



North Red Deer Regional Wastewater Services Commission

Organizational & Regular Meeting Agenda

Date:	November 7, 2022	Time:	10:00 am – 11:00 am
Location:	COUNCIL CHAMBERS LACOMBE AB		
Invitees:	<p>Members: Mayor Jamie Hoover, Town of Blackfalds – Director Mayor Grant Creasey, City of Lacombe – Director Councillor John Ireland, Lacombe County – Director</p> <p>Others: CAO Jordan Thompson, City of Lacombe – CAO NRDRWWSC CAO Myron Thompson, Town of Blackfalds County Manager Tim Timmons, Lacombe County Director Preston Weran, Town of Blackfalds Manager Michael Minchin, Lacombe County Senior Manager Tracey McKinnon, City of Lacombe Manager Amber Mitchell, City of Lacombe Manager Chris Huston, City of Lacombe</p> <p>Guests: Joel Sawatzky, Stantec Consulting Ltd. Todd Simenson, Stantec Consulting Ltd.</p>		
Recorded by:	Denise Bellabono - Administrative Assistant NRDRWWSC		
1. Call to Order by Chair			
2. Adoption of Organizational Agenda			
3. Organizational Agenda			
3.1 Annual Elections			
3.1.a Call for nominations of Chair			
3.1.b Election of Chair			
New Chair of Commission assumes Chairing of Meeting			
3.1.c Call for nominations of Vice-Chair			
3.1.d Election of Vice-Chair			
3.2 2023 Scheduling of Meetings			
4. Adoption of Regular Meeting Agenda			

5. Adoption of Minutes 5.1 Regular Meeting Minutes – October 3, 2022
6. Reports 6.1 Administration 6.2 Chair
7. Old Business:
8. New Business / Emergent Items: 8.1 2023 Operating and Capital Budget
9. Correspondence
10. In Camera
11. Next Meeting Date: April 3, 2023 at 10:00 am in Council Chambers, City of Lacombe (Tentative)
12. Adjournment



REQUEST FOR DECISION

2023 Scheduling of Meetings

Date: November 7, 2022

Prepared by: Denise Bellabono, Administrative Assistant

Presented by: Jordan Thompson, CAO

PURPOSE:

To propose regular Commission meeting dates for 2023.

ACTION/RECOMMENDATION:

THAT the Commission approves the Regular Commission Meeting dates for 2023 as presented.

ISSUE ANALYSIS:

Per the Commission's [Bylaw 8](#), section 7.1, the Board, by resolution, shall establish the dates and number of Meetings to be held during a year. There shall be not less than three (3) Regular Meetings per year.

The administration recommends that the Board approves the 2023 Commission meeting dates below and that any additional meetings be scheduled as required.

The dates correspond with the proposed NRDRWSC regular meeting dates.

- April 3, 2023, at 10 AM
- June 19, 2023, at 10 AM
- September 18, 2023 at 10 AM
- November 6, 2023, at 10 AM (Organizational meeting and 2024 Budget)

Meetings are open to the public and will be posted on the [NRDRWSC website](#). All meetings will be held at 10:00 AM in Council Chambers at City Hall, 5432 56 Avenue, Lacombe, AB, unless otherwise notified.

ALTERNATIVES:

The Commission may choose to:

- A. Approve the Regular Commission Meeting dates for 2023 as presented.
- B. Approve the Regular Commission Meeting dates for 2023 with the following amendments: *[mover to specify amendments]*.
- C. Direct Administration how it wishes to proceed.

ATTACHMENTS: N/A

REGIONAL WASTEWATER MEETING MINUTES

October 03, 2022

COUNCIL CHAMBERS

LACOMBE AB

In Attendance:

Members: Mayor Grant Creasey, Mayor, City of Lacombe
Councillor John Ireland, Councillor, Lacombe County

Others: Jordan Thompson, NRDRWWSC CAO
Denise Bellabono, Administrative Assistant, NRDRWWSC
Tim Timmons, County Manager, Lacombe County
Preston Weran, Director of Infrastructure & Property Services, Town of Blackfalds
Tracey McKinnon, Sr. Manager of Finance, City of Lacombe
Amber Mitchell, Engineering Manager, City of Lacombe
Chris Huston, Utilities Manager, City of Lacombe
Iwalani Post, Administrative Assistant, City of Lacombe

Guests: Joel Sawatzky, Stantec Consulting Ltd.
Todd Simenson, Stantec Consulting Ltd.

