

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION
 REGULAR MEETING, HELD ON THURSDAY, JUNE 28, 2018 AT 6:00 P.M.
 BEST WESTERN PREMIER DENHAM INN & SUITES, DISCOVERY A ROOM,
 5207 – 50 AVENUE, LEDUC, AB.**

1. CALL TO ORDER

Vice Chairman Beverly Beckett called the meeting to order at 6:02 p.m.

PRESENT:	Councillor Kelly Vandenberghe Councillor Bill Daneluik Councillor Sam Munckhof- Swain Councillor Doug Lyseng Mayor Dawn Pauls Councillor Faye Leicht Vice Chairman Beverly Beckett Councillor Lars Hansen Mayor Tony Wadsworth Mayor Wally Yachimetz Councillor Terry Balaban	Leduc County Town of Beaumont Town of Beaumont Camrose County Village of Hay Lakes Village of Hay Lakes City of Leduc City of Leduc Town of Millet Town of Calmar Town of Calmar
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ALSO PRESENT:	Shawn Olson, Commission Manager Rick Sereda, Operations Manager Pamela Regier, Project Manager Samantha Folster, Project Manager Carol Hounsell, Treasurer Amber Ouellette, Accountant Shawn Tooth, Water Technician Shirley Weslosky, Recording Secretary Roger Steele, Manager, Technical & Utilities Mary Coyne, Project Manager, Infrastructure Dean Downey, Manager, Utilities Keaton Seaby, Manager, Public Works Graham Backus, Manager, Public Works Teri Pelletier, CAO Sean Nicoll, Associated Engineering	City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc EIA EIA Leduc County Town of Beaumont Camrose County Town of Millet
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WITH REGRETS:	Chairman Rick Smith Mayor Bob Young Councillor Greg Gillespie Councillor Dave Vallee Councillor Pat Garrett	Leduc County City of Leduc Camrose County Village of Hay Lakes Town of Millet
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2. ADOPTION OF AGENDA

- 29-18 **Motion:** It was **Moved** by Councillor Lars Hansen that the agenda for the June 28, 2018 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

Carried

3. APPROVAL OF MINUTES

A. Minutes of the April 26, 2018 Regular Meeting

- 30-18 **Motion:** It was **Moved** by Mayor Dawn Pauls that the meeting minutes of the April 26, 2018 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

Carried

4. REPORTS OF OFFICERS

A. Manager's Report

Millet Water Supply Line Project

The Commission was recently contacted by Leduc County regarding the two spruce trees on the property at 49317 Range Road 245 that had previously been identified as at risk as a result of inadequate drainage during construction of the Millet Pipeline Project last fall. At that time, the Commission agreed to reimburse the County up to a maximum of \$2,500.00 to replace the trees should they fail to survive a 2 year monitoring period. As the County has now advised that the trees have died, the Commission will reimburse Leduc County up to the maximum upon receipt of an invoice. The email notification from Leduc County and the original 2017 letter from the Commission were attached for reference.

EIA License Agreement for Commission Main Infrastructure and EIA Development

A meeting was held on May 10th at the EIA to discuss the two keys items of concern in the draft License Agreement requiring resolution. The meeting was attended by the EIA, their legal representation, CRSWSC Administration, and Brownlee LLP (legal representation for the Commission).

One of the items of contention in the current draft was which party would be responsible to repair and/or replace infrastructure that has been installed since the installation of the Commission transmission main, in the event the Commission required access for a repair. The Commission advised that if the EIA insisted on repair of the infrastructure by the Commission within the licensed area, any costs would then need to be recovered somehow. The Commission advised that this could be done via the water rates which would spread the costs of the repair to all Commission members, or a rate rider charged to the EIA.

Further discussion is required with the Board as to how the Commission should proceed with this type of cost recovery as it would potentially require changes to the existing Bylaw. The method of cost recovery and potential Bylaw changes will be further discussed under New Business as an in-camera item.

The second item of contention was how the EIA wanted to address agreements with third party developers such as Costco and Ivanhoe Cambridge. It was agreed that the Commission would continue to execute individual crossing agreements with each developer on EIA property independent of the EIA. The Commission reiterated previous concerns regarding the Ivanhoe agreement that had been proposed under Schedule E of the license agreement and its overly restrictive terms. It was noted that inclusion of this Schedule would continue to delay the completion of this license agreement. The EIA agreed to review internally the arrangements made with Ivanhoe to determine if they could agree to its removal from the agreement.

The Commission and the EIA's legal representatives continue to work out the remaining minor issues in the license agreement.

