
7.3	Invoices.....	8
7.4	Remittance	8

7.5	Disputes.....	9
7.6	Interest.....	9
7.7	Other Rights	9
7.8	Payment Schedule	9

ARTICLE 8

TERM AND TERMINATION

8.1	Term.....	9
8.2	Termination	10
8.3	Termination Consequences	10
8.4	Effect of Termination	10

ARTICLE 9

DISPUTE RESOLUTION

9.1	Disputes.....	11
9.2	Senior Officers	11
9.4	Continued Compliance	13
9.5	Costs.....	13

ARTICLE 10

CONFIDENTIALITY

10.2	Use of Confidential Information.....	13
10.3	Notice of Demands.....	13
10.4	Survival	14

ARTICLE 11

MISCELLANEOUS

11.1	Warranty	14
11.2	Entire Agreement	14
11.3	No Waiver.....	14
11.4	The Commission Designated Representative	14
11.5	Notice.....	15
11.6	Relief for Force Majeure	15
11.7	Amendments	15
11.8	Assignment.....	16
11.9	Enurement	16
11.10	Governing Law and Attornment.....	16

Schedules

Schedule "A" – SKETCH OF REGIONAL WATER LINE

Schedule "B" - OPERATIONAL LICENSE, ALBERTA ENVIRONMENT

Schedule "C" - SERVICES AND MAINTENANCE DUTIES

Schedule "D" - RATES

CONTRACT FOR SERVICES

THIS AGREEMENT made effective as of the 15th day of June, 2017.

BETWEEN

THE NORTH RED DEER RIVER WATER SERVICES COMMISSION
(the "Commission")

- and -

_____, a municipal corporation
incorporated pursuant to the laws of the Province of Alberta
(the "Contractor")

RECITALS

WHEREAS the Commission has constructed a Regional Water System from the City of Red Deer to Ponoka serving the communities of the Town of Blackfalds, City of Lacombe, Town of Ponoka, Lacombe County, and Ponoka County;

AND WHEREAS the Commission requires a contractor to provide administration and accounting services for the day to day operations of the Commission.

AND WHEREAS the Commission requires a contractor to provide services to meet the requirements of the conditions of its approval from Alberta Environment.

AND WHEREAS the _____ is desirous to provide these contract services to the Commission.

IN CONSIDERATION for the premises and the mutual covenants contained in this Agreement, the Parties hereto agree as follows:

ARTICLE 1 TERMINOLOGY

1.1 Definitions

For the purposes of this Agreement, including the recitals and Schedules to this Agreement, the following words and terms shall have the following meanings:

"**Agreement**" means this Contract for Services, together with the Schedules attached hereto, as amended, supplemented or replaced from time to time in accordance with the provisions hereof;

"**Arbitration Notice**" has the meaning given to it in Section 9.3 hereof;

"**Damages**" has the meaning given to it in Section 6.1 hereof;

"**Dispute**" has the meaning given to it in Section 9.1 hereof;

"**Fees**" means the fees identified in Section 7.1 hereof and in the Schedules payable by the Commission to the Contractor for the provision of Services;

"**Force Majeure**" means any cause which is beyond the reasonable control of the affected Party including, but not limited to, causes such as flood, earthquake, storm, lightning, fire, epidemic, war, explosion, riot, act of public enemy, act of civil or military authority, civil disturbance or disobedience, strike or other labour dispute, sabotage, restraint by court order, or the action or inaction of, or inability to obtain or renew approvals from, any governmental agency or authority;

"**GAAP**" means Canadian generally accepted accounting principles;

"**GST**" means the goods and services tax as provided for in the *Excise Tax Act* (Canada), as amended, or any successor or parallel legislation that imposes a tax on the recipient of goods or services supplied under this Agreement and any taxes or fees that may be imposed in replacement or substitution for, or in addition to, such taxes;

"**Indemnifying Party**" has the meaning given to it in Section 6.1 hereof;

"**License**" shall mean the operating approval issued to the Commission by Alberta Environment.

"**Member**" means a member of the Commission.

"**Operational Date**" means the date on which the Contractor assumes the operation of the Regional Water Line.

"**Prime Rate**" means the prime rate of interest established from time to time by the Royal Bank of Canada as the reference rate for Canadian dollar commercial loans in Canada;

"**Regional Water Line**" means the regional water system from the City of Red Deer to Ponoka. An outline sketch of the Regional Water Line is attached as "Schedule A" hereto.

"**Services**" means the services identified in the Schedules to be provided by the Contractor pursuant to this Agreement;

"**Water**" means the water treated by the City of Red Deer and supplied to the Commission.

“Water Customers” means the Town of Blackfalds, City of Lacombe, Town of Ponoka, Lacombe County, Ponoka County and, where the context requires, their respective water customers.

"Wilful Misconduct" means, in respect of a Party, any act or omission by any of the directors, officers, agents or employees of such Party or by such Party at the direction of its affiliates, directors, officers, agents or employees having management responsibilities which is taken or omitted with knowledge or intent that injury or damage could reasonably be expected to result therefrom.

