

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION
 REGULAR MEETING, HELD ON THURSDAY, NOVEMBER 30, 2017 AT 6:00 P.M.
 BEST WESTERN PREMIER DENHAM INN & SUITES, TERRACE ROOM,
 5207 – 50 AVENUE, LEDUC, AB.**

1. CALL TO ORDER

Chairman Rick Smith called the meeting to order at 6:23 p.m.

PRESENT:	Chairman Rick Smith	Leduc County
	Councillor Kelly Vandenberghe	Leduc County
	Councillor Sam Munckhof- Swain	Town of Beaumont
	Councillor Greg Gillespie	Camrose County
	Councillor Doug Lyseng	Camrose County
	Mayor Dawn Pauls	Village of Hay Lakes
	Vice Chairman Beverly Beckett	City of Leduc
	Councillor Lars Hansen	City of Leduc
	Mayor Tony Wadsworth	Town of Millet
	Councillor Pat Garrett	Town of Millet
	Mayor Wally Yachimetz	Town of Calmar
	Councillor Terry Balaban	Town of Calmar

ALSO PRESENT:	Shawn Olson, Commission Manager	City of Leduc
	Rick Sereda, Operations Manager	City of Leduc
	Pamela Regier, Project Manager	City of Leduc
	Carol Hounsell, Treasurer	City of Leduc
	Amber Ouellette, Accountant	City of Leduc
	Shawn Tooth, Water Technician	City of Leduc
	Shannon Bremner, Recording Secretary	City of Leduc
	Mary Coyne, Project Manager, Infrastructure	EIA
	Councillor Lin Rehn	Town of Calmar
	Dean Downey, Manager, Utilities	Leduc County
	Keaton Seaby, Manager, Public Works	Town of Beaumont
	Graham Backus, Manager, Public Works	Camrose County

WITH REGRETS:	Councillor Bill Daneluik	Town of Beaumont
	Councillor Dave Vallee	Village of Hay Lakes

2. ADOPTION OF AGENDA

57-17 **Motion:** It was **Moved** by Mayor Tony Wadsworth that the agenda for the November 30, 2017 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

Carried

3. APPROVAL OF MINUTES

A. Minutes of the September 7, 2017 Regular Meeting

- 58-17 **Motion:** It was **Moved** by Councillor Pat Garrett that the meeting minutes of the September 7, 2017 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

Carried

4. REPORTS OF OFFICERS

A. Manager's Report

Leduc County Water Distribution Study

The Commission received a letter from Leduc County advising that they are completing a water distribution feasibility study for the expansion of their rural area servicing and are proposing a connection to the CRSWSC system at the TWP RD 500 and RR 232 intersection. They requested information regarding current allocations and connection requirements.

The Commission's Engineer, Associated Engineering, has confirmed that Leduc County's average daily demand is within their allocation for Transmission Main 2, however their peak daily demands exceeds the limits set forth in the Commission's Water Service Policy. Increases to their current demand are limited by the pumping capacity at the Highway 21 Booster Station. Further information is required in order to undertake a capacity assessment of the Commission's system, which will be done in conjunction with the proposed Booster station upgrades under item 6C. Leduc County was provided with a letter from Associated Engineering identifying the CRSWSC connection requirements and requesting the demand projection information required for the capacity assessment.

Millet Water Supply Line Project

The Millet line has been operational since late April. It should be noted that although operational, there remains ongoing involvement by both Administration Management and Operations as we work towards project closeout. This involves managing contractor deficiencies, review of as-built drawings and operation and maintenance manuals, and closeout of all project documentation. Remediation of ditch and roadwork deficiencies have been completed and accepted by the affected municipalities. There remain some deficient items within the booster station itself and Administration is withholding sufficient funds from the contractor until they are adequately addressed. There is at least one building envelope deficiency that may be difficult to address in the current weather conditions that will carry over until spring 2018.

A resident in Leduc County believes that 2 of his spruce trees adjacent to his drive lane were damaged from inadequate drainage as a result of construction impact during installation of the Millet waterline. The location and trees were reviewed in

a joint meeting with Leduc County, the property owner, and the project consultant, Select Engineering on September 5, 2017. Select Engineering has advised that it is unlikely that the installation of the Millet waterline contributed to distressing the subject trees. To aid in resolution of this matter with Leduc County and the property owner, the CRSWSC will reimburse Leduc County for the replacement of the trees, to a maximum of \$2,500 should the trees fail to survive a 2 year monitoring period. This value is based upon an evaluation of the replacement cost of the trees provided by the project consultant. A draft letter was amended to this report and will be issued to Leduc County upon acceptance of this report by the Board. Leduc County has already issued a letter to the resident advising that they will be responsible for compensation if the trees do not survive.