Costco Development

After the agreement with the EIA in the May 10th meeting as to how to address third party crossing agreements on EIA lands (discussed in the above item), a conference call was held on May 16th with Costco's legal representation, their consultant WSP, CRSWSC Administration, and CRSWSC legal counsel Brownlee LLP to discuss the terms and conditions of the Commission's standard facility crossing agreement. The primary concern for Costco was the clause that governed which party was responsible to repair infrastructure installed within the Commission's license area in the event the Commission required access for a repair. After a brief discussion regarding the legislation surrounding Commissions in the Municipal Government Act and the Commission's primary concern for access being emergent situations, Costco agreed to the terms and conditions of the Commission's Facility Crossing Agreement. Both parties have now signed the crossing agreement and Costco has CRSWSC permission to proceed with work within the transmission main license area.

Robinson Reservoir

Work is entering the commissioning phase with anticipated completion mid-summer. 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.

Discovery Park Reservoir

The Commission line to the reservoir has been installed. It was noted by the Commission Engineer that the contractor used an alternate pipe with a lower pressure rating than the Commission's standard during installation. As such, the Commission Engineer has recommended the line be replaced with the appropriate standard as was indicated in the review drawings.

A request was made to use the new supply line to fill the reservoir. The Commission advised that as the water meter will not yet be functioning by this time, a formal plan needs to be submitted identifying how the water use will be tracked. The Commission also requested confirmation in writing that Leduc County accepts the costs of these projections on behalf of the project as the current Bylaw does not include provisions for invoicing to Discovery Park directly. The project is on pace to be completed by the end of 2018.

Beaumont Elan Development

There has been no further update on the Elan development. The item will be removed from the next Board meeting unless there is any new further development.

Armena Extension to Ervick

Detailed design for the necessary pump and variable frequency drive (VFD) upgrades at the Highway 21 station will commence following the master plan modelling.

Regional Water Customers Group (RWCG)

The new twenty-year agreement with the Regional Water Customers Group will likely be signed and executed in 2018, prior to the proposed Edmonton annexation outcome. As such, should the proposed annexation be approved by the Municipal Government Board, an amendment would be required to capture the ongoing negotiations with EPCOR as discussed further in the item below.

Leduc County / City of Edmonton Annexation

The Commission met with EPCOR on May 18th with the objective of reviewing the Commission's future water demands, servicing within the proposed annexation area, and the servicing of Discovery Park in both the short and long term scenarios. The three options previously presented to the Board were discussed.

- Option 1 – EPCOR will own and operate the 750mm diameter waterline and the Boundary Pumping station with the City of Edmonton Annexation Area and will be responsible to provide the CRSWSC with system pressure. New meter stations will be constructed on the supply line to Beaumont/Leduc County, the service lateral to the Leduc County West Reservoir and the north end of the Airport Lands. The CRSWSC will undertake necessary upgrades to infrastructure located downstream of the new meter stations. The CRSWSC will not undertake upgrades to the mains owned and operated by EPCOR. The CRSWSC will continue to supply all current customers not affected by the annexation; EPCOR will supply all customers within the annexed area.
- Option 2 – EPCOR will own and operate the 750 mm diameter waterline within the proposed City of Edmonton Annexation Area. EPCOR will own and operate the Boundary Pumping station and will be responsible to provide the CRSWSC with system pressure. New meter stations will be constructed on the supply line to Beaumont/Leduc County, the service

lateral to the Leduc County West Reservoir and the north end of the Airport Lands. EPCOR will provide a new meter station at the South boundary of Edmonton for a new CRSWSC owned and operated supply line to the Town of Beaumont. This second water supply point may delay or eliminate the need to twin the existing 400mm supply feed to Beaumont. The CRSWSC will undertake necessary upgrades to infrastructure located downstream of the new meter stations. The CRSWSC will not undertake upgrades to the mains owned and operated by EPCOR. The CRSWSC will continue to supply all current customers not affected by the annexation including Beaumont; EPCOR will supply all customers within the annexed area.

- Option 3 – The CRSWSC retains ownership of all infrastructure. The CRSWSC will supply Discovery Park until EPCOR can service this development on their own. The CRSWSC will continue to supply all current customers. Pumping upgrades will be required at the Boundary Pumping Station. The CRSWSC will undertake all necessary waterline upgrades.

The minutes from this meeting with EPCOR were attached to the report.

