

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION  
 REGULAR MEETING, HELD ON THURSDAY, NOVEMBER 22, 2018 AT 6:00 P.M.  
 BEST WESTERN PREMIER DENHAM INN & SUITES, DISCOVERY B ROOM,  
 5207 – 50 AVENUE, LEDUC, AB.**

**1. CALL TO ORDER**

Chairman Rick Smith called the meeting to order at 6:05 p.m.

**PRESENT:**

Councillor Rick Smith	Leduc County
Councillor Kelly Vandenberghe	Leduc County
Councillor Kelly-Lynn Lewis (alt.)	Leduc County
Councillor Bill Daneluik	Town of Beaumont
Councillor Sam Munckhof-Swain	Town of Beaumont
Councillor Doug Lyseng	Camrose County
Councillor Greg Gillespie	Camrose County
Mayor Dawn Pauls	Village of Hay Lakes
Councillor Dave Vallee	Village of Hay Lakes
Councillor Beverly Beckett	City of Leduc
Councillor Lars Hansen	City of Leduc
Mayor Tony Wadsworth	Town of Millet
Councillor Mike Storey	Town of Millet
Mayor Wally Yachimetz	Town of Calmar
Councillor Terry Balaban	Town of Calmar

**ALSO PRESENT:**

Shawn Olson, Commission Manager	City of Leduc
Rick Sereda, Operations Manager	City of Leduc
Samantha Folster, Project Manager	City of Leduc
Carol Hounsell, Treasurer	City of Leduc
Lauren Padgham, Accountant	City of Leduc
Shawn Tooth, Water Technician	City of Leduc
Shannon Bremner, Recording Secretary	City of Leduc
Roger Steele, Manager, Technical & Utilities	EIA
Des Mryglod, Director, Public Works & Eng.	Leduc County
Ray Blais, Utility Operator	Town of Beaumont
Teri Pelletier, CAO	Town of Millet
Sean Nicoll, Associated Engineering	
Chad Maki, Associated Engineering	

**WITH REGRETS:**

Zach Mazure, Manager, Public Works	Camrose County
Mary Coyne, Project Manager, Infrastructure	EIA

## **2. ADOPTION OF AGENDA**

There was an addition to the meeting agenda under New Business. Item 6B – Business Elite Canada Magazine.

- 63-18**      **Motion:** It was **Moved** by Councillor Lars Hansen that the agenda for the November 22, 2018 Capital Region Southwest Water Services Commission regular meeting be approved as amended.

**Carried**

## **3. APPROVAL OF MINUTES**

### **A. Minutes of the September 20, 2018 Regular Meeting**

- 64-18**      **Motion:** It was **Moved** by Councillor Terry Balaban that the meeting minutes of the September 20, 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 City of Leduc activated its second fill connection to their new Robinson Reservoir and Pumping Facility on October 29, 2018. The commissioning of fill connection into the third reservoir provided an opportunity for the CRSWSC to use the Millet supply main and Telford Booster station to the full extent of their design. Please note that the tests that were run during the Millet line commissioning ran as expected, and no issues were identified. The newly activated facility operated without issues until the morning of November 2, 2018 when Leduc's residents began complaining of cloudy water. Operators quickly identified the source as the Robinson Reservoir and Pumping Station. It was initially believed that the problem was with the Robinson Reservoir but late on November 6<sup>th</sup>, while trying to purge the fill line of sediment, the CRSWSC operators discovered sediment at the Telford Lake booster station, which is located upstream of the Robinson Reservoir in Leduc. This led to the conclusion that the problem was not with the Robinson Reservoir, but with the Millet Supply Line that feeds both the new City of Leduc Reservoir, and the Town of Millet. Sections of the line were isolated to confirm that there were no leaks and that this must be leftover debris in the line from the Millet construction project. The theory was that the high velocity's in the line while filling the Robinson Reservoir disturbed debris that had solidified inside the pipe.