Substantial Completion was posted for the project on October 19, 2017. In accordance with Alberta's Lien Act, the 10% holdback deducted from Progress Claims will become due on December 10, 2017. This project was completed approximately 2% under the approved budget of \$10.7M.

Leduc County / City of Edmonton Annexation

The Commission received formal notice from the Municipal Government Board (MGB) indicating that the City of Edmonton (the City) and Leduc County signed an Annexation Agreement that removes the Edmonton International Airport from the City's proposed southwest annexation.

The City of Edmonton's letter of August 30, 2017 indicates their intent to make their annexation application to the MGB in the fall with an anticipated decision of January 2019. The City advises that they are exploring joint-planning with the Town of Beaumont for the water and wastewater systems that service the proposed annexation area north of Beaumont in order to determine the most efficient way to service these lands. The Alberta Capital Region Wastewater Commission (ACRWC) responded to this letter noting that the City, EPCOR, and the ACRWC are currently in the process of completing an integrated wastewater servicing plan for the region and have expressed their interest in further collaboration with the City and Beaumont to determine the most cost effective solution to service this region. The Commission is proposing to respond to the letter in much the same way and the proposed letter was attached to the Managers' Report.

The Commission also received a letter from the MGB on September 25, 2017 acknowledging receipt of the City of Edmonton's Notice of Intent Amendment regarding the proposed annexation of land from Leduc County.

If approved by the MGB, the CRSWSC Boundary Station would fall within the City of Edmonton limits but the assets would remain property of the CRSWSC. Administration has previously met with the City of Edmonton, EPCOR, and Leduc County to discuss potential servicing options for the annexed lands and the options discussed were noted in the June 8, 2017 Manager's Report. These options will be further examined in the next CRSWSC master plan which is scheduled to start at the end of the year. During that master plan update we will also look at how

annexation may impact future infrastructure requirements and the impact that those scenarios could have on rates.

EIA License Agreement for Commission Main Infrastructure and EIA Development

Communications are ongoing with the EIA regarding a license agreement for Transmission Main 1 after it had been relocated to accommodate the EIA outlet mall. The license agreement addresses such items as access rights, environmental responsibilities, liability and indemnity, damage, insurance requirements, and discontinuance and abandonment.

Based on comments provided from Brownlee LLP, administration has previously sent the required changes to the Agreement back to the EIA, which were included in the June 8, 2017 Manager's Report. The EIA returned their comments on September 22, 2017 which required further clarification from the EIA to complete a review. Administration is currently awaiting these clarifications from the EIA which were requested on October 20, 2017 prior to forwarding the agreement to Brownlee for review.

The development at the EIA continues to progress and during a routine locate request, conflicts were identified with proposed infrastructure at the Costco development. The developer was unaware of required clearances to the Commission water main and Administration is working with their consulting team to resolve this conflict.

Administration met with the EIA to discuss this late conflict discovery and discuss preventative measures for future developments. As a result of this meeting, EIA will be updating the nomenclature identifying the water main on their maps, as well as adding language to their Facility Alteration Permit (FAP) regarding coordination of work in proximity to the line with the Commission.

Administration continues to execute Crossing Agreements for any work performed with the license area and is working with Brownlee to formalize a Cross Access Agreement where developments have permanent infrastructure such as lot surfacing that would impede future access to the water main.

Robinson Reservoir

The construction of the Robinson Reservoir fill station building is ongoing. Hydrostatic testing of the reservoir cells is now complete. The permanent building services (power and gas) will be installed shortly followed by testing and commissioning. Overall project completion is anticipated early 2018 with seasonal deficiencies to be completed in spring 2018. The City of Leduc will be scheduling a Grand Opening Ceremony closer to completion. More information with respect to the grand opening will be provided to the Commission once a clear completion date has been established.

