

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION
 REGULAR MEETING, HELD ON THURSDAY, SEPTEMBER 17, 2020 AT 6:00 P.M.
 BEST WESTERN PREMIER DENHAM INN & SUITES,
 DISCOVERY BALLROOM, 5207 – 50 AVENUE, LEDUC, AB T9E 6V3
 AND VIA GOTOMEETING (VIRTUAL ATTENDEES)**

1. CALL TO ORDER

Chairman Rick Smith called the meeting to order at 6:03 p.m.

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

PRESENT:	Councillor Rick Smith	Leduc County
	Councillor Kelly Vandenberghe	Leduc County
	Councillor Bill Daneluik	City of Beaumont
	Councillor Doug Lyseng	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 Krista Gardner	Town of Calmar

ALSO PRESENT:	Shawn Olson, Commission Manager	City of Leduc
	Rick Sereda, Operations Manager	City of Leduc
	Carol Hounsell, Treasurer	City of Leduc
	Lauren Padgham, Accountant	City of Leduc
	Shawn Tooth, Manager, Utility Services	City of Leduc
	Shannon Bremner, Recording Secretary	City of Leduc
	Des Mryglod, Director, Engineering & Utilities	Leduc County
	Trevor Bosma, Operations Resource Inspector	City of Beaumont

PRESENT VIRTUALLY:	Councillor Sam Munckhof-Swain	City of Beaumont
	Councillor Greg Gillespie	Camrose County
	Pamela Regier, Project Manager	City of Leduc
	Samantha Folster, Project Manager	City of Leduc
	Gerard Del Rosario, Accounting Technician	City of Leduc
	Councillor Kevin Hycha	City of Camrose
	Charet Chahal, Investment Advisor	CIBC Wood Gundy
	James Hobson, Investment Advisor	CIBC Wood Gundy

WITH REGRETS:	Roger Steele, Manager, Technical & Utilities	EIA
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2. ADOPTION OF AGENDA

- 36-20** **Motion:** It was **Moved** by Councillor Lars Hansen that the agenda for the September 17, 2020 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.
- Motion Carried Unanimously**

3. APPROVAL OF MINUTES

A. Minutes of the May 21, 2020 Regular Meeting

- 37-20** **Motion:** It was **Moved** by Councillor Doug Lyseng that the meeting minutes of the May 21, 2020 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.
- Motion Carried Unanimously**

4. CIBC WOOD GUNDY HOBSON CHAHAL ADVISORY GROUP
(Virtual Presentation: 20 – 30 minutes)

Chairman Rick Smith welcomed the Commission's new investment advisors, James Hobson, CFA and Charet Chahal, CFA of CIBC Wood Gundy Hobson Chahal Advisory Group, to provide a presentation to the Board.

A. Investment Management Presentation

James Hobson and Charet Chahal presented a PowerPoint presentation which provided an overview of their services, investment objectives, strategies and tools. It was noted that the Commission's investments must be compliant with Section 250 of the Municipal Government Act (MGA) legislation. The recommended average range of investment duration is 5 years, with an annualized yield (average) of 3% per year.

Their presentation was followed by a brief question and answer period.

- 38-20** **Motion:** It was **Moved** by Councillor Bill Daneluik that the Capital Region Southwest Water Services Commission Board of Directors receive the presentation by James Hobson, CFA and Charet Chahal, CFA as information.

Motion Carried Unanimously

B. Draft Investment Policy

James Hobson and Charet Chahal presented a draft Investment Policy for the Board to consider, to replace the existing CRSWSC Investment Policy previously approved on November 7, 2006.

- 39-20** **Motion:** It was **Moved** by Councillor Dave Vallee that the Capital Region Southwest Water Services Commission Board of Directors approve the Investment Policy, as presented by James Hobson, CFA and Charet Chahal, CFA.

Motion Carried Unanimously

James Hobson and Charet Chahal left the meeting at 6:30 p.m.

5. 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).

Administration developed a document titled "Tips for Saving Water" that members/customers can share with residents to reduce water usage. This

document was attached to the report and will be circulated digitally to members following the September 17, 2020 Board Meeting.

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.

Administration has been working with Associated Engineering on drafting a new Water Policy that includes this recommendation, which will be brought forward at a future Board Meeting for approval and adoption.

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 is included within the Annual Report document (page 7).