Commission operators shut the Town of Millet's flow control valve to ensure the water would not enter their reservoir and distribution system. In an effort to



ensure the Town of Millet maintained a minimum reservoir level of 50%, Commission operators contracted Soakers Water Hauling Ltd. to supply the Town with Water while the supply was isolated. It was noted that if there happened to be a fire emergency in Millet, the valves to the Millet line would have been opened.

Commission administration worked with Associated Engineering to come up with a plan to clean the Millet transmission main with swabs using existing infrastructure. Weaver Welding, the contractor who built the Millet Water Line, was called in to re-pig the line from the CRSWSC main line tie in to the Robinson Reservoir in an attempt to clear the debris. Weaver managed to expose the pig launch in the early morning of November 9<sup>th</sup>.

Commission administration, Weaver Welding and Associated Engineering worked around the clock to clean the transmission main. Early in the morning of November 11<sup>th</sup>, water supply from the Commission line was restored to the Town of Millet.

The pigging/swabbing and flushing of the lines resulted in water quality returning to normal parameters. From the exercise it does appear that the root cause of the issue was material attached to the inside of the new waterline from Leduc to Millet that broke free during commissioning of the new reservoir in Leduc. The increased velocity and flow in the system when filling that reservoir dislodged debris, and resulted in the cloudy water. Water quality samples were taken and chlorine levels in the water were within guidelines. Further, the Commission had isolated the cloudy water in the transmission line on Wednesday, so it did not enter Millet's reservoir or distribution system. As such, there was no risk to the public during this situation.

Administration would like to thank the Town of Millet's Operations staff for their understanding and assistance throughout the event. In addition, it is important to recognize the efforts and dedication of the CRSWSC team, our consultant, Associated Engineering, and our contractor Weaver Welding who responded to this emergency situation. Weaver expediently mobilized to site to undertake the excavation which was required to start the pigging/swabbing. Sean Nicoll of Associated Engineering frequently met onsite and stayed with the CRSWSC team through the early morning hours Friday to ensure the success of the pigging/swabbing exercise.

The Commission's operations and management team dedicated significant time over the long weekend to ensure the success of the project. Many operators were required to turn valves, flush lines and operate the system requiring full time presence on site over the long weekend. Administration would like to formally recognize and thank the following operators that worked extensive overtime over the long weekend to ensure the success of the project; Shawn Tooth, Keung Lee, Darrell Claydon, Zack Reimer, Randy Plican, Candice Brochhoff and Jonn Ryane.

The CRSWSC is actively investigating the cost for this issue and are working with our consultant to determine what can be recovered from the contractor. Further investigation found that a pig was left in the line; it was also noted that the extra pig was a ½ inch smaller in diameter than the pigs that were used this go around.

The Board inquired whether there are emergency plans in place for the line that is 15 meters below the surface of Telford Lake. Many ideas were considered, including the option to use the Robinson Reservoir to pump water down the line if needed. It was noted that the line under Telford Lake is less likely to break, as it is not exposed to the frost and thaw cycle.

The Board expressed their gratitude and thanked administration for how promptly and professionally this incident was addressed.

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

The Commission and the EIA's legal representatives continue to work out the remaining minor issues in the license agreement. Currently the agreement is with the Airport and the drawings attached to the agreement need to be updated to show only the areas within the EIA agreement. The CRSWSC was notified that the legal representative from the EIA handling the agreement is no longer with the organization, which explains the delay in returning comments to Brownlee. The 65<sup>th</sup> Avenue project completed hydrovac activities for the infrastructure within the EIA; mapping is now being completed to confirm the accuracy of the existing pipeline alignment.

#### **Discovery Park Reservoir**

With the upcoming Edmonton Annexation, 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 masterplan 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 being involved is very important.