Alberta Transportation – Notice of Intent to Expropriate

The CRSWSC was served with a Notice of Intent to Expropriate on November 7, 2017 from Alberta Transportation (AT) for a small section of land adjacent to HWY 60. The Commission water main crosses under HWY 60 at this location and is protected by a registered right-of-way on either side of the HWY 60 crossing. The Intent to Expropriate is for AT's expansion of the HWY 60 right-of-way to accommodate the development of the HWY 39/HWY 60 traffic circle.

While Administration does not see any concerns with the affected area, we have sent the Notice to Brownlee LLP for recommendations on whether the Commission should respond outlining any concerns. The Commission has 21 days from receipt to respond. It was noted that by the date of the CRSWSC meeting, the response timeline will have lapsed and a response will have been sent if recommended by Brownlee.

Alberta Climate Change Office

The Commission received an invitation from the Alberta Climate Change Office (ACCO) to partner with the Commission to complete a free industrial energy efficiency and emissions reduction assessment at a facility of our choosing. The intent was to identify potential opportunities to improve energy efficiency, reduce on-site emissions, and reduce the impact of the carbon levy. Administration opted to participate and ACCO provided a third-party expert at no cost to the Commission to evaluate the efficiencies of the Boundary Station. An inspection was performed on October 19, 2017. The third party is currently analyzing the data collected and will provide a detailed written report summarizing the findings to the Commission upon completion.

AMSC General Insurance Renewal Survey

The 2018 AMSC General Insurance Renewal Survey was completed and submitted by the Finance department.

Leduc County

Leduc County has identified that New Sarepta has inadequate storage capacity and has inquired if the Commission would upgrade the inlet process piping at this reservoir to relieve their interim demand issues until they are better able to resolve the storage capacity issue. The request has been forwarded to Associated Engineering for comment.

59-17

Motion: It was **Moved** by Councillor Terry Balaban 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 **2114** 1st Call locates year to date on Commission facilities as compared to **1568** in 2016.

In October, EPCOR reached out to the Commission notifying us of some required shutdown periods at their EL Smith Water Treatment plant. The shutdown periods would result in reduced available flow (approx. 1/3) for the CRSWSC. Commission operators in turn communicated the request to our technical group members to make sure the periods of reduced flow would not put undue stress on their respective communities. The Commission would like to thank our technical group members for their assistance and understanding.

September 11 & 12, 2017 – Commission Operators contracted Fire Protection Services to perform our annual emergency systems inspection; we visited every facility with the exception of Millet, Telford Booster, Hay Lakes, New Sarepta and Armena. The inspection covers fire extinguishers, emergency exit lighting, emergency lighting and smoke detectors. A few minor issues were found:

- A number of fire extinguishers needed recharging
- A fire extinguisher needed replacement
- The smoke detector at our County East facility failed

September 14, 2017 – Commission operators contracted Leduc Plumbing and Heating to replace failed exterior lights at the Edmonton International Airport and Leduc County West fill stations.

September 20, 2017 – Boundary Pumping Facility - Alberta Rewind completed the repairs on pump 104's motor; they determined the motor's heater had failed which lead to a short circuit in the windings. They credited our operators for "doing the right thing" in not performing any further tests on the pump when it failed in the first place. If our operators had reactivated the breaker, we would likely have damaged the motor beyond repair. Commission operators assisted with the reinstallation of the motor and the pump was left in operation for the remainder of the day.

September 22, 2017 – Boundary Pumping Facility - Early in the morning, commission operators received a pump switchover alarm. Upon arrival at the facility Commission operators detected a burnt smell coming from pump 104's main breaker panel, Leduc Plumbing and Heating responded to investigate. The breaker experienced catastrophic failure. Leduc Plumbing and Heating indicated the pump issues could not have caused the breaker failure. The breaker was removed and the wiring disconnected to render the area safe until a replacement arrives.

September 27, 2017 – Boundary Pumping Facility - Leduc Plumbing and Heating (LPH) returned to install pump 104's new 400 amp breaker and to perform our annual electrical panel cleaning/inspection program. LPH performed an infrared inspection on the entire motor control center; they found some wear on two breakers but nothing warranting further replacement. Alberta Rewind returned to perform a vibration analysis test on pump 104, the pump was confirmed to be slightly out of balance, another visit was scheduled.

October 3, 2017 – Endress & Hauser tested our revenue generating meters for accuracy. All of the meters were given a clean bill of health.

October 10, 2017 – Boundary Pumping Facility - Alberta Rewind returned to laser align and balance pump 104.