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 – Environmental Land Assessment

Associated Engineering completed the Phase 1 Environmental Site Assessment this Spring/Summer and a draft report has been provided to Administration for review. There was no environmental risk identified on the land but the building was identified to contain hazardous materials that requires special demolition and disposal procedures. Administration has requested that the draft report be revised to include a cost estimate for these hazardous materials so that the Board can make an informed decision on the procurement of this land parcel.

Millet Water Supply Line Project

Administration had previously had Commission legal counsel, Reynolds Mirth Richards & Farmer LLP (RMRF), issue a letter to Weaver Welding on April 14, 2020 advising them of their outstanding obligations with regards to the debris infiltration incident at the Robinson Reservoir in 2018. Shortly after issuance, the insurance adjuster was in contact with RMRF to discuss the status of their review. Administration has worked with RMRF to close the claim with Weaver Welding and their insurer, which was discussed further under New Business as an In-Camera item.

Highway 21 Booster Station Upgrade

Commissioning of the Highway 21 booster station was completed and substantial performance achieved on October 10, 2019. Administration had a monitored security system installed in lieu of the original scope designed by Associated Engineering that integrated with the PLC and SCADA system. Four security cameras were installed along with a door contact and motion sensors. At a cost of \$3,300 in total with an additional monitoring cost of \$50 per month, the third party monitored system is substantially less expensive than the integrated system, even with the monthly monitoring fees.

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. A letter was received on July 23, 2020 from Municipal Affairs advising that this request was approved by Order in Council 217/2020. The approval letter and the Order in Council were appended to the report for reference. 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. The draft amendment is currently with Brownlee for legal review.

Administration had previously prepared a presentation outlining the highlights of the Master Plan and Strategic Plan, which was presented to the Board and shared with respective members Councils. Councils that requested and received in person presentations over the summer of 2020 included the City of Beaumont, City of Leduc, Leduc County and Town of Calmar. It was noted that the Town of Millet is also interested in a Council presentation, which will be coordinated for late 2020 if possible.

Operations and Management Contracts

Administration had previously 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 Board approved the two year contract extension at the May 21, 2020 Board meeting, and a letter was issued to the City of Leduc from Chairman Rick Smith, which was appended to the report for reference.

Regional Water Customers Group (RWCG)

The RWCG hired Associated Engineering (AE) to assist with responding to the Alberta Environment and Parks Supplemental Information Request (SIR) for the Water Diversion License Application. Administration received a request from the RWCG on July 21, 2020 for all existing water users in the regional system, estimated annual water usage of each, and industrial/commercial facilities diverting greater than 100,000 m³ of water per year. The request and memo from AE were attached for reference. Administration had AE compile this information on the Commission's behalf, which was provided to the RWCG on July 31, 2020. The response was not included in the Manager's Report as some municipalities and customers requested privacy with the information provided.

There had been concern previously expressed by the Board regarding reduced water demand across the region due to COVID-19 and potential penalties that may apply from EPCOR for not meeting the contractual demands. Administration has raised this concern with the RWCG to address with EPCOR. The RWCG has advised that they could not validate the penalty clause in their review of the Agreement but advised that the lower consumptions will impact the 2020 true-up rate (the email was attached for reference). The RWCG has reached out to EPCOR and will provide further information at the next RWCG meeting scheduled for October 26, 2020.

EIA Reservoir 2

There remain a few items at Reservoir 2 that need to be addressed. The fill station requires a security system and the flow control valve requires a breaker. Commission operators are working with EIA Administration to complete the remaining items.

Millet Weather Incident

A severe weather incident occurred in the Town of Millet on July 16, 2020 during which the Commission's communication tower sustained extensive damage and communications were lost. Commission operators were onsite the morning after the event to establish a secondary means of communication due to the collapse of the radio tower. The Commission water supply was not interrupted as a result of the storm.

It was determined that this damage was not covered by Commission insurance. A replacement tower was immediately ordered and is ready for installation once Millet's damaged reservoir roof has been moved to allow the work to proceed. The estimated cost of this work to the Commission is \$10,000.

The City of Leduc also supplied resources (2 laborers, 1 arborist, 1 bucket truck, and 1 wood chipper) for two full days to assist with cleanup of downed trees in the

Town. Mayor Tony Wadsworth expressed his sincere appreciation for the City of Leduc's assistance with the impacts of the storm. This truly demonstrates the collaborative working relationship and community mindset of Commission members.

