

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION
 TO BE HELD THURSDAY, MAY 16, 2024
 DINNER AT 5:00 P.M., MEETING AT 5:30 P.M.,
 BLACK JACKS ROADHOUSE, 2110 SPARROW DRIVE, NISKU, AB, T9E 8A2**

1. CALL TO ORDER

Chairman Hansen called the meeting to order at 5:30p.m.

PRESENT:	Mayor Bill Daneluik Councillor Catherine McCook Councillor Krista Gardner Councillor Don Faulkner Councillor Lars Hansen Councillor Beverly Beckett Councillor Clifford Heinz Councillor Paul Patterson Mayor Ron These Councillor Rick Smith Mayor Doug Peel Councillor Mathew Starky Councillor Jordon Banack Councillor Doug Lyseng	City of Beaumont City of Beaumont Town of Calmar Town of Calmar City of Leduc City of Leduc Village of Hay Lakes Village of Hay Lakes Village of Hay Lakes Leduc County Town of Millet Town of Millet Camrose County Camrose County
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ALSO PRESENT:	Roger Steele, Manager, Technical & Utilities Matthew McLennan, Engineering Tech Kris Johnson, General Manager Shawn Olson, Commission Manager Rick Sereda, Operations Manager Lauren Padgham, Accountant Elie Tymchyshyn, Accountant Pam Regier, Project Manager Melanie White, Project Manager Kyle Van Steenoven, Project Manager Mark D'aoust, Commission Technician Katherine O'Dwyer, Recording Secretary	EIA EIA City of Camrose 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
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WITH REGRETS:	Gerard Del Rosario, Treasurer Councillor Kelly-Lynn Lewis Councillor Dal Viridi Des Mryglod, Director, Engineering & Utilities	City of Leduc Leduc County Leduc County Leduc County
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ADOPTION OF AGENDA

28-24 **Motion:** It was **Moved** by Mayor Bill Daneluik that the agenda for the May 16, 2024 Capital Region Southwest Water Services regular meeting be approved as circulated.

Motion Carried Unanimously

2. APPROVAL OF MINUTES

A. Minutes of the Regular March 21, 2024 Meeting.

29-24 **Motion:** It was **Moved** by Councillor Jordan Banack that the meeting minutes of the March 21, 2024 Meeting of the Capital Region Southwest Water Services Commission Regular meeting be approved as circulated.

Motion Carried Unanimously

3. PUBLIC COMMENTARY

There was no public commentary.

4. REPORTS OF OFFICERS

A. Manager's Report

Recommendation:

- 1) It is recommended that the Capital Region Southwest Water Services Commission Board of Directors receive this report as information.