October 11 – November 8, 2017 – Fraser Brothers Roofing Ltd. started construction at the Boundary pumping facility. An unexpected roofing configuration was exposed once construction started; the roof was constructed differently than the building drawings specified which resulted in a change order. This is the summary provided by Goodwin Roofing Consultants regarding the unexpected change order:

Further to this email and phone conversation, the roof system that is on the roof is not as per the drawings that were provided. I have attached the drawing and clouded the roof buildup that was expected to be on the roof. The roof system that is on the building now and must be removed is a combination roof system. In short, a conventional insulated roof with a protected roof membrane top assembly. During the removal today, it was found that the insulation below the roof membrane is wet and will require removal. Also, no drywall was installed as shown on drawings so this will be required. Fraser Bros. has provided a price to remove all roofing to the steel deck and add the required gypsum board leveling surface to the deck. The remainder of roof system will be installed as per the specification.

The change order resulted in an overall cost of approximately \$133,000 for the Boundary Station roof replacement. The majority of the project is now complete with the exception of some flashing and the replacement of two exterior light fixtures.

October 20, 2017 – County East Fill Station - NCGL Construction Ltd. replaced a failed AC power supply unit inside our UPS at our County East fill station.

November 12, 2017 – County East Fill Station - Leduc Plumbing and Heating replaced the faulty smoke detector that was identified during Fire Protection Services' inspection.

60-17

Motion: It was **Moved** by Councillor Doug Lyseng 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

2017 Financial Update

After ten months of operations up to the end of October, there should be approximately 16.67% 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 under budget for the year with 19.91% 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 2017 at 80.45% (after 10 months it should be approximately 83.33%). The decreased consumption is likely due to a wet summer and poor economic conditions.
- 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 under budget with 51.34% of the budget remaining. This is due to the timing of interest payments.
- The Commission has recorded a line loss of 3.2% to date.

Expenditure Variances

- Water purchases are under budget for the period with 19.38% of the budget remaining. This is consistent with water sales being under budget.
- Insurance has been paid for 2017. The insurance premium was under budget at about 95% of the budgeted amount. The budget was \$25,000 and the actual was \$23,674.
- Engineering fees is under budget with 98.7% of the budget remaining.
- Electrical repairs & maintenance is under budget with 99.91% of the budget remaining.
- Computer maintenance & supplies is over budget with -1.61% of the budget remaining due to an \$8,000 expenditure to replace the alarm dialer at the boundary station.
- Power is slightly over budget with 15.96% remaining. It is anticipated that expenditures on power will be close to budget at year end.
- Facility maintenance is under budget with 31.73% of the budget remaining.
- Instrumentation & mechanical and cathodic protection are both under budget with 63.47% and 25.85% respectively of the budget remaining.
- Line maintenance is over budget due to line breaks and a water valve repair at EIA. The budget is \$35,000 and expenditures to date are \$122,522. It was noted that although water line breaks are budgeted for, the Commission experienced 3 line repairs in 2017, which was unexpected considering the typical average is one line break per year. Administration is therefore proposing to increase the line maintenance budget line in the 2018 interim budget.

No expenditures for audit fees have been incurred in 2017 to date. Audit fees are incurred at year end but are based on a contractual amount that aligns with the budget.

Capital Expenditures

- Capital expenditures are below budget with 32.26% of the overall budget remaining. This is due to:
 - a. The Millet line extension not being fully completed;
 - b. The boundary station roof replacement is not complete at the time of this report;
 - c. The boundary station transfer switch and the air release manhole rehab projects have not been completed and are carried forward to 2018.

2018 Interim Budget

The 2018 Interim Operating and Capital Budget will be presented following the Treasurer's report.

2017 Water Consumption

Water sales and purchases are under budget to date and anticipated to be under budget for 2017. The "2017 Water Sales and Expenditures Projections" report shows the impact of water sales and purchases to October 31, 2017 in comparison to budget. It also shows the projections for year end.

Water sales are below budget by \$220,638 to October 31, 2017 and purchases are below by \$137,090. The effect on operating surplus is -\$83,549. It is anticipated that water sales will be below budget by an estimated \$265K by year end and purchases will be below budget by an estimated \$165K for a projected impact on operating surplus of -\$100K. This will be partially offset by anticipated savings in other areas such as engineering fees and electrical repairs & maintenance.