#### **Armena Extension to Ervick**

Through the Master Plan exercise and modelling, it was determined that only one pump would require upgrading at the highway 21 booster station to supply peak flows to Armena; previously a two pump upgrade was proposed. A Technical Memorandum is anticipated in mid to late November from Associated Engineering. This work will be tendered over the winter. Please note that this work is occurring later than originally scheduled and Associated Engineering is being pressured to push this work forward.



### **Regional Water Customers Group**

The RWCG and EPCOR are approaching an agreement on the renewal of the 20-year water licensing agreement. The Commission is waiting on an updated copy of the agreement from the lawyers for distribution and signature. This will be shared with the CRSWSC board as soon as it is received.

The RWCG and EPCOR discussed a concern of lead in the water at the last meeting. It is important to note that there is no increase of lead in the water; Environment Canada has recently changed the standard for acceptable lead levels which is now stricter. EPCOR will be injecting chemicals into the water system to balance the issue. The power point presentation from EPCOR on lead was circulated to the Board.

### **City of Camrose**

The City of Camrose reached out to Councilor Rick Smith on October 25 about their interest in receiving water from the CRSWSC. Jeremy Enarson, Director of Engineering at the City of Camrose, contacted Shawn Olson on November 13 regarding their interest in pursuing another water source. A meeting between the administration, Associated Engineering and the City of Camrose is scheduled for November 22<sup>nd</sup> to discuss the matter further. An analysis of this growth opportunity will be included in the Water Master Plan.

### **Strategic Plan**

Strategic Steps Inc. has been selected as the consultant for the Strategic Plan. There will be two board workshops on January 17 and March 14, 2019. Venues have not yet been determined; however, the CRSWSC is looking at venues in the Town of Beaumont and the Town of Millet.

### **History of EPCOR discussions**

The Commission Administration was asked to present the chronological events regarding the discussions with EPCOR and the transfer of assets in regards to the Edmonton Annexation. 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 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 attached for review. Moving forward an operational plan will be put together by the technical members to better understand what a transfer would look like so that discussions can be further refined. Currently the Commission is examining where a future booster station could be located and is working with EPCOR to ensure appropriate timing of a future fill line to Beaumont.



65-18

**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 **1861** 1<sup>st</sup> Call locates year to date on Commission facilities as compared to **2114** in 2017.

October 1 & 2, 2018 – Endress+Hauser Canada performed annual flow meter verification and inspection.

October 5, 2018 – Nason Contracting Group Ltd. resolved a Nisku West flow control valve issue. The combination of old & new programming mixed with a pressure sustaining valve adjustment created an issue that would allow the reservoir to over fill.

October 9, 2018 – Leduc Plumbing and Heating replaced a circuit board in the furnace at Boundary. They were also contracted to replace the furnace pipe at the EIA Reservoir 1, which was noted during September's annual inspection.

October 10, 2018 – Capital H<sub>2</sub>O performed our annual chlorine analyzer preventative maintenance/calibration.

October 25, 2018 – Leduc Plumbing and Heating's electrical division replaced burnt out exterior lights at the Boundary station.

November 6, 2018 – Nason Contracting Group Ltd. replaced the existing level transducer at the Calmar fill station.

November 6, 2018 – Leduc Plumbing and Heating removed and replaced a failing unit heater at the HWY 21 Booster Station. The exhaust docs were replaced during the installation of the new unit heater.

EPCOR has invited several water Commissions to participate in a tour of the EL Smith Plant, which has been arranged for Thursday, January 24 from 10:00 am – Noon. Close toed shoes and picture ID will be required; EPCOR will provide safety glasses and hard hats. Shannon Bremner will circulate an email to Board members to confirm attendance.

66-18

**Motion:** It was **Moved** by Councillor Dave Vallee 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 ten months of operations (to October 31, 2018), there should be approximately 16.67% of the budget remaining. Management expenses are under budget with 32.93% of the budget remaining. Overall, operating expenses are consistent with budget with 15.43% of the budget remaining. This slight variance is also due mainly to the timing and seasonality of expenditures. Keep in mind that there may still be unrecorded October expenditures at the time of the writing of this report.

