

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION  
REGULAR MEETING, HELD ON THURSDAY, FEBRUARY 18, 2016 AT 6:00 P.M.  
BEST WESTERN PLUS DENHAM INN & SUITES, TERRACE ROOM,  
5207 – 50 AVENUE, LEDUC, AB.**

**1. CALL TO ORDER**

Chairman John Schonewille called the meeting to order at 6:00 p.m.

<b>PRESENT:</b>	Chairman John Schonewille	Leduc County
	Councillor Anne Donovan	Town of Calmar
	Councillor Michelle Borodawka	Town of Calmar
	Councillor Bill McNamara	Town of Beaumont
	Councillor Bruce LeCren	Town of Beaumont
	Councillor Doug Lyseng	Camrose County
	Deputy Mayor Shannon Yearwood	Village of Hay Lakes
	Councillor Faye Leicht	Village of Hay Lakes
	Councillor Beverly Beckett	City of Leduc

<b>ALSO PRESENT:</b>	Shawn Olson, Commission Manager	City of Leduc
	Rick Sereda, Operations Manager	City of Leduc
	Samantha Folster, Engineering Project Manager	City of Leduc
	Shawn Tooth, Water Technician	City of Leduc
	Amber Ouellette, Accountant	City of Leduc
	Carol Hounsell, Treasurer	City of Leduc
	Shirley Weslosky, Recording Secretary	City of Leduc
	Shannon Bremner, Recording Secretary	City of Leduc
	Mayor Tony Wadsworth	Town of Millet
	Councillor Pat Garrett	Town of Millet
	Councillor Carol Sadoroszney	Town of Millet
	Teri Pelletier, CAO	Town of Millet
	Mary Coyne, Edmonton Int. Airport	
	Steve Rumley, Edmonton Int. Airport	

<b>WITH REGRETS:</b>	Councillor Rick Smith	Leduc County
	Mayor Wally Yachimetz	Town of Calmar
	Councillor Kathy Barnhart	Town of Beaumont
	Councillor Greg Gillespie	Camrose County
	Councillor Bob Young	City of Leduc



**2. ADOPTION OF AGENDA**

- 01-16      **Motion:** It was **Moved** by Bill McNamara that the agenda for the February 18, 2016 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

**Carried**

**3. APPROVAL OF MINUTES**

**A. Minutes of the November 26, 2015 Organizational Meeting**

There were no changes to the minutes.

- 02-16      **Motion:** It was **Moved** by Bill McNamara that the meeting minutes of the November 26, 2015 Capital Region Southwest Water Services Commission organizational meeting be approved as circulated.

**Carried**

**B. Minutes of the November 26, 2015 Regular Meeting**

There were no changes to the minutes.

- 03-16      **Motion:** It was **Moved** by Bill McNamara that the meeting minutes of the November 26, 2015 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

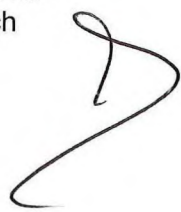
**Carried**

**4. REPORTS OF OFFICERS**

**A. Manager's Report**

Filing

Administration is going to solve a problematic filing situation that has existed for some time. Over 60 bankers boxes of documents have been stored in various locations at the boundary station and City of Leduc offices. These documents are unmarked and the contents are not useable in their current state. Additionally as they are not all scanned, in the event of a fire all pertinent information would be lost (O&M manuals, as-builts, contracts, etc.). A quote for scanning services was received at \$230 per banker box, plus setup. The issue with using a service such as this is that they do not have the expertise to identify what documents in the boxes are relevant to current operations, nor do they understand the retention period required for the various documents. For an equal or lesser cost, Administration has developed a solution whereby a NAIT water and wastewater technician will determine what documents could be destroyed and what documents would need to be retained, according to the retention schedule. The originals that need to be retained will be stored at the boundary station (which





eliminates offsite storage costs). After the project concludes, a motion will be presented to the Board to approve the shredding of documents that are due for destruction.

Highway 19 Crossroads ASP

No update on this project at this time.

Bylaw 01-2015

Bylaw 01-2015 has been approved and signed off by Alberta Municipal Affairs. A copy of the letter was provided.

Town of Millet

The application for the Town of Millet to join the commission is with municipal affairs for review.

Millet Water Supply Line Project

The joint cost share agreement between the City of Leduc, Leduc County, the Town of Millet and the Commission has been signed off by all parties. Copies have been distributed to all parties. A copy of the agreement was provided.

