



**NORTH RED DEER RIVER WATER SERVICES COMMISSION**

**Regular Meeting**

**October 19, 2015 @ 9:00 AM**

LACOMBE CITY HALL

AGENDA

1. Call to Order
2. Adoption of Agenda
3. Adoption of Minutes
  - a. August 10, 2015 Regular Meeting (*attached*)
4. Presentation
  - a. n/a
5. Reports
  - a. Operations (*attached*)
  - b. Administrator (*attached*)
    - i) Monthly Report
    - ii) Financial - 3<sup>rd</sup> Quarter, 2015
  - c. Chair
6. Correspondence
  - a. n/a
7. Old Business
  - a. Water Supply to North Red Deer
8. New Business
  - a. 2016 Operating and Capital Budget
  - b. 2016-2020 Operating Plan
9. In Camera
  - a. n/a
10. Next Meeting Date: December \_\_\_\_, 2015
11. Adjournment

**NORTH RED DEER RIVER WATER SERVICES COMMISSION**  
**REGULAR MEETING MINUTES**  
**August 10, 2015**

**In Attendance:** Mayor Steve Christie, City of Lacombe  
Mayor Rick Bonnett, Town of Ponoka  
Mayor Melodie Stol, Town of Blackfalds  
Councillor Ken Wigmore, Lacombe County  
Michael Minchin, NRDRWSC Administrator  
Jennifer Peterson, Administrator Assistant

**Others Present:** Norma MacQuarrie, CAO City of Lacombe  
Terry Hager, Lacombe County Commissioner  
Myron Thompson, CAO Town of Blackfalds  
Preston Weran, Director of Infrastructure, Town of Blackfalds  
Jordan Thompson, Engineering Manager, City of Lacombe  
Chris Huston, Utilities Manager, City of Lacombe

**Guest:** Wayne Gustafson, Engineering Services Manager, City of Red Deer

**Regrets:** Councillor Mark Matejka, Ponoka County

**1. Call to Order:**

*Chair Christie called the meeting to order at 9:05 am.*

**2. Adoption of the Agenda:**

*MOVED by Councillor Wigmore that the agenda for August 10, 2015 be adopted as presented.*

CARRIED

**3. Adoption of the Minutes:**

*MOVED by Mayor Stol that the minutes for April 13, 2015, be adopted as presented.*

CARRIED

**4. Presentation**

City of Red Deer Water Supply Request – Wayne Gustafson

Mr. Gustafson updated the Commission on the status of development in the areas north of Highway 11A that the City of Red Deer has annexed. Mr. Gustafson repeated the City's previous offer to purchase the Commission's line that now lies within this area of the City which then be used to service the annexed land. A number of developments near or adjacent to the line need water servicing for a number of reasons. In the interim, the City is requesting that the Commission supply these areas through the Commission's line.

## 5. Reports

### Operator's Report

Mr. Huston discussed the recent activities.

In summary:

- Responded to 591 Alberta One-Call Locate requests from April to July 27, 2015. Locates are down from last year, as the fibre optic project by Telus in the Blackfalds area is complete or nearing completion.
- Small issues with communication lost between City of Red Deer and all sites. The router at the plant was rebooked and communication restored.
- Review of Lucas Reservoir indicates weak power feed issue. Mr. Bonnett will take this information back to the Town's electrical distribution maintenance company.
- Mr Thompson shared that the roundabout design at 597 and Hwy 2A has been reviewed and there are no further objections from engineering services. The Commission was provided with a memo confirming that steel casings were installed along the full length of the Alberta Transportation road allowance for both crossings.
- The Commission's actuator valves at Pump house A, B and C in Lacombe are scheduled to be changed out this week.
- Working to develop a plan to upgrade the SCADA system. A complete upgrade will be done only if required. The current system is obsolete. The system will have to be compatible with Red Deer's treatment system. Upgrading the system should clean-up the communication between Red Deer and the Region.

### Administrator Report

Mr. Minchin presented the Administrator's report.

In summary:

- Administration continues to work on reviewing and updating the right of way on the regional line and the lateral lines. Some of the lateral lines within municipalities do not have easements agreements in place.
- Mrs. Stol shared with the Commission that she has been receiving letters regarding fluoride in the water. She has not replied to the concerns and has asked the Commission to issue a formal letter addressing this matter. Mr. Minchin and Mr. Huston will meet to discuss the issues and concerns then provide a letter to the Commission for review.
- Administrative staff reviewed a request from the Ponoka County for a service connection for fire suppression. The request will be declined as line is not designed to handle such a request.

Mr. Minchin presented the financial report.

In summary:

- Water sales in most communities are above targeted sales for the year. These are records for Lacombe and Blackfalds.