The Municipal Government Board (MGB) held a preliminary hearing on April 25th, 2018 with regards to the proposed annexation. The Commission Manager and Operation's Manager made an oral presentation at the hearing to voice concerns regarding the impact on the Commission's Boundary station and transmission main within the proposed annexation area. The City of Edmonton Proposed Annexation Preliminary Hearing Decision Letter was attached to the report, which summarizes what occurred during the preliminary hearing.

A Notice of Merit Hearing letter was received by the commission on May 4th. The hearing was held on June 12th, 2018. In lieu of an oral presentation at the Merit Hearing, the Commission submitted a letter to be MGB on June 4th. The letter details the initial meeting held between EPCOR and the Commission on May 10th, 2018 and the three options being explored as negotiations continue. Also mentioned are the details regarding how water will be serviced to Discovery Park which, upon annexation, will fall within the City of Edmonton's Boundary. The CRSWSC response to the MGB letter was attached.

A call from Rick Duncan with the MGB was received following the CRSWSC submission letter on June 4th confirming that the Commission does not have any objections to the annexation; it was clarified that there is no objection to the annexation, just concerns with our assets within the annexation area.

Leduc County Rural Area Water Distribution System Study

The Commission received a letter from Leduc County on April 10th, 2018 requesting clarification on CRSWSC allocation and funding policies for providing additional capacities as they look at servicing new developments. Administration met with Leduc County to review their questions on April 23rd, 2018. The Water

Master Plan is currently being undertaken and results are not yet available. The letter from Leduc County and the minutes from the April 23rd meeting were attached.

31-18

Motion: It was **Moved** by Mayor Wally Yachimetz 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 **986** 1st Call locates year to date on Commission facilities as compared to **714** in 2017.

Calmar Flow Control Valve Update – The Town of Calmar is still waiting for delivery of a new Rotork actuator.

Boundary Station Pumping Fluctuations – NCGL adjusted the programming related to a pump switchover. The Boundary station is designed to have one pump operating at a time. In winter months, pump 102 is the primary low flow pump with pump 103 enabled for high flow periods. In summer months, pump 104 is the primary low flow pump with pump 103 enabled for high flow periods. When our pumps switched from 102/104 to 103 and then revert, we would get pressure fluctuations in our commission system that would not settle out. NCGL has changed the programming to make the pumps to look at the discharge pressure induced transmitter (PIT) at the Boundary station for control during a switch over. After 20 minutes has passed, the pressure setpoint reverts to Leduc's PIT for control.

Pressure Control Update – Commission operators are still experiencing unexplained changes in our pressure control location. NCGL has not picked up the laptop which is trending information in our Leduc fill station. We will provide an update once they have had a chance to trouble shoot the issue.

April 25, 2018 – Nisku East Fill Station - Leduc Plumbing and Heating's Electrical division installed an interrupt switch on the smoke detector. The building has a very high ceiling; operators could not safely access the smoke detector.

May 1, 2018 – Fire Prevention Services visited all CRSWSC owned facilities to inspect smoke detectors, fire extinguishers, and emergency lighting.

May 4, 2018 – Associated Engineering visited our Boundary station, Nisku East fill station, Beaumont fill station, HWY 21 booster station, Millet fill station, Telford booster station, and Leduc fill station to perform a condition assessment on process related assets as part of our CRSWSC Master Plan.

May 10, 2018 – Boundary station - Leduc Plumbing and Heating had to repair the south unit heater due to a failed circuit board.

May 17, 2018 – Hwy 21 booster – Mack Vac was contracted to trench in the vandalized tower and MCC grounding cables.

May 18, 2018 – Associated Engineering visited all of our CRSWSC facilities to perform pipe roughness tests as part of our CRSWSC Master Plan.

June 6, 2018 – Boundary station – Alberta Rewind returned to finish the repairs on pump 102. The pump received a new shaft, two new packing glands, new packing and bearings. Alberta Rewind tested the pump for proper operation after it was reassembled; a vibration analysis was performed to ensure the pump was properly balanced. The remainder of the pump is in excellent condition.

June 18, 2018 – Boundary and Booster stations – Leduc Plumbing and Heating's Electrical department performed our annual electrical cabinet cleaning and inspection. No issues were present at the time of their inspection.

32-18

Motion: It was **Moved** by Councillor Lars Hansen 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

2018 Financial Update

After five months of operations (to May 31, 2018), there should be approximately 58.33% of the budget remaining. Management expenses are under budget with 67.49% of the budget remaining due to the timing of expenses. Overall, operating expenses are slightly under budget with 60.08% of the budget remaining. This is also due mainly to the timing and seasonality of expenditures. Keep in mind that there may still be unrecorded May expenditures at the time of the writing of this report.