The Commission is currently working on finalizing the engineering services agreement with Select Engineering (Select was initially working for the Town of Millet, and now needs a contract with the commission). An invitation for prequalification was posted on February 10, and will be closing February 25. From there, qualified contractors will be pre-selected to take part in the tender process. It is anticipated that the project will be tendered in the first week of March and awarded by early April. In the meantime, we are working to finalize all the crossing agreements and permitting required to move forward with the project. A first set of drawings was distributed to all parties for review, the revised drawings and tender package from Select Engineering have now been received and are under review by administration.

There were also questions relating to the insurance and bonding provisions of the tender which will be issued following the prequalification. The terms for bonding and insurance to be used in the tender package are consistent with City of Leduc contracts and best practices. Additionally full time supervision of the contractor will be provided by the consultant during construction. Therefore, the Commission will not be held liable for any incidents that may occur due to the indemnity clause. The contractor will provide a bond which provides assurance as well.

**04-16**

**Motion:** It was **Moved** by Pat Garrett that the Capital Region Southwest Water Services Commission receives as information the Manager's Report as presented by Shawn Olson, Commission Manager, CRSWSC.

**Carried**



**B. Operator's Report**

Commission operators completed 1954 1<sup>st</sup> Call locates on Commission facilities in 2015 as compared to 1972 in 2014. Commission operators have completed 79 1<sup>st</sup> Call locates year to date on Commission facilities.

November 25, 2015 – Water started surfacing from a Commission valve on 50 Ave in front of Beaumont's Aqua-Fit Center. NS Pawliuk and Son were contracted to perform the repair. Once the excavation reached the transmission main it had become more obvious that the water was coming from another source. The leak was later confirmed to be coming from the old Commission main that now falls under the responsibility of Leduc County.

December 18, 2015 – Leduc Plumbing and Heating replaced the unit heater at our Calmar fill station.

January 8, 2016 – Nason Contracting Group Ltd. installed the new supervisory control and data acquisition (SCADA) human machine interface (HMI) at the Boundary station. The system was installed in parallel to our existing HMI for testing purposes.

January 18, 2016 – Sturgeon Rewind performed annual maintenance on variable speed pump (VSP) 102 at our Boundary station. During their visit we had them attend our Booster station to determine why VSP 407 was making a loud noise. Based on a preliminary investigation of the pump they determined that the bearing housing was failing and that a new motor was our best option.

January 21, 2016 – Leduc Plumbing and Heating completed the installation of a fan and humidistat to go with the new unit heater at our Calmar fill station.

January 21, 2016 – Chamco was contracted to give a second opinion on the pump issues we were having at our Booster facility. It was determined that a new motor was required.

February 2, 2016 – Chamco returned to the Booster station to install the new motor on VSP 407.

E-Mac Corrosion Inc. is recommending a few items based on their 2015 annual cathodic protection survey:

- The installation of a sacrificial ground bed at the blow off located next to Blackmud Creek West of our County East Facility.
  - The valves on the Beaumont line require a depolarization survey.
- This work will be addressed in summer months, a report will be provided.

05-16

**Motion:** It was **Moved** by Beverly Beckett that the Capital Region Southwest Water Services Commission receive as information the Operator's Report as presented by Rick Sereda, Operations Manager, CRSWSC.

Carried





**C. Treasurer's Report**

2015 Customer Sales

Bylaw 02-2015, section 6.7 states that Commission members are required to pay a minimum of 90% of the volume requested by the member for the year. In 2015, all of the member municipalities exceeded their estimated consumption. The Commission as a whole was at 104.32% of their consumption estimate. However, this is based on a 98% recovery rate that is used for budgeting. The estimated annual consumption submitted to the RWCG was 5,593,254 M<sub>3</sub>. The 2015 actual consumption of 5,718,271 M<sub>3</sub> is 102% of that amount.

