

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION
 REGULAR MEETING, HELD ON THURSDAY, SEPTEMBER 8, 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 5:50 p.m.

PRESENT:	Chairman John Schonewille	Leduc County
	Councillor Rick Smith	Leduc County
	Mayor Wally Yachimetz	Town of Calmar
	Councillor Terry Balaban	Town of Calmar
	Councillor Kathy Barnhart	Town of Beaumont
	Councillor Bill McNamara	Town of Beaumont
	Councillor Doug Lyseng	Camrose County
	Councillor Greg Gillespie	Camrose County
	Councillor Faye Leicht	Village of Hay Lakes
	Deputy Mayor Shannon Yearwood	Village of Hay Lakes
	Vice Chairman Beverly Beckett	City of Leduc
	Councillor Bob Young	City of Leduc

ALSO PRESENT:	Shawn Olson, Commission Manager	City of Leduc
	Rick Sereda, Operations Manager	City of Leduc
	Amber Ouellette, Accountant	City of Leduc
	Shawn Tooth, Water Technician	City of Leduc
	Shannon Bremner, Recording Secretary	City of Leduc
	Mayor Tony Wadsworth	Town of Millet
	Councillor Pat Garrett	Town of Millet
	Teri Pelletier, CAO	Town of Millet
	Graham Backus, Manager of Public Works	Camrose County
	Mary Coyne, Project Manager, Infrastructure	EIA

WITH REGRETS:	Samantha Folster, Engineering Project Manager	City of Leduc
	Carol Hounsell, Treasurer	City of Leduc

2. ADOPTION OF AGENDA

The Armena Extension to Ervick – Camrose County was added to the agenda under New Business.

- 34-16** **Motion:** It was **Moved** by Mayor Wally Yachimetz that the agenda for the September 8, 2016 Capital Region Southwest Water Services Commission regular meeting be approved as amended.

Carried

3. APPROVAL OF MINUTES

A. Minutes of the June 9, 2016 Regular Meeting

There were no changes to the minutes.

- 35-16** **Motion:** It was **Moved** by Councillor Kathy Barnhart that the meeting minutes of the June 9, 2016 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

Carried

4. REPORTS OF OFFICERS

A. Manager's Report

Water Allocation Update

Associated Engineering has submitted a revised copy of the water allocation bylaw. The final draft was submitted to Brownlee for a legal opinion. Brownlee has come back with a list of recommended changes as it appears that there are some additional changes to the bylaw that are required as a result of iterations over the years where cross-references to other parts of the bylaw had been changed. A draft Bylaw is scheduled to be presented to the board at the December meeting.

Highway 19 Crossroads ASP

The Reservoir and water supply drawings have been provisionally approved subject to a number of conditions, primary of which is a development agreement. The portion relating to the Water Commission has a number of conditions that will be placed on the Leduc County development agreement. The project is to start at the Southern portion of the Highway 19 widening. This work has not yet commenced and is not expected to commence until 2017. Shawn Olson will contact Leduc County to provide an update regarding this project.

Millet Water Supply Line Project

The Millet Water Supply Line Project is underway. To date, 11,900 m of 300mm HDPE pipe has been installed along Rollyview Road, Range Road 245, Township Road 490, and Range Road 244. 1500 m of 550mm HDPE has been installed along the Lions Gate campground road and that crew is currently drilling across Telford Lake. The work at the Booster station will not commence until the Telford Lake crossing is complete due to the space constraints in the area. The Commission holds biweekly progress meetings with Select Engineering, Weaver Welding and other stakeholders (Town of Millet, Leduc County, etc.). If anyone

else would like to attend these meetings please contact Shawn Olson. Shawn Olson will contact the County of Wetaskiwin to provide an update on this project.