1.2 Schedules

The following schedules are attached to and incorporated into this Agreement:

Schedule "A" – SKETCH OF REGIONAL WATER LINE
 Schedule “B” - OPERATIONAL LICENSE, ALBERTA ENVIRONMENT
 Schedule “C - SERVICES AND MAINTENANCE DUTIES
 Schedule “D” - RATES

1.3 Revisions to Schedules

The Schedules to this Agreement may be amended by the Parties in accordance with the terms of this Agreement. Schedules that are revised shall show the effective date of the revision and, upon revision, the Contractor shall forthwith provide the Commission a copy of each revised Schedule. This Agreement shall be automatically amended to include any revised Schedule as soon as it is provided by the Contractor to the Commission, or as otherwise agreed between the Parties.

ARTICLE 2 SERVICES, APPOINTMENTS AND AUTHORIZATIONS

2.1 Services

The Commission hereby retains the Contractor, and the Contractor agrees to be retained by the Commission, to provide to the Commission the Services in accordance with the terms and conditions of this Agreement.

2.2 Additional Services

The Parties may, by agreement in writing, provide that the Contractor is to provide services in addition to the Services described in this Agreement.

2.3 Independent Contractor

Except as otherwise specified herein, the Contractor is an independent contractor. All persons, if any, hired or employed by the Contractor to perform services hereunder shall be employees or agents of the Contractor and shall not be construed as employees or agents of the Commission in any respect.

2.4 Affiliates and Agents

The Commission acknowledges and agrees that Services provided hereunder may be provided by, through or under affiliates or agents of the Contractor.

ARTICLE 3 THE CONTRACTOR OBLIGATIONS

3.1 The Contractor's Services

The Contractor's objective is to provide general administration, financial management and maintenance and operational services to the Commission so as to provide a consistent, dependable supply of Water to the Water Customers. The Contractor shall provide the following general services:

- (a) General Administration Duties;
- (b) Budget and Financial Supervision;
- (c) Management of Line Crossings;
- (d) Communication with Member Municipalities and City of Red Deer;
- (e) Water Rate Calculation;
- (f) Emergency Service;
- (g) On Call Duties;
- (h) Water Conservation Management;
- (i) Operation and Maintenance of the Regional Water Line – includes meeting the requirements of the Commission Water Operating License (see "Schedule B").

Details of the foregoing services are described in "Schedule C".

3.2 The Contractor's Covenants

With respect to providing the Services under this Agreement, the Contractor covenants and agrees with the Commission to:

- (a) devote and cause its employees to devote reasonable commercial efforts and sufficient time, effort and attention as is reasonably required to ensure the proper discharge of the Contractor's obligations under this Agreement and to perform the Services with the degree of skill and care that is required by current, good and sound business, management and professional procedures and practices,

and conforming to or exceeding with generally accepted business, management and professional standards prevailing in Alberta at the time the Services are performed, to accomplish the objectives of this Agreement;

- (b) ensure that all of its employees who perform services under this agreement shall hold the necessary qualifications, evidence of which shall be provided to the Commission upon request. Following a change of personnel, the Contractor will provide evidence of the qualifications of the new staff within 30 days of their starting to provide services under this Agreement;
- (c) act in good faith toward the Commission;
- (d) comply with the reasonable requests of the Commission Designated Representative which may be made from time to time;
- (e) comply with all Laws, rules, regulations and orders of any legislative body or duly constituted authority having jurisdiction applicable to the Commission's business or the performance of the Services in accordance with this Agreement;
- (f) keep accurate and separate records and accounts in respect of the conduct of the Commission's' business and the performance of the Services under this Agreement in accordance with GAAP; and
- (g) otherwise perform its obligations under this Agreement in accordance with the terms and conditions contained herein.

3.3 Insurance Requirements

- (a) The Contractor shall maintain comprehensive general liability insurance coverage, including products liability insurance coverage, in an amount of not less than \$5,000,000 per occurrence or such other minimum coverage as the Commission may from time to time, acting reasonably, and upon reasonable notice to the Contractor, determine is appropriate. The policy of insurance shall:
 - (i) provide that the Commission is an additional insured;
 - (ii) contain cross-liability and severability of interest clauses;
 - (iii) set out the extent of coverage provided to the Contractor and all exclusions from such coverage; and
 - (iv) not be terminated except on 30 days' notice to the Commission.
- (b) The Commission shall maintain \$5,000,000.00 Comprehensive General Liability Insurance at its expense.

- (c) Each of the Parties shall, prior to the execution of this agreement and on the anniversary date of its execution thereafter, provide to the other Party, a certificate of insurance confirming the requirements set out above.

