

NORTH RED DEER RIVER WATER SERVICES COMMISSION
MEETING MINUTES
April 6, 2020

In Attendance: Chair Ken Wigmore, Lacombe County Councillor
Mayor Grant Creasey, City of Lacombe
Jordan Thompson, Acting NRDRWSC Administrator
Matthew Goudy, CAO, City of Lacombe
Mauricio Reyes, Sr. Manager of Financial Services, City of Lacombe
Jennifer Peterson, Administrative Assistant

Remote Attendance by:
Mayor Rick Bonnett, Town of Ponoka
Councillor Mark Matejka, Ponoka County
Mayor Richard Poole, Town of Blackfalds
Preston Weran, Director of Infrastructure, Town of Blackfalds
Amber Mitchell, Manager of Engineering Services, City of Lacombe
Albert Frootman, CAO, Town of Ponoka
Myron Thompson, CAO, Town of Blackfalds
Michael Minchin, Director of Corporate Services, Lacombe County
Preston Weran, Director of Infrastructure, Town of Blackfalds

Remote Guests: Ryan Wachter, BDO Canada LLP
Alan Litster, BDO Canada LLP
Todd Simenson, VP Stantec
Stephan Weninger, Sector Leader, Water, Stantec

1. Call to Order:

Chair Wigmore called the meeting to order at 11:02 am.

2. Adoption of the Agenda:

Mr. Thompson ask that "Allocation of 2019 Surplus" be added to the agenda as 5.1a.

MOVED by Mayor Creasey that the agenda for April 6, 2020, be adopted as amended.

CARRIED

3. Adoption of the Minutes:

MOVED by Mayor Bonnett that the minutes for November 4, 2019, be adopted as presented.

CARRIED

MOVED by Mayor Poole that the minutes for December 9, 2019, be adopted as presented.

CARRIED

MOVED by Mayor Poole that the minutes for February 24, 2020, be adopted as presented.

CARRIED

4. Presentation

5. Reports

Mr. Reyes presented the 2019 audited financial statement to the Board for approval. He advised the Board of a correction in the memo, it should read “This year the Commission has exceeded the debt limit...” The debt limit was exceeded by \$702,000. This was mainly due to revenue being down as per the rate reduction but the Commission maintains a historical authorization to exceed its debt from the Province due to initial borrowing required to construct the line. The audited statements are slightly different from the annual operating budget due to the 2019 adjusted surplus.

5.1. BDO Canada LLP - 2019 Audited Financial Statements

Mr. Wachter and Mr. Litster of BDO Canada LLP, reviewed the Auditor’s Report and the 2019 Audited Financial Statements.

In summary:

- Financial statements presented fair in all respect as a “clean audit”
- Increase in the Statement of Financial do to a fair trade in 2019 on the investment
- The net debt has come down from 2018
- Water sales were lower than budgeted due to Board approved price stabilization action
- Expenses were close to budget
- Decrease in accumulated surplus from 2018 due to the sale of a tangible assets to the City of Red Deer
- Debt limit has been exceed. There is a Ministerial Order in place to allow this occur.

MOVED by Mayor Creasey to approve the 2019 Audit Financial Statement as presented.

CARRIED

Mr. Wachter and Mr. Litster left the meeting

5.1a. Allocation of 2019 Surplus

Mr. Reye presented a proposal for the allocation of the 2019 surplus to reserves as \$259,565 to Operating and \$422,437 to Capital. Concerns were expressed that transferring a surplus to operating reserves does not reflect the economic uncertainty that is occurring. Under the water regulation the Commission is unable to return funds to the municipalities in a form of a cash rebate or dividend. A discussion occurred on different options.

MOVED by Mayor Creasey that an equal amount of \$259,565 be transferred to the Operating Reserves.

Defeated Unanimously

MOVED by Mayor Bonnett that Administration present a rate reduction for the surplus \$259,565 in the form of a new proposed water rate for the remaining of the 2020 year.

CARRIED

MOVED by Councillor Matejka that an equal amount of the annual amortization for 2019 be allocated to the Capital Reserves.

CARRIED

5.2. Finance Quarterly Report

Mr. Reyes presented the variance report as of February 28th. For this period water sales are lower than expected, expenses remain in line with expectations. Water sales should increase during the summer months.

MOVED by Mayor Creasey to receive the Finance Quarterly Report as information.

CARRIED

5.3. NRDRWSC Operation's Report

Mr. Thompson presented the Operation's Report. Continuing to work as expected. Operators are maintaining and following precautionary measure recommended by Alberta Health Services. The regional team has a strong culture of cross training.

MOVED by Mayor Bonnett to receive the Operation's Report as information.

CARRIED

5.4. Administrator's Report

Mr. Thompson presented the Administrator's report.

In summary:

- The City of Red Deer is continuing their work on the new vault design. The costs were higher than expected. Administration has not seen the designs.
- Received a letter from the City of Red Deer confirming that the deferral of utilities does not apply to the Commission.
- BDO reported a clean audit.
- Robert Jenkins will be engaged to develop a financial model for the water extension.
- Provided a summary of the March 12th meeting with the four First Nations and Minister Wilson.
- Have not received a response from the Province to the questions sent by letter in January, nor the questions sent in advance to the March 12th meeting.

MOVED by Councillor Matejka to receive the Administrator's Report as information.

5.5. Chairperson's Report

Chair Wigmore had nothing to report at this time.

6. **Correspondence/Information**

6.1. City of Red Deer letter – 2019 True-up per the Water Sales Agreement
Did not exceed the threshold, therefore no true-up received for 2019.

MOVED by Mayor Bonnett to receive the City of Red Deer letter – 2019 True-up per the Water Sales Agreement as information.

CARRIED

6.2. City of Red Deer letter – Water and Wasterwater Commission Utilities
Confirming that the Commission will still be responsible for their total utility bill.

MOVED by Mayor Poole to receive the City of Red Deer letter – Water and Wasterwater Commission Utilities as information.

CARRIED

7. **Old Business:**

7.1. Follow up on Four Nations Meeting

Mr. Thompson requested direction from the Commission on its preferred course of action coming out of the March 12th meeting. Mr. Thompson presented three possible directions that the Commission can take. A discussion occurred on what direction would be in the best interest of the Commission at this time. Financial modeling for the line will not be acting on at this time.

MOVED by Mayor Creasey that the Commission cease pursuit of the north expansion and all activities related to the extension with the First Nations, until the Commission receives in writing from the Province answers to the questions forwarded to Minister Wilson office prior to the March 12, 2020 meeting.

CARRIED

MOVED by Councillor Matejka directing Administration to send a letter to the meeting attendees thanking them for participation in the March 12, 2020 meeting.

CARRIED

1. Next Meeting:

Monday, June 22, 2020 at 9:00 am, City of Lacombe Council Chambers.

2. Adjournment:

MOVED by Mayor Bonnett to adjourn this Meeting at 12:46 pm.

CARRIED

Chairperson

Administrator