

# North Red Deer River Water Services Commission



## Regular Meeting Agenda

Date:	October 3, 2022	Time:	9:00 AM
Location:	COUNCIL CHAMBERS LACOMBE AB		
Invitees:	<p>Members: Mayor Grant Creasey, City of Lacombe – Chair  Councillor Clayton Nelson, Town of Ponoka– Vice Chair  Mayor Jamie Hoover, Town of Blackfalds – Director  Councillor John Ireland, Lacombe County – Director  Councillor Mark Matejka, Ponoka County – Director</p> <p>NRDRWSC CAO: Director Jordan Thompson, City of Lacombe</p> <p>Others: Matthew Goudy, CAO, City of Lacombe  Sandra Lund, CAO, Town of Ponoka  Charlie Cutforth, CAO, Ponoka County  Myron Thompson, CAO, Town of Blackfalds  Preston Weran, Director, Town of Blackfalds  Tim Timmons, County Manager Lacombe County  Michael Minchin, Director, Lacombe County  Tracey McKinnon, Senior Manager, City of Lacombe  Amber Mitchell, Manager, City of Lacombe  Chris Huston, Manager, City of Lacombe</p> <p>Guests: Joel Sawatzky, Stantec Consulting Ltd.  Todd Simenson, Stantec Consulting Ltd</p>		
Recorded by:	Denise Bellabono - Administrative Assistant NRDRWSC		
1. Call to Order by Chair			
2. Adoption of Agenda			
3. Adoption of Minutes			
3.1 Regular Meeting Minutes – June 20, 2022			
4. Presentations			
5. Reports			
5.1 Administrator			
5.2 Chair			
6. Old Business:			

7. New Business / Emergent Items: 7.1 City of Lacombe Operations & Management Services Proposal
8. Correspondence
9. In Camera
10. Next Meeting Date: November 7, 2022, in Council Chambers, City of Lacombe, at 9:00am <i>(Organizational/Regular Meeting)</i>
11. Adjournment

**NORTH RED DEER RIVER WATER SERVICES COMMISSION**  
**MEETING MINUTES**  
**June 20, 2022**

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

**Others Present:** Jordan Thompson, NRDRWSC CAO  
Denise Bellabono, NRDRWSC Administrative Assistant  
Matthew Goudy, CAO, City of Lacombe  
Sandra Lund, CAO, Town of Ponoka  
Preston Weran, Director of Infrastructure and Property Services,  
Town of Blackfalds  
Tim Timmons, County Manager, Lacombe County (*remote*)  
Tracey McKinnon, Senior Manager of Finance, City of Lacombe

**Guests:** Joel Sawatzky, Stantec Consulting Ltd.  
Todd Simenson, Stantec Consulting Ltd

**Regrets:** Myron Thompson, CAO, Town of Blackfalds  
Charlie Cutforth, CAO, Ponoka County  
Michael Minchin, Director of Corporate Services, Lacombe County  
Chris Huston, Utilities Manager, City of Lacombe  
Amber Mitchell, Engineering Manager, City of Lacombe  
Angela Smith, Regional Utilities Foreman, City of Lacombe

**1. Call to Order:**

*Chair Creasey called the meeting to order at 9:00 am.*

**2. Adoption of the Regular Meeting Agenda**

*MOVED by Vice-Chair Nelson that the regular meeting agenda for June 20, 2022, be adopted as presented.*

*CARRIED UNANIMOUSLY*

**3. Adoption of the Minutes:**

*MOVED by Councillor Ireland that the minutes for April 4, 2022, be adopted as amended.*

*CARRIED UNANIMOUSLY*

#### **4. Presentations**

#### **5. Reports**

##### **5.1. Administrator**

CAO Thompson presented the Administration Report highlighting the rescheduling of the Board of Directors Training date of October 21, 2022. Missing road allowance agreements were identified between the Commission and all its participating municipalities, with the exception of Lacombe County. The Waterline extension project remains in phase 2 of the project plan. Revenues and expenses are lower than budgeted just over 10% and 14.5%, with a net surplus of approximately \$29,000.