2015 Financial Update

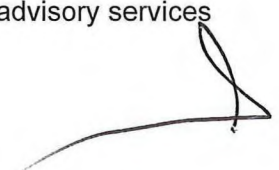
At yearend, total expenditures are very close to budget with only 0.19% of the budget remaining. Operational expenses are slightly over budget by 0.24%. Management expenses are under budget with 9.76% of the budget remaining. This is mostly attributable to other professional fees and debenture interest being under budget. Please note that there are some additional yearend adjustments still pending so the information provided is not final. There will be carry forwards into 2015 for the following projects:

- 1) Armena Line Expansion - \$357,636 (capital)
- 2) Millet Water Line Expansion - \$14,500,000 (capital)
- 3) Calmar Radio Tower - \$31,683 (capital)

*Revenue Variances*

- Water sales are 4.31% over budget for the year due to a dry summer.
- Debenture proceeds is below budget because a payment for the Armena line debenture was budgeted for in 2015 but the debenture funding has not yet been received.
- Interest earned is above budget due to better than expected returns and additional funds being transferred into investments in December.
- Capital provincial grant funding is above budget because there were additional expenditures in 2015 related to the Armena line project that weren't budgeted for.
- Some yearend accounting entries are still to be posted.
- The Commission has recorded a line loss of 2.83%.

*Expenditure Variances*

- Other professional fees is under budget with 76.29% of the budget remaining.
  - Debenture interest is below budget with 5.76% of the budget remaining because a payment for the Armena line debenture was budgeted for in 2015 but the debenture funding has not yet been received.
  - Audit Fees are over budget by 54.55% due to the Audit contract having expired at the end of 2014 and as a result 2015 audit fees had to be estimated.
  - Insurance is under budget with 22.86% of the budget remaining.
  - Engineering fees is over budget by 19.57% due to additional advisory services related to the Millet line expansion and Discovery Park.
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- Computer maintenance and supplies is under budget with 36.32% of the budget remaining.
- Power and gas are below budget with 9.84% and 34.35% respectively of the budget remaining.
- Electrical repairs & Maintenance and Cathodic Protection are both below budget with 31.08% and 62.83% respectively of the budget remaining.
- Facility Maintenance is under budget with 60.10% of the budget remaining.
- Line maintenance is over budget by 33.04% due to unexpected water line repairs.
- Water purchases is over budget by 5.19% which is consistent with water sales being over budget.

#### Audit

The Commission auditors, Hawkings, Epp Dumont LLP are scheduled to begin work on March 1, 2016. The audit report and findings along with the Commission's final financial results will be presented at the AGM on May 5, 2016 as per best practice.

#### 2015 Capital Project Summary

A copy of the 2015 Capital Projects Summary was provided. The cathodic protection and radio communication tower projects were not completed. The cathodic protection project will not be carried forward into 2016 but the Calmar radio tower will be carried forward. The Millet waterline expansion will be carried forward into 2016. The boundary station computer and software upgrade was completed in 2015 and was over budget by \$5,982. \$23,758 of expenditures were incurred on the Armena line extension that were not budgeted for in 2016. In addition, \$357,636 is budgeted for the Armena line in 2016 in order to resolve the radio communication issues. This will be funded from the balance of the capital provincial government grant and the debenture. The debenture still has not been applied for.

#### EPCOR Water Rate Liability

The final settlement for the 2012, 2013 and 2014 EPCOR rate dispute was included on the January 31, 2016 invoice. The final balance owing was \$493,393 of which \$389,065 was paid for out of the contingency reserve and \$104,328 will be invoiced to the Commission members and EIA within the next few weeks. A letter was sent out at the end of December advising members and EIA of the recommended accrual adjustment for their 2015 year end.

#### Regional Water Customers Group

Nothing new to report since last meeting.

#### Signing Authority

For a period of time during January and February of 2016 Administration was unable to get cheques signed for the Commission because Chairman John Schonewille was away and he is the only board member who currently has signing





authority. The bank would not allow newly elected Vice-chairman Beverly Beckett to be granted signing authority because they required the signed minutes of the November organizational meeting. The organizational meeting minutes would not be approved and signed until tonight's meeting. In order to ensure there is always a Board member available to sign cheques Administration requested that the Board make a motion to allow one additional Board member to have cheque signing authority. It was suggested that new signing authority designations should be approved and signed off on at each organizational meeting to avoid this circumstance in the future.

- 06-16**      **Motion:** It was **Moved** by John Schonewille that the Capital Region Southwest Water Services Commission approve Board member Bruce LeCren to have cheque signing authority.

**Carried unanimously**

- 07-16**      **Motion:** It was **Moved** by Doug Lyseng that the Capital Region Southwest Water Services Commission receive as information the Treasurer's Report as presented by Carol Hounsell, Treasurer, CRSWSC.