Regrets: Matthew Goudy, CAO, City of Lacombe
Mayor Jamie Hoover, Mayor, Town of Blackfalds
Myron Thompson, CAO, Town of Blackfalds
Michael Minchin, Director of Corporate Services, Lacombe County

1. Call to Order:

Chair Creasey called the meeting to order at 10:02 am.

CARRIED UNANIMOUSLY

2. Adoption of the Regular Meeting Agenda:

MOVED by Councillor Ireland that the Regular Meeting Agenda for October 3, 2022, be adopted as presented.

CARRIED UNANIMOUSLY

3. Adoption of Previous Minutes:

3.1. Regular Meeting Minutes of June 20, 2022.

MOVED by Councillor Ireland that the minutes for April 4, 2022 meeting be adopted as presented.

CARRIED UNANIMOUSLY

4. Presentations:

5. Reports:

5.1 Administration

CAO Thompson presented the Administration report confirming the NRDRWSC & NRDRWSC Orientation, Regional Services Commission Board of Directors Training and tour of the NRDRWSC facilities on October 21, 2022. The Commission's insurance policy will cover an additional \$96,743 associated with pump and harmonic filter failures. Revenue is down 5%, and expenses are down 4% due primarily to lower year-to-date treatment costs. Lacombe continues to collect wastewater samples for the University of Calgary COVID tracer analysis. Vibration monitoring on all three Lacombe pumps is ongoing, and the new air release valves are operational.

MOVED by Councillor Ireland that the Commission accept the October 3, 2022 Administration Report as information.

CARRIED UNANIMOUSLY

6. Old Business

7. New Business / Emergent Items

8. Next Meeting:

Monday, November 7, 2022, at 10:00 am, City of Lacombe Council Chambers.

9. Adjournment:

MOVED by Councillor Ireland that the North Red Deer Regional Wastewater Services Commission meeting of October 3, 2022, be adjourned at 10:31 am.

CARRIED UNANIMOUSLY

Chair

Administrator



ADMINISTRATION REPORTS

Administrative, Financial & Operational

Date: November 7, 2022

Created by: CAO, Sr. Finance Manager, Operations Supervisor

ADMINISTRATIVE

- Invitation sent to Directors and their alternates for another orientation session.

FINANCIAL

Table 1 - Wastewater volumes (in cubic meters) - January to September

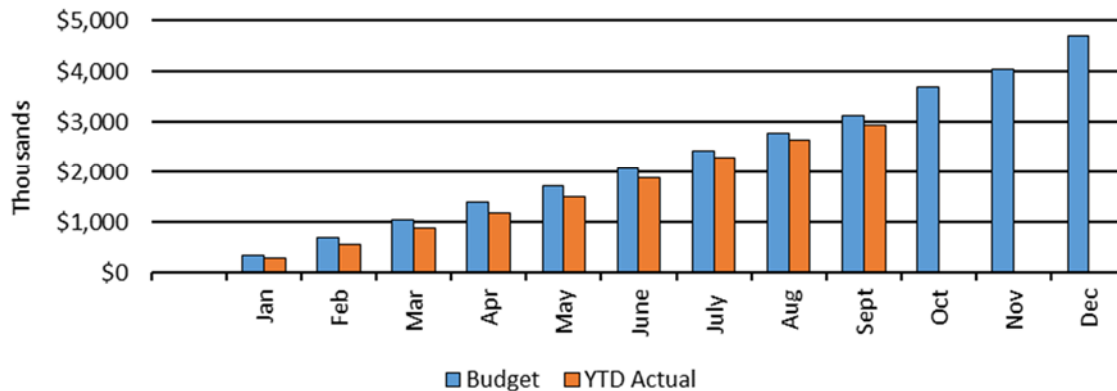
Member	2021	2022
City of Lacombe	980,701	1,040,849
Town of Blackfalds	476,221	497,259
Lacombe County	11,527	18,591
Total	1,468,449	1,556,699

Wastewater volumes have increased over the prior year by 88,250 cubic meters or 6%.