*MOVED by Mayor Hoover to accept the June 20, 2022, Administration Report as information.*

#### **6. Old Business**

#### **7. New Business / Emergent Items:**

##### **7.1. Management and Operations Service Contract**

CAO Thompson presented the upcoming Management and Operations Services Contract that will ending December 31, 2022 and the City of Lacombe's intent to seek renewal and commence negotiations between September and October. Inflationary pressures and continuous improvements of its service will require and increase to the services contract value.

*MOVED by Councillor Matejka that the Commission accepts the Management and Operations Services Contract report as information.*

*CARRIED UNANIMOUSLY*

#### **8. Correspondence**

##### **8.1. City of Red Deer True-Up**

CAO Thompson presented correspondence from the City of Red Deer regarding the 2021 True-up for the Water Supply Agreement. NRDRWSC's actual cost allocated for 2021 and the actual consumption resulted in an overpayment of \$402,800 from the Commission, but it does not exceed the 10% true-up threshold in the water services agreement, therefore no amount is owed to the Commission. Based on the rate used in the agreement, the Commission has overpaid a total of approximately \$1.2 Million in the past then years, with only 3 of the last 10 years triggering an actual true-up payment.

*MOVED by Vice-Chair Nelson accepts the City of Red Deer True-Up letter of correspondence as information.*

*CARRIED UNANIMOUSLY*

**9. In Camera**

**10. Next Meeting:**

Monday, September 19, 2022, at 9:00 am, City of Lacombe Council Chambers

**Adjournment:**

*MOVED by Councillor Ireland to adjourn the meeting at 9:23 am.*

*CARRIED UNANIMOUSLY*

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Chairperson

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Administrator

# Administration Reports

## Administrative, Financial & Operational

Date: October 3, 2022

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



### ADMINISTRATIVE

#### Board of Director Training

- The Board of Director Training is scheduled for October 21st in Lacombe.
  - 8:30 am - doors open, light snacks and refreshments
  - 9:00 am – 9:30 NRDRWSC/NRDRWWSC Orientation
  - 9:30 am-10:00 am External Invitees arrive
  - 10:00 am-12:00 pm – presentation by Daina J. Young, Partner Reynolds Mirth Richards & Farmer LLP
  - 12:00 pm -12:45 pm– lunch provided
  - 1:00 pm – 3:00 pm– Tour of North Red Deer Regional Wastewater Commission System. Transportation provided.
    - Odour Management Facility (Red Deer)
    - Blackfalds Lift Station
    - Lacombe Lift Station

#### Waterline Extension

- Per the Board’s direction on September 13, 2021, the Commission is in Phase 2 of its Project Plan: ECN Membership Agreement.
- Mid-May, ECN provided comments on the draft membership agreement.
- The administration attended a regular coordination meeting with representatives of Alberta, Canada, and ECN. ECN reported the recent Papal visit required significant resources to coordinate the event.
- ECN is seeking clarification from the province concerning a component of Alberta-ECN agreement.
- The trigger to initiate Phase 3: Funding Agreements is a resolution from the Board.
- An updated copy of the project plan is available on <https://www.nrdrwsc.ca/information.html>

### FINANCIAL

As seen in Table 1, overall, 2022 water volume are slightly lower by 1.98% than the actual 2021 levels.

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

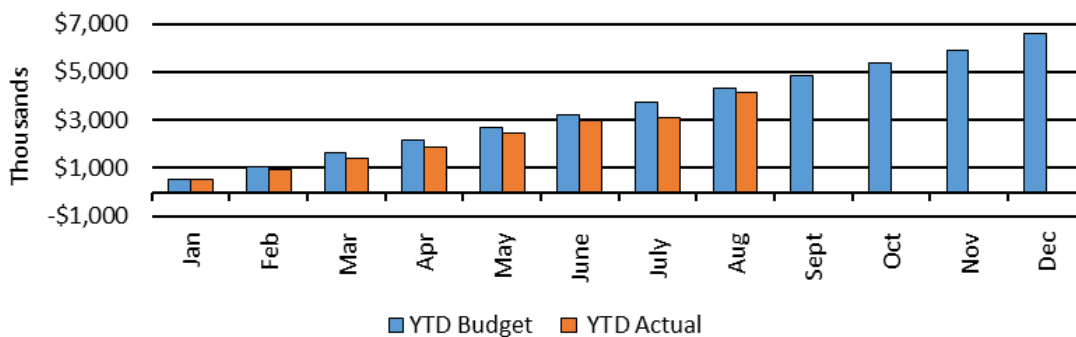
Member	2021	2022
City of Lacombe	875,511	850,974
Blackfalds	562,142	543,969
Lacombe County	23,879	33,180