#### **Revenue Variances**

- Water sales are over budget for the period with 10.79% of the budget remaining and is expected to be over budget at yearend.
- Debenture proceeds are under budget with 19.06% of the budget remaining.
- Interest earned is below budget at 65.82% due to the timing of when interest is paid, the type of investments held and lower than anticipated interest rates.
- Government transfers are typically booked at year end.
- The \$219,164 recorded to recoveries is unbudgeted and includes \$1,379 invoiced to NCGL Construction for 50% of a generator rental and \$217,785 to record the receipt of the debenture funds for the Armena line. The debenture funds have been transferred to the capital reserve and will result in a net impact of \$0.
- The Commission has recorded a line loss of 2.96% to date.

#### **Expenditure Variances**

- Debenture interest and principal payments are made in June and December therefore only one entry for the original debenture has been recorded for 2018.
- Water purchases are at \$0.89/M3 which is the interim rate set by EPCOR. Members of the RWCG agreed to this rate.
- Water purchases are over budget with 10.83% of the budget remaining which is consistent with water sales being over budget by the same percentage.
- Insurance has been paid for 2018. The insurance premium was significantly less than anticipated with 30.43% of the budget remaining.
- Audit fees are recorded at yearend.
- Legal fees are over budget with 9.06% of the budget remaining. The majority of the legal fees relate to the EIA license agreement.
- Other professional fees are under budget with 36.41% of the budget remaining. The October CIBC Investment Statement had not been received at the writing of this report so October advisor fees have not yet been recorded.
- Engineering fees is below budget with 64.89% of the budget remaining. \$250,000 was budgeted for the Long Range Master Plan which is in



progress and any unused funds will be carried forward to 2019 to complete the project.

- Other communication & maintenance costs are at -232.65% of budget due to receipt of a \$7,262 invoice from Strathcona County for RWCG shared expenses for 2016 & 2017 communication upgrades. This was an unbudgeted expense for work that was completed in 2016.
- Other expenditure variances are primarily a result of timing and seasonality.

### ***Capital Expenditures***

- Capital expenditures are below budget with 99.20% of the overall budget remaining, after adjustment for non-budgeted transactions. This is because:
  - a. Millet Line Expansion only had \$1,300 in expenditures to date;
  - b. Boundary Station Transfer Switch project is not being completed;
  - c. Air Release Manhole Rehab project did not get started in 2018 due to capacity pressures and is carried forward to 2019;
  - d. Air and Vacuum Release Valves project has not started but will be completed by yearend;
  - e. The unexpended funds for the pump upgrade at the Hwy 21 Booster Station will be carried forward into 2019.

The additional \$12,666 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.

### **2018 Water Consumption**

Water sales and purchases are over budget to date and are anticipated to be over budget for 2018. The *2018 Water Sales and Expenditures Projections* report shows the impact of water sales and purchases to October 31, 2018 in comparison to budget. It also shows the projections for yearend.

Water sales are over budget by \$476,660 to October 31, 2018 and purchases are over by \$422,358. The net effect on operating surplus is \$54,302. It is anticipated that water sales will be over budget by an estimated \$572K by yearend and purchases will be over budget by an estimated \$507K for a projected net impact on operating surplus of \$65K.

### **Regional Water Customers Group**

The most recent meeting of the Regional Water Customers Group was held in Strathcona County on September 27<sup>th</sup>, 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/M<sup>3</sup> which is \$0.0548/M<sup>3</sup> below the \$0.80/M<sup>3</sup> 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 M<sup>3</sup>.

The true-up rate for 2016 is \$0.8392/M<sup>3</sup> which is \$0.0192/M<sup>3</sup> above the \$0.82 M<sup>3</sup> 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 M<sup>3</sup>.

The 2017 true-up rate is \$0.8683 which is \$0.0183 above the interim rate of \$0.85 paid by the RWCG members. This will result in an approximate \$100K balance owing to EPCOR based on 2017 consumption of 5.47 M<sup>3</sup>. This rate has now been finalized.