**Carried**

## **5. Unfinished Business**

### **A. 2016 Meeting Dates and Location**

It is recommended that the CRSWSC Board of Directors approve the following 2016 meeting dates;

Thursday, April 7, 2016 – Regular Meeting

Thursday May 5, 2016 – Annual General Meeting

Thursday June 9, 2016 – Regular Meeting

Thursday September 8, 2016 – Regular Meeting

Thursday December 1, 2016 – Organizational Meeting

The meetings will be held at the Best Western Plus Denham Inn & Suites, located at 5207 – 50 Avenue, Leduc, AB T9E 6V3. Dinner at 5:30 p.m. and the meetings will begin at 6:00 p.m.

- 08-16**      **Motion:** It was **Moved** by Anne Donovan that the Capital Region Southwest Water Services Commission approve this as information.

**Carried**



**B. Professional Development Opportunities**

Administration provided a list of potential conferences for Board members to consider and briefly explained each conference. Administration is available to assist Board members with booking conferences.

**Action:** Administration will add the early bird registration dates to the Professional Development Reports.

**Action:** Shannon Bremner will email Board members information about the NASTT No Dig Conference, which may be of particular interest considering the upcoming projects.

**09-16 Motion:** It was **Moved** by Shannon Yearwood that the Capital Region Southwest Water Services Commission accept this report as information as presented by Shawn Tooth, Water Technician, CRSWSC.

**Carried**

**C. Water Allocation Limits**

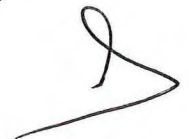
In developing the 02-2015 bylaw and while reviewing subsequent applications for additional water allocations, it has become clear that alterations to the present method of allocating water are required. Currently in practice, the commission has been allocating water to municipalities as requested. It is important that this is planned for, but to actually allocate water to individual municipalities based on long terms projections unnecessarily places restrictions on the existing infrastructure, and potentially the development of members. As the commission approaches allocations that match the capacity of the existing infrastructure, it is prudent to determine an alternative to avoid placing municipalities in a position where they must balance their water demands within existing allocations. This is especially true in main segments of the commissions infrastructure because upgrades are planned which will eliminate any capacity issues.

Administration has approached Associated Engineering to identify solutions to the water allocation issue and recommend a new allocation strategy. Associated Engineering presented three options at the last commission meeting in 2015. The goal is to select a strategy which will allow for planned infrastructure upgrades, protect the supply of water to all communities, and not unnecessarily impede development, or require additional unique water rates for each municipality.

**Option 1 – No Water Allocations**

Water allocations are removed from the bylaw.

- The commission tracks and manages the water demand from each of the members.
- All connection requests are reviewed based on the system capacity.
- As system expansion is required all members contribute to the cost of the expansion through water rates.





Removes any competitiveness for water allocations. As cost for upgrading the system is added to water rates, larger water users fund the majority of smaller line expansions. The downside of this option is that all commission members would have to pay for very costly twinning of small diameter lines and there would not be water allocation protection for communities at the end of long small diameter lines (i.e. Town of Calmar, Town of Millet, etc.).

Option 2 – Allocations provided to any lines below a certain diameter  
(proposed to be 500mm – follows current practice)

- Water Allocation is provided to the member municipalities along smaller diameter lines which branch off from larger transmission lines. (i.e. Town of Calmar, Town of Millet, Transmission Line 2)
- There are no allocations required on the larger lines as they are being planned to be upgraded.
- All members contribute the expansion of the large diameter lines based on water rates, which places the majority of the costs with the largest users of water.

Members on smaller diameter lines would continue to have allocations assigned to them based on the capacity of the smaller diameter line. This protects the water supply for those communities. Without allocations, any future connections to small diameter lines could remove the available capacity and restrict future growth for the downstream community until the line is twinned. This closest reflects the current practice of the commission.

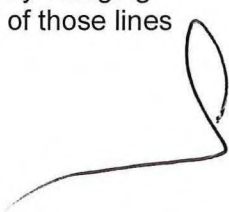
Option 3 – Allocated System

- Water Allocations are provided to all members.
- Each member is responsible to manage its water use within its allocation.
- System expansion is based on collected money via water rates and system allocation.

This places a potential restriction on development as allocations cannot exceed the capacity of the system and would require member municipalities to manage their water use within allocations.

Regardless of the option selected, the commission would still need to approve water uses for member municipalities so that proper planning can take place to prepare for future upgrades. Member municipalities should share development plans with the Board so the Commission can prepare accordingly.

