

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION  
 REGULAR MEETING, HELD ON THURSDAY, JUNE 20, 2019 AT 6:00 P.M.  
 KOSMOS BOARDROOM, 5010 - 49 AVENUE, LEDUC, AB.**

**1. CALL TO ORDER**

Chairman Rick Smith called the meeting to order at 6:10 p.m.

<b>PRESENT:</b>	Councillor Rick Smith Councillor Kelly Vandenberghe Councillor Bill Daneluik Councillor Steven vanNieuwkerk Councillor Doug Lyseng Mayor Dawn Pauls Councillor Dave Vallee Councillor Beverly Beckett Councillor Lars Hansen Mayor Tony Wadsworth Councillor Mike Storey Mayor Wally Yachimetz Councillor Terry Balaban	Leduc County Leduc County City of Beaumont City of Beaumont Camrose County Village of Hay Lakes Village of Hay Lakes City of Leduc City of Leduc Town of Millet Town of Millet Town of Calmar Town of Calmar
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<b>ALSO PRESENT:</b>	Shawn Olson, Commission Manager Rick Sereda, Operations Manager Pamela Regier, Project Manager Lauren Padgham, Accountant Shawn Tooth, Water Technician Shannon Bremner, Recording Secretary Roger Steele, Manager, Technical & Utilities Jay White, Legal Representative Dean Downey, Manager, Utilities Keaton Seaby, Manager, Public Works Sean Nicoll, Associated Engineering Chad Maki, Associated Engineering Ian McCormack, Strategic Steps Inc.	City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc EIA EIA Leduc County City of Beaumont
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<b>WITH REGRETS:</b>	Councillor Sam Munckhof-Swain Councillor Greg Gillespie Carol Hounsell, Treasurer	City of Beaumont Camrose County City of Leduc
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**2. ADOPTION OF AGENDA**

- 24-19           **Motion:** It was **Moved** by Mayor Dawn Pauls that the agenda for the June 20, 2019 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

**Carried**

**3. APPROVAL OF MINUTES**

**A. Minutes of the April 4, 2019 Regular Meeting**

- 25-19           **Motion:** It was **Moved** by Mayor Tony Wadsworth that the meeting minutes of the April 4, 2019 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**

Administration previously reported on the receipt of a technical memorandum from Associated Engineering regarding the November 2018 water quality issue in the Millet transmission main. This report provides a full description of the incident, reactive measures taken, and recommendations for the future. It also includes a summary of costs incurred directly by the CRSWSC. In addition to these costs, it is anticipated that the CRSWSC will incur costs from the City of Leduc for additional work required on the Robinson Reservoir project as a result of debris conveyed to the reservoir. This may include costs pertaining to cleaning and disinfection of the reservoir cells and recertification of pumps to maintain warranty.

Based on the findings of the Associated Engineering report, Administration issued Weaver Welding Notice on February 28, 2019 advising of impacts and damages. The intent of the letter was to formally advise Weaver Welding of Associated Engineering's findings, advise them of forthcoming costs, and Weaver's responsibility to complete the recommended work at the Telford Booster Station. Administration has not yet received either acknowledgement or dispute of the letter and Associated Engineering's findings.

Administration touched base with Weaver Welding at the beginning of June. They indicated a response would be forthcoming to Associated Engineering's findings and were interested in meeting in late Spring to begin discussions on how to best resolve this matter.

The equipment in the Robinson Reservoir that was potentially affected as a result of this incident has now been inspected and cleaned, and the contractor has

confirmed the warranty remains intact for the pumps and pressure sustaining valve. The cleaning and disinfection for the reservoir is scheduled for this month, at which point the reservoir can be brought back online, and the testing and optimizing of system parameters can continue.

As previously reported, it is anticipated that this item will become a long term dispute item between the CRSWSC and Weaver Welding. Administration will continue to follow up with Weaver Welding in order to resolve any outstanding work items as a result of this incident and commence discussions regarding cost recovery.