Revenue

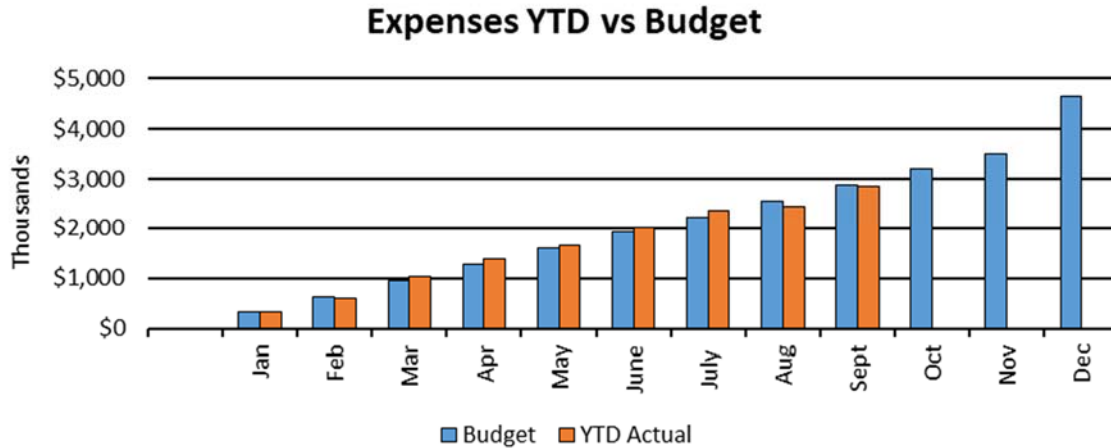
As of September 2022, YTD (year to date) actual revenues are lower than YTD budgeted revenues by \$185,125 or 6%.

Revenue YTD vs Budget



Expenses

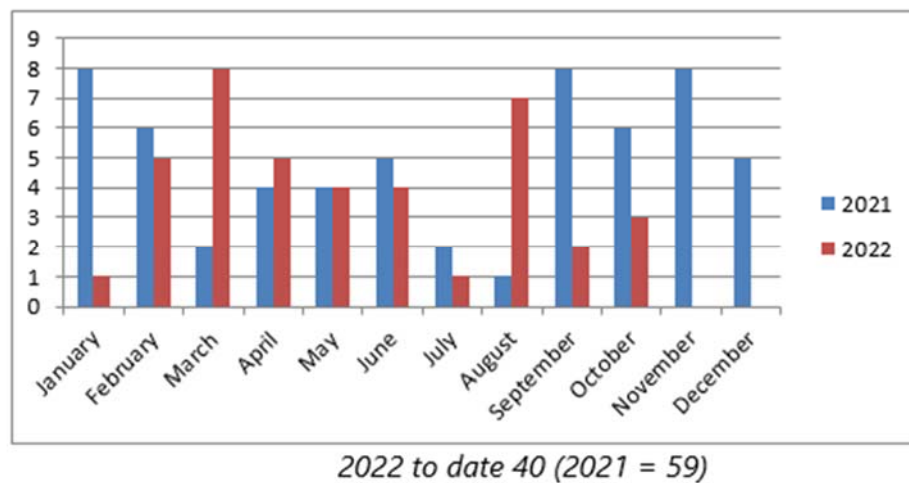
As of September 2022, the YTD actual expenses are lower than YTD budgeted expenses by \$118,906 due primarily to lower YTD treatment costs and expenditures related to mid-year HMI screen replacements and professional services costs.



YTD Surplus/Deficit

As of September 2022, the YTD net deficit is approximately \$66,219. The year-end estimated projected deficit is less than \$15,000 which will result in a slightly reduced reserve transfer.

OPERATIONAL



Notable activities since last report

Lacombe:

- Continue to collect a wastewater sample from the facility and submit to the University of Calgary for COVID tracer analysis
- Annual generator inspection completed
- October 21 – Delegates taken on a regional wastewater facility tour
- Lacombe's PLC is experiencing programming issues, current troubleshooting has identified PLC hardware being the issue. The hardware is being isolated and replaced.

Blackfalds:

- Harmonic Filters replaced, commissioned and operational.
- Annual generator inspection completed
- Rectified a trip hazard that was identified during the delegates tour of the site.

OMF:

- Inspection
- Annual generator inspection completed
- Operations will be inspecting the blower wet well for possible debris and wash it out.

Planned Fall maintenance activities:

- Wastewater meter verification testing by Endress+Hauser in November
- Installation of the new HMI screens at all sites in November

ATTACHMENTS: N/A



REQUEST FOR DECISION

2023 Operating Budget

Date: November 7th, 2022

Prepared by: Jordan Thompson, CAO

Presented by: Jordan Thompson, CAO

PURPOSE:

To present the 2023 Operating Budget for adoption.

ACTION/RECOMMENDATION:

THAT the Commission adopts the 2023 Operating Budget as presented.

ISSUE ANALYSIS:

Administration prepared the 2023 Operating and Capital budgets based on the 2022-2040 Financial Plan.