Ponoka	466,217	461,963
Ponoka County	6,757	6,022
<b>Total</b>	<b>1,934,506</b>	<b>1,896,108</b>

### Revenue

As of August 2022, YTD (year to date) actual revenues are lower than YTD budgeted revenues by \$158,407 or 3.83%. The water usage has increased over the summer months resulting in the revenues coming closer to budget figures.

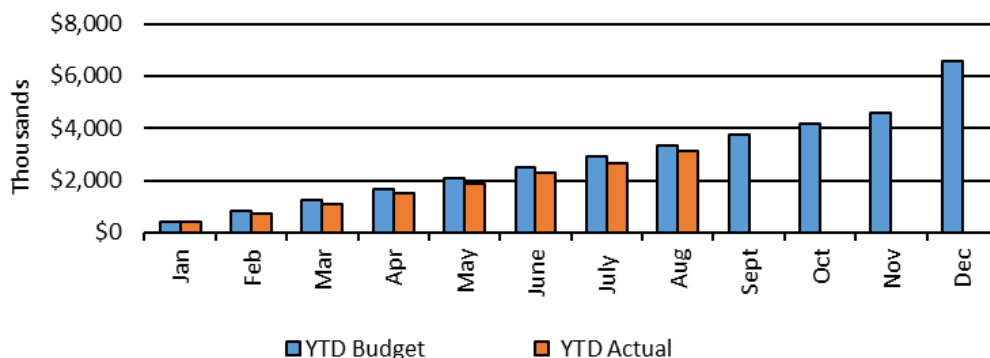
#### Revenue YTD vs Budget



### Expenses

As of August 2022, the YTD actual expenses are lower than YTD budgeted expenses by approximately \$201,000 or 6.42%. Expenses typically are higher during the summer months when weather is more favourable for repairs as required.

#### Expenses YTD vs Budget

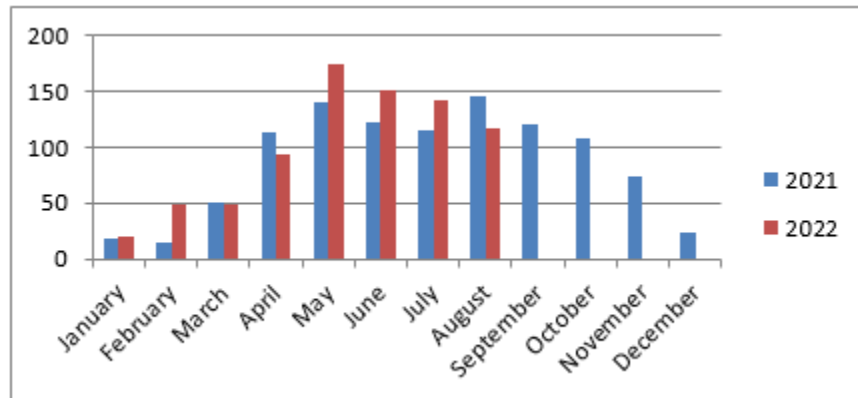


### Projected Surplus/Deficit

As of August 2022, the Water Commission is at a net surplus of approximately \$43,000.

## OPERATIONAL

Alberta One-Call Locate Requests:



*June – 152 locates July – 142 locates August – 117 locates*  
**2022 to date 795 (2021 = 1048)**

### Notable activities since last report:

- Operation is scheduling the annual Commission owned water meter verification testing with Endress+Hauser. Anticipated to be completed in October.



# Request For Decision

## Management and Operations Services Proposal

Date: September 14, 2022

Prepared by: Jordan Thompson, CAO

Presented by: Jordan Thompson, CAO



### **PURPOSE:**

To seek the Board's direction respecting the City of Lacombe Management and Operations Services proposal for the NRDRWSC.