To date change orders for the project have included:

- Drilling conditions along Lions Gate Campground road encountered bedrock not found in the geotechnical reports. A total of 912 m of pipe required differing drill heads to break through the bedrock, which increases the price. A Change Order in the magnitude of \$200,000 for the additional drilling efforts has been submitted to the Commission for review. The material is being analyzed by Solid Earth, the Geotechnical representative on this project. Once Solid Earth confirms that there was bedrock to drill through, the Change Order will be approved.
- The consultant recommended modifying the pipe material in the booster station for longevity.
- The consultant also added additional combination air vacuum valves and blow offs throughout the pipeline length due to additional profile variations along the route.

In all, the changes to date represent approximately 31% of our allocated contingency/change order budget. There are no other change orders expected at this time.

There have been some concerns raised regarding communication for the Millet water line project. Administration regrets that there was any confusion regarding construction activities and have attached the follow-up letter regarding the resolution to this matter. As a result of the miscommunication, administration is asking all of the board members to please pass on Shawn Olson and Samantha Folster's contact information for any future concerns.

Millet Water Supply Line Grand Opening

With the Millet Water Supply Line project completion slated for early 2017, it is time to start thinking about a location for the grand opening. Since this is the Millet Water Supply Line, it is recommended that the grand opening be hosted in the Town of Millet. Suggestions for the location from the Millet board members would be appreciated.

Alberta Transportation QE2/CRSWSC Potential Conflict

Administration met with Alberta Transportation (AT) and ISL regarding widening the QE2. Initially, they were looking at widening the outside lanes which would potentially pose conflicts and require the Commission to relocate a large section of the main line from the booster station. At the meeting, AT and ISL indicated that they are now looking at widening the inside lanes to avoid utility conflicts.

Commission Main Infrastructure and EIA

The main transmission line along the QE2 was relocated to accommodate the EIA shopping center. The new location of the line is not currently protected by an agreement. The Commission is working on a right of way agreement/easement

with EIA to be in place for this section of line. A draft of the agreement has been sent to Brownlee for review.

Water Master Plan

A Water Master Plan update is scheduled to be completed in 2018. This will review and update expected projections for the 3 year operating and 10 year capital plan and help determine/forecast future water rates. There have been concerns raised relative to the increasing water rates. Currently the commission is following the 2013 Water Master Plan projections to protect/fund the future required upgrades to the system. It is important to note that the rates have been limited as much as possible. The rates are set based on utilizing the maximum borrowing capacity of the commission at the time the infrastructure is required to offset how much pre-saving is needed. To reduce the amount being saved would jeopardize the commission's ability to be able to fund the projects when needed. These rates will be re-analyzed every 5 years to account for varying growth rates and consumption.

Acting Manager of Commission

During the period of September 24 to October 1 there will be several commission representatives away at the WEFTEC conference. While Rick Sereda, Shawn Olson, Shawn Tooth and Councillor John Schonewille are away, Samantha Folster will be the main point of contact for operations and maintenance.

ALARIE Insurance Reciprocal Wind-Up

The commission was made aware that they will be receiving \$21,494.74 as a result of the Alberta Local Authorities Reciprocal Insurance Exchange (ALARIE) divvying up of assets following the settlement of the last of their claims. The CRSWSC will be receiving this amount out of a total of \$13,500,000 of net surplus assets that were held by ALARIE. This amount corresponds to commission's stake of 0.16% which is based on the CRSWSC contributions and claims. It was requested that some consideration be given to how these funds can be reapplied to reinvestment within this program. Administration will pose this question to AUMA to see what options may be available.

36-16

Motion: It was **Moved** by Councillor Beverly Beckett 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 have completed **1187** 1st Call locates year to date on Commission facilities as compared to **1147** last year at this time.

July 12 & 13, 2016 – Endress & Hauser Canada visited all of our commission facilities to verify our commission meters. We are pleased to report that all of the meters passed their verification tests.

July 14 – 19, 2016 - Super Pro Painting Systems painted the Beaumont fill station inside and out. There were a few deficiencies that required multiple return visits from Super Pro; the issues are now rectified and the facility looks great!