ALARIE Refund

The Capital Region Southwest Water Services Commission received a cheque in the amount of \$26,591.67 for its share of the assets remaining from the Alberta Local Authorities Reciprocal Insurance Exchange (ALARIE). Administration is recommending that this amount be transferred to the General Operating Reserve to cover future unexpected operating expenses and is requesting a motion from the board.

61-17 **Motion:** It was **Moved** by Mayor Wally Yachimetz that the Capital Region Southwest Water Services Commission agrees to transfer the ALARIE refund cheque amount of \$26,591.67 to the General Operating Reserve to cover future unexpected operating expenses.

Carried

62-17 **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the Capital Region Southwest Water Services Commission receive as information the Treasurer's Report as presented by Carol Hounsell, Treasurer, CRSWSC.

Carried

D. 2018 Interim Budget Report

Proposed 2018 Interim Budget Highlights

Revenue

Water rates

The CRSWSC sales rate for water has increased to \$1.47/m³ from \$1.33/m³ in 2017. The increase is due to a number of factors. The 2018 interim rate for EPCOR was set at \$0.89/m³ up from \$0.85/m³ in 2017. The increase of \$0.14/M³ is required for the following:

- \$0.04/m³ for the EPCOR rate increase.
- \$0.075/m³ increase for Future Water Expansion Reserve.
- \$0.025/m³ increase in the rate to cover increases in management and operating expenses.

It was noted that the CRSWSC Board previously approved an annual water rate increase of 8 cents each year until 2019, based on the 2013 Water Master Plan, to accumulate funds towards future infrastructure requirements (twinning of the main line). This strategy will be reevaluated during the Water Master Plan update, which is scheduled to take place over 2018. Other changes that will be analyzed include the impacts of the Edmonton annexation on the required commission infrastructure and to better examine land requirements for the required infrastructure. As the existing Master Plan is the best information that the commission has until a new Master Plan is completed, the existing financial strategy will remain in place until the update occurs, at which time the Board will be brought options to optimize the current strategy if desired.

Interest

Interest has increased from \$40,000 to \$46,000 based on projected actuals for 2017 and budgeted reserve transfers for 2017 being invested.

Accumulated Surplus

We are budgeting to draw \$0.01/m³ or \$55,197 from accumulated surplus for the Annual Revenue Requirement and Rate Design Policy. The required net balancing amount of -\$8,313 will result in an increase to accumulated surplus. The net impact on accumulated surplus is -\$46,884.

Expenditures

- Operational and management contracts are as per contractual agreements.
- Legal fees has increased by \$15,000 to cover review of legal documents.
- Audit fees are as per contractual agreement.
- Other professional fees has increased by \$4,800 due to an increase in CIBC Wood Gundy Management Fees.
- Debenture payments expense (interest + principal) has remained very close to the same as budgeted for in 2017. The Armena Line Project is

completed and we are waiting on final documentation. We will be drawing the debenture in March 2018. Only one payment of \$12,399 (principal & interest) will be required in 2018.

- Cathodic Protection has decreased by \$10,000 in 2018 due to the anode replacement budgeted for in 2017 having been completed.
- Other Communication and Maintenance Costs has decreased in 2018. The upgrade to the central control panel monitors at Strathcona County for automated meter reads was completed in 2017.
- Line Maintenance has increased over 2017 due to being considerably over budget in 2017.
- Engineering Fees has increased by \$250,000 over 2017. This is to cover the cost of reviewing and upgrading the Long Range Master Plan.
- Insurance has increased over 2017 to cover additional premium costs related to the Millet Line Expansion.
- Water Purchases – For 2018 EPCOR has recommended an interim rate of \$0.89/m³. Administration recommends that the CRSWSC use this as its budgeted water rate for 2018.
- Power has increased over the 2017 budget due to projected consumption increase for the Telford booster station. As a reminder, a contract with ENMAX was signed in 2016 which gave the Commission a much lower rate than it had previously been paying. The current rate is \$0.05473/KWH. The contract period is for the five years from April 1, 2016 to March 31, 2021. This is a savings from the previous contract rate which was \$0.08318/KWH.
- Gas has increased slightly due to two new facilities being added part way through 2017. These facilities will have a full year consumption in 2018. Also, the rate for the carbon tax will increase by \$0.506/GJ in 2018.
- Facility maintenance has decreased due to the arc flash inspection and study having been completed in 2017.
- Seminars & Conferences increased to \$70,000 in 2018. This is a result of a carry forward of \$35,000 from 2017 as per the Board Training and Development Policy. The additional \$35,000 does not impact the rates as a transfer to the general operating reserve will happen at the end of 2017 in order to fund the additional \$35,000 out of the general operating reserve in 2018.
- “Transfers to Operating Reserves” has decreased below the 2017 budget. The transfer for General Operating Reserves was reduced to \$0.01/m³ in 2017 in order to stabilize the rate. In addition, nothing was budgeted for the Rate Stabilization Reserve for 2017.
- All other expense line items have remained unchanged or have not changed by material amounts.