All three years will be settled at the same time which will result in an estimated net refund to the CRSWSC of \$114K. The RWCG will receive the refund to help replenish the water rate balancing fund to offset any amounts that may be owing to EPCOR in future years.

The forecasted true-up rate for 2018 as of September 2018 is \$0.8639/M<sup>3</sup> which is \$0.0261 less than the interim rate of \$0.8900.

The preliminary forecast rate for 2019 is \$0.9275/M<sup>3</sup> and the RWCG and EPCOR agreed to a 2019 interim rate of \$0.93/M<sup>3</sup>.

The Spring 2019 Regional Water Customers Group meeting has not been scheduled.

#### **Remuneration and Expenses Policy**

Due to changes to Federal Income Tax laws, Sections 1c and 1d of the *Remuneration and Expenses Policy* has to be revised to remove reference to the one-third tax free allowance. The revised policy will be brought forth at the February 2019 Board meeting for approval by the Board. The original section 1c is to be removed and the original section 1d will become section 1c with reference to the one-third allowance deleted.

The revised honoraria rates used in the 2019 Budget are based on AUMA proposed 2019 Rate Schedule (which has not yet been approved). The increased rates are intended to offset any decreases to net income that result from the removal of the one-third tax free allowance.

The Board expressed a desire to have the per diems for meals and incidentals reviewed. Administration has reviewed the policies for the following three organizations:

- a) AUMA – Alberta Urban Municipalities Association
- b) Alberta Capital Region Wastewater Commission
- c) City of Leduc

A *Summary of Per Diems for Meals and Incidentals* shows the per diems for each municipality and organization. Administration recommends keeping the per diem rates in the CRSWSC *Remuneration and Expenses Policy* as they are to be consistent with AUMA. Rates are to be based on Canadian dollars since the Commission budgets in Canadian dollars. Please keep in mind that when you



purchase meals it is recommended that you keep your receipts since Board members will be reimbursed for the actual cost with a maximum tip allowance of 15%.

**67-18**      **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the Capital Region Southwest Water Services Commission approve the revised Remuneration and Expenses policy.

**Carried**

**68-18**      **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 Carol Hounsell, Treasurer, CRSWSC.

**Carried**

**D. 2019 Interim Budget Report**

**Proposed 2019 Interim Budget Highlights**

**Revenue**

**Water rates**

The CRSWSC sales rate for water has increased to \$1.59/m<sup>3</sup> from \$1.47/m<sup>3</sup> in 2018. The increase is due to a number of factors. The 2019 interim rate for EPCOR was set at \$0.93/m<sup>3</sup> up from \$0.89/m<sup>3</sup> in 2018. The increase of \$0.12/M<sup>3</sup> is required for the following:

- \$0.04/m<sup>3</sup> for the EPCOR rate increase.
- \$0.075/m<sup>3</sup> increase for Future Water Expansion Reserve.
- \$0.005/m<sup>3</sup> increase in the rate to cover increases in management and operating expenses.

This increase is based on the recommendations in the Water Master Plan, to ensure appropriate funding for the future water expansion reserve, which is currently underfunded. The negotiations with EPCOR may change this situation in the future; however, it is wise to proceed with what is known and confirmed at this time. The Commission has limited borrowing capacity so it is important to ensure that the Commission maintains healthy reserves for unexpected scenarios or future construction, such as construction of a future Booster Station that will be required if the sale with EPCOR proceeds. It is anticipated that we should have further clarity in the 2020 budget once the EPCOR negotiations are complete.

**Water Flat Rates – Debenture Proceeds**

Debenture proceeds charged to the member municipalities on transmission line 2 has increased from a budget of \$81,141 in 2018 to \$93,903 in 2019. The 2018 amount was based on the actual payments on the Highway 21 line debenture and an estimate for one payment in 2018 on the Armena line debenture. The Armena line debenture was received in 2018 therefore the 2019 budget is based on actual debenture payments (including principal & interest) for both debentures.