#### **EIA License Agreement for Commission Main Infrastructure and EIA Development**

On March 13, 2019, the CRSWSC received a response from William (Bill) Wright, Vice President Risk, General Counsel and Governance Officer for the EIA regarding the License Agreement. He indicated that the last edits submitted on October 2, 2018 are acceptable to the EIA. Schedule A which is the drawing of the licensed area has yet to be finalized to accompany the Agreement.

Bill Wright forwarded the latest Schedule A drawings the EIA had on file on April 3, 2019 and indicated they would confirm they are the correct version for the final Agreement. Administration has requested Brownlee follow up with EIA legal as no further correspondence or confirmation on drawing revisions has been received.

#### **Discovery Park Reservoir**

With the Edmonton Annexation complete, Discovery Park will be turned over to the City of Edmonton rather than Leduc County. The Commission will still own the infrastructure to the Discovery Park air gap and supply them with water. There are discussions ongoing where these assets may transfer to EPCOR along with the rest of the assets in and adjacent to the annexation area per the Master Plan discussions. Until then, the Commission approved a connection to Leduc County so the Commission will continue to bill Leduc County and they will bill EPCOR. The CRSWSC does not have a bylaw that allows for the sale of water to a non-member so Leduc County's involvement is very important.

Construction of the reservoir and pump house is mostly complete. Permanent site services are currently not installed; power and gas are anticipated in late Spring 2019. Previous encroachment concerns with the gas line were finalized in a crossing agreement issued March 26, 2019. A revised crossing agreement was issued June 4, 2019 for changes to the gas alignment submitted by Remington's consultant WSP on May 30, 2019.

#### **Highway 21 Booster Station Upgrade**

The contract for the Highway 21 Booster Station Upgrades was awarded to Lorac Construction on April 5, 2019. A kickoff meeting was held with the contractor and consultant on April 25, 2019. The contract is fully executed and the shop drawing approval process has commenced. Installation of the pumps and equipment is

currently scheduled for late Summer, pending confirmation of the pump shipping date from the manufacturer.

### **Strategic Plan**

Strategic Steps Inc. has submitted their draft Strategic Plan, which was presented under New Business.

### **History of EPCOR discussions and Master Plan Updates**

Administration was previously asked to present the chronological events regarding the discussions with EPCOR. These are being retained in the Manager's Report moving forward to keep the Commission up to speed on negotiations. Below are the events as they took place:

- On June 8, 2017, at the CRSWSC Commission meeting, in the Manager's Report, under the Annexation discussions, an April 25th meeting between the City of Edmonton, EPCOR, Leduc County and the CRSWSC was referenced having been held where three options were discussed; 1) EPCOR purchase Commission assets within annexation boundary, 2) EPCOR purchases water from a Commission member, and 3) annexation area waits for servicing to come from the new lines from Edmonton (an independent system). It was decided that any further discussions would have to happen during the Master Plan revisions in 2018. This was reaffirmed in the November meeting.
- At the April 26, 2018 Commission meeting, Associated Engineering presented three viable options for the future of the Commission. Rough financials were discussed and Option 2 (EPCOR purchases CRSWSC assets within annexation area and provides additional connection North of Beaumont) was the least expensive option presented. A motion was passed by the CRSWSC Board (motion 21-18) to invite the Board Chair and/or Vice Chair to attend discussions with EPCOR. There are no minutes for this section of the meeting as it was an In-Camera discussion.
- On May 18, 2018, the first meeting with EPCOR was held at the City of Leduc Operations building. Associated presented the same three options to EPCOR as previously presented to the Board. EPCOR indicated that they preferred to own and operate utilities that were within City of Edmonton borders but made no preference to either of the options, which this scenario met as this was the first time seeing the information and modelling would need to be done to further any discussions. The CRSWSC representatives present at the meeting indicated that Option 2 appeared to be preferable but that any decisions, and prior to any negotiations occurring, the Board would need to vote and agree on the preferred option at the next CRSWSC meeting.
- On June 28, 2018, at the next Board meeting, with updated draft figures, Administration asked the Board to approve a recommendation to pursue Option 2 in further discussions with EPCOR as this appeared to be the best financial option for the Commission. The majority of the Board voted in favor of pursuing Option 2 (motion 43-18).

