

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION  
 REGULAR MEETING, HELD ON THURSDAY, MAY 21, 2020 AT 6:00 P.M.  
 via GoToMeeting Conference Call**

**1. CALL TO ORDER**

Chairman Rick Smith called the meeting to order at 6:00 p.m.

A round table introduction was held to confirm who was in virtual attendance.

<b>PRESENT:</b>	Councillor Rick Smith Councillor Kelly Vandenberghe Councillor Sam Munckhof-Swain Councillor Bill Daneluik Councillor Greg Gillespie Mayor Dawn Pauls Councillor Dave Vallee Councillor Beverly Beckett Councillor Lars Hansen Mayor Tony Wadsworth Councillor Mike Storey Mayor Wally Yachimetz Councillor Krista Gardner	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 Carol Hounsell, Treasurer Shawn Tooth, Water Technician Pamela Regier, Project Manager Samantha Folster, Project Manager Gerard Del Rosario, Accounting Technician Shannon Bremner, Recording Secretary Councillor Kevin Hycha Dean Downey, Manager, Utilities Sean Nicoll, Associated Engineering Chad Maki, 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 City of Camrose Leduc County
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<b>WITH REGRETS:</b>	Councillor Doug Lyseng	Camrose County
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**2. ADOPTION OF AGENDA**

**21-20**      **Motion:** It was **Moved** by Councillor Krista Gardner that the agenda for the May 21, 2020 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

**Carried**

**3. APPROVAL OF MINUTES**

**A. Minutes of the March 19, 2020 Regular Meeting**

**22-20**      **Motion:** It was **Moved** by Councillor Beverly Beckett that the meeting minutes of the March 19, 2020 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

**Carried**

**4. REPORTS OF OFFICERS**

**A. Manager's Report**

**Strategic Plan – High Priority Items**

1. *Align the Commission's Master Plan with Members municipal plans. (Communicating with Members - 4.1.1)*  
This was completed and can be found in section 3.1.1 of the Master Plan.
2. *Provide comprehensive orientations to Board members. (Internal Efficiency – 4.2.1)*  
This will be completed before the next election in October 2021.
3. *Provide ongoing training to Board members. (Internal Efficiency – 4.2.1)*  
The Board training policy will be brought forward for an update before the next election in October 2021.
4. *Conduct an energy audit. (Internal Efficiency – 4.2.2)*  
Administration completed an energy audit of the Boundary Station in 2018. Once the asset sale is complete, and planning for a new Boundary/Booster station is underway, another energy audit of Commission facilities will be completed, likely towards the end of the current strategic plan (2023).
5. *Develop a current governance policy manual. (Internal Efficiency – 4.2.4)*  
To be completed by 2022 so it can be shared with the new Board.
6. *Educate Members on water conservation methods. (Managing a Scarce Resource – 4.3.1)*  
Recommendations are provided in section 4.5 Water Conservation, in the Master Plan. Essentially, the Commission is doing a good job managing water loss as the overall Commission's infrastructure systems loss is just slightly more than the accuracy of the meters. There are recommendations in that section of the report around actions members can take to increase conservation efforts in their municipalities (i.e. perform water audits). Moving forward, to accomplish this goal, Administration will start to work on developing promotional education materials containing potential actions

customers can take to educate them on ways they can be more water tight. This will be shared with the members technical representatives in the future.

7. *Evaluate crossing agreements within Member rights of way. (Managing a Scarce Resource – 4.3.2)*

A recommendation is included within section 2.1 of the Master Plan regarding protection of the CRSWSC lines. The recommendation states that a CRSWSC policy should be drafted to require member municipalities to have standards that developers must obtain crossing agreements from the CRSWSC and have Commission pipelines identified within planning documents by members. Administration will be incorporating these requirements within the new CRSWSC Water Policy.

8. *Charge reasonable rates to Members. (Master Planning – 4.4.1)*

This has been completed and is documented within the Master Plan and is included within the rate scenarios Section 11.1. This is deemed reasonable as a result of the lengthy and detailed discussions had by the Board to find a balanced approach to charge reasonable rates to members while saving for infrastructure upgrades to protect the financial viability of the Commission. The Board played a key role in developing a reasonable rate model for the CRSWSC and should be commended for their efforts.