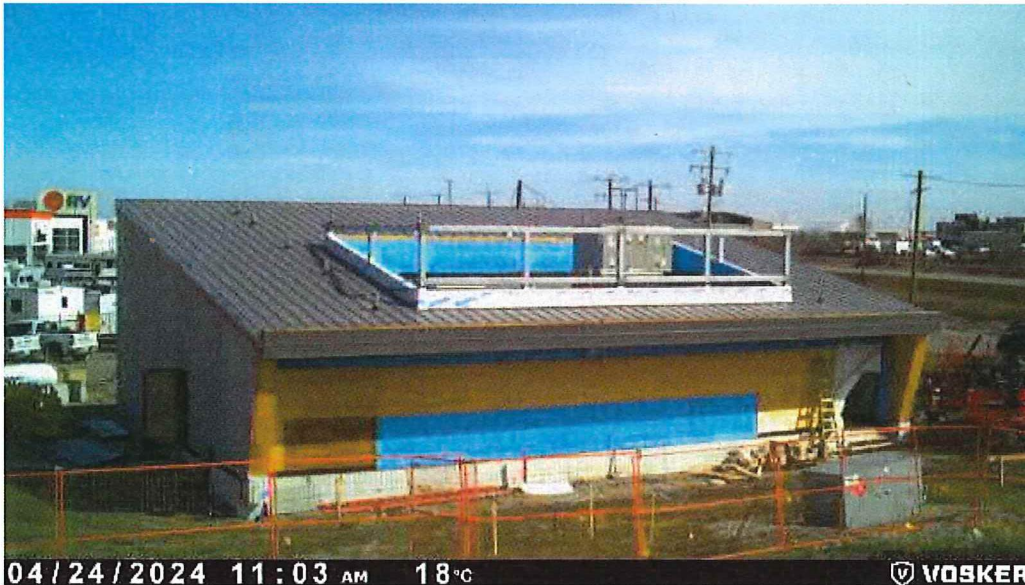
Nisku Booster Station

Construction

The west water line installation, including all boring under the QEII, is now complete. Planning is ongoing with EPCOR for the tie-ins to the distribution main which will occur later this Spring/early Summer. The existing supply/discharge lines have now been isolated and

demolition has commenced. Leduc County is managing water supply to the Nisku West reservoir through their distribution system from their connection point to the Commission system at Nisku East.

Building progress is ongoing. Interior drywall, mudding, taping and painting is ongoing. Roof installation is nearing completion with some minor flashing work remaining. Process mechanical is ongoing. Electrical cable tray has commenced in the basement and some of the equipment for the electrical room has been installed. The stair installations have commenced. In the coming month, the mechanical ventilation system equipment installation will commence, roof life lines will be installed, and process mechanical and electrical work will continue. The demo of the existing supply/discharge lines will continue and installation of the new 900mm lines will commence. The water and sanitary lines to the building will also be installed.





The piping reconfiguration at the Beaumont station was also completed and service restored via the new piping on April 17, 2024. County East piping modifications have been rescheduled to be completed in the fall after the new Nisku Booster Station work is completed.



EPCOR Amending Agreement

Administration and Brownlee LLP have reviewed the proposed draft second amending agreement from EPCOR. Administration received comments from Brownlee which were circulated to EPCOR on March 25, 2024. Further discussion between parties is continuing and the remaining points to be clarified are relatively minor. Once the revisions are finalized with EPCOR, the agreement will be brought forward to the Board for approval.

Municipal Developments

Administration received 8 notifications of Subdivision developments/extensions (6 from City of Beaumont, 2 from City of Leduc), 7 Zoning Amendments (6 from City of Beaumont, 1 from City of Leduc) and 1 Area Structure Plan (City of Beaumont) from Members since the last meeting. Administration responded to one subdivision development notification that borders the potential future CRSWSC water line running north from Beaumont. Administration is requesting that the City of Beaumont try to obtain a 10m easement from the proponent to facilitate future watermain installation as part of the development permit review process. Otherwise, there were no concerns with the documents provided and no comments were provided back to the Members.

Alberta Water-Sharing Negotiations

Administration received a letter from the Office of the Minister of Alberta Environment and Protected Areas regarding water-sharing negotiations for the Bow River Basin, Red Deer River Basin, Oldman River Basin and Upper Tributaries of the Oldman River Basin. The letter invites participation in water-sharing discussions for affected parties. No action is required by the CRSWSC as the North Saskatchewan River is not included in the discussions. A copy of the letter is attached.

City of Camrose Servicing

Administration is working together with the City of Camrose and other potential municipal partners to prepare an application for a feasibility study through the Water for Life Grant program as directed by the Board at the March 21, 2024 meeting. The intent is to submit an application by November 30, 2024 when applications close for the year. If successful, the Water for Life Grant would cover 100% of the feasibility study required to determine if the CRSWSC could supply water to the additional municipalities and what that process would involve.

Regional Water Customer's Group (RWCG)

At the RWCG meeting on April 19, EPCOR announced that they will be preparing a drought management plan that will be shared with CRSWSC. This plan will focus on water production potential constraints rather than flow restrictions because the North Saskatchewan River has ample capacity and limited diversion licenses as compared to other rivers in Alberta.