Alberta Municipal Affairs Notice

The Commission received a notice from Municipal Affairs advising of amendments to the MGA to streamline the legislative framework for Regional Service Commissions, including the CRSWSC. The changes permit service commissions to continue as incorporated entities and maintain all of their current powers and duties, while reducing the role of the province in approving many business decisions. Changes have been made to the list of required bylaws to address matters previously established in the regulations. The changes take effect September 1, 2020 and the Commission has 1 year to update the bylaws. Administration has contacted Reynolds Mirth Richards & Farmer LLP (RMRF) to assist with updating the Commission bylaws. Administration will work with RMRF to align the bylaw updates with the upcoming Water Policy (which will include removing references to water allocations, and include a statement in regards to members ensuring they have sufficient storage capacity). The letter from Municipal Affairs, the Order in Council 227/2020, and the 2 FAQ documents relating to these changes were attached to the report for reference.

Beaumont Development Reviews

The Commission received a notice from the City of Beaumont advising of the Ruisseau Neighbourhood Redistricting on May 29, 2020. Administration reviewed the plans for any potential conflict with existing infrastructure, or opportunity to protect for an alignment for the future EPCOR connection from the North. No comments were forwarded to Beaumont by their deadline of June 19, 2020 as Administration found no concerns or opportunities within the redistricting proposed.

Commission Facility Locates

Commission operators have completed 875 1st Call locates year to date on Commission facilities compared to 1,406 last year.

40-20

Motion: It was **Moved** by Mayor Tony Wadsworth 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

2020 Financial Update

After seven months of operations (to July 31, 2020), there should be approximately 41.67% of the budget remaining. Management expenses are under budget with 49.68% of the budget remaining due to the timing of expenses. Overall, operating

expenses are under budget with 44.40% 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 slightly below budget for the period with 43.78% of the budget remaining. This is due to reduced water demand as a result of school and business closures due to COVID-19.
- Interest earned is above budget due to the change in investment advisors as well as now earning interest on bank deposits.
- Government transfers are below budget since these are typically booked at yearend.
- The unbudgeted amount booked to recoveries relates to the Millet water line project and was previously described in the Manager's Report. It will be dealt with as described in that report.

Expenditure Variances

- Honorariums are below budget with budget remaining of 57.95% and mileage is below budget at 86.57% of the budget remaining due to Board meetings transitioning into virtual meetings.
- Other professional fees are over budget with 26.54% of the budget remaining. The new investment advisor fees are transactional in nature and fees were incurred in February when the investments were transferred over to the new advisor, and again in June when an additional \$2 million was added to the investment portfolio. This variance is therefore timing related. It is important to note that interest earned on investments is also over budget which more than offsets the additional expense.
- Audit fees are booked at year end.
- The budget remaining for legal fees is at 81.83% due to timing of expenditures.
- Debenture interest and principal payments are made in June and December, therefore only one entry has been recorded for 2020.
- Seminars and conferences is at 95.03% of budget. This is due to the American Water Works Association conference scheduled for June 2020 having been cancelled due to COVID-19. The refund from AWWA has been processed. At the March 2020 meeting the Board approved a motion to have the Commission bear all travel cancellation fees which accounts for some of the expenditures incurred to date. In addition, the foreign exchange adjustment associated with the booking of the AWWA Conference was more than the foreign exchange adjustment for the cancellation refund.
- 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.
- Regular and annual meeting expenses is below budget at 86.76% of the budget remaining due to Board meetings transitioning to virtual because of COVID-19. The AGM was later this year, thus, the AGM expenses were not accounted for at the writing of this report.
- Engineering fees is under budget with 51.47% of the budget remaining.

- Power is below budget with 49.57% of the budget remaining. Gas is under budget with 56.84% of the budget remaining. It is anticipated that power and gas will be under budget in 2020 due to the sale of the Boundary Station to EPCOR.
- Facility maintenance is over budget with 28.39% of the budget remaining.
- Instrumentation & Mechanical is over budget with 35.93% of the budget remaining.
- Line maintenance is under budget with 62.82% of the budget remaining.
- Water purchases are at \$0.95/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 is slightly under budget with 43.62% of the budget remaining, which is consistent with water sales being under budget with 43.78% of the budget remaining. This is mainly due to the closing of schools and many businesses as a result of COVID-19.
- The Commission has recorded a line loss of 3.28%.

Capital Expenditures

Capital expenditures are below budget with 95% of the overall budget remaining due to timing of capital projects.