FINANCIAL IMPLICATIONS:

Sales Volume

In 2023, overall water volumes are projected to rise 5.0% compared to the 2022 projected year-end estimates – slightly lower than the 2022 budgeted estimates. The 2023 estimates consider the historical population growth and the consumption rate assumptions in the 2022-2040 Financial Plan:

- City of Lacombe: +4.7%
- Town of Blackfalds: +5.8%
- Lacombe County¹: +0.5%
- **Overall Volumes: +5.0%**

Annual Expenses

Administration

This expense line includes the Commission's management and administration contract with the City of Lacombe, insurance, other professional services, and miscellaneous office expenses. The 2023 budget shows a proposed 11% increase over the 2022 budget due to higher-than-expected professional services expenses in 2021 and 2022 primarily from third-party professional support required to troubleshoot, diagnose, and support system operations such as the replacement of the HMI screens at the Lacombe and

¹ Lacombe County volumes are shown for information purposes only. The Commission bills the Town of Blackfalds and City of Lacombe for all volume that flows through their import meters to Lacombe County.

Blackfalds lift stations, reinstallation of pump 103 in the Lacombe lift station, and various SCADA and programming callouts required throughout the year.

System Operations

This expenses line consists of the Commission's operations contract with the City of Lacombe, utilities, telephone, equipment repair/maintenance, valve maintenance, chemicals, and SCADA. The 2023 budget proposes a 0.9% increase over the 2022 budget.

Wastewater Treatment Services

The City of Red Deer has not yet confirmed their treatment rate to the Commission. The 2023 Budget estimates it will be \$1.22/m³ starting February 1st, 2023, subject to Council approval - three cents higher than the 2022 rate.

Administration projects the 2023 total treatment costs to be \$2.6 million-the same as 2022.

Debt Payments

This expense line includes principal and interest payments on two long-term capital debentures for the system's original construction. As authorized by Bylaw 9, the administration borrowed \$1.6M in 2022 and used the funds to retire its interim short-term loan and cover remaining capital expenses in 2022 for the original system's construction. The short-term loan was retired in September, while the first payment on the 2022 load isn't due until 2023 – resulting in a lower-than-expected debt expense in 2022. Starting in 2023 payments are fixed year over year until the debentures mature in 2043, and 2047 respectively.

Transfers to Reserves

The 2023 budget proposes to transfer \$354,037 to capital reserves primarily due to phasing in the cost-of-service rate (consistent with the 'Option 1' recommendation for the 2022-2025 Financial Plan). The remaining \$50,000 estimated surplus is unrestricted and will be allocated at the end of 2023.

Annual Revenues

Water Revenues

Administration recommends a 2023 wastewater rate of \$1.87/m³, consistent with its cost-of-service phase-in plan.

For 2023, Administration is projecting total wastewater sales to total approximately \$4.0 million (2022 - \$4.1 million) reflecting a 5% increase from the 2022 year-end projections but a 2.3 % decrease compared to the 2022 budget.

Non-rate Revenue

This revenue line includes fees charged to haulers using the Septage Receiving Station, and to third parties for crossing agreements. It also includes interest revenue from investing the Commission’s cash reserves in principle guaranteed investments permitted under the Municipal Government Act. The 2023 budget includes interest revenue assuming a 1.2% rate of return.

Direct Contributions

As in prior years, the 2023 operating budget includes direct contribution payments from all members covering their portions of the annual administration costs (1/3 based on membership) and debt servicing costs (based on the volume allocation in Bylaw 8). The direct member contributions for 2023 are detailed below.

Member	G &A Allocation	G&A Direct Cost	Debt Servicing Allocation	Debt Direct Cost	Member Direct Contribution for 2023 (Budget)
Town of Blackfalds	1/3	\$66,095	41.7%	\$166,589	\$232,685
City of Lacombe			41.8%	\$167,172	\$233,268
Lacombe County			16.5%	\$65,998	\$132,094

Actual direct contributions are calculated at year-end based on actual costs.

Surplus Balance at Year-End

The 2023 budget projects the year-end total surplus balances to be \$3.2M.

Capital

The 2023 Budget does not include any capital expenditures for 2023.

ALTERNATIVES:

The Commission may choose to:

- A. **[Recommended]** THAT the Commission adopts the 2023 Operating Budget as presented.
- B. *[Alternative 1]* THAT the Commission directs Administration return the 2023 Operating Budget with the following changes:
 - *[Mover to specify changes]*

ATTACHMENTS:

- NRDRWWSC 2023 Operating Budget, Forecast 2024-2026 – Table S1

Table S1
North Red Deer Regional Wastewater Services Commission
2022 - 2040 Financial Model
2023 Operating Budget, 2024-2026 Forecast

[Index](#)