The EPCOR Cost of Service negotiation was discussed, and the main elements being discussed for modification are the rate of return on equity (9% precedent from the AUC) and solar farm discussion (export credit share with the RWCG which boosts our fiscal outlook), and transmission and distribution cost share (which pipes are eligible to be included in the regional rate). This negotiation is expected to continue over the rest of the year.

The group was made aware of a notice made by the City of Fort Saskatchewan to leave the Capital Region Northwest Water Services Commission. There are potential issues with water licenses and EPCOR supply that have made this a point of emphasized discussion.

Regional Water Customer Group Technical Committee

The regional Water Customer Group Technical Committee met to discuss changes to our water demand measures. They are recommending adding a 4th measure that covers the enforcement portion of the demand measures. This information will be passed on to the CRSWSC technical committee in the May 30th Technical committee meeting.

Millet Transmission Main Repair

The total cost for the Millet line repair was \$227,055. The initial repair in December 2023 was \$24,700 with an additional \$5,294 for water hauling. The permanent repair in 2024 to fuse the pipe cost \$163,520 with an additional \$33,540 for water hauling. The funding will be further discussed in the financial report.

EIA Reservoir 2

On April 16, 2024, Leduc County indicated that they received a purchase order from the Edmonton Airports and are expecting to have all remaining deficiencies completed by the end of May.

Highway 21 Electrical Issues

The power filter is on order and is expected to arrive in early summer. Once delivered the contractor will install the filter in accordance with the recommendations from Associated Engineering.

Commission Facility Locates

Commission operators completed 158 Utility Safety Partner locates in 2024 on Commission facilities, as compared to 132 in 2023 at this time.

Professional Development Opportunities

Attachment ii.

- 30-24** **Motion:** It was **Moved** by Mayor Bill Daneluik that the Capital Region Southwest Water Services Commission Board of Directors receives as information the Manager's Report as presented by Shawn Olson, Commission Manager, CRSWSC.

Motion Carried Unanimously

B. Treasurer's Report

- 1) It is recommended that the CRSWSC Board of Directors receive this report as information.
- 2) It is recommended that the CRSWSC Board of Directors approve a transfer of \$147,060 from the General Operating Reserve to fund the emergency repairs.

2024 Financial Update

The financial reports have been prepared up to April 30, 2024. After four months of operations, there should be approximately 33% of the budget spent/earned. Overall, the commission is on track with respect to expenses with an overall budget spent of 35%. Management expenses are under budget with 19% of the budget spent and operating expenses are on budget for the year with 35% of the budget spent.

Water sales and purchases

- Water sales and purchases are on budget with 34% of the budget spent/earned. To date the Commission has recorded a line loss of 2.94%.

Revenue Variances

- Interest earned exceeds the budget due to high bank balances and investment interest. As the Nisku Booster Station nears completion, bank balances will lower resulting in less interest earned, but as a whole, interest will be higher than projected for 2024.

Expenditure Variances

- Management and Operating contracts are on budget with 33% of the budget spent.
- Debenture payments are paid in June and December.
- Legal fees and other professional fees have had little activity due to the focus on the Nisku Booster Station.
- Audit fees will be booked in Q4 during the interim audit of the Commission's financials.



- Seminars and conferences will start to have costs expensed as registrations and travel for WEFTEC get incurred.
- Line maintenance is over budget due to the Millet line repair.
- Instrumentation & Mechanical is slightly over budget at 40% spent, due to a PLC upgrade at the Hwy 21 Booster Station.
- Power is slightly under budget at 24% as the budget includes use for the Nisku Booster Station.
- There are several line items such as Insurance, Easement Leases, Other Communications/Maintenance Costs that are over budget due to annual costs (licenses/premiums) incurred early in the year.
- There are several line items that are well under budget due to the timing of when work is completed, and expenditures occur.

Capital Expenditures

Capital expenditure is below budget with 15% of the overall budget spent. However, this has increased since the last report of 5% spent as of February 29, 2024.