- The Commission is right on budget in terms of overall operating expenses and revenues.
- Valve expenses for the year are already over budget, due to the replacement of the mechanical portion of an 8 inch valve at the 39<sup>th</sup> Reservoir in Ponoka

### Chairman's Report

The Chair met with the Wastewater Commission in the early part of July. The regional waste commission is moving forward with design and alignment options for a regional wastewater line.

*MOVED by Councillor Wigmore to accept the reports as information.*

CARRIED

## **6. Correspondence/Information**

### 2014 True-up City of Red Deer

Mr. Minchin explained to the Commission the process on how the True-up is calculated.

- It is determined by matching-up expenses and revenues with actual sales volume. No payment until it true up exceeds 10% variance.
- Resulting in the variance for the region has resulted in a payment in the amount of \$ 350,631 to the Commission for 2014 calendar year.
- The true will be incorporated back into the rates for future years.

*MOVED by Mayor Bonnett to accept as information.*

CARRIED

## **7. Old Business:**

n/a

## **8. New Business:**

### 2016 – 2020 - 5 year Budget Projection

Mr. Minchin presented the initial draft of the 2016-2020 Operational Budget. He advised the Commission that the City of Red Deer has prepared a long term rate plan but has yet to identify the rates that were used in their region in the report.

Projections are estimated on the conservative side for most of the municipalities to allow for fluctuation in sales. The planning document will be presented to the Commission in October for further review. He recommended to the Commission to receive the report as information.

*MOVED by Councillor Wigmore to accept as information.*

CARRIED

Supply of Water Services – City of Red Deer

A discussion occurred with concerns and potential solutions with regards to the supply request from the City of Red Deer.

*MOVED by Councillor Wigmore to have Administration complete a cost analysis and business case on the sale of the portion of the Regional line that lies within the corporate boundaries of the City of Red Deer north of Highway 11a. Administration is also directed to examine possible supply arrangements to the City of Red Deer for the identified industrial and residential users immediately adjacent to the regional line as an interim solution.*

CARRIED

**9. IN Camera**

n/a

**10. Next Meeting:**

Monday, October 5, 2015 at 9 a.m., City of Lacombe Council Chambers.

**11. Adjournment:**

*MOVED by Mayor Bonnett to adjourn this Meeting at 10:23 am.*

CARRIED

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Chairperson

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Administrator

M E M O R A N D U M



**North Red Deer River  
Water Services  
Commission**

5432 56<sup>th</sup> Avenue  
Lacombe, Alberta T4L 1E9

Phone: (403) 782-6666  
Direct Line: (403) 782-1268  
Fax: (403) 782-5655

jthompson@lacombe.ca

October 19, 2015  
Attn: NRDRWSC  
**Re: Operational Report since August 10, 2015 to current**

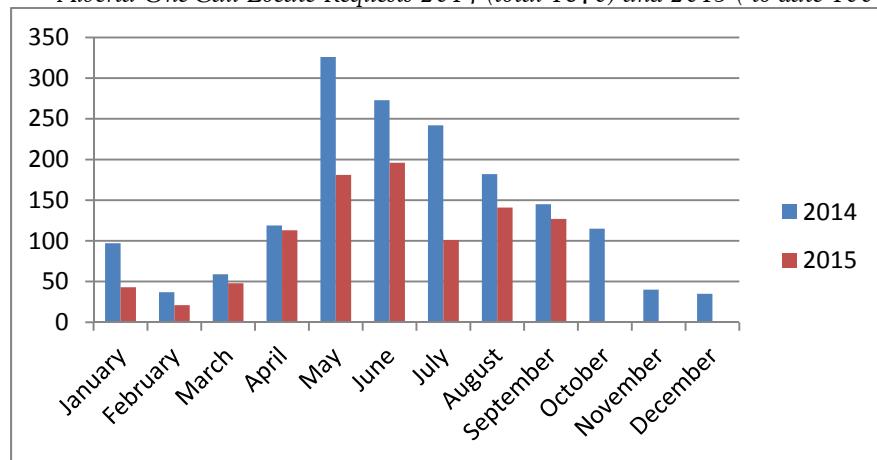
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Since the last update provided to members of the Commission (August, 2015), the City of Lacombe has dealt with the following:

**GENERAL ISSUES**

- Alberta One-Call Locate Requests:
  - August - 141 locates
  - September - 127 locates

*Alberta One-Call Locate Requests 2014 (total 1670) and 2015 ( to date 1007)*



Repair response charges:

- Aug. 20 - Brian R, Brett B worked with Rotork to replace the actuator valves at Lacombe pump houses A, B & C. All Bray actuators have now been replaced with the Rotork actuator valve. The Retork actuators are performing well with no issues to date.

Call-Out:

- None

Crossing/Proximity Agreements -

- None

General Information:

- Operators have had a busy summer completing locate requests for the Blackfalds roundabout, Lacombe 34<sup>th</sup> Street improvement and new Police facility.
- Administration is reviewing a request from the City of Red Deer to make a temporary direct connection to the Commissions line to service an industrial customer and small residential development.