9. *Provide a simplified utility rate structure summary to Members. (Master Planning – 4.4.2)*

A simplified utility rate pie chart will be included within the Annual Report document.

10. *Request that Members development permitting process includes identifying location of Commission water lines. (Master Planning – 4.4.3)*

The new Commission Water Policy will cover this subject. Commission GIS data and maps will be made available to member municipalities to help streamline the process.

**Leduc County – Sales Agreement**

Administration has tasked Associated Engineering with performing a Phase 1 Environmental Site Assessment and Hazardous Building Materials Assessment for new boundary station lands. The Commission has received the information release forms from Leduc County which will allow Associated Engineering to proceed with the assessment. Associated Engineering has advised that Leduc County was planning to pump the water from the lower level of the pump house on this site and that they will be scheduling the assessment after this has been completed in early Spring, 2020.

### **Millet Water Supply Line Project**

Weaver began inspection work on the Telford booster station in late February. Inspection reports were provided to the Commission on March 21, 2020 for the pumps, air release valves, pressure reducing valves, and the flow meter at the North Telford booster station. The reports confirm there was no damage to these components as a result of the additional debris in the transmission main. The butterfly valve that was not closing properly was found to be functioning properly on April 23, 2020 when Weaver Welding showed up to complete the replacement. As such, it was determined that a replacement was unnecessary as debris was likely preventing the valve from closing initially.

Administration previously provided an Associated Engineering report to Weaver's insurance adjuster on March 9, 2020, with information they had requested to evaluate the claim. Having not received a response, Administration had legal representation prepare a letter to follow up. Reynolds Mirth Richards & Farmer LLP (RMRF) issued a letter to Weaver on April 14, 2020 advising them of their outstanding obligations. Shortly after issuance, the insurance adjuster was in contact with RMRF to discuss the status of their review. Though the insurance adjuster and forensic engineer's report has not yet been provided, Administration received a brief summary from RMRF. Administration has provided further documentation to RMRF and are awaiting advice on how to move forward. A copy of the letter issued to Weaver was attached to the report for reference.

Administration confirmed that they are monitoring the two year timeline from when this event occurred in November 2018, to ensure that a claim is submitted prior to the end of this claim period.

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

Commissioning of the Highway 21 booster station was completed and substantial performance achieved on October 10, 2019. The fencing scope changes have been completed. The upgraded security scope was quoted well above market value from Lorac. Associated Engineering estimated the overall price should be approximately half of what Lorac had quoted. Associated Engineering provided two further quotes all very close in value. Administration will now approach private security companies to determine the cost of security/monitoring rather than the original scope which would have integrated the security equipment into the PLC and SCADA system.

### **Water Master Plan & EPCOR Negotiations**

Administration was previously asked to present the chronological events regarding the discussions with EPCOR. Since the Agreement has been signed, the history has been removed from this Manager's Report but can be found in the previous January 30, 2020 Manager's Report.

Since the signing of the Agreement on January 9, 2020, Administration has been working through the closing conditions to finalize the sale. Notably, letters were drafted and sent from EPCOR to Municipal Affairs requesting written consent to the transaction. Administration has also been working closely with EPCOR to

amend the Water Sale Agreement to reflect the new points of delivery and their respective minimum and maximum flows.

Administration prepared a presentation outlining the highlights of the Master Plan and Strategic Plan, which was presented to the Board under New Business. The intent, with Board approval, is to share the presentation with member municipalities at their respective Council meetings. Administration also had Associated Engineering update the figures in the Master Plan to reflect the approved 2020 water rates, and the year the Commission receives the money from EPCOR in the sale (from 2019 to 2020). These updated figures were included in New Business Item 6A - Water Master Plan and Strategic Plan Presentation.

#### **Ervick/Armena Feasibility Study & Armena Reservoir Upgrades**

Administration is aware that the upgrades are complete and the reservoir downstream of Armena is operational. Access to the data showing reservoir levels has not yet been provided to the Commission. Camrose County has indicated that the required instrumentation and access will be given once fully functioning.

#### **Operations and Management Contracts**

Administration prepared a proposal regarding a two year extension of the Operations and Management contracts. This proposal was provided to the Board Chairman on May 11, 2020 and was distributed to Board members on May 13, 2020. The Operations and Management contracts was discussed further In-Camera under New Business Item 6B.