2023 Audit

The Commission Auditors, MNP LLP, completed and presented the audit findings at the AGM. The Audited Financial Statements and the Financial Information Return have been submitted to the Province prior to the May 1, 2024 deadline.

Millet Transmission Main Repair

The total Millet transmission main repair cost was \$227K, of which \$197K costs are in 2024 and \$30K in 2023. The 2024 costs have created an overage in the line maintenance budget. To provide CRSWSC operators the funding for line maintenance for the remainder of the year, administration is proposing a budget adjustment, funding the 2024 expenses through the General Operations Reserve. This results in the base budget of \$35,000 for line maintenance to be available for line maintenance work for the rest of 2024.

Statement of Operations to April 30, 2024

	Actual 2024	Budget 2024	Variance	Budget % Spent
Revenue				
Water Sales	3,456,995	10,283,860	6,826,865	34%
Water Flat Rate Debenture Proceeds	31,301	93,903	62,602	33%
Interest Earned	135,362	50,000	85,362	271%
Total Revenue	3,623,658	10,427,763	6,804,105	35%
Expenses				
Management Expenses				
Management Contract	48,000	144,000	96,000	33%
Debenture payments	-	93,903	93,903	0%
Legal Fees	683	20,000	19,318	3%
Other Professional Fees	2,990	20,500	17,510	15%
Honorarium	6,800	16,200	9,400	42%
Audit Fees	1,263	15,500	14,238	8%
Office Supplies	63	3,600	3,537	2%
Mileage	1,400	4,000	2,600	35%
Bank Charges & Interest	114	500	386	23%
Total Management Expenses	61,311	318,203	256,892	19%
Operating Expenses				
Water Purchases	1,954,569	5,818,126	3,863,557	34%
Operating Contract	118,667	356,000	237,333	33%
Seminars & Conferences	854	86,650	85,796	1%
Line Maintenance	197,894	85,000	112,894	233%
Power	24,052	100,000	75,948	24%
Engineering Fees	3,108	40,000	36,892	8%
Instrumentation & Mechanical	18,030	45,000	26,970	40%
Insurance	28,694	35,000	6,306	82%
Facility Maintenance	1,452	16,000	14,548	9%
Regular & Annual Meeting Expenses	6,008	16,000	9,992	38%
Cathodic Protection	-	6,000	6,000	0%
Materials & Supplies	4,599	13,000	8,401	35%
Computer Maintenance & Supplies	1,504	28,000	26,496	5%
Easement Leases	2,146	5,000	2,854	43%
Gas	3,606	10,000	6,394	36%
Telephone	1,393	6,000	4,607	23%
Other Communication / Maintenance Costs	1,354	2,500	1,146	54%
Total Operating Expenses	2,367,931	6,668,276	4,300,345	36%
Total Expenses	2,429,242	6,986,479	4,557,237	35%
Net of Revenue over Expenses	1,194,416	3,441,284	2,246,868	35%
Net Interfund Transfers				
Drawn from Accumulated Surplus	-	-	-	0%
Transfer to Operating Reserves	-	65,431	65,431	100%
Transfer from Operating Reserves	-	91,650	91,650	100%
Transfer to Capital Reserves	-	3,467,502	3,467,502	100%
Total Interfund Transfers	-	3,441,283	3,441,283	
Net Surplus (Deficit)	1,194,416	-	1,194,416	

Statement of Financial Position as at April 30, 2024

Financial Assets

Bank	\$	5,233,541
Accounts Receivable	\$	1,301,957
Accrued Receivables	\$	-
Investment Interest Receivable	\$	70,706
GST Receivable	\$	88,800
Short Term Investments	\$	8,882,383
Total Financial Assets	\$	15,577,388

Liabilities

Trade Accounts Payable	\$	1,496,888
Accrued Accounts Payable	\$	-
Accrued Interest on Debentures	\$	1,315
Deferred Revenue - Gov't Grant	\$	300,000
Debenture 4000845 - 2010	\$	588,577
Debenture 4002395 - 2018	\$	105,605
Total Liabilities	\$	2,492,385