The recently approved water masterplan identified upgrades which will eventually be required by 2032 based on an aggressive growth rate of 4%. The upgrades required are the twinning of the mainline from the Boundary Station to the City of Leduc and from the mainline to Beaumont. The commission is already charging all customers \$.11/m<sup>3</sup> to save towards those eventual upgrades. All of those lines



are large diameter transmission lines (500 mm or larger). This practice is consistent with option 2.

Options 1 and 2 were thoroughly discussed by the Board. The Town of Calmar Council and the Town of Millet Council are in support of Option 1; however, it was noted that Option 1 does not protect the allocations for the smaller municipalities. If another customer wanted to take capacity off the line, if there are no water allocations the Commission cannot refuse, which could impact growth of the municipality. The Board asked Administration to investigate water allocation limits further and obtain a legal opinion on the matter. Once prepared, this item will be presented to the Board at a future meeting.

- 10-16**      **Motion:** It was **Moved** by Bill McNamara that the Capital Region Southwest Water Services Commission municipalities work together to find a solution that benefits everyone.

**Carried**

## **6. New Business**

### **A. SCADA Introduction Presentation**

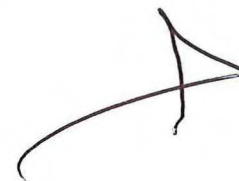
Shawn Tooth presented the new SCADA system to Board members. This new system provides a view of all reservoirs and visual indicators of the reservoir levels. If a facility is in an alarm condition, the Human Machine Interface (HMI) will indicate this. The new facilities that will be coming online are indicated, but are not yet active. Leduc and Beaumont's second reservoirs are not currently shown and the Regional Water Customers Group (RWCG) has requested to have access to this information. The RWCG only has access to view the main screen, they do not have the ability to modify. The additional screens visually show the infrastructure and pumps at each reservoir. This system is still in development.

- 11-16**      **Motion:** It was **Moved** by Doug Lyseng that the Capital Region Southwest Water Services Commission accept this presentation as information, as presented by Shawn Tooth, Water Technician, CRSWSC.

**Carried**

### **B. Request for New SCADA Connections (RWCG)**

The Regional Water Customer Group (Strathcona County) has requested the ability to view the reservoir levels at Beaumont and Leduc's second reservoirs. As per a letter from Jeff Hutton from the RWCG, the added visibility of the currently hidden facilities will aid them in initiating demand measures and setting the regional flow rates.





- 12-16**      **Motion:** It was **Moved** by Pat Garrett that the Capital Region Southwest Water Services Commission approve the connection of Beaumont and Leduc's second reservoirs to the Commission supervisory control and data acquisition system, as presented by Rick Sereda, Operations Manager, CRSWSC.

**Carried**

**C. Radio Report**

The recommendations from Associated Engineering's Radio Report are as follows:

- The Booster station in Leduc County will become the communication hub for the Commission's system.
- A new 50m CSA rated free standing tower is required at the Booster Station.
- Calmar and Nisku North (Discovery Park) require 15m tower complete with AGL antennas (non-CSA) rated to improve signal reliability. These signal issues are pre-existing to the Armena issue.
- The Hay Lakes tower needs to be increased to a 30m non-CSA rated tower.
- Armena tower needs to increase to 30m non-CSA rated.
- All SD4 radios will be reconfigured to operate in digital mode for better fault tolerance. The Commission currently uses analog mode.
- Minor repairs to several locations are required to ensure continued operation after the antennas are re-orientated for the new radio configuration.
- No PLC system programming will be required as the radio re-configuration will be transparent to the SCADA.
- The majority of the costs are for the new towers, in particular the highest cost will be for the new 50m tower at the Booster Station.

The majority of the changes will fall under the Armena water main project with the exception of the Calmar tower.

There was discussion about using landline communication through Telus instead, which administration has previously explored. However, in the event of a major disaster and telephone or cellular communication fails, proprietary communication is more secure and should continue to operate in this type of situation. With this said, this is a time sensitive project and any delays could potentially delay the Millet project as well. This project is partially funded by the water for life funding, which is a huge benefit to the Commission.

- 13-16**      **Motion:** It was **Moved** by Doug Lyseng that the Capital Region Southwest Water Services Commission approve the radio system modification recommendations provided by Associated Engineering, as presented by Rick Sereda, Operations Manager, CRSWSC.