***Interest***

Interest has increased from \$46,000 to \$62,000 based on projected actuals for 2018 and budgeted reserve transfers for 2018 being invested.

***Operating Surplus***

The drawn from operating surplus budget increased from \$35,000 in 2018 to \$65,000 in 2019. \$35,000 is to offset the carry forward for unused seminar and conference funds based on the *Board Training & Development Policy*. The additional \$30,000 will be used to fund the development of a *Strategic Plan* approved by the Board June 28, 2018, Motion 39-18.

***Accumulated Surplus***

The required net balancing amount of \$6,130 will result in a decrease to accumulated surplus.

**Expenditures**

- Operational and management contracts are as per contractual agreements.
- Honorariums and mileage have increased by \$8,070 and \$250 respectively, to include the 2-day Strategic Plan. The revised honoraria rates used in the 2019 Budget are based on AUMA proposed 2019 Rate Schedule (which has not yet been approved). The increased rates are intended to offset any decreases to net income that result from the removal of the one-third tax free allowance.
- Legal fees include an additional \$15,000 to cover review of legal documents consistent with 2018.
- Audit fees are as per contractual agreement.
- Other Professional Fees has increased by \$30,900 to include \$30,000 for the 2019 Strategic Plan which has been funded through the Operating reserve as approved by the Board. Additional \$1,200 increase for higher CIBC Wood Gundy Management Fees. Website hosting was moved to the computer maintenance budget in 2019.
- Debenture payments expense (interest + principal) has increased over 2018 as 2018 was an estimate for the Armena line debenture and included only one payment. The Armena debenture was pulled in 2018 therefore the 2019 budget is based on the debenture schedules for both debenture 4000845 & 4002395.
- Instrumentation & Mechanical has increased \$10,000 as it has been combined with Electrical & Mechanical.
- Engineering Fees has decreased by \$125,000 over 2018. The Long Range Master Plan review and update was started in 2018 and the unexpended funding has been carried forward to 2019 to finish the project.
- Water Purchases – For 2019 EPCOR has recommended an interim rate of \$0.93/m<sup>3</sup>. The Regional Water Customers Group agreed to this interim rate and administration recommends that the CRSWSC use this as its budgeted water rate for 2019.



- Seminars & Conferences is \$70,000 in 2019. This is a result of a carry forward of \$35,000 from 2018 as per the Board Training and Development Policy. The carry forward is funded through the operational reserve and therefore does not impact the rates.
- Transfers to Operating Reserves has increased over the 2018 budget. The transfer for General Operating Reserves was increased to \$0.04/m<sup>3</sup> in 2019 from \$0.025. In addition, nothing was budgeted for the Rate Stabilization Reserve for 2018.
- All other expense line items have remained unchanged or have not changed by material amounts.

**Capital**

- “Transfers to Capital Reserves” has increased in 2019. The increase is mainly due to a \$0.075/m<sup>3</sup> increase to the reserve for the Future Water System Expansion. This will increase the reserve transfer rate from \$0.26/m<sup>3</sup> in 2018 to \$0.335/m<sup>3</sup> in 2019.
- Project 2015.003 – Millet Waterline Expansion was not fully completed in 2018 and will be carried forward into 2019. The 2019 budget was adjusted to reflect the 2018 expenditures and the projected cost to complete.
- Project 2016.002 – Boundary Station Transfer Switch was not completed in 2018 and is no longer expected to be completed going forward therefore it has not been carried forward to 2019.
- Project 2017.002 – Air Release Manhole Rehabilitation is expected to be completed in 2019 and the full budget has been carried forward.
- Project 2018.001 – Air and Vacuum Release Valves is expected to be completed in 2018 therefore no carry forward to 2019.
- Project 2018.002 – Pump for Hwy 21 Booster Station was new for 2018 with a budget of \$200,000 and the unexpended budget is carried forward into 2019.
- No new capital projects for 2019 expected.