ARTICLE 4

THE COMMISSION'S OBLIGATIONS

4.1 The Commission Responsibilities

The Commission covenants and agrees with the Contractor to:

- (a) at all times designate one or more persons to act as the Commission Designated Representative for the purposes of this Agreement;
- (b) execute and deliver such documents and assurances and perform all acts as may be necessary to permit the Contractor to perform its duties and obligations hereunder, including but not limited to the Contractor's duties as set forth in this Agreement; and
- (c) execute and deliver such documents and assurances and perform all acts and obligations identified in this Agreement or the Schedules hereto, or as may be necessary to enable the Contractor to otherwise perform all of its obligations hereunder.

4.2 Additional Instructions

During the term of this Agreement, the Commission will furnish to the Contractor such additional instructions to supplement this Agreement as may be necessary for the performance of the Services and The Contractor's obligations hereunder. Such instructions shall be consistent with the intent of this Agreement and will be issued by the Commission Designated Representative with reasonable promptness as the circumstances may require.

ARTICLE 5

MUTUAL OBLIGATIONS

5.1 Provision of Information and Access

- (a) Both the Contractor and the Commission hereby agree to provide each other in a timely manner with sufficient information to facilitate the discharge of their respective duties hereunder. In particular, the parties will communicate on a daily basis as required with respect to routine operational issues. At the request of the Contractor, the Commission will provide the Contractor access to all facilities, equipment, officers, employees, agents and consultants of the Commission and the opportunity to do all things necessary or convenient in order to facilitate the provision of the Services.

- (b) Notwithstanding the generality of the foregoing, the Commission shall provide to the Contractor copies of all correspondence to or from itself from or to Water Customers in the Commission Service Area or from or to the Alberta Utilities Commission (AUC) relating to the duties and functions in relation to the Services to be performed by the Contractor hereunder and such other information as may be provided without violating applicable Law, and the Contractor shall provide to the Commission copies of all correspondence to or from itself from or to Water Customers of the Commission or from or to any other party relating to services provided hereunder.
- (c) Unless otherwise stated, the expenses incurred by the Party providing the information referred to in this Section will be paid by the Party receiving the information.

5.2 Records

Either Party shall be entitled to examine the accounts, books, logs, charts, records and other recorded data relating to the provision of Services (the "**Records**"), maintained by the other in order to verify any information provided from one Party to the other in connection with this agreement. Both parties shall maintain accurate Records in such a manner as to make available any data reasonably required to verify such information.

ARTICLE 6 INDEMNIFICATION

6.1 Mutual Indemnification

Each Party ("**Indemnifying Party**") agrees to indemnify and save harmless the other Party, its affiliates, directors, officers, agents or employees from and against all damages, losses, liabilities, claims, costs (including legal costs and reasonable staff costs), fines and penalties that are suffered or incurred by such other Party, its affiliates, directors, officers, agents or employees, which are in any way connected with this Agreement, including liability resulting from injury to or death of any person, or economic damages, which are caused by a breach by the Indemnifying Party of this Agreement, or by the negligence or Wilful Misconduct of the Indemnifying Party, its affiliates, directors, officers, agents or employees acting within the scope of their authority or employment ("**Damages**"), except that such indemnity shall be limited to an amount which is proportional to the percentage of fault of the Indemnifying Party, its affiliates, directors, officers, agents or employees, as agreed in writing by the Indemnifying Party or adjudicated by any court or arbitrator or arbitration tribunal having legal jurisdiction in respect thereof.

6.2 Limitation on Liability

Notwithstanding anything to the contrary contained herein, no Party to this Agreement nor its directors, officers, agents or employees will be liable to any other Party to this Agreement, its

directors, officers, agents or employees for any Damages suffered or incurred by such other Party, its directors, officers, agents or employees which are of an indirect or consequential nature ("**Indirect Damages**"), regardless of whether they arise in contract, tort or otherwise. Without limiting the generality of the foregoing, Indirect Damages will include loss of profits, loss of revenue, loss of production, loss of earnings, loss of contract, cost of capital, loss of any use of any facilities or property operated or owned by any Party and any other indirect or consequential loss or damage whatsoever which are in any way connected with this Agreement. Except to the extent that any Party to this Agreement is required to indemnify and save harmless any other Party to this Agreement, its directors, officers, agents or employees pursuant to Section 6.1, no Party to this Agreement nor any of its directors, officers, agents, or employees will be liable to any other Party to this Agreement for any damages, losses, liabilities, costs (including legal costs), fines, penalties or claims suffered or incurred by such other Party, its directors, officers, agents or employees, howsoever and whensoever caused, whether arising in contract, tort or otherwise, and each Party to this Agreement, for itself and as agent for its directors, officers, agents, and employees, hereby forever releases all other Parties to this Agreement, its directors, officers, agents, and employees from any liability and obligation in respect thereof.

6.3 Exclusion of Liability

For greater certainty and notwithstanding anything else in this Agreement, the Contractor shall not be liable for any damages to any party as a result of an interruption in water services to any member, which is due to causes beyond the control of the Contractor, such as water line breaks, equipment breakdown, or due to Force Majeure.

ARTICLE 7 PAYMENT FOR SERVICES

7.1 Obligation of The Commission

As consideration for the Contractor providing the Services in accordance with this agreement, the Commission shall pay to the Contractor the Fees as set out in Schedule "D".