- On July 4, 2018 a meeting was held between EPCOR and Associated Engineering with Administration present to discuss modelling scenario's and required system pressures, etc.
- On August 10, 2018 a meeting between EPCOR, Associated Engineering, Administration and the Board Chair and Vice Chair was held to discuss going down the path of pursuing Option 2. EPCOR asked the Commission to provide a summary of assets and their value, as well as energy consumption costs. A follow up meeting was scheduled for October 12, 2018 to further these discussions. The requested information was provided and the copies were provided to the Board at the September 20, 2018 Board meeting, along with a summary of the meeting.
- On October 12, 2018, the Commission met again with EPCOR. EPCOR presented a draft Agreement of purchase and sale of the Commission assets. A copy of the Agreement with comments by both the Commission and legal representation, Reynolds Mirth Richards & Farmer, was provided in the November 22, 2018 Manager's Report.
- On December 10, 2018, the Commission met with EPCOR and provided a copy of the Agreement with comments that was included in the November 22, 2018 Manager's Report noted above for their review. There was further discussion regarding the logistics of assets to be transferred, timelines and the operational requirements from each group within these timelines. Discussions included the demarcation point(s) and location of the meter chamber, as well as the location for the three other meter chambers potentially being located within each of the three reservoirs (Nisku East, Nisku West, and Beaumont Reservoir). It was noted that the metering stations and the Commission's new booster station would be required to be constructed prior to the transfer of assets. As such, the Commission needs to identify potential land locations for the new booster station prior to finalizing the Agreement. It was agreed that the Commission will commence drafting an operational plan with the assistance of Associated Engineering, which defines the logistics of the asset transfer which is to be appended to the Agreement.
- On February 1, 2019, Administration technical members met with Associated Engineering to discuss an operational plan to better understand how assets would be transferred, the timelines, and the operational requirements for each period of asset ownership and transfer. At this meeting it was determined that further modelling and investigation regarding system pressures was required at the potential Beaumont connection from EPCOR. Associated Engineering's modeler is reviewing these technical details with EPCOR's modeler directly so that Administration has sufficient information to finalize these requirements, which will be an Appendix to the purchase of sale Agreement. A follow up meeting is being scheduled with EPCOR in early March to review and discuss the operational plan and transfer.

- Discussion was held by the Board during the February 21, 2019 meeting regarding how to proceed with the Water Master Plan given the significant delays caused by the ongoing negotiations with EPCOR pertaining to the potential transfer of assets. The Board passed a motion (04-19) to delay finalizing the Water Master Plan until negotiations with EPCOR are complete, in order to avoid unnecessary rework and costs that would be associated with revising the plan based on the final Agreement with EPCOR.
- A technical meeting was held with EPCOR on March 4, 2019 to discuss the servicing details for Beaumont and to clarify technical assumptions developed as part of the potential asset transfer between EPCOR and the CRSWSC. As a result of this meeting, it appears that EPCOR is able to provide adequate pressure at transfer points to the Beaumont line and from a future connection point from the South end of Edmonton. Associated Engineering will prepare a servicing concept diagram that indicates the points of infrastructure transfer and the point of sale/metering/pressure for review and discussion.
- A meeting was held between Administration and Associated Engineering to discuss CRSWSC operational requirements of the asset transfer with EPCOR. As a result of this meeting, Associated Engineering prepared a Technical Memorandum on May 6, 2019 outlining these operational requirements for further discussion/negotiation with EPCOR. The technical memorandum was distributed to the Board as an attachment to the Manager's Report.
- A meeting was held on May 9, 2019 with CRSWSC and EPCOR legal counsels to discuss the terms and conditions of the Agreement. Discussions progressed with the legal terms and purchase conditions that the CRSWSC would have if the assets were to transfer. This allowed the lawyers to start to draft documents that will eventually be used if the transfer is approved. More information will be needed from the technical groups to filter into these documents and that meeting is to come.
- A meeting was held on May 14, 2019 to finalize technical discussions on the points of transfer and to further discuss the details that will be included in the revised Water Supply Agreement and the Sale Agreement. The minutes from this meeting were attached to the Manager's Report for reference. A further meeting will be scheduled upon receipt of outstanding deliverables noted in the minutes for inclusion in the legal agreements being finalized by both legal teams. The intent is to bring the Agreement forward to the September CRSWSC board meeting for ratification. The Master Plan and Memorandum of Understanding (MOU), mentioned below, would then also be able to be completed and ratified, respectively.