**69-18**      **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the Capital Region Southwest Water Services Commission adopt the 2019 Interim Operating and Capital Budget as presented by Carol Hounsell, Treasurer, CRSWSC, with total revenues and transfers from reserves of \$10,077,748 and total expenditures and transfers to reserves of \$10,077,748.

**Carried**

**70-18**      **Motion:** It was **Moved** by Councillor Terry Balaban that the Capital Region Southwest Water Services Commission accept in principle the 2020-2021 forecasted Operating and Capital Budget as presented by Carol Hounsell, Treasurer, CRSWSC.

**Carried**

**5. UNFINISHED BUSINESS**

There was no unfinished business presented.

## **6. NEW BUSINESS**

### **A. Water Master Plan: Presentation by Associated Engineering**

Sean Nicoll from Associated Engineering was invited to make a presentation on the draft Water Master Plan findings, which included a review of the 3 options that were previously presented to the Board. Board members were given the opportunity to ask questions relating to the Master Plan and the options discussed.

Of all options presented, option 2 is preferred by both EPCOR and the CRSWSC as it benefits both parties and adds as a secondary feed to Beaumont, which provides increased water security. There was an inquiry whether the secondary connection could be oversized to allow for future development capacity or the addition of new customers. It was suggested that this could be explored as an option in the Water Master Plan. The intention is to incorporate the plans for a secondary feed to Beaumont within the Town of Beaumont and the City of Edmonton's Area Structure Plans (ASP's) to ensure land is set aside for this pipe corridor. As part of pursuing option 2, the Commission is actively seeking to secure a parcel of land to build a future Booster Station on. It would be ideal to build the future Booster Station in Leduc County so it is built on Commission member lands.

Future service areas are being reviewed under the Master Plan, such as potential opportunities for expansion to the City of Camrose, Maskwacis First Nations and Alberta Parks. It was noted that current projections anticipate the need for additional system capacity in the 2035 timeframe; these timelines are expected to be impacted by the EPCOR negotiations. Administration confirmed that 10% of the line to the Town of Millet is dedicated to Kavanagh, which was funded by Leduc County.

Administration is seeking further feedback and comments to address and incorporate within the Water Master Plan. Once the Master Plan is finalized and the negotiations with EPCOR are complete, Administration and Associated Engineering will present the Water Master Plan to each member municipalities Council. Following this, Bylaw updates will be undertaken to update allocations; as part of this update the Board will also need to consider whether construction will be equally funded by all members.

Associated Engineering expects to release a technical memorandum in December concerning the Highway 21 Booster Station upgrades.

71-18

**Motion:** It was **Moved** by Councillor Mike Storey that the Capital Region Southwest Water Services Commission accept this update from Associated Engineering as information.

**Carried**



**B. Business Elite Canada Magazine**

Shawn Olson was contacted by the Business Elite Canada Magazine in regards to a request to feature an article on the Capital Region Southwest Water Services Commission. Administration obtained permission from the Board to proceed with the request, and suggested that the Chairman of the Board attends the interview. This is a good exposure opportunity for the Commission and we will receive a proof of the article to review and edit before it is released.

**7. NEXT MEETING**

The first Strategic Plan workshop will take place on January 17, 2019 with the second workshop to take place on March 14, 2019.


The next regular meeting of the Capital Region Southwest Water Services Commission will be held on February 21, 2019 at Kosmos Boardroom & Catering Kitchen, located at 5010 – 49 Avenue, Leduc, AB.

Dinner will be served at 5:30 p.m., with the meeting to follow at 6:00 p.m.

**8. ADJOURNMENT**

**72-18**      **Motion:** It was **Moved** by Councillor Doug Lyseng to adjourn the meeting at 8:09 p.m.

**Carried**

  
\_\_\_\_\_  
CHAIRMAN

  
\_\_\_\_\_  
MANAGER