7.2 Goods and Services Tax

Unless otherwise provided in this Agreement, the Fees shall be exclusive of any GST payable thereon and the Commission shall, in addition to the Fees payable, pay to the Contractor all amounts of GST imposed on the Contractor with respect to the Fees.

7.3 Invoices

The Contractor shall submit Monthly invoices to the Commission on or before the fifteenth (15th) calendar day following the Month in which the Services being invoiced have been provided.

7.4 Remittance

On or before the thirtieth (30th) calendar day of each Month, the Commission shall pay the Contractor the amount of the invoices rendered. If presentation of an invoice by the Contractor

is delayed after the date provided in Section 7.3, then the time for remittance by the Commission shall be extended correspondingly.

7.5 Disputes

Notwithstanding the provisions of this section, if either Party in good faith disputes the amount or any part of the amount payable under any invoice, the Commission shall remit the amount that is not disputed. The Party disputing the amount or any part of the amount payable shall immediately give notice of such dispute pursuant to the provisions of Article 9 hereof.

7.6 Interest

If the Commission fails to make payment of an invoice when due, interest shall be payable on the outstanding balance owing from time to time until paid at the Prime Rate plus two (2) percent per annum. In the event an error is discovered in any invoice rendered by the Contractor, an adjustment and payment therefore shall be made within thirty (30) days of such discovery, failing which interest at the Prime Rate shall be payable to the Party entitled to the payment.

7.7 Other Rights

Each Party reserves to itself all rights, set-off, counterclaims and other defences which it is or may be entitled to at law. These rights shall extend to any amounts for any Services performed, but which have not been reflected in an invoice.

7.8 Payment Schedule

The Fees in respect of the Services shall be invoiced on a Monthly basis in accordance with the rate which is listed for each Service in Schedule "D".

ARTICLE 8 TERM AND TERMINATION

8.1 Term

The Services will be provided to the Commission by the Contractor for a term of three (3) years, from _____, 2017 to _____, 2020 (the "**Term**"). During the period from February 1, 2017 to March 31, 2017, the parties will negotiate in good faith using commercially reasonable efforts to complete a new Contract for Services to replace this Agreement and to become effective _____, 2017.

Notwithstanding the foregoing the parties shall be entitled to discuss proposed changes to the terms and conditions of this Agreement from time to time during the currency of the Agreement.

In the event that the Parties are unable to negotiate a new contract to replace this Agreement, the Contractor will assist the Commission in the transition required for another party to provide the Services, and the Commission shall reimburse the Contractor for all reasonable costs and expenses, including but not limited to employee and agent time and related expenses incurred by the Contractor to assist the Commission in providing a smooth and timely transition for another party to provide the Services. The foregoing shall not be interpreted so as to prevent the

Commission from commencing negotiations with another party at any time respecting the provision of Services provided by the Contractor under this Agreement.

8.2 Termination

This Agreement shall otherwise terminate on (i) agreement by the Parties; or (ii) the termination of the provision of Services after the Term by either Party; or (iii) on 60 days' notice in writing by either Party. In the event that this Agreement terminates, each Party shall be released from all obligations under this Agreement; provided, however, that any rights, remedies or liabilities that exist or have accrued in favour of any Party shall survive termination, cancellation or expiration of this Agreement.

8.3 Termination Consequences

- (a) On the termination of this Agreement, and at the Commission's request and cost, the Contractor undertakes:
 - i. within a reasonable period of time after termination, to deliver up to the Commission all originals and copies of all correspondence, documents, papers and property belonging to the Commission which may be in the Contractor's possession or under its control; and
 - ii. to provide as complete and accurate an account as possible to the Commission in respect of the Services rendered hereunder within thirty (30) days of the date of termination of this Agreement.
- (b) On the termination of this Agreement, the Commission and the Contractor each undertake to pay to the other all sums which might be due to the other Party under a final accounting between the Parties. Any payments made which have been based on estimated accounts shall be without prejudice to the rights of the Parties under the final accounting between them.

8.4 Effect of Termination

Each Party's right of termination under Section 8.2 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be considered or deemed an election of remedies. Nothing in this Article shall limit or affect any other rights or causes of action that either the Contractor or the Commission may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

ARTICLE 9 DISPUTE RESOLUTION

9.1 Disputes

In the event of any dispute, claim, question or difference (a "**Dispute**") which arises with respect to this Agreement or its performance, enforcement, breach, termination or validity, such Dispute shall be resolved in accordance with this Article.

Either party may forward to the other a written statement of a Dispute and the recipient shall respond to that statement in writing within 10 working days thereafter.

9.2 Senior Officers

Should any Dispute not be resolved to the satisfaction of the Parties within ten (10) Business Days of the Dispute arising, either the Commission or the Contractor may submit to the other Party written notice of the Dispute with supporting documentation as to the circumstances leading to the Dispute ("**Notice of Dispute**"). Any Notice of Dispute will first be submitted to each of the Member's Chief Administrative Officer and to the Chairperson of the Commission (the "**Dispute Representatives**"). The Dispute Representatives will meet with a view to resolving the Dispute in accordance with the intent of this Agreement.