Capital

- “Transfers to Capital Reserves” has increased in 2018. The increase is mainly due to a \$0.075/m³ increase to the reserve for the Future Water System Expansion. This will increase the reserve transfer amount from \$0.185/m³ in 2017 to \$0.26/m³ in 2018.

- Project 2015.003 – Millet Waterline Expansion was not fully completed in 2017 and will be carried forward into 2018. The 2018 budget was adjusted to reflect the projected cost to complete.
- Project 2016.002 – Boundary Station Transfer Switch was not completed in 2017 and has been carried forward into 2018.
- Project 2017.002 – Air Release Manhole Rehabilitation was not completed in 2017 and has been carried forward to 2018 with a budget increase from \$60,000 to \$200,000.
- Project 2018.001 – Air and Vacuum Release Valves is new to 2018 with a \$20,000 budget.
- Project 2018.002 – Pump for Hwy 21 Booster is new for 2018 with a budget of \$200,000.

63-17 **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the Capital Region Southwest Water Services Commission adopt the 2018 Interim Operating and Capital Budget as presented by Carol Hounsell, Treasurer, CRSWSC, with total revenues and transfers from reserves of \$9,172,742 and total expenditures and transfers to reserves of \$9,171,742.

Carried

64-17 **Motion:** It was **Moved** by Councillor Beverly Beckett that the Capital Region Southwest Water Services Commission accept in principle the 2019-2020 forecasted Operating and Capital Budget as presented by Carol Hounsell, Treasurer, CRSWSC.

Carried

5. UNFINISHED BUSINESS

There was no unfinished business presented.

6. NEW BUSINESS

A. Beaumont Annexation Review

On September 21, 2017, Administration received an email from the Town of Beaumont (Beaumont) which included a City of Edmonton (the City) memo, prepared by Associated Engineering (AE), regarding the water servicing costs for the 9 quarter sections of land to be annexed. AE is also the Commission's Engineering firm who completed the Water Master Plan in 2013. The memo indicates that servicing of these lands by the City will be less expensive than servicing them by the Commission.

Beaumont has advised that their Engineering firm (ISL) has reviewed the memo and raised questions regarding the assumptions and methodology used to prepare it. Beaumont has requested the Commission review the memo and

provide comments on the assumptions, methodology and transmission system costs specific to the Commission.

Because AE is the author of both the Commission's Water Master Plan and the City's memo, Administration recommended that if it were to get involved that a third party review should be undertaken to avoid any potential conflict of interest that could arise. All of this information and the request from Beaumont was provided over email to the Board members in September. The request was made in this manner to attempt to get responses from Board members before any potential election turnover. The majority of responses received from the Board members indicated that the Commission should not get involved in this dispute. It was also requested that Administration bring this back to the Board for a formal decision.

In accordance with the majority of responses from Board members, Administration has put forward a motion indicating that the Commission not get involved in the annexation and servicing discussions surrounding these lands. A draft formal response letter to the Town of Beaumont was provided for review and approval by the Board.

This matter was thoroughly discussed by the Board. One Board member noted that this decision will set a precedent for whether the CRSWSC Board should get involved in matters that could affect service to member municipalities, as another utility provider is proposing to service an area that is currently serviced by the CRSWSC. With this said, the majority of Board members agreed that it is best that the Commission does not get involved in this matter.

65-17

Motion: It was **Moved** by Councillor Pat Garrett that the Capital Region Southwest Water Services Commission not provide an opinion on the memo circulated to the Commission by the Town of Beaumont in regard to servicing of the 9 quarter sections of annexed land between the City of Edmonton and the Town of Beaumont.