Administration met with Leduc County Administration on May 31, 2019 regarding the potential land parcel identified for the future booster station. Leduc County Administration advised that the following motion (169-19) was carried unanimously by Leduc County Council on May 28, 2019:

**169-19** Councillor Smith – that Leduc County explore a Memorandum of Understanding with the Capital Region Southwest Water Services Commission (CRSWSC) for the potential future purchase, lease or right of first refusal for Lot B, Plan 1011 MC, in conformance with s.70 of the Municipal Government Act, RSA 2000, and to grant permission to enter the site to complete preliminary engineering investigations, including a Phase 1 environmental site assessment.

CRSWSC Administration clarified that the Commission will require ownership of the land to construct an asset that services the CRSWSC long term. Following the June 20, 2019 meeting, Administration will begin to draft the MOU for that transfer, which will be presented to the Board for approval prior to signing any Agreement.

Based on the progress with the EPCOR negotiations and the Leduc County land parcel, Associated Engineering has updated the cost analysis of the Option 1 and 2 scenarios from the Draft Master Plan, which was presented in detail under New Business as an In-Camera item.

#### **EPCOR Water Supply Agreement**

The fully executed EPCOR Water Supply Agreement was received on April 18, 2019 which is effective May 12, 2018 for a period of 20 years. The Agreement was attached to the Manager's Report for reference and may need to be modified dependent upon the EPCOR negotiations.

#### **Samson Cree Nation Connection**

The CRSWSC received an email from Urban Systems, a consulting firm, on behalf of Samson Cree Nation, inquiring on capacity within the Transmission Main #1 to Millet that could be used to service Samson Cree Nation. Associated Engineering (AE) prepared a response to the questions posed which was returned to Urban Systems on April 3, 2019. The response indicates that a new booster station and pipeline would need to be constructed from the north end of the City of Leduc in order to accommodate Urban Nations' service demands. The response from AE was attached to the Manager's Report for reference.

#### **Camrose County Armena Truck Fill**

Administration received a crossing request from WSP on behalf of Camrose County on February 21, 2019 for the Armena truck fill reservoir expansion to service Ervick and Braim Subdivision. Administration previously provided a response requesting clarifications and identifying the necessary information the CRSWSC requires in order to draft a crossing agreement. It was also identified that the CRSWSC had not received a finalized copy of the Ervick/Armena Water Service and Upgrade Feasibility study dated November 2017 that had been provided to Administration in December of 2017 in order to identify any potential concerns. The construction drawings were also requested in order to confirm any proposed modifications to the CRSWSC owned infrastructure or piping. WSP provided further information and clarification on March 12, 2019 that is under review by Administration. WSP also confirmed the Feasibility Study has not yet been finalized at Camrose County's request and has provided updated design drawings and identified changes from the Feasibility Study.

Associated Engineering completed a review of the Draft Feasibility Study which was distributed to Camrose County on April 25, 2019. The review indicates that based on the projected water demands, the expansion of the Armena reservoir and the construction of the new Ervick reservoir will provide adequate capacity to maintain the minimum 2 average days of storage until approximately 2030. It also indicates that Camrose County has sufficient capacity within their allocation with the projected water demands until 2037. Camrose County will be responsible for any infrastructure downstream of the air gap at the Armena reservoir. However, as the Commission is required to monitor water levels within each of its member's reservoirs, water levels within the Ervick reservoir will need to be communicated back to the Commission SCADA for demand management situations. It was requested that Camrose County update their servicing concept to reflect the revised water demands provided to the Commission as part of their Water Master Plan, as well as outline the operational philosophy of the proposed expansion. This information was requested again on May 27, 2019. Camrose County did confirm on June 6, 2019 that they are working with their consultant to address the comments and provide the confirmations requested but this information has not yet been received.