- 2015.003 Millet Line Extension – previously discussed in Manager's Report.
- 2017.002 Air Release Manhole Rehab – intentionally on hold due to failures in the pilot project. Will carry forward to the 2021 Budget.
- 2018.002 Pump for Hwy 21 Booster – project is completed and includes the security monitoring equipment. There are still some outstanding invoices to be processed. However, the project will come in under budget.
- 2019.002 Beaumont Piping Upgrades – in progress. This is projected to come in under budget at approximately \$25,000 for engineering fees for 2020. The project will go out for tender in 2021 with a revised budget amount.
- 2020.001 Environmental Land Assessment for new Facility – in progress. This is projected to come in under budget with an estimated \$12,700 to be spent in 2020.

Audit RFP

The Audit contract expired following the completion of the 2019 Financial Statements. The RFP for Audit Services was posted to the APC on September 15, 2020 with a deadline for submission of proposals of October 6, 2020. The contract period is for 5 years, until 2024. Administration's recommendation for the successful proponent will be presented to the Board for approval at the November 19, 2020 Regular Board Meeting.

2020 Interim Budget

The 2021 Interim Operating and Capital Budgets and 2022 and 2023 Forecasted Budgets will be presented at the next regular meeting on November 19, 2020.

Regional Water Customers Group (RWCG)

The RWCG has added concerns about the potential for penalties from EPCOR due to lower water demands as a result of COVID-19 to the agenda for the fall meeting of the RWCG and EPCOR. Following a review of the RWCG assessing the EPCOR Agreement, there is uncertainty in regards to how any penalty may be applied in a pandemic situation. However, lower consumption may impact the 2020 true-up rate, as EPCOR has advised that expenses have increased. More information will be available at the next RWCG meeting scheduled for October 26, 2020.

ATB Financial – Setup of Electronic Funds Transfer

The electronic funds transfer (EFT) setup is currently in the process of being setup in Great Plains, the financial software used by the Commission. The testing in Great Plains appears to be working well but some final setup and testing is required to generate the correct bank file. The next step is to upload a test file to ATB to ensure the document is in the correct format for processing. After the setup has been completed and tested, Electronic Funds Transfer Request Forms will be sent out to all Board members and vendors. The intention is to complete this by the end of October, if possible.

- 41-20 **Motion:** It was **Moved** by Mayor Wally Yachimetz 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.

Motion Carried Unanimously

6. UNFINISHED BUSINESS

There were no unfinished business items presented.

7. NEW BUSINESS

A. Millet Water Line Settlement (*In-Camera Item*)

Technical members were kindly asked to leave the meeting so the Board could discuss this In-Camera agenda item containing confidential legal information.

Councillor Kevin Hycha, Des Mryglod and Trevor Bosma left the meeting at 6:40 p.m. as the Board prepared to move In-Camera.

- 42-20 **Motion:** It was **Moved** by Mayor Dawn Pauls that the Capital Region Southwest Water Services Commission Board of Directors move In-Camera at 6:41 p.m. to discuss the Millet Water Line Settlement. (*FOIP s. 16 & 27*)

Motion Carried Unanimously

43-20 **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the Capital Region Southwest Water Services Commission Board of Directors move In-Public at 6:47 p.m.

Motion Carried Unanimously

44-20 **Motion:** It was **Moved** by Councillor Krista Gardner that the Capital Region Southwest Water Services Commission Board of Directors receives this report as information, as presented by Shawn Olson, Commission Manager, CRSWSC.

Motion Carried Unanimously

8. NEXT MEETING

The next meeting of the Capital Region Southwest Water Services Commission is the Organizational and Regular meetings which is scheduled for November 19, 2020. These meetings will tentatively be held at the Best Western Premier Denham Inn & Suites, located at 5207 – 50 Avenue in Leduc.

In closing, Chairman Rick Smith advised the Board of his intention to step down as Chairman of the Board following completion of his current term in November 2020. He thanked Board members for their trust and support in leading the Board throughout his 3 year term as Chair. Chairman Rick Smith further explained that rotation of the Chair and Vice Chair positions aligns with the strategies outlined in the Strategic Plan, to facilitate Board succession planning and to promote continuous member engagement. Everyone in attendance provided a round of applause in honour and recognition of the dedicated service of Chairman Rick Smith.

9. ADJOURNMENT

45-20 **Motion:** It was **Moved** by Councillor Beverly Beckett to adjourn the meeting at 6:49 p.m.

Motion Carried Unanimously



CHAIRMAN



MANAGER