

NORTH RED DEER RIVER WATER SERVICES COMMISSION
MEETING MINUTES
April 8, 2024

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

Others Present: Jordan Thompson, NRDRWSC Manager, City of Lacombe
Sandra Lund, CAO, Town of Ponoka
Matthew Goudy, CAO, City of Lacombe
Peter Hall, CAO, Ponoka County
Preston Weran, Director of Infrastructure and Property Services,
Town of Blackfalds
Tracey McKinnon, Senior Manager of Finance, City of Lacombe
Amber Mitchell, Engineering Manager, City of Lacombe
Chris Huston, Manager of Utilities, City of Lacombe
Iwalani Post, NRDRWSC Administrative Assistant, City of Lacombe

Guests: Mitchell Kennedy, CPA, Sr. Manager, BDO Canada LLP
Todd Simenson, Vice President, Western Canada Conveyance Sector
Lead, Stantec Consulting Ltd.

Regrets: Councillor Clayton Nelson, NRDRWSC Director, Town of Ponoka
Kim Isaak, CAO, Town of Blackfalds
Tim Timmons, County Manager, Lacombe County
Angela Smith, Regional Utilities Foreman, City of Lacombe
Matt Sawitsky, Operator, City of Lacombe
Denise Bellabono, Legislative Coordinator, City of Lacombe

1. Call to Order:

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

2. Adoption of the Regular Meeting Agenda

MOVED by Vice-Chair Ireland that the regular meeting agenda for April 8, 2024, be adopted as presented.

CARRIED UNANIMOUSLY

3. Adoption of the Minutes:

3.1. Regular Meeting Minutes of December 4, 2023

MOVED by Vice-Chair Ireland that the minutes for December 4, 2023, be adopted as amended.

CARRIED UNANIMOUSLY

4. Presentations

4.1. 2023 Financial Audit – BDO Canada LLP

Mr. Kennedy of BDO Canada LLP, reviewed the Auditor’s Report and 2023 Audited Financial Statements, comprising the financial position as of December 31, 2023. Mr. Kennedy noted two major changes in the statements that fall under new Public Sector Accounting Standards. One is Asset Retirement Obligations – which NRDRWSC does not have (note 14 in Financial Statements), and the second is Financial Instruments which highlights credit, liquidity, and interest rate risks (note 1 in Financial Statements).

The Commission’s non-financial assets book value is \$26.2M less amortization, surplus of \$27.2M. Long-term debt payments for 2024 will be \$920,671K. Debt limit has \$5.3M remaining debt capacity.

NRDRWSC Board has requested that Amortization Expenses be included in the annual budget starting in 2025.

Statement of Operations was close to budgeted amounts. Water sales revenue was slightly under budget, and purchase of water expense was similarly under budget. Legal expenses were notably higher than budgeted. Accumulated surplus is \$27.2M, up from \$26.5M in 2022.

*Further discussion moved to agenda item **6.1 2023 Audit – Sr. Manager McKinnon***

5. Reports

5.1. Administrator

Manager Thompson presented the Administration Report highlighting that Montana First Nation has reached out to discuss, at a high level, a connection to the NRDRWSC system. Manager Thompson noted that the City of Red Deer Water Rate and Model will be discussed further in agenda item 6.2 and Drought Planning will be discussed further in agenda item 6.3.

MOVED by Vice-Chair Ireland to accept the April 8, 2024, Administrator Report as information.

CARRIED UNANIMOUSLY

6. New Business / Emergent Items

6.1. 2023 Financial Audit

Sr. Manager McKinnon presented the 2023 Financial Audit to be submitted to Alberta Municipal Affairs by May 1, 2024. Sr. Manager McKinnon elaborated that the \$140,083K adjusted surplus can be transferred to Capital or Operational reserve at the Board’s discretion. Mitchell Kennedy noted three amendments to the 2023 Financial Audit will be added to final 2023 Financial Audit Report, consolidation of unrestricted surplus, change to Note 6 – Total Debt Limit Remaining, and adding new disclosures that will be adopted this year (Asset Retirement Obligations and Financial Instruments).