#### **Regional Water Customers Group (RWCG)**

An executed copy of the RWCG Final Settlement Agreement for 2018 was received on April 22, 2020. A virtual RWCG meeting was held on May 4, 2020.

#### **COVID-19 Updates**

All member municipalities have confirmed their interest in joining the City of Leduc/Leduc County Water and Wastewater Mutual Aid Agreement. City of Leduc legal is revising the Agreement. Please note this is included for information and is not a function of the CRSWSC.

The ACE20 conference has been cancelled and a full refund will be provided to the Commission by May 26, 2020. By waiting to cancel registration until the event was formally cancelled, the Commission avoided any financial losses for conference registration.

New Ministerial Orders were received regarding the revised October 1, 2020 deadline (previously May 1, 2020) for Commissions to submit their financial information return and audited financial statements. These Orders were attached to the report for reference. Board members were previously asked to hold Thursday, September 10, 2020 for the proposed rescheduled Annual General Meeting, where the audited financial statements will be presented. Considering

that no scheduling conflicts have been brought forward regarding this proposed date, Administration recommended that the Board approve the September 10, 2020 meeting date for the purpose of the rescheduled Annual General Meeting.

23-20

**Motion:** It was **Moved** by Mayor Wally Yachimetz that the Capital Region Southwest Water Services Commission Board of Directors agree to reschedule the Annual General Meeting to September 10, 2020.

**Carried**

**Calmar Subdivision**

Administration received a letter from ISL on behalf of the Town of Calmar advising of a proposed subdivision in the Town for review and comment. The CRSWSC transmission main is not within the proposed subdivision. Comments were provided on April 23, 2020 confirming the Commission had no concerns with the subdivision and advising that water supply for this subdivision would have to be coordinated with the Town of Calmar, as a connection to the Commission main would not be permitted.

**EIA Reservoir 2**

EIA Reservoir 2 has been commissioned but a Construction Completion Certificate (CCC) has not yet been issued. The CRSWSC has been working diligently to assist with getting the facility online (i.e. installation of drain lines in the Commission side of the facility). The Commission is going to require a one year warranty once the facility comes online full time and the infrastructure is turned over to the Commission; the facility has not been run consistently since construction was originally completed six years ago.

**Commission Facility Locates**

Commission operators have completed 298 1<sup>st</sup> Call locates year to date on Commission facilities.

24-20

**Motion:** It was **Moved** by Councillor Sam Munckhof-Swain 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.

**Carried**

**B. Treasurer's Report**

**2020 Financial Update**

After four months of operations, there should be approximately 66.67% of the budget remaining. Management expenses are under budget with 79.44% of the budget remaining due to the timing of expenses. Overall, operating expenses are under budget with 69.41% of the budget remaining. There are some fluctuations within line items due mainly to the timing and seasonality of expenditures.

### ***Revenue Variances***

- Water sales are very close to budget for the period with 68.58% of the budget remaining.
- Interest earned is slightly below budget at 70.64%.
- Government transfers are below budget since these are typically booked at year end.

There was an inquiry from the Board regarding the interest earned on investments being slightly below budget and whether the impact of COVID-19 will impact the Commission's return on investments for 2020. Carol Hounsell clarified that interest adjustments are completed at yearend so there is a timing impact on this variance. Considering the types of investments held by the Commission, it is expected that there will not be much of an impact due to lower interest rates as a result of the current economic climate.

### ***Expenditure Variances***

- Honorariums are slightly below budget with budget remaining of 72.32% and mileage is below budget at 87.97% due to Board meetings transitioning into virtual meetings.
- Other professional fees are under budget with 95.39% of the budget remaining. It is projected that other professional fees will be under budget at year end as \$24,000 was budgeted for management fees for the previous investment advisor. The new investment advisor does not charge a monthly management fee.
- Audit fees are booked at year end.
- The budget remaining for legal fees is at 86.96% due to timing of expenditures.
- Debenture interest and principal payments are made in June and December therefore no entries have been recorded for 2020.
- Seminars and conferences is at 82.37% of budget. Expenses incurred to date are for the American Water Works Association conference scheduled for June 2020 which has been cancelled. It is expected that Board members will use their refunded travel credits for Commission activities. The refund from AWWA has not been processed yet.
- Insurance is paid for in the beginning of the year and covers the entirety of the year. The budget is spent with 1.65% remaining.
- Engineering fees is under budget with 87.23% of the budget remaining.
- Power is below budget at 80.03% of the budget remaining as the April Enmax invoice was not processed at the writing of this report. Gas is under budget with 73.27% of the budget remaining. It is anticipated that power and gas will be under budget in 2020 due to the purchase of the Boundary Station by EPCOR.
- Facility maintenance is over budget with 39.99% of the budget remaining.
- Water purchases are at \$0.95/m<sup>3</sup> 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 is close to budget with 68.44% of the budget remaining, which is consistent with water sales being close to budget with 68.58% of the budget remaining.
- There are a number of line items with 100% of the budget remaining due to the timing of when work is completed and expenditures occur. To the date of this report writing, no invoices had been received for these budgeted items.
- The Commission has recorded a line loss of 3.42%.