Revenue Variances

- Water sales are slightly over budget for the period with 57.92% of the budget remaining. This is not surprising since the warmer spring and summer months tend to drive higher consumption.
- Debenture proceeds are under budget with 64.70% of the budget remaining. Since the debenture proceeds for the Armena line expansion has now been received, this should be very close to budget by year end.
- Interest earned is below budget due to the timing of when interest is paid on investments and lower than anticipated interest rates.
- Government transfers are typically booked at year end.
- The Commission has recorded a line loss of 3.00% to date.

Expenditure Variances

- Debenture interest and principal payments are made in June and December therefore no entries have been recorded for 2018.
- Water purchases are at \$0.89/M₃ which is the rate at which EPCOR is billing. This is the interim rate set by EPCOR and members of the RWCG agreed to this rate.
- Water purchases are slightly over budget with 57.92% of the budget remaining which is consistent with water sales being slightly over budget by the same percentage.
- Insurance has been paid for 2018. The insurance premium was significantly less than anticipated with 29.84% of the budget remaining.
- Audit fees are booked at year end.
- The budget remaining for legal fees is at 50.10% due to timing of expenditures.
- Other professional fees is below budget with 79.16% of the budget remaining.
- Engineering fees is below budget with 86.50% of the budget remaining because \$250,000 was budgeted for the Long Range Master Plan which is in progress.
- Other expenditure variances are primarily a result of timing and seasonality.

Capital Expenditures

- Capital expenditures are below budget with 100% of the overall budget remaining. This is because:
 - a. There were no expenses incurred up to May 31, 2018 for the Millet Line Extension;
 - b. The Boundary Station transfer switch project has not yet gotten underway;
 - c. The Air Release Manhole Rehab project has not yet gotten underway;
 - d. The Air and Vacuum Release Valves project has not yet started and;
 - e. The pump for the Hwy 21 Booster Station has not yet been purchased.

The \$1,191 of expenses incurred in 2018 are residual amounts from the Armena Line Project and the Boundary Station Roof Replacement both of which were completed in 2017 and did not have any budget in 2018.

Regional Water Customers Group

Several members of administration attended the most recent meeting of the Regional Water Customers Group (RWCG) which was held in Strathcona County on April 30th, 2018.

EPCOR provided an update on the RWCG Cost of Service and Rates from 2015 settlement rates to 2019 preliminary rates. EPCOR's true up rate for 2015 is \$0.7452/M₃ which is \$0.0548/M₃ below the \$0.80/M₃ interim rate paid by the

RWCG members. This will result in an estimated \$321K refund to CRSWSC based on 2015 consumption of 5.86 million M₃.

The true up rate for 2016 is \$0.8392/M₃ which is \$0.0192/M₃ above the \$0.8200/M₃ interim rate paid by the RWCG members. This will result in an approximate \$107K balance owing to EPCOR based on 2016 consumption of 5.56 million M₃.

The 2017 preliminary true-up rate is \$0.8683 which is \$0.0183 above the interim rate paid by the RWCG customers. This rate has not been finalized.

Once the 2017 rate is finalized, all three years will be settled at the same time which will result in a net refund to the CRSWSC. It is expected that the RWCG will receive the refund to help replenish the water rate balancing fund.

The RWCG members are using \$0.89/M₃ as a budget rate for 2018. The forecasted true-up rate as of April 2018 is \$0.8886/M₃. The preliminary forecast rate for 2019 is \$0.9275/M₃.

The next Regional Water Customers Group meeting is scheduled for Monday September 27th, 2018.

Armena Line Expansion Update

The Armena waterline expansion is completed and the application for a debenture in the amount of \$217,785 was submitted. The funds were received by the Commission on June 15th. A report showing the calculation of how this amount was arrived was attached. A payment schedule was also attached. More detailed payment schedules will be sent to each Municipality. Invoicing to the affected Municipalities will begin on the July 2018 water bill. This will allow the Commission to collect enough over the next six month period to cover the first semi-annual payment on the debenture which is due December 2018.

An application for the final installment of the Water-for-Life grant in the amount of \$64,331.87 was submitted to the Provincial Government and payment was received on June 8th.

The CRSWSC used its own funds to pay for the additional cost of completing the Hay Lakes to Armena waterline extension. The receipt of the debenture and grant funds reimburses the Commission for the use of these funds. Administration is requesting a motion from the Board to approve a transfer to the General Capital Reserve of \$282,116.87 (\$217,785 + \$64,331.87) to replenish the reserve for future capital projects.