### **ACTION/RECOMMENDATION:**

*See the alternative motions at the end of this RFD.*

### **ISSUE ANALYSIS:**

The current contract term with the City of Lacombe ends December 31, 2022. The services agreement indicates the parties will negotiate in good faith between September 1 – October 31, 2022, to complete a new contract for services effective January 1, 2023. To that end, the City submitted a renewed services proposal.

Administration has prepared four options for the Commission's consideration. The high-level financial implications of the proposed new rate are included in this report. However, to preserve the spirit of fair and open competition, Administration has redacted the City's proposed rate in the event the Board decides to issue a request for proposal (RFP) for the management and operations services. However, the unredacted version of the City's proposal, including their rate, is available to be handed out to the Board members in camera.

### **Proposal Overview**

The City of Lacombe proposes to continue the full suite of services and teams it provides to the Commission today highlighting its experience managing the water Commission for the last 15 years and the wastewater Commission for five years. The City is also highlighting its ongoing involvement in the pending system expansion.

The City also highlights additional "value-added" services that it will offer to the Commission upon request. To deliver the full scope of the additional services, third-party expertise is required. The City proposes to include its time and effort in coordinating the services in its base price, but third-party costs to deliver the value-added services is excluded. If the Board directs Administration to pursue these additional services in Administration will evaluate the cost options for the Board's consideration.

### Option 1:

**Motion: THAT the Commission accepts the City of Lacombe proposal and directs Administration to finalize the management and operations services contract with the City of Lacombe**

Selecting this option ensures that the management and operations of the Commission will continue with no interruption through 2025. The Commission should select this option if it is satisfied with the level of service provided by the City and if the proposed cost of services is acceptable.

### Option 2:

**Motion: THAT the Commission directs Administration to request revisions to the City of Lacombe proposal for the Board's consideration at its next regular meeting.**

Selecting this option allows the Board to request the CAO to seek additional information concerning the City proposal. The Board direction may include requests for clarifications of, or revisions to, the City proposal.

The Board should select this option if it is generally satisfied with the level of service provided by the City but requires additional information before making a decision.

The Board is discouraged from directing its CAO to negotiate the City's proposed price due to his conflict of interest as a City employee. Should the Board wish to enter direct negotiations with the City on their proposed price, it should appoint, by resolution, a representative to do so on the Board's behalf.

### Option 3:

**Motion: THAT the Commission directs Administration to request proposals from member municipalities for NRDRWSC Management and Operations services.**

Selecting this option means Administration will develop and issue a Request for Proposal (RFP) to provide the other commission members with an opportunity to submit a proposal for operations and management services. Only commission members would be invited to submit proposals. Should the Commission select this option, Administration will develop the RFP for Commission endorsement at its next regular meeting. It will take approximately 2 months from endorsement to select a preferred vendor including the issuance of the RFP (4 weeks) and ranking of the proposals against the RFP criteria including the proponent interviews (4 weeks).

In the event, that the City of Lacombe is not selected as the preferred vendor or the selection process continues past December 31, 2022, the Commission needs to enter into an interim agreement with the City.

The Board should select this option if any member expresses interest in submitting a proposal for services.

#### Option 4:

**Motion: THAT the Commission directs Administration to issue an open and competitive Request for Proposal for NRDRWSC Management and Operations services.**

Selecting this option means Administration will develop and issue a Request for Proposal (RFP) to provide any qualified vendor with an opportunity to submit a proposal for operations and management services, including members. Should the Commission select this option, Administration will develop the RFP for Commission endorsement at its next regular meeting. It will take approximately 3 months from endorsement to select a preferred vendor including the issuance of the RFP (4 weeks) and ranking of the proposals against the RFP criteria including the proponent interviews (8 weeks). Additional time is allowed in the selection process to account for the complexity of proposals that are anticipated to be submitted.

Since the selection process is will continue past December 31, 2022, the Commission needs to enter into an interim agreement with the City if this option is selected.