If the Dispute Representatives are successful in settling the Dispute, the settlement shall be reduced to writing and be binding on the Parties.

9.3 Arbitration

Failing resolution of all matters in Dispute by the Dispute Representatives within ten (10) Business Days following the submission of the Notice of Dispute to them, either Party may by written notice ("**Arbitration Notice**") delivered to the other Party, submit the Dispute to arbitration to be conducted, except to the extent modified by these provisions, in accordance with the *Arbitration Act* (Alberta), as in force on the date hereof based upon the following:

- (a) any arbitration proceedings shall take place in either Red Deer or Lacombe, Alberta as determined by the arbitrator having regard for maximizing convenience and minimizing costs;
- (b) the Parties will meet within ten (10) Business Days of the delivery of the Arbitration Notice, or if both Parties deliver a written notice within ten (10) Business Days of the date of delivery of the first notice to be delivered, to attempt to agree on a single arbitrator qualified by experience, education and training to determine the Dispute. If the Parties fail to meet or, otherwise are unable to agree on the selection of a single arbitrator within those ten (10) Business Days, then either: (i) the Parties shall agree to make a joint application to the Court of Queen's Bench of Alberta for an order appointing a single arbitrator qualified by experience, education and training to determine the Dispute; or (ii) each Party will select one arbitrator to be a member of an arbitration tribunal made up of three (3)

members. The two arbitrators so selected will, within ten (10) days following their selection, jointly appoint the third member of the arbitration tribunal. If the two arbitrators selected by the Parties are unable to agree on the selection of the third member of the arbitration tribunal within ten (10) days following their selection, those two arbitrators will request that the Alberta Arbitration & Mediation Association, or any successor body thereto, appoint the third member of the arbitration tribunal within ten (10) days following the request. Each arbitrator on the tribunal shall be qualified by education, training and experience to pass upon the particular matter to be decided. No member of the arbitration tribunal shall be a current or former director or officer or a current employee of either of the Parties or have a material interest in either of the Parties or in any matter that is the subject of the Dispute;

- (c) the third member of any arbitration tribunal, howsoever appointed, will be the chair of the arbitration tribunal;
- (d) the arbitrator(s) shall be instructed that time is of the essence in the arbitration proceedings. The single arbitrator or the arbitration tribunal, as the case may be, will proceed as soon as is practicable to hear and determine the Dispute, and will be directed by the Parties to provide a written decision resolving the Dispute within fifteen (15) days following the selection of the single arbitrator or the third member of the arbitration tribunal or such other date as may be agreed in writing by the Parties. The Parties will provide such assistance and information as may be reasonably necessary to enable the arbitrator or the arbitration tribunal, as the case may be, to determine the Dispute. Any decision of the single arbitrator or arbitration tribunal, as the case may be, other than for determinations relating to whether or not a Party's conduct constitutes gross negligence or Wilful Misconduct, shall be final and binding upon all Parties, with no right of appeal therefrom and subject to Section 9.5 below, shall deal with the question of costs of arbitration and all related matters. Any determination of the single arbitrator or arbitration tribunal relating to whether or not a Party's conduct constitutes gross negligence or Wilful Misconduct may be appealed by any Party to the Court of Queen's Bench of Alberta;
- (e) the arbitrator or arbitration tribunal will provide written reasons for the decision although the decision may be issued prior to providing those reasons. Written reasons for the decision will be provided as soon as possible, but implementation of and compliance with the decision will not be delayed pending the issuance of the reasons;
- (f) judgment upon any award of the arbitrator or the arbitration tribunal, as the case may be, may be entered in any Court having jurisdiction or application may be made to the Court for a judicial recognition of the award or an order of enforcement, as the case may be; and

- (g) all Disputes referred to arbitration (including the scope of the agreement to arbitrate, any statute of limitations, set-off claims, conflict of laws rules, tort claims and interest claims) shall be governed by the substantive law of Alberta.

9.4 Continued Compliance

While any Dispute is being resolved, the Parties will continue to perform all obligations under this Agreement with due diligence and will continue to comply with all terms of this Agreement.

9.5 Costs

Each Party shall be responsible for all costs, including legal costs incurred by it in resolving any Dispute under this Article provided however that the decision of the arbitrator or arbitration tribunal relating to costs shall deal with the fees and other costs of the arbitrator or arbitration tribunal as the case may be.

ARTICLE 10 CONFIDENTIALITY

10.1 Information is Confidential

All information provided to the Contractor by the Commission under this Agreement pertaining to or arising from the provision of Services or to servicing the Water Customers in accordance with this Agreement, will be considered confidential information and the Contractor shall take all reasonable precautions to ensure its directors, officers, employees, representatives, consultants and agents, and those of its affiliates (collectively "**Representatives**") do not, at any time disclose any of the Confidential Information to any other person without the prior written consent of the Commission. Such consent is not required to the extent that the Confidential Information is otherwise in the public domain or either of the parties is legally compelled to disclose such Confidential Information to a court or regulatory authority in the proper exercise of its jurisdiction, or otherwise legally compelled to disclose such Proprietary Information in accordance with the *Freedom of Information and Protection of Privacy Act* (Alberta), or any equivalent or replacement legislation.