July 26, 2016 - Nason Contracting Ltd. completed the addition of the City of Leduc and the Town of Beaumont's second reservoirs to our Commission SCADA system.

August 3 – 9, 2016 – Nason Contracting Ltd. attended our Armena facility to address a communication failure. Until their visit the CRSWSC had been communicating through Camrose County's cellular modem. The solution was meant to only exist until our radio communications were established. Nason was kind enough to lend one of their old cellular modems as an interim solution for our ongoing temporary situation.

August 10, 2016 – Leduc Plumbing and Heating repaired the electrical conduit on the outside of the building at EIA's reservoir one. The conduit had been damaged and some of the wires were exposed to the elements.

August 10 – 12, 2016 – Nason Contracting Ltd. completed changes to our pump change over timings. Currently, when our pumps switch from the duty pump (either the 200 or the 250 horse power) to the stand by pump (400 horse power) the SCADA system would send out a great number of alarms due to quickly changing pressures. The intent of the project was to slow the changeover process to decrease the amount of pressure variations that occurred in our now previous programming scheme.

August 11, 2016 – Commission operators attended Beaumont's fill station to modify the flow control valve. The new flow control valve that was installed in 2013 had a 60 degree "V" style notch which was limiting the available flow to 230 cubic meters per hour. In the span of four hours, Keung, Randy and Sylvain were able to remove, disassemble, reassemble and reinstall the flow control valve with a 90 degree "V" port notch, effectively increasing the available flow to roughly 330 cubic meters per hour. This resulted in financial savings for the Commission, as a contractor was not required to complete this work.

August 11, 2016 – Commission operators responded to a reported sink hole located east of our County East fill station. Upon further investigation it was determined that the hole was located above the ACRWC's transmission main. Commission operators took some photos and passed the information along to the ACRWC, they investigated further and determined that the hole was likely from heavy rain fall or some previous exploratory work as their main had no signs of deterioration.

August 16, 2016 – Chamco was contracted to investigate abnormal vibrations coming from pump 204 at the Boundary station. Chamco performed a vibration analysis, the analysis indicated that the pump is operating within allowable tolerances.

37-16

Motion: It was **Moved** by Councillor Bob Young 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

2016 Financial Update

After seven months of operations up to the end of July, there should be approximately 41.67% of the budget remaining. Some management expenses are under budget due to the timing of expenses. Overall, operating expenses are under budget with some fluctuations within line items. Overall, total expenses are slightly under budget for the year with 45.88% of the budget remaining.

Revenue Variances

- Water sales are under budget for the period. Overall the water consumption projections for all municipalities is below the target for 2016 at 55.03% (after 7 months it should be approximately 58.33%). The decreased consumption is likely due to a very wet summer. I will discuss the impact of this on overall revenues and expenditures in more detail later.
- Flat rate debenture proceeds are under budget because the budget included a payment amount for the Armena line debenture which hasn't been applied for yet.
- Interest income is over budget with 30.03% of the budget remaining. This is due to the timing of interest payments.
- The Commission has recorded a line loss of 3.12% to date.

Expenditure Variances

- Water purchases are under budget for the period with 44.91% of the budget remaining. This is consistent with water sales being under budget.
- Insurance has been paid for 2016. The insurance premium was over budget at about 104% of the budgeted amount. The budget was \$20,000 and the actual was \$20,752.
- Power and gas are under budget due to a warmer winter and rate fluctuations. It is anticipated that expenditures on power and gas will be under budget at year end. Power will be below budget because of the new contract with Enmax effective April 1, 2016 that offers a significantly lower rate than we were previously paying. (new rate = \$0.05473/KWh; old rate = \$0.08318)
- No expenditures for audit fees have been incurred in 2016 to date. Audit fees are incurred at year end but are based on a contractual amount that aligns with the budget.
- There have been no expenditures to date for some operating expense line items including electrical repairs & maintenance and cathodic protection.