Net-Financial Assets	\$	13,085,002
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Non-Financial Assets

Land	\$	208,298
Machinery & Equipment	\$	405,377
Accum. Depreciation - Mach & Equip	\$	(357,095)
Engineering Structures	\$	25,935,158
Accum. Depreciation - Eng Stru	\$	(5,355,389)
Work in Progress - Nisku Booster Station	\$	11,057,319
Total Non-Financial Assets	\$	31,893,667

Accumulated Surplus

Rate Stabilization Op Reserve	\$	165,939
Emergency & Operations - Op Res	\$	200,000
General Reserves - Op Reserve	\$	1,074,794
Equipment - Cap Reserve	\$	1,912,701
Future Water Capacity - Cap Reserve	\$	9,201,721
Total Reserves for Future Use	\$	12,555,155
Unrestricted Surplus	\$	2,367,438
Investment - remeasurement gains/losses		
Equity in Fixed Assets	\$	28,861,661
Current Earnings (Net surplus (deficit) + add back debenture principle)	\$	1,194,416
Total Accumulated Surplus	\$	44,978,670

2024 Capital Summary to April 30, 2024

2017.002 Air Release Manhole Rehab	
2024 Budget	171,700
2024 Expenditures	
Budget Remaining	171,700
2021.001 Nisku Booster Station & Beaumont Piping Upgrade	
2024 Budget	15,273,180
2024 Expenditures	(2,345,482)
Budget Remaining	12,927,699
2023.001 Highway 21 Booster Pump Station Repairs	
2024 Budget	9,700
2024 Expenditures	
Budget Remaining	9,700
2024.001 North Reservoir PRV Replacement	
2024 Budget	25,000
2024 Expenditures	
Budget Remaining	25,000
2024.002 SCADA upgrade	
2024 Budget	200,000
2024 Expenditures	
Budget Remaining	200,000
2024 Total Capital Budget	15,679,580
2024 Total Capital Expenditures	(2,345,482)
Budget Remaining	13,334,099
Budget Spent	15%

31-24

Motion: It was **Moved** by Councillor Don Faulkner that the Capital Region Southwest Water Services Commission Board of Directors receive as information the Treasurer's Report as presented by Lauren Padgham, Commission Accountant, CRSWSC.

Motion Carried Unanimously

- 32-24** **Motion:** It was **Moved** by Councillor Beverly Beckett that the Capital Region Southwest Water Services Commission Board of Directors approve a transfer of \$147,060 from the General Operating Reserve to fund the emergency repairs.

Motion Carried Unanimously

7. NEW BUSINESS

A. Borrowing Bylaw

Recommendation:

- 1) It is recommended that the Capital Region Southwest Water Services Commission Board of Directors pass Bylaw 02-2024-Line of Credit Borrowing Bylaw, 2024.

Background:

Administration is projecting a negative cash balance in the fall of 2024 which would require an investment redemption. It was advised by the Commission's investment advisor (CIBC Wood Gundy) that it would be more fiscally responsible to consider a short-term lending facility such as a line of credit instead of redeeming the commissions investments to cover the short-term cash flow deficiency.

Administration is looking to apply for a line of credit with a financial institution to cover operating expenditures during this period of significant construction costs.

- 33-24** **Motion:** It was **Moved** by Councillor Rick Smith that the Capital Region Southwest Water Services Commission Board of Directors pass Bylaw 02-2024-Line of Credit Borrowing Bylaw, 2024.

Motion Carried Unanimously


NEXT MEETING

The next meeting of the Capital Region Southwest Water Services Commission will be the Regular meeting, scheduled for September 19, 2024.

5. ADJOURNMENT

34-24 **Motion:** It was **Moved** by Councillor Krista Gardner to adjourn the meeting at 5:45pm.

Motion Carried Unanimously



CHAIRMAN



MANAGER