The Contractor agrees that any Confidential Information provided by the Commission to the Contractor shall be maintained in data banks, computers or other information systems owned and operated by the Contractor or its agents or affiliates.

10.2 Use of Confidential Information

Confidential Information will not be used for any reason or purpose other than for the purposes of this Agreement.

10.3 Notice of Demands

The Contractor will provide prompt notice to the Commission of any demands by a governmental authority or third party to disclose or provide any Confidential Information, prior to making any such disclosure and so as to afford the Commission an opportunity to seek injunctive relief or protection from the need to disclose.

10.4 Survival

These confidentiality provisions will continue and survive for a period of two (2) years after the termination of this Agreement.

ARTICLE 11 MISCELLANEOUS

11.1 Warranty

Each of the Parties warrants to the other Party that:

- (a) it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and is duly registered or otherwise qualified to do business in each jurisdiction required to perform its obligations under this Agreement;
- (b) it has full corporate power and capacity to enter into and perform its obligations under this Agreement;
- (c) this Agreement has been duly authorized, executed and delivered by it and is a valid, legal and binding obligation on it enforceable against it in accordance with the terms of this Agreement, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to the equitable and statutory powers of the courts having jurisdiction; and
- (d) it is not bound by any contractual restriction prohibiting it from entering into and performing its obligations under this Agreement.

11.2 Entire Agreement

This Agreement contains the entire agreement and understanding between the Parties with regard to the matters contained herein. It merges, replaces and supersedes all prior agreements, commitments, representations, writings, and discussions between the Commission and the Contractor, whether oral or written, relating to the subject matter hereof.

11.3 No Waiver

No waiver by any Party of any default by the other under this Agreement shall operate as a waiver of any continuing or future default, whether of a like or different character.

11.4 The Commission Designated Representative

The person designated by the Commission to act as the Commission Designated Representative for purposes of administering this Agreement and engaging in discussions with the Contractor regarding performance under this Agreement is:

Commission Chairperson

Telephone: (403) 782-6666

Facsimile: (403) 782-5655

11.5 Notice

Other than as specified in any Schedule, any notice or other communication to be given under this Agreement must be in written form and may be given (i) by personal delivery, or (ii) by a form of secure telecommunication (such as FAX) which reproduces a writing at the point of reception. Any such notice or communication will be addressed to the attention of the addressee named below, and delivered to the address of the addressee or sent to the facsimile number of the addressee specified below:

- (a) for the Commission: **North Red Deer River Water Commission**

Attention: Chair
 5432 – 56 Avenue
 Lacombe, Alberta
 T4L 1E9
 Telephone: (403) 782-6666
 Fax: (403) 782-5655

- (b) for the Contractor: _____

 Attention: _____
 Email: _____
 Telephone: _____
 Fax: _____

A Party may change its address for notice from time to time by giving written notice of such change to the other Party in accordance with this Section. Any request, notice, statement, invoice or other document made, given or delivered hereunder shall be sufficiently made, given or delivered hereunder if sent by facsimile or if delivered by hand to the addressee named above. If sent by facsimile, it shall be deemed to be received on the day of transmission if sent during the normal business hours of the recipient, failing which it shall be deemed to be received on the following business day.

11.6 Relief for Force Majeure

Notwithstanding anything else contained in this Agreement, neither Party will be considered to be in default in the performance of any of its obligations under this Agreement where such failure to perform is due to an event of Force Majeure.

11.7 Amendments

This Agreement may not be modified, altered or amended except by an instrument in writing signed by each of the Parties.

11.8 Assignment

- (a) Neither Party may assign all or part of its interest in this Agreement to any other Person without the prior written consent of the other Party.
- (b) In the event of an assignment by the Contractor, the Contractor shall be released from all of its obligations pursuant to this Agreement.

11.9 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

11.10 Governing Law and Attornment

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

This Agreement has been executed by the Parties with effect as of the ____ day of ____, 2017.