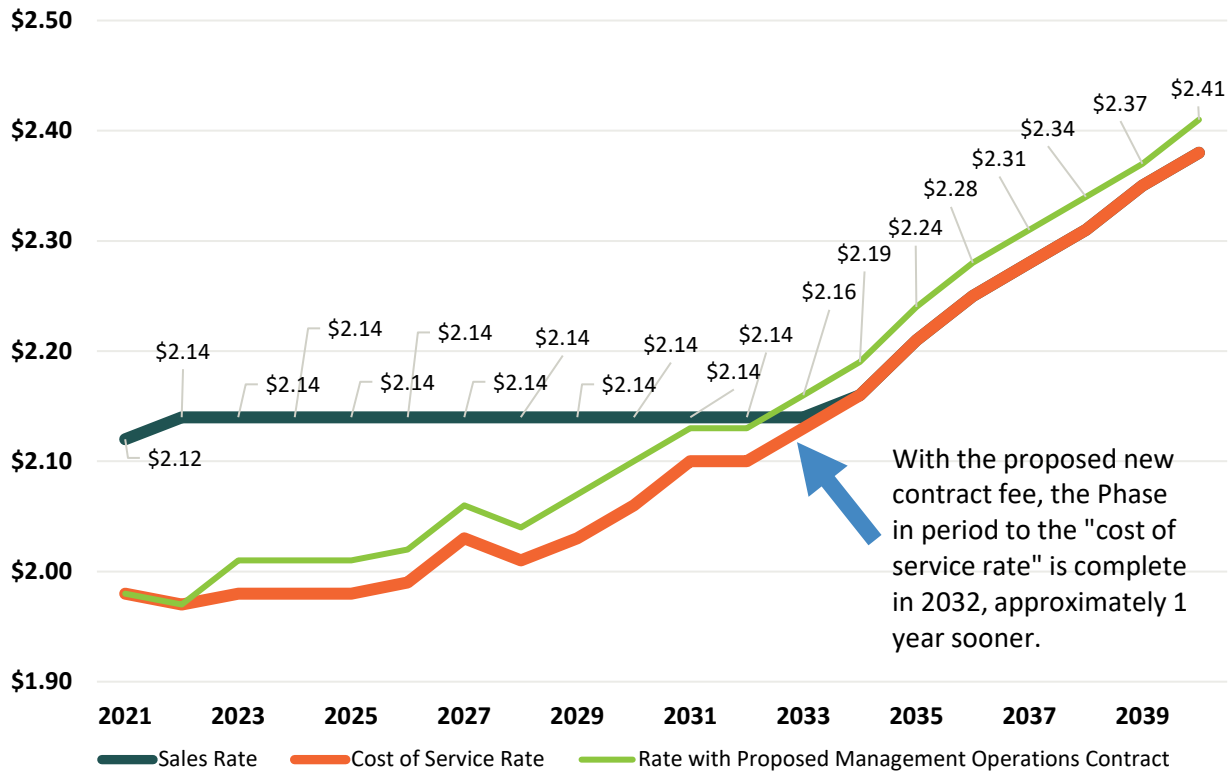
The Board should select this option if wishes to include private sector proponents in the selection process.

#### **FINANCIAL IMPLICATIONS:**

The 2015-2021 average value of the current services contract is \$172,000.

The City of Lacombe indicates that their proposed 2023-2025 rate considers the pending system expansion, inflationary pressures, and the continuous improvement of the City's services. The estimated long-term rate impact is \$0.03 as shown on the graph on the following page. However, the Board adopted a rate phasing strategy at its [November 29<sup>th</sup>, 2021](#) meeting that holds the sales rate at \$2.14/m<sup>3</sup> until 2033. Accepting the City of Lacombe proposal means the Commission's phase-in period will be complete in 2032, approximately 1 year sooner than previously estimated.

## 2023 - 2040 Projected Rates / m3



### ALTERNATIVES:

The Commission may choose to:

- A. THAT the Commission accepts the City of Lacombe proposal and directs Administration to finalize the management and operations services contract with the City of Lacombe. **OR**
- B. THAT the Commission directs Administration to request revisions to the City of Lacombe proposal for the Board's consideration at its next regular meeting. **OR**
- C. THAT the Commission directs Administration to request proposals from member municipalities for NRDRWSC Management and Operations services. **OR**
- D. THAT the Commission directs Administration to issue an open and competitive Request for Proposal for NRDRWSC Management and Operations services.

### ATTACHMENTS:

In Camera – Labour FOIP Section 16 – Proposal  
 In Camera – Labour FOIP Section 16 – (Handout)