Carried

B. Water Master Plan Request for Proposal (RFP)

The last CRSWSC Master Plan update was completed in November of 2013 and reviewed the short term (5 years) and ultimate water demands for the next 10, 15, 20, and 25 years as well as system capacities. The Water Master Plan is to be updated every 5 years. The next Water Master Plan is set to be updated in 2018 to review the revised short and long term water demands and identify any upgrades that may be required to meet these growth projections. It is important to start early on this process to help inform amendments to the commission bylaws which should be completed before the Edmonton annexation is potentially completed on January 1, 2019. Currently the Commission bylaw has no allocation to supply water to the City of Edmonton and administration recommends attempting to resolve this issue prior to 2019.

Administration recommends releasing a Request for Proposal (RFP) in order to commence the procurement process. As the contract with the CRSWSC Engineering firm has lapsed, the RFP will include Engineering services for a 2 year term with an option of a 2 year extension.

As the RFP should be posted and awarded prior to the next scheduled Board meeting, Administration suggests that the Board appoint a sub-committee of 3 members to review and validate the RFP award based on Administration's recommendation. Administration recommends this committee be comprised of the Board Chair, Vice Chair and a third member of the Board.

- 66-17** **Motion:** It was **Moved** by Councillor Beverly Beckett that the Capital Region Southwest Water Services Commission approves Administration to release an RFP for consulting services to complete the next 5 year CRSWSC Water Master Plan, including a 2 year contract for Engineering services with an option for a 2 year extension.

Carried

- 67-17** **Motion:** It was **Moved** by Councillor Sam Munckhof-Swain that the Capital Region Southwest Water Services Commission appoint Chairman Rick Smith, Vice Chairman Beverly Beckett, and Board Member Mayor Tony Wadsworth to form a sub-committee to review and validate the RFP award recommendation provided by Administration.

Carried

The sub-committee would like to review the evaluation matrix. The proposals will be circulated to the sub-committee, along with Administrations recommendation for the top 3 proponents. The top 3 selected proponents will then be invited for an interview to provide further information.

C. Armena Extension to Ervick and Water Projections

The Commission received a letter on June 12, 2017 advising that Camrose County Council has passed a motion to proceed with the tender for construction of the Ervick waterline and that design and engineering of this project are ongoing. The area will be serviced by re-pumping from the existing air gap at the truck fill located in Armena.

Camrose County has provided the requested short and long term water demand projections for this development which fall within their allocation for Transmission Main 2. Associated Engineering has provided the analysis on the increased demand request and confirms that though the pipeline has the capacity to support these flows, the Highway 21 Booster Station currently does not have sufficient pumping capacity to support this proposed expansion.

Growth and demand peaks to the system have reached a threshold that necessitates pump and variable frequency drive (VFD) upgrades at the HWY 21 station to continue to support further growth and accommodate flows based on the

ultimate pipeline capacity. Administration anticipates the facility upgrades to be completed for a budget of \$200,000 budget.

For the following reasons the Board should consider an expenditure of \$200,000 from capital reserves in 2018 to complete the required pumping upgrades at the Highway 21 Booster Station, provided Camrose County demonstrates they are going to be providing required storage volumes to control peak flows:

1. The projections by Camrose County are within their allocations,
2. Growth projections are reasonable and could be considered organic,
3. The Board previously indicated to Administration in 2017 that it desires to pay for system wide upgrades as a whole, similar to the Alberta Capital Region Wastewater Commission, and
4. The Commission is already saving up for infrastructure upgrades to upgrade the mainline south from Edmonton and the extension to Beaumont. Everyone is paying equally through rates towards these upgrades despite the upgrades not benefiting all members equally.

68-17 **Motion:** It was **Moved** by Councillor Doug Lyseng that the Capital Region Southwest Water Services Commission approve an expenditure of \$200,000 from capital reserves in 2018 to upgrade two pumps and VFDs at the Highway 21 Booster Station to supply Camrose County with their current water allocation under bylaw.

Carried

D. Professional Development Opportunities

The Board Training and Development policy was reviewed and several upcoming professional development opportunities were discussed. Board members were encouraged to take advantage of professional development opportunities. Administration is happy to assist with registering Board members for conferences as requested.

7. NEXT MEETING

The next regular meeting of the Capital Region Southwest Water Services Commission will be held on February 15, 2018 at the Best Western Premier 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

69-17 **Motion:** It was **Moved** by Mayor Wally Yachimetz to adjourn the meeting at 7:18 p.m.


Carried



CRSWSC – November 30, 2017 - 16 -



CHAIRMAN



MANAGER