NORTH RED DEER RIVER WATER COMMISSION

Per: _____

Per: _____

CONTRACTOR

Per: _____

Per: _____

SCHEDULE "A"
REGIONAL WATER LINE

SCHEDULE “B”
OPERATIONAL LICENSE
ALBERTA ENVIRONMENT

SCHEDULE “C”
SERVICES AND MAINTENANCE DUTIES

To further clarify the responsibilities of the Contractor in the services to be provided to the Commission as outlined in Section 3.1, the Contractor, as part of its duties, obligations and responsibilities shall:

1. General Administration Duties

The Contractor shall provide the following general administration and support for the Commission:

- a. Commission Administration
 - i. Create meeting agendas for Commission meetings;
 - ii. Oversee preparation of Commission meeting minutes and bylaws
 - iii. Policy Administration
 - 1. Operational
 - 2. Financial
 - 3. Governance
 - iv. File returns and reports to the Province of Alberta including all annual financial and operating reports required by Alberta Municipal Affairs in accordance with the Department's guidelines and the provisions of the Municipal Government Act, R.S.A, c.M-26.
 - v. General records management duties for the Commission
 - vi. Customer Service and Inquiries
- b. Insurance & Risk Management
 - i. Administration of General Liability Insurance Policy
 - ii. Administration of Property & Fire Insurance Policy
 - iii. Administration of Board Liability Insurance Policy
- c. Coordination of Service Agreements including all third party contracts on behalf of the Commission including for example contracts with consultant engineering, legal counsel, and telephone, electrical and natural gas supply contracts.

Where directed by the Commission, the Contractor will also undertake any issuance for request for proposals or invitation for tenders for any service required by the Commission.

d. **Office and Information Systems Support**

The Contractor shall be responsible for providing office and information systems resources in support of providing services to the Commission. These services include:

- i. Office Space & telephones (Land line telephones Only)
- ii. Accounting Software and all desktop computers
- iii. Internet access
- iv. IT Support for two SCADA system laptops owned by the Commission.

2. Budget and Financial Supervision

The Contractor shall be responsible for budget and financial supervision duties in the following areas:

a. **Preparation of Budgets**

i. **Operating & Capital Budget**

The Contractor will ensure that the Commission's Annual Operating Budget and Annual Capital Budget are prepared for Commission's consideration in accordance with the Municipal Government Act, RSA, c. M-26.

ii. **Multi-Year Capital**

The Contractor will also develop long term Multi-Year Capital Plan to address Capital Asset replacement and service expansion needs.

b. **Bookkeeping Functions**

i. **Vendor Invoices**

The Contractor will review, approve, and submit payment for all vendor invoices of the Commission in accordance with the Commission's Purchasing and Expenditure Policies.

ii. **Customer Invoices**

The Contractor will prepare and issue all customer invoices to member municipalities and other customers as required. The Contractor will also collect payment for all invoices.

iii. **Goods and Services Tax (GST)**

The Contractor will maintain the Commissions' GST account and will complete all semi-annual reporting and remittances as required by Canada Revenue Agency.

iv. Payroll

The Contractor will complete and submit any necessary payroll remittances and reporting as required by Canada Revenue Agency.

c. Bank Reconciliation

The Contractor will maintain the Commissions' bank accounts and conduct monthly bank reconciliations in a timely manner.

d. Quarterly Financial Statements

The Contractor will ensure that the Commission receive quarterly financial statements and administration reports at its quarterly board meetings.

e. Annual Financial Statements and Financial Information Return

The Contractor will ensure that the annual Financial Information Return (FIR) and the annual financial statements are prepared in final form in accordance with generally accepted accounting principles and any other required regulations, as required in the current audit engagement contract.

The Contractor will submit the completed FIR and annual financial statements to the Commissions' appointed auditor for preparation of the auditor's report in accordance with the guidelines outlined in the Municipal Government Act, RSA 2000, c. M-26.

f. Annual Audit

The Contractor will liaise with the Commissions' appointed auditor to ensure that the annual audit is conducted in an efficient and effective manner as in accordance with the guidelines outlined in the Municipal Government Act, RSA 2000, c. M-26.

The Contractor will be responsible for the internal controls for the Commission and will work with other Contractor's staff providing financial services to ensure that policies and procedures are followed.

3. Management of Line Crossings

The Contractor will work diligently to ensure the Commission's infrastructure is protected when other utilities cross or parallel the line. The Contractor will be responsible for the following areas:

a. Coordination of Utility Alignments

b. Maintain and Update Drawings/Records including electronic formats

4. Communicate with Members & City of Red Deer

The Contractor will provide the following communication services:

- a. Meet with member municipalities to determine future water consumption forecasts.
- b. Meet with City of Red Deer to review annual rate structures.
- c. Communicate rate structure and any changes thereof to member municipalities.
- d. Meeting with Member Municipalities
When directed by the Commission, the Contractor will attend any member municipality's council or committee meetings to address any service issues or to explain the Commission's water rates.

5. Water Rate Calculations

The Contractor will provide the following water rate calculation services to the Commission:

- a. Review annual rate submission from the City of Red Deer and their supporting detail and ensure the rates have been prepared in accordance with the Utility Rate Model as outlined by the American Water Works Association and the Public Utilities Board.
- b. Develop water rates annually, based on expected water volume sales, operating costs, and required capital expenditures of the Commission in accordance with the Cash Rate Model or any other model approved by the Commission.
- c. Provide recommendations to the Commission on water rate policies.

6. Emergency Services

Emergency services would be provided by as required during on call hours. Emergency services would include:

- a. Respond to requests from member municipalities in the event of a water shortage or service interruptions.
- b. Respond to any water quality or contamination issues.
- c. Provide notification and coordinate with other member communities, the Commission, and the City of Red Deer.