There was an inquiry from the Board regarding water sales being very close to budget, as it was expected that water demand would decrease considering that many businesses have been closed due to the COVID-19 pandemic. Administration will investigate water demand further and report back to the Board.

There was also an inquiry in regards to whether EPCOR would penalize the Commission if our projected water demand volumes are impacted by the COVID-19 pandemic. Administration explained that water demand projections are on target at this time, which Administration will investigate before speaking with EPCOR.

#### ***Capital Expenditures***

Capital expenditures are below budget with 99% of the overall budget remaining due to timing of capital projects. Capital projects do not normally start until Spring.

#### **2019 Audit and Audit RFP**

The Commission Auditors, Metrix Group LLP, completed the 2019 Audit field work on February 13, 2020. As per best practice, the Audit report and findings along with the Commission's final financial results will be presented at the Annual General Meeting which has been deferred to September 10, 2020.

An Audit RFP will have to be issued in 2020, as the Audit contract expires following the completion of the 2019 Financial Statements. In order to give Lauren Padgham, the incoming Commission Treasurer, the opportunity to be involved in the selection of the Auditor, the RFP will be issued in the Fall following Lauren's return.

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

As previously discussed in the Manager's Report, EPCOR has settled the 2018 water rate with the Regional Water Customers Group. As a result, the Commission will receive a refund from EPCOR of \$154,508 which includes interest of \$6,277. The refund will be issued to the Regional Water Customers Group and applied to the Water Rate Balancing Fund.

The forecasted 2019 true-up rate is \$0.94/m<sup>3</sup> which is \$0.01 above the interim rate of \$0.93/m<sup>3</sup>. This will result in a balance owing to EPCOR of approximately \$60,641. The balance owing will be settled by the RWCG Water Rate Balancing Fund. Year 2019 has not yet been settled.



EPCOR is forecasting a 2020 true-up rate of \$0.99/m<sup>3</sup> which is \$0.04 above the interim rate of \$0.95/m<sup>3</sup>. It is too early to say if this will be the final settled rate.

**Investment Advisory Services**

The Commission's new Investment Advisors, James Hobson, CFA and Charet Chahal, CFA from CIBC Wood Gundy Hobson Chahal, are scheduled to attend the next CRSWSC Board meeting on Thursday, September 17, 2020 to give a presentation to the Board and to answer any questions or address any concerns. At that time, they will also present a revised Investment Policy to provide general investment principles, rules and delegated authority for managing and monitoring the investments of the Capital Region Southwest Water Services Commission.

**ATB Financial – Setup of Electronic Funds Transfer**

The electronic funds transfer (EFT) setup has not yet been completed in Great Plains, the financial software used by the Commission. The setup has been delayed due to timing and capacity issues within the City's IT department as a result of other ongoing software implementations and the impact of the COVID-19 pandemic. It was scheduled to be completed sometime during the Summer of 2020 but unfortunately may be postponed again. After the setup has been completed and tested, Electronic Funds Transfer Request Forms will be distributed to all Board members and vendors.

25-20

**Motion:** It was **Moved** by Councillor Mike Storey that the Capital Region Southwest Water Services Commission Board of Directors receive as information the Treasurer's Report as presented by Carol Hounsell, Treasurer, CRSWSC.

**Carried**

**5. UNFINISHED BUSINESS**

There were no unfinished business items presented.