**Carried**



**D. 2016 Final Budget Report**

2016 Final Budget Adjustments

On November 26, 2015, the Board approved the 2016 Interim Budget. Highlights of the budget approved on that date are recapped later in this report. Presented to the Board at this time is the 2016 Final Budget. The only changes to the budget since adoption of the 2016 interim budget are as follows:

*Capital Budget*

- Project 2015.001 Calmar Radio Tower. Initially this project was to be cancelled for 2015 but it was later determined as a result of moving the communication hub to the booster station that it would be required. The project is budgeted to cost \$31,683 and will be funded from the capital reserve.

*Accumulated Surplus*

- Drawn from accumulated surplus was decreased from \$646 to \$546. Since the balance in accumulated surplus (unrestricted surplus) is only \$398, it cannot be used as a funding source in 2016. The \$546 is a balancing amount.

*Reserves*

- An amount of \$31,683 is budgeted to be drawn from the general capital reserve to fund Project 2015.001 Calmar Radio Tower.

*Provincial Government Capital Grant/ Debenture Proceeds/ Loans*

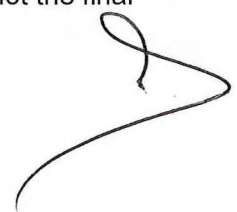
- Funding for the Armena Line Project was corrected to reflect the actual amount of grant and debenture funding remaining.

*Expenditures*

- The Filing/Records System line item was increased from \$15,000 to \$16,400 to ensure there is enough to cover wages and benefits for a temporary employee.
- Computer Maintenance, Supplies and Licenses was increased from \$2,000 to \$3,500 to cover the cost of purchasing a scanner and any additional computer supplies for the boundary station required for the filing project.
- Since Other Communication and Maintenance Costs was over budget in 2015 the 2016 budget was increased by \$1,500.
- Regular and Annual Meeting Expenses was increased by \$500 in other to accommodate any additional cost associated with moving the regular board meetings from the LRC to the Denham Inn. This amounts to an extra \$100 for each of the five regular meetings.

*December 31, 2015 Actuals*

- The 2015 Actuals are not finalized for 2015. There are still TCA and amortization entries and final yearend adjusting entries that have to be completed. Therefore, the December 31, 2015 YTD actuals are not the final numbers.





2016 Final Budget Highlights

Revenue

*Water rates*

The CRSWSC sales rate for water has increased to \$1.25/m<sup>3</sup> from \$1.12/m<sup>3</sup> in 2014. The increase is due to a number of factors. The 2016 interim rate for EPCOR was set at \$0.82/m<sup>3</sup> up from \$0.80/m<sup>3</sup> in 2015. This rate has been approved as the interim rate by the RWCG. The increase of \$0.13/M<sup>3</sup> is required for the following:

- \$0.02/m<sup>3</sup> for the EPCOR rate increase
- \$0.06/m<sup>3</sup> additional increase to be transferred to the reserve for the future water system expansion for a total of \$0.11/m<sup>3</sup>.
- \$0.015/m<sup>3</sup> was added to increase the rate stabilization reserve. The current balance is currently \$31,500 and the cap is \$156,488 based on the Rate Stabilization Reserve Fund Policy.
- \$0.035/m<sup>3</sup> for operational, and maintenance costs increases.

*Interest*

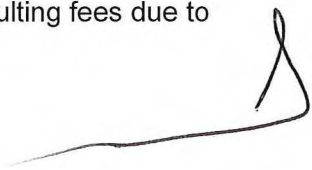
Interest increased from \$18,750 to \$22,500 based on projected actuals for 2015.

*Accumulated Surplus*

It was decided not to draw funds from accumulated surplus for the Annual Revenue Requirement and Rate Design Policy due to the low balance in accumulated surplus at 2014 year end. The required net balancing amount to be drawn from accumulated surplus is \$546.

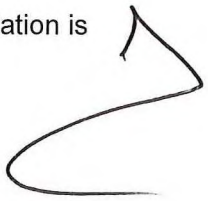
The rate stabilization reserve balance is currently \$31,500 which is \$124,988 below the 15% cap of \$156,488. \$88,500 was used at the end of 2014 to offset a negative balance in accumulated surplus so administration recommends replenishing this reserve since \$31,500 will not have much of an impact on stabilizing rates.