7. On Call Duties

The Contractor shall provide twenty-four (24) hour a day, 365 a year on call coverage as required by qualified water operators.

If required, call outs of management level staff will be provided on an hourly basis for any after hours (hours outside of 8 am to 5 pm – Monday to Friday and excluding statutory holidays) situations that require managements immediate attention. These hours will be billed out as identified in “Schedule D”

8. Water Conservation Management

The Contractor will provide the following water conservation management services to the Commission:

- a. Develop a Public Awareness & Education campaign in coordination with other member Communities
- b. Develop rate structures that encourage water conservation
- c. Investigate the Commission’s infrastructure to identify any opportunities to minimize water loss and track unaccounted for water

9. Operation and Maintenance of the Regional Line

The Contractor will provide the following Operation & Maintenance services:

- a. Daily Operational Requirements.
 - i. Respond to Locate Requests.
 - ii. Be responsible for the operation, maintenance and repair of all of the Commission Regional Water System and any lateral systems.
 - iii. Provide day-to-day supervision of the operation of the Commission Regional Water System.
 - iv. Provide preventive maintenance to ensure continuous and satisfactory service to all customers.
 - v. Co-ordinate with the Commission’s consulting engineers and the Commission’s management for effective operation and maintenance of the Commission’s Regional Water System.

- vi. Engage such contractors as necessary to assist with the repair and maintenance of the Regional Water System.
- vii. Consult with the Commission's consulting engineers on matters of maintenance, repair and service connections.
- viii. Provide regular and on-call personnel to respond to all routine and emergency requirements and co-ordinate remedial action.
- ix. Coordinate and perform the scheduled maintenance and operations as outlined and detailed in the operating manuals for the Commission as prepared by the consulting engineer for the Commission.
- x. Establish a list of contractors for the specialty repair or services for the following:
 - 1. Repair of water line breaks
 - 2. Repair of instrumentation and controls;
 - 3. Repair of mechanical piping, building services and pumping; and
 - 4. Cathodic protection inspection.
- xi. Conduct in-house training on operations, safety, and housekeeping to ensure an efficient and physically attractive site operation.

b. Weekly Operational Requirements

i. Weekly Inspections

Inspection of the Regional Water System will be carried out once a week in accordance with the Commission's operating manuals.

ii. Weekly Water Samples

Water samples are collected along the line from Ponoka to Red Deer. These water samples are tested for quality assurance and system integrity.

Nine tests are taken to determine residual chlorine at key locations along the line.

iii. Records Management

Records/logs will be kept to maintain a database of test results and line inspections. These records will be kept in a secure location, and will be available to the Commission whenever required.

Provide operational reports to Alberta Environment as required.

c. Monthly Operational Requirements

i. Month End Readings

Readings are taken at month's end to determine water demand at each of nine stations. A tenth reading is taken at the meter vault in Red Deer so the results can be compared for accuracy.

ii. Monthly Reporting

Provide monthly reports to the Commission related to operational details. Recommend system improvements and policies that would be a betterment to the Commission's operations.

Attend Commission meetings at the request of the Commission.

d. Yearly Operational Requirements

i. Year End Reports

As per Alberta Environment regulations, the Commission must submit and maintain records of the following reports:

- Monthly reports for each month of the year
- Sampling records, including location, date, and results
- THM chemical analysis reports

The Contractor will prepare these reports and ensure their compliance with applicable legislation from both Alberta Environment and the Canadian Environmental Protection Agency

ii. Distribution License

The Contractor will ensure that the Commissions Distribution license registration number from Alberta Environment is current and that the all

activities engaged in the Commission or its contracted services fall within the guidelines of the license.

The Contractor will ensure that any new or renewal applications required to keep the license current are completed prior to expiration of the current license.

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**SCHEDULE “D”
RATES**

In consideration for the services provided by the Contractor to the Commission, the Commission agrees to pay the following for said services provided:

Contract Year

Monthly Charges*

Section 3.1(a) General Administration Duties

- (c) Management of Line Crossings
- (d) Communications
- (e) Water Rate Calculations
- (h) Water Conservation
- Subtotal

Section 3.1 (b) Budget and Financial Supervision

Subtotal

*All charges are billed monthly at the above flat rate.

Operation Hourly Charges

Section 3.1(i) Operational & Maintenance

Operations Manager	\$	hr	\$	hr	\$	hr
Operations Supervisor	\$	hr	\$	hr	\$	hr
Utility Operator	\$	hr	\$	hr	\$	hr
On-Call Charges	\$	hr	\$	hr	\$	hr
Ton Truck	\$	hr	\$	hr	\$	hr

Ancillary Charges

On Call & Emergency – Cell Phones - Billed directly to Commission by Cell Phone Company

Section 3.1 (f) Emergency Services (Administration Staff only)

After Hour Rate	\$	hr	\$	hr	\$	hr
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All prices are exclusive of GST. GST will be added at time of billing.