Associated Engineering also completed a review of the design drawings for the Ervick expansion which was distributed to Camrose County on May 27, 2019 indicating there are no concerns with the proposed construction and infrastructure changes at the Booster Station.

A crossing agreement was executed with Camrose County on March 26, 2019 to facilitate construction concurrently during review of the design drawings and the Draft Feasibility Study. This Agreement was revised on May 27, 2019 to include the deep crossing of the reservoir fill line based on Associated Engineering's review of the design drawings.

#### **Calmar Expansion**

The Calmar reservoir expansion in 2016 required Calmar to relocate the CRSWSC fill line to the South. Any infrastructure to the air gap is owned by the CRSWSC, however the asset was not turned over in any formal way. Administration is preparing Construction Completion and Final Completion Certificates (CCC and FAC) to be completed by any third party or member municipality performing infrastructure work or modifications on behalf of the CRSWSC so that these assets can be accounted for properly. Administration will be contacting Calmar to provide the paperwork that will be needed shortly. This paperwork will be extended to the Discovery Park developer and other developers that are building assets on behalf of the Commission.

#### **Regional Water Customers Group**

A Regional Water Customers Group meeting was held on April 18, 2019 where the CRSWSC water demand measures document (minute item 9) was approved. The minutes and water demand measures documents were attached to the Manager's Report for reference. The water demand measures document will be added to the CRSWSC website following the June 20, 2019 Board meeting.



**City of Camrose**

The City of Camrose had previously requested information from the Commission and met with Administration in Fall of 2017 about their interest in receiving water from the CRSWSC. Based on this request, Administration had Associated Engineering provide a review of two different servicing options which was sent to the City of Camrose on May 3, 2019. Servicing Option 1 would see the Commission supply the projected water demand for all of Camrose. Servicing Option 2 would have the Commission service approximately half of Camrose's projected water demand. Associated Engineering's analysis showed that both options would require a new pipeline, though Option 2's would be slightly smaller in size, and a new booster station would be required to provide adequate system pressure and flows. The City of Camrose noted upon receipt of the letter that they have contracted ISL to conduct a larger study of their water system and look further at the feasibility of upgrading City of Camrose infrastructure versus other servicing options, such as via the Commission. The Associated Engineering letter was attached to the Manager's Report for reference.

**Intermunicipal Accord Work**

McElhanney Consulting reached out to Administration for a meeting regarding two different Accords, one on the Land Use, Servicing and Transportation Framework under the Airport Accord which is being undertaken collaboratively by the City of Leduc, City of Edmonton, Leduc County, and the EIA, and the other is the intermunicipal planning framework for the accord between the City of Edmonton, City of Beaumont and Leduc County. Both accords are preparing a joint plan for high-level land use compatibility, and cost-effective infrastructure and transportation servicing, as well as a cost-sharing tool for projects with shared benefit. The meeting was held on April 24, 2019 and discussed CRSWSC existing infrastructure assets, servicing constraints, planned capital improvements and associated timelines, as well as discussion surrounding the Master Plan. A follow-up meeting was scheduled for June 6, 2019.

26-19

**Motion:** It was **Moved** by Councillor Lars Hansen 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 **760** 1<sup>st</sup> Call locates year to date on Commission facilities as compared to **986** in 2018.

March 22 - 29, 2019 – Commission operators completed a thorough analysis of the Beaumont transmission main. Associated Engineering requested a field investigation to confirm the available flow in the Beaumont main as part of our Commission master planning process. A number of valves were frozen; as a result, Commission operators contracted Hydrodig to thaw the valves. Over the course of a week, Commission operators tested three different flow scenarios (as

directed by Associated Engineering) to confirm the number in our hydraulic model. The results were extremely positive; the confirmation enabled Commission operators to reduce system wide pressure by 85 kPa.