	2022	2022	2023	2024	2025	2026
	Budget	Projected	Budget	Forecast	Forecast	Forecast
Annual Revenue						
Sales to Members						
City of Lacombe	\$2,736,675	\$2,551,729	\$2,671,817	\$2,726,022	\$2,766,149	\$2,814,557
Town of Blackfalds	\$1,326,226	\$1,253,390	\$1,326,226	\$1,412,976	\$1,496,978	\$1,590,104
Lacombe County	\$74,974	\$45,746	\$45,975	\$46,204	\$46,435	\$46,668
Total Member Sales	\$4,137,875	\$3,850,865	\$4,044,018	\$4,185,202	\$4,309,562	\$4,451,328
Non-rate Revenue						
Septage Receiving Station	\$6,787	\$9,739	\$12,465	\$12,877	\$19,841	\$20,446
Other Revenue	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Interest	\$20,000	\$24,549	\$20,960	\$31,675	\$41,840	\$45,941
Government Grants	\$0	\$0	\$0	\$0	\$0	\$0
All Member Contributions	\$521,445	\$490,248	\$577,047	\$580,598	\$584,220	\$587,914
Lacombe County Only	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Non Rate Revenue	\$541,445	\$515,797	\$599,007	\$613,273	\$627,060	\$634,855
Total Revenue	\$4,686,107	\$4,376,400	\$4,655,490	\$4,811,352	\$4,956,463	\$5,106,629
Unrestricted Surplus	\$50,000	\$0	\$50,000	\$50,000	\$50,000	\$75,000
Surplus Balance at Year End						
Restricted Surplus						
Operating Reserve	\$700,000	\$750,000	\$900,000	\$1,000,000	\$1,150,000	\$1,300,000
Capital Reserve	\$1,238,804	\$2,446,481	\$2,650,518	\$2,879,765	\$3,029,544	\$3,108,523
	\$1,938,804	\$3,196,481	\$3,550,518	\$3,879,765	\$4,179,544	\$4,408,523
Unrestricted Surplus						
Operating	\$582,563	\$42,662	\$92,662	\$142,662	\$192,662	\$267,662
Capital	\$0	\$0	\$0	\$0	\$0	\$0
	\$582,563	\$42,662	\$92,662	\$142,662	\$192,662	\$267,662
Total Surplus	\$2,521,368	\$3,239,143	\$3,643,179	\$4,022,427	\$4,372,206	\$4,676,185

Table S1
North Red Deer Regional Wastewater Services Commission
2022 - 2040 Financial Model
2023 Operating Budget, 2024-2026 Forecast

[Index](#)

	2022	2022	2023	2024	2025	2026
	Budget	Projected	Budget	Forecast	Forecast	Forecast
Debenture Debt						
Annual Payments						
Interest	\$188,158	\$148,170	\$224,091	\$217,815	\$211,307	\$204,561
Principal	\$175,587	\$147,231	\$175,669	\$181,945	\$188,452	\$195,199
Total Payments	\$363,745	\$295,402	\$399,760	\$399,760	\$399,760	\$399,760
Average Interest Rate	3.304%	3.304%	3.784%	3.792%	3.800%	3.810%
Debt Principal Owing at Year End	\$4,373,846	\$4,373,846	\$5,798,177	\$5,616,232	\$5,427,780	\$5,232,581
Debt Limit						
Statutory Debt Limit (2 x Revenue)	\$9,372,214	\$8,752,800	\$9,310,980	\$9,622,705	\$9,912,926	\$10,213,258
Actual Debt	\$4,373,846	\$4,373,846	\$5,798,177	\$5,616,232	\$5,427,780	\$5,232,581
% of Limit	47%	50%	62%	58%	55%	51%
Annual Debt Servicing Limit						
Statutory Limit (35% of Rev)	\$1,640,137	\$1,531,740	\$1,629,422	\$1,683,973	\$1,734,762	\$1,787,320
Annual Payments	\$363,745	\$295,402	\$399,760	\$399,760	\$399,760	\$399,760
% of Limit	22%	19%	25%	24%	23%	22%
Liquidity						
<u>Annual Revenue</u>	\$4,686,107	\$4,376,400	\$4,655,490	\$4,811,352	\$4,956,463	\$5,106,629
<u>Unrestricted Surplus Target</u>						
Proportion of Revenue	16%	16%	16%	16%	16%	16%
Amount	\$749,777	\$700,224	\$744,878	\$769,816	\$793,034	\$817,061
<u>Unrestricted Surplus</u>						
At Year End	\$582,563	\$42,662	\$92,662	\$142,662	\$192,662	\$267,662
Proportion of Revenue	12.4%	1.0%	2.0%	3.0%	3.9%	5.2%