Expenditures

- Operational and management contracts are as per contractual agreements.
  - Honorariums and Mileage have not changed and AUMA rates have remained unchanged.
  - Legal fees increased by \$3,000 due to the RWCG legal fees being higher than anticipated in 2015.
  - Audit fees have increased for 2016. An RFP was issued in 2015 and audit fee rates have increased overall since the previous audit contract was signed. Hawkings Epp Dumont will continue to provide auditing services to the CRSWSC for the fiscal years from 2015 to 2019.
  - Other professional fees have increased due to the Filing/Records System project being revived for 2016. However, within that other professional fees line item, there was a decrease in the budget for RWCG consulting fees due to lower than anticipated costs in 2015.
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- Debenture payments expense (interest + principal) has remained very close to the same as budgeted for in 2015. It is anticipated the Armena project will be completed in the first half of 2016 and that the funding for the debenture for the Armena line extension will be received in June. Only one payment of \$11,689 (principal & interest) will be required in 2016.
- Computer maintenance, supplies & licenses decreased in 2016 due to UPS replacements having been completed in 2015.
- Instrumentation & mechanical increased due to the annual contract with Nason being higher than budgeted for in 2015.
- Telephone expenses have increased over 2015 due to new service contracts being required for some new iPads being added.
- Insurance decreased because the 2015 insurance premiums were less than anticipated.
- Water Purchases – For 2016 EPCOR has set an interim rate of \$0.82/m3. Members of the RWCG have agreed to this interim rate. Administration recommends that the CRSWSC use this as its budgeted water rate for 2016.
- Power – has increased over the 2015 budget due to anticipated increased consumption and fluctuations in the Enmax bill. The rate of \$0.08318/KWH remains unchanged.
- Gas – has decreased due to rates and consumption being lower than anticipated in 2015.
- Electrical & mechanical has increased due to increased costs in 2015.
- Facility maintenance – has increased significantly over the 2015 budget. \$10,000 was added for a boundary station roof inspection and \$35,000 was added for an engineering arc flash inspection and study.
- Seminars & conferences has increased due to the new Board Development Policy which allows for \$5,000 annually for each member municipality for training and development.
- Transfers to Operating Reserves has increased over the 2015 budget. \$0.015/m3 was added to replenish the rate stabilization reserve which was depleted at the end of 2014 to offset a negative accumulated surplus.
- All other expense line items have remained unchanged or have not changed by material amounts.

#### Capital

- "Transfers to Capital Reserves" has increased in 2016. The increase is due to a \$0.06/m3 increase to the reserve for the Future Water System Expansion. This will increase the reserve transfer amount from \$0.05/m3 in 2015 to \$0.11/m3 in 2016.
  - Project 2013.002 – Armena Waterline Expansion was not completed by the end of 2014 as previously anticipated and will extend into 2016. Therefore dollars have been budgeted for this project in 2016. This will be funded from the remaining balance in the Water for Life grant and the debenture.
  - Project 2015.001 – Radio Communication Tower was initially cancelled for 2015 but it was later determined it will be needed.
  - Project 2015.002 – Upgrade Computer & Software at Boundary Station is anticipated to be complete by the end of 2015.
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- Project 2015.003 – Millet Waterline Expansion was an approved budget adjustment for 2015 and will be carried forward into 2016. Some adjustments will be done in the final budget to reflect 2015 revenues and expenditures.
- Project 2016.001 – Air Vacuum Release Valves is new for 2016.
- Project 2016.002 – Boundary Station Transfer Switch is new for 2016.

14-16

**Motion:** It was **Moved** by Anne Donovan that the Capital Region Southwest Water Services Commission adopt the 2016 Final Budget as presented by Carol Hounsell, Treasurer, CRSWSC, with total revenues and transfers of \$22,167,457 and total expenditures of \$22,167,457.

**Carried**

**7. NEXT MEETING**

The next regular meeting of the Capital Region Southwest Water Services Commission will be held on April 7, 2016 at the Best Western Plus Denham Inn & Suites, located at 5207 – 50 Avenue, Leduc, AB.



Dinner at 5:30 p.m. and the meeting will begin at 6:00 p.m.

**8. ADJOURNMENT**

15-16

**Motion:** It was **Moved** by John Schonewille to adjourn the meeting at 7:36 p.m.

**Carried**

  
\_\_\_\_\_  
CHAIRMAN  
  
\_\_\_\_\_  
MANAGER