MOVED by Mayor Hoover that the Commission approves the North Red Deer River Water Services Commission 2023 Audited Financial Statements as amended with three corrections noted by Mitchell Kennedy.

CARRIED UNANIMOUSLY

MOVED by Councillor Matejka that the Commission approves the \$140,083 transfer of surplus to the Capital Reserve.

CARRIED UNANIMOUSLY

6.2. City of Red Deer 2024 Water Rate

Manager Thompson presented information on the higher than expected City of Red Deer 2024 water rate. Due to the higher rate, Administration is projecting a year-end deficit of \$120K-\$190K. The City of Red Deer stated cited capital improvements and inflation/increase in costs are factors for the increased rate. Manager Thompson advised the Board that a 10-15% Commission water rate increase to members in 2025 is possible to catch up to Red Deer's 2024 rate.

MOVED by Mayor Hoover that the Commission accepts this report as information.

CARRIED UNANIMOUSLY

6.3. Drought Updates

Manager Thompson presented the Red Deer River drought update highlighting that, as of March 2024, the Provinces' 2024 water supply outlook for the Red Deer River Basin is average, and similar to 2020. Operations Manager, Chris Huston, and Manager Thompson are participating in the Drought Emergency Management Support: Water Sharing Agreements Project through the EPA. The EPA is encouraging voluntary water-sharing agreements amongst large water licence holders. The outcome of the project is a Memorandum of Understanding whereby major licence holders commit to collaboration, information sharing, and water reduction commitments. The MOU is strictly voluntary, and the water reduction commitments are not mandatory.

MOVED by Mayor Hoover that the Commission directs Administration to finalize and execute the Red Deer River Basin Water Sharing Agreement Memorandum of Understanding.

CARRIED UNANIMOUSLY

MOVED by Vice-Chair Ireland that the Commission directs Administration to propose updates to Policy 6: Water Rationing including the steps NRDRWSC will take to mitigate the impact of a possible multi-year drought.

CARRIED UNANIMOUSLY

7. Correspondence:

7.1. Letter from Minister Schulz, Drought Action item

In preparation for potentially worsening drought conditions, the Province is bringing together major water licence holders to negotiate water sharing agreements. Water licence holders will be asked to voluntarily reduce water consumption. Six key action items have been identified by the Minister to undertake within the coming months.

7.2. Letter from Minister Schulz, Water-Sharing Negotiations

The Minister provided an update on the water-sharing negotiations and noted that four draft Memorandums of Understanding have been developed covering the Bow River Basin, Red Deer River Basin, Oldman River Basin, and Upper Tributaries of the Oldman River Basin. A public event will be held on April 19th, 2024, to share this achievement, all signatories were invited to participate.

MOVED by Vice-Chair Ireland that the Commission accept the correspondences as information.

CARRIED UNANIMOUSLY

8. In Camera:

MOVED by Mayor Hoover to move In Camera at 9:44 am.

CARRIED UNANIMOUSLY

Councillor Mark Matejka left the meeting at 10:30am.

MOVED by Vice-Chair Ireland to return to Open Meeting at 10:37 am.

CARRIED UNANIMOUSLY

MOVED by Mayor Hoover that the Commission directs Administration to convene a Joint Steering Committee (JSC) with the City of Red Deer under section 20(3) of the Water Supply Agreement to "... engage in a process of strategic planning regarding such issues as the supply and delivery of Water, Water Conservation, capital expenditures and rates, and rate increases or decreases;...".

CARRIED UNANIMOUSLY

MOVED by Vice-Chair Ireland that the Commission directs Administration to finalize and execute the Waterline Extension Grant Agreement.

CARRIED UNANIMOUSLY

9. Next Meeting:

Monday, June 17th, 2024, at 9:00 am, City of Lacombe Council Chambers

Adjournment:

MOVED by Mayor Hoover to adjourn the meeting at 10:42 am.

CARRIED UNANIMOUSLY

ORIGINAL SIGNED

Chairperson

ORIGINAL SIGNED

Manager