April 18, 2019 – In an effort to further reduce pressure fluctuations, Vector Electric and Controls added more logic to the Boundary station PLC improving pump control, effectively smoothing the pump change over process.

April 9– 26, 2019 – Pure HM completed an indirect inspection of the Commission's 34 kilometers of steel water main. The objective of the inspection was to provide more accurate GPS information and the depth of cover of the pipeline centerline, as well as general assessment of the effectiveness of cathodic protection and coating condition of the pipelines. Commission operators are happy to share that the cathodic protection infrastructure is performing within NACE SP00169-2013 guidelines. During their survey a few minor issues were addressed; a minor power supply issue in the rectifier located south of the EIA was repaired and jumper wires were added to the valve located just west of the Calmar fill station. Commission operators are still working with Pure HM to finalize the report; the final version will be supplied as part of the September 19, 2019 Board meeting agenda package.

June 4 & 5, 2019 – Fire Prevention Services completed our annual fire protection systems survey. A summary report is expected in the coming weeks; we will report any deficiencies in the next Operator's Report.

June 11, 2019 – Commission operators worked with QQR Mechanical Contracting Ltd. to install an air gap at the end of the fill line inside New Sarepta's reservoir.

27-19

**Motion:** It was **Moved** by Councillor Terry Balaban 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**

#### **2019 Financial Update**

After four months of operations (to April 30, 2019), there should be approximately 66.67% of the budget remaining. Management expenses are under budget with 77.21% of the budget remaining due to the timing of expenses. Overall, expenditures are slightly under budget with 68.95% of the budget remaining. This is also due mainly to the timing and seasonality of expenditures.

#### **Revenue Variances**

- Water sales are very close to budget for the period with 67.11% of the budget remaining.

- Interest earned is below budget due to the timing of when interest is paid on investments.
- Government transfers are typically booked at year end.
- The Commission has recorded a line loss of 1.68% to date.

#### ***Expenditure Variances***

- Honorariums and mileage are over budget with budget remaining of 41.69% and 41.82% respectively due to the timing of expenditures for the Strategic Planning Workshops. In addition, the City of Leduc board members have been paid honorariums dated back to January 1, 2019.
- Debenture interest and principal payments are made in June and December therefore no entries have been recorded for 2019.
- Water purchases are at \$0.93/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 very close to budget with 67.55% of the budget remaining which is consistent with the percentage of water sales to budget.
- Insurance has been paid for 2019.
- Audit fees are booked at year end.
- The budget remaining for legal fees is at 97.48% due to timing of expenditures.
- Other professional fees are below budget with 90.02% of the budget remaining. This budget was increased by \$30,000 in 2019 to cover the cost of the Strategic Plan. This project is not completed and the Commission has not received any invoices for the work completed to date.
- Engineering fees is below budget due to \$125,000 carried forward into the 2019 budget for the Long Range Master Plan and there have been no invoices received yet for 2019.
- Other communication and maintenance cost is over budget due to the installation of aground cable at the Hwy 21 booster station which had to be replaced due to theft/vandalism. There were also SCADA maintenance and communication issues.
- Facility maintenance is over budget due to maintenance required at the Boundary Station and the purchase and installation of a check valve.
- 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 due to timing of capital projects. Capital projects do not normally get underway in the winter months.

#### **Regional Water Customers Group**

Several members of Administration attended the most recent meeting of the Regional Water Customers Group which was held in Strathcona County on April 18, 2019.

EPCOR provided an update on the RWCG Cost of Service and Rates from 2015 settlement rates to the 2020 forecasted rate. EPCOR's true up rate for 2015 is \$0.7452/M<sub>3</sub> which is \$0.0548/M<sub>3</sub> below the \$0.80/M<sub>3</sub> interim rate paid by the RWCG members. This will result in an estimated \$322K refund to CRSWSC based on 2015 consumption of 5.89 million M<sub>3</sub>.