33-18

Motion: It was **Moved** by Councillor Doug Lyseng that the Capital Region Southwest Water Services Commission Board of Directors approve a transfer to the General Capital Reserve of \$282,116.87 to replenish the reserve for future capital projects.

Carried

- 34-18** **Motion:** It was **Moved** by Mayor Tony Wadsworth 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

There was no unfinished business presented.

6. NEW BUSINESS

A. Management and Operating Agreements – Expire December 31, 2018

The Management and Operating Agreement contract terms are set to expire on December 31, 2018. The contracts include a provision to extend the contracts for an additional 2-year period for the fees outlined within the existing agreements. The Board has the option to either extend the existing Management and Operating Agreements for the additional 2 year terms, or direct Administration to prepare an RFP to solicit proposals from qualified firms for these services. If the Board elects not to extend the contracts for the additional 2 year terms, the RFP process would be undertaken prior to expiration of the revised contract term of December 31, 2020.

- 35-18** **Motion:** It was **Moved** by Mayor Wally Yachimetz that the Capital Region Southwest Water Services Commission Board of Directors move In-Camera at 6:16 p.m. to discuss the Management and Operating Agreements.
(*FOIP s. 23 & 24*)

Carried

- 36-18** **Motion:** It was **Moved** by Mayor Tony Wadsworth that the Capital Region Southwest Water Services Commission Board of Directors move In-Public at 6:24 p.m.

Carried

- 37-18** **Motion:** It was **Moved** by Councillor Bill Daneluik that the Capital Region Southwest Water Services Commission Board of Directors extend the existing Management and Operating Agreements for the additional 2 year terms.

Carried

B. Strategic Plan

It was suggested that the Board develops a Strategic Plan in the Fall of 2018.

38-18 **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the Capital Region Southwest Water Services Commission Board of Directors accept the development of a Strategic Master Plan in the Fall of 2018.

Carried

39-18 **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the Capital Region Southwest Water Services Commission Board of Directors allocate a maximum of \$30,000 from reserves to fund the Strategic Planning initiative.

Carried

C. ACE18 AWWA Conference Debrief

Board members who recently attended the American Water Works Association (AWWA) ACE18 conference June 11- 14, 2018 shared their thoughts and experiences relative to their training.

D. Water Master Plan Update (In-Camera Item)

40-18 **Motion:** It was **Moved** by Councillor Terry Balaban that the Capital Region Southwest Water Services Commission Board of Directors move In-Camera at 6:58 p.m. to discuss the Water Master Plan Update. (FOIP s. 16, 23, 24 & 25)

Carried

41-18 **Motion:** It was **Moved** by Mayor Wally Yachimetz that the Capital Region Southwest Water Services Commission Board of Directors move In-Public at 8:03 p.m.

Carried

42-18 **Motion:** It was **Moved** by Councillor Faye Leicht that the Capital Region Southwest Water Services Commission Board of Directors receive this report as information, as presented by Sean Nicoll, Project Manager with Associated Engineering.

Carried

43-18 **Motion:** It was **Moved** by Councillor Terry Balaban that the Capital Region Southwest Water Services Commission Board of Directors approve Administrations recommendation to move forward with Option 2 and further discussions with EPCOR.

Motion Carried with 9 votes in favour and 2 votes against.

E. Bylaws (In-Camera Item)

44-18 **Motion:** It was **Moved** by Mayor Dawn Pauls that the Capital Region Southwest Water Services Commission Board of Directors move In-Camera at 8:20 p.m. to discuss the CRSWSC Bylaws. (FOIP s. 16, 23, 24, 25 & 27)

Carried

45-18 **Motion:** It was **Moved** by Councillor Lars Hansen that the Capital Region Southwest Water Services Commission Board of Directors move In-Public at 8:28 p.m.

Carried

46-18 **Motion:** It was **Moved** by Councillor Lars Hansen that the Capital Region Southwest Water Services Commission Board of Directors receive this report as information, as presented by Shawn Olson, Commission Manager, CRSWSC.

Carried

47-18 **Motion:** It was **Moved** by Mayor Wally Yachimetz that the Capital Region Southwest Water Services Commission Board of Directors have Administration propose modifications to the existing bylaw to recover costs for repairing infrastructure over and/or in proximity to senior Commission assets.

Carried

7. NEXT MEETING

The next regular meeting of the Capital Region Southwest Water Services Commission will be held on September 20, 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

48-18 **Motion:** It was **Moved** by Councillor Beverly Beckett to adjourn the meeting at 8:32 p.m.

Carried

CHAIRMAN



MANAGER