**6. NEW BUSINESS**

**A. Water Master Plan and Strategic Plan Presentation**

Shawn Olson presented summarized key points from both the Water Master Plan and Strategic Plan in a PowerPoint presentation. Shawn Olson and Rick Sereda are available to provide this presentation to member municipality Councils upon request. A letter will be distributed to each member municipalities CAO, offering to have Commission Administration share the presentation with their respective Councils. Any municipal stakeholders interested in the content are asked to attend their respective member municipalities open Council session.

Board members took the opportunity to commend the Administration team and Sean Nicoll from Associated Engineering for their outstanding work and expertise provided in the EPCOR negotiations.

26-20

**Motion:** It was **Moved** by Councillor Lars Hansen that the Capital Region Southwest Water Services Commission Board of Directors approve the Water Master Plan and Strategic Plan presentation to be shared with member municipalities.

**Carried**

Councillor Kevin Hycha, Dean Downey, Sean Nicoll and Chad Maki left the meeting at 6:45 p.m. as the Board prepared to move into an In-Camera agenda item to discuss the Management and Operations contracts.

**B. Management and Operations Contract Extension Proposal (In-Camera Item)**

Administration previously advised the Board of the expiration of the Management and Operations contracts which expire on December 31, 2020. The requirements of the previous Request for Proposal (RFP) indicate that only a member of the Commission may bid on the contracts and it prohibits subcontracting the work to a third party (i.e. operations could not be subcontracted to an entity like EPCOR).

The Chairman of the Board suggested that an RFP may not be necessary for new contracts given that the City of Leduc was the sole respondent previously, and it was unclear if any other member wished to bid. Member municipalities were asked to confirm with Chairman Smith by January 15, 2020 whether they had interest in bidding on the contracts. On January 16, 2020 it was confirmed that no other member was interested in bidding on the Management and Operations contracts. As no other member was interested in pursuing these contracts, the Board chose to forgo the preparation of an RFP and instead negotiate directly with the City of Leduc. It was stated that direct negotiation with the City of Leduc would not impede the Board from pursuing the RFP option at a later time, should negotiations not result in acceptable terms and conditions.

Administration prepared a proposal regarding a two year extension of the Management and Operations contracts. This proposal was provided to the Board Chairman on May 11, 2020 and was distributed to Board members on May 13, 2020 as an In-Camera agenda item.

The City of Leduc Administration team temporarily left the meeting at 6:47 p.m. so the Board could privately discuss the City of Leduc's contract extension proposal. This included Shawn Olson, Rick Sereda, Carol Hounsell, Shawn Tooth, Pamela Regier, Samantha Folster, Gerard Del Rosario and Shannon Bremner.

27-20

**Motion:** It was **Moved** by Mayor Tony Wadsworth that the Capital Region Southwest Water Services Commission Board of Directors move In-Camera at

6:48 p.m. to discuss the Management and Operations contract extension proposal. (FOIP s. 23 & 24)

**Carried**

- 28-20** **Motion:** It was **Moved** by Councillor Mike Storey that the Capital Region Southwest Water Services Commission Board of Directors move In-Public at 6:53 p.m.

**Carried**

The City of Leduc Administration team returned to the meeting at 6:54 p.m.

- 29-20** **Motion:** It was **Moved** by Councillor Rick Smith that the Capital Region Southwest Water Services Commission Board of Directors accept and approve the proposal from the City of Leduc for a two year contract extension for the Management and Operations contracts.

**Carried**

The City of Leduc Administration team expressed their sincere appreciation for the contract extension and noted that they look forward to continuing to serve the Commission.

## **7. NEXT MEETING**

The Annual General Meeting is rescheduled for September 10, 2020, which will be held at the Best Western Premier Denham Inn & Suites, located at 5207 – 50 Avenue in Leduc. Formal invitations will be distributed to invited guests in July 2020. Social distancing precautions will be in place to ensure the Commission abides with all Alberta Health COVID-19 guidelines.

The next regular CRSWSC Board meeting is scheduled for September 17, 2020, which will tentatively be held at Kosmos Boardroom, located at 5010 – 49 Avenue in Leduc.

## **8. ADJOURNMENT**

- 30-20** **Motion:** It was **Moved** by Councillor Kelly Vandenberghe to adjourn the meeting at 6:57 p.m.

**Carried**

  
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CHAIRMAN

  
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MANAGER