The true up rate for 2016 is \$0.8392/M<sub>3</sub> which is \$0.0192/M<sub>3</sub> above the \$0.8200/M<sub>3</sub> interim rate paid by the RWCG members. This will result in an approximate \$106K balance owing to EPCOR based on 2016 consumption of 5.54 million M<sub>3</sub>.

The 2017 true-up rate has now been finalized and is \$0.8683 which is \$0.0183 above the interim rate of \$0.8500 paid by the RWCG customers. This will result in a balance owing to EPCOR of \$104K based on 2017 consumption of 5.67 million M<sub>3</sub>.

2015, 2016 and 2017 will be settled at the same time which will result in a net refund to the CRSWSC of \$112,346.40 plus the net of any interest earned or payable. It was agreed that EPCOR will issue the refunds for all RWCG members to the RWCG. This will help replenish the water rate balancing fund to be used to offset any balances owing to EPCOR in the future. The RWCG intends to discuss the current water rate reserve fund balance at an upcoming meeting, to determine whether the current balance is sufficient and whether refunds to Commissions may be appropriate.

The RWCG members used an interim rate of \$0.89/M<sub>3</sub> as a budget rate for 2018. The forecasted true-up rate as of April 2019 is \$0.8653/M<sub>3</sub>, which is \$0.0247 below the interim rate. This has not been settled and is expected to be settled by mid-2019.

The 2019 interim rate is \$0.93. The forecasted true-up rate is \$0.9059 which will result in a \$0.0241 refund per cubic meter. This rate has not been settled.

The preliminary forecast rate for 2020 is \$0.9596/M<sub>3</sub>, which is expected to be lower by the time it is brought back to the RWCG in the fall of 2019.

The next Regional Water Customers Group meeting is scheduled for Monday, October 7, 2019.

As previously noted at the Annual General Meeting on April 18, 2019, Shawn Olson and Rick Sereda reminded the Board that it is anticipated that there will be a 1.67 cent increase to the Commission water rates in the future, due to the addition of orthophosphates to the water. This is in response to the new water standards by Health Canada, which are intended to reduce lead exposure levels that are leached into the water stream, typically from lead pipes in old neighbourhoods or through soldered pipes. The orthophosphates would be injected by EPCOR at the water treatment plant, so the Commission would not be

responsible for this. EPCOR and the RWCG are discussing these changes that will take place over the next 5 years to comply with the new water standards. Once this process begins the Commission will need to prepare a public communication plan, likely in coordination with EPCOR and the RWCG.

**RFP for Investments**

The CRSWSC has been using the same Investment Advisor, CIBC Wood Gundy, Seed Financial Group to manage the Commission's investments since the end of 2011. Prior to that time, the Seed Financial Group fell under the umbrella of BMO Nesbitt Burns and also managed the Commissions investments. Administration does not feel it is prudent to continue to have the investments managed by the same group for such an extended period of time. In order to ensure the Commission is receiving the best value for the advisory fees it pays and is maximizing its return on investment, Administration recommended that a Request for Proposal (RFP) for investments be issued at this time, which will be posted on the Alberta Purchasing Connection.

28-19

**Motion:** It was **Moved** by Councillor Bill Daneluik that the Capital Region Southwest Water Services Commission allow Administration to issue a Request for Proposal (RFP) for Investment Advisors, to be posted on the Alberta Purchasing Connection.

**Carried**

**Honorariums for City of Leduc Board Members**

Based on the wording of the new City of Leduc *Council Remuneration and Business Expenses Policy*, there is nothing to support not paying honorariums to City of Leduc board members. In order to be equitable to all board members, Administration has decided to pay City of Leduc board members honorariums and mileage dating back to January 1, 2019.

If any of the member municipalities has an internal policy that restricts Councillors from accepting honorariums when serving on external boards and commissions then the policy must be provided to the CRSWSC Administration staff before payment of honorariums is ceased. If an individual board member chooses not to accept an honorarium, then this must be requested by presentation of a signed letter to the CRSWSC Administration staff.

29-19

**Motion:** It was **Moved** by Mayor Wally Yachimetz that the Capital Region Southwest Water Services Commission receive as information the Treasurer's Report as presented by Lauren Padgham, Accountant, CRSWSC.