- Facility maintenance is under budget with 87.94% of the budget remaining due to the boundary station roof inspection and arc flash inspection and study not yet being under way.

Capital Expenditures

- Capital expenditures are significantly below budget with 84.02% of the overall budget remaining. This is due to:
 - a. The Armena Line project completion is still stalled due to radio communications issues.
 - b. The Calmar radio communications tower is delayed.
 - c. The boundary station transfer switch project has not started.
 - d. The Millet line expansion started at a later date then anticipated and the tender came in lower than budget so we expect to realize some savings.

2017 Interim Budget

The 2017 Interim Budget will be presented at the next scheduled board meeting on December 1, 2016. Due to anticipated changes with the MGA we will be bringing forward a 3 year operating budget and a 10 year capital budget. Only one year of the operating budget will be required to be approved.

2016 Water Consumption

As a result of a very wet summer, water sales and purchases are under budget to date and anticipated to be under budget for 2016. Included in the agenda package you will find a report titled "2016 Water Sales and Expenditures Projections." This report shows the actual impact on water sales and purchases to August 31, 2016 in comparison to budget. It also shows the projections for year end.

Water sales are below budget by \$208,543 to August 31, 2016 and purchases are below by \$137,266. The effect on operating surplus is \$71,276. It is anticipated that water sales will be below budget by an estimated \$313K by year end and purchases will be below budget by \$206K for a projected impact on operating surplus of -\$107K. This will be partially offset by anticipated savings in other areas such as legal fees and power & gas.

Water for Life Grant

We received a letter dated August 24, 2016 from Alberta Transportation advising that they are releasing \$4 million of the Water for Life Grant for the Town of Millet Regional Water Supply Line. The money has been direct deposited into the CRSWSC bank account. The total grant we are expecting is approximately \$7 million. The total received to date, including the \$4 million, is \$5,030,000.

Administration will forward the water rate projections to Beaumont administration for budgeting purposes. It is important to note that these are only projections and water sales and other factors can impact these projected rates.

In regards to carbon tax, it was recommended that the CRSWSC send a letter to the provincial government in regards to requesting an exemption for the CRSWSC from the carbon tax.

- 38-16** **Motion:** It was **Moved** by Councillor Rick Smith that Administration will send a letter to the provincial government to request an exemption to the Carbon Tax fees on behalf of the Capital Region Southwest Water Services Commission.

Carried

During the recent water restrictions, operators closely monitored reservoir levels to ensure they were in a healthy state. Water restrictions were imposed due to the high levels of silt and increased debris in the Edmonton processing facilities. Operators distributed emails to all Commission members in regards to the water demand restrictions and provided prompt communication updates. There were concerns brought forward in regards to consistency with water demand condition definitions, as EPCOR uses different condition classifications. This concern will be brought forward for discussion at the next RWCG meeting to ensure consistent information is shared in regards to water demand condition classifications.

- 39-16** **Motion:** It was **Moved** by Councillor Bill McNamara that the Capital Region Southwest Water Services Commission receive as information the Treasurer's Report as presented by Amber Ouellette, Accountant, CRSWSC.

Carried

5. UNFINISHED BUSINESS

There was no unfinished business presented.

6. NEW BUSINESS

A. Armena Extension to Ervick – Camrose County

Camrose County is considering installing a water line from Armena to Ervick, which is an industrial park south of Armena. The tenders closed today and Camrose County will now proceed with the RFQ process. The Commission requests that Camrose County provides administration with a projected water demand to ensure that this demand fits within the initial water allocation for Armena. Camrose County will pass this information along to the Commission as it is received. Leduc County would like to ensure that there will still be capacity to build a reservoir in Rollyview in the future.

7. NEXT MEETING

The next meeting of the Capital Region Southwest Water Services Commission is the Organizational meeting, which will be held on December 1, 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

40-16 **Motion:** It was **Moved** by Councillor Rick Smith to adjourn the meeting at 6:41 p.m.

Carried

CHAIRMAN

MANAGER