**Carried**

**5. UNFINISHED BUSINESS**

There was no unfinished business presented.

## 6. NEW BUSINESS

### A. Draft Strategic Plan

Strategic Steps facilitated two workshops on January 17 and March 14, 2019 with the CRSWSC Board and Administration to establish the Commission vision, mission and goals. As a result of these workshops, Strategic Steps has generated a draft Strategic Plan documenting and prioritizing these items for the Commission. Ian McCormack from Strategic Steps Inc. presented the draft Strategic Plan to the Board.

There were 10 high priority items identified within the draft Strategic Plan for the 4-year period from 2019 – 2023, classified as “Priority 1” items. This will likely require examination and prioritization to determine whether there is sufficient capacity to meet these priorities, as 10 priority items is considered high in comparison to most Strategic Plans.

It was suggested that the Board and Administration review the Priority 1 items on a quarterly basis to celebrate successes and identify outstanding items that may require attention. As the Priority 1 items are completed, the Commission will then move onto action items identified under “Priority 2”. It was further recommended to complete an annual review of all action items within the Strategic Plan to reassess and reprioritize items as needed.

Going forward the Commission will ensure that all decisions are in alignment with the Strategic Plan, in order to work towards the Board’s vision and goals. It was noted that the Board will be mindful of the current resources and available budget to ensure that we stay within capacity for additional work that may result from the Strategic Plan. The Board asked Administration to report any concerns with available capacity as they may arise.

The Strategic Plan will be brought forward to the September 19, 2019 Board meeting for further discussion. Administration noted that it would be valuable if Board members could please provide comments and feedback in advance of the September Board meeting if possible.

30-19

**Motion:** It was **Moved** by Councillor Mike Storey that the Capital Region Southwest Water Services Commission Board of Directors receive the draft Strategic Plan for review and comment, for further update and discussion at the September 19, 2019 Board Meeting.

**Carried**

### B. Water Master Plan Update (*In-Camera Item*)

At the April 26, 2018 Commission meeting, Sean Nicoll from Associated Engineering presented three potential servicing scenarios for the Commission. During the June 28, 2018 Board Meeting, a motion was passed by the CRSWSC

Board (motion 43-18) to pursue Option 2 (EPCOR purchases CRSWSC assets within annexation area and provides additional connection North of Beaumont) from the draft Water Master Plan in negotiations with EPCOR.

As a result of the ongoing meetings and negotiations with EPCOR as well as the Leduc County land parcel, Associated Engineering updated the cost analysis of the Option 1 (status quo) and Option 2 scenarios in a technical memorandum that was distributed to the Board. Based on this technical memo, the Commission is now entering into legal discussions to transfer assets to EPCOR. Sean Nicoll from Associated Engineering presented the updated cost analysis and rate impacts of each Option.

- 31-19**      **Motion:** It was **Moved** by Councillor Beverly Beckett that the Capital Region Southwest Water Services Commission Board of Directors move In-Camera at 6:53 p.m. to discuss the Water Master Plan Update.  
(*FOIP s. 16, 23, 24 & 25*)

**Carried**

- 32-19**      **Motion:** It was **Moved** by Councillor Lars Hansen that the Capital Region Southwest Water Services Commission Board of Directors move In-Public at 7:30 p.m.

**Carried**

- 33-19**      **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the Capital Region Southwest Water Services Commission Board of Directors receive the technical memo from Associated Engineering as information.

**Carried**

## **7. NEXT MEETING**

The next regular meeting of the Capital Region Southwest Water Services Commission will be held on September 19, 2019 at Kosmos Boardroom, located at 5010 – 49 Avenue, Leduc, AB.

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

## **8. ADJOURNMENT**

- 34-19**      **Motion:** It was **Moved** by Councillor Kelly Vandenberghe to adjourn the meeting at 7:34 p.m.

**Carried**

**CRSWSC**



Capital Region Southwest  
Water Services Commission

CRSWSC – June 20, 2019 - 16 -



CHAIRMAN



MANAGER