If you have any questions or comments regarding the operations described above please don't hesitate to call or email me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jordan Thompson', with a long horizontal stroke extending to the right.

Jordan Thompson, CET, PMP  
Engineering Services Manager



**North Red Deer  
Regional Water  
Services  
Commission**

5432 56<sup>th</sup> Avenue  
Lacombe, Alberta  
T4L 1E9

**Memorandum**

**TO:** Commission Board Members  
**FROM:** Michael Minchin, Administrator  
**DATE:** October 15, 2015

**RE:** Administrator's Report – 3<sup>rd</sup> Qtr 2015

REF: 47/117  
(2015)

The following is a summary of items Administration has been working on since the Board's last meeting:

1. Administrative staff continue to work on reviewing and updating the Commission's files on the right of way for the regional line and its lateral lines. One thing that is of concern is the lack of protection for the lateral lines assumed by the Commission. This has already forced the Commission to work with the City of Lacombe to relocate the one of these lines to facilitate other municipal infrastructure. Additional money has been included in the 2016 budget to continue this work.
2. Commission staff worked with the City in the relocation of the lateral line connected the City's Pumphouse A to the regional water line. This work necessary was due to the construction of the new Lacombe Police Station.
3. Administrative staff continued discussions with the City of Red Deer regarding an expanded request for water service in the annexed areas north of the City. Meetings have been held to determine process for determining volume and pressure requirements as well as for determining design. The City has confirmed it is responsible for all costs associated with both design and construction including the Commission's engineering.
4. The Commission 5 year operating and 2016 operating budgets have been updated for Council's consideration.

Respectfully submitted.





**North Red Deer  
Regional Water  
Services  
Commission**

5432 56<sup>th</sup> Avenue  
Lacombe, Alberta T4L 1E9

## Memorandum

**TO:** Commission Board Members  
**FROM:** Michael Minchin, Administrator  
**DATE:** October 15, 2015  
**RE:** 3<sup>rd</sup> Quarter 2015 Variance Report

REF: 13/860  
2015

Attached is the 3<sup>rd</sup> quarter 2015 variance report for the regional water commission. The report includes transactions to the end of September.

Strong water sales have continued and mean that the Commission remains on target to meet its budgeted surplus. A few items of note:

1. Water sales for most of the communities are at or above target sales for the year. These are records for Lacombe and Blackfalds in terms of actual consumption. Volumes are still in line with budget expectations. Consumption up to the end of August was also higher. Higher consumption is the result of increase in population in Blackfalds and Lacombe and drier conditions throughout the Commission service area. September volumes were more in line with historic averages.
2. The 2014 true up payment appears in dividend revenue. This amount will be transferred to reserves and applied against future water rates.
3. Expenses remain in line with expectations. As previously reported, valve expenses for the year are already over budget. This valve costs relate to the replacement of the mechanical portion of the 8 inch valve at the 39<sup>th</sup> Avenue Reservoir in Ponoka.
4. Valve Actuator replacement is now complete and reflected in expenses.
5. All other expenses remain on target.

**CITY OF LACOMBE**  
**GL Department Report**



**GL5330**

**Page :** 1

**Date :** Oct 16, 2015

**Time :** 2:46 pm

**Year :** 2015

**Period :** 9

**Budget :** FINAL BUDGET

Account No.	Description	Current	Year To Date	Budget	Variance	% Used
<b>REGIONAL WATER REPORTING</b>						
<b>6 REGIONAL WATER COMMISSION</b>						
<b>1 REVENUES</b>						
<b>47 Regional Water Revenues</b>						
06-1-47-35110	Water Sales - City of Lacombe	-221,568	-2,108,977	-2,613,223	-504,246	81
06-1-47-35120	Water Sales - Town of Ponoka	-119,338	-1,110,089	-1,445,462	-335,372	77
06-1-47-35130	Water Sales - Town of Blackfalds	-122,052	-1,185,404	-1,332,594	-147,189	89
06-1-47-35140	Water Sales - Ponoka County	-1,027	-13,851	-16,319	-2,468	85
06-1-47-42200	Line Crossing Fee	0	-1,000	-1,750	-750	57
06-1-47-55100	Interest Revenue	-3,614	-32,618	-37,530	-4,912	87
06-1-47-55500	Rebates & Dividends	0	-350,632	-50	350,582	701264
06-1-47-85140	Lacombe County Contribution	0	0	-67,000	-67,000	
06-1-47-85150	Ponoka County Contribution	0	0	-67,000	-67,000	
<b>47 Regional Water Revenues</b>		<b>-467,599</b>	<b>-4,802,571</b>	<b>-5,580,927</b>	<b>-778,357</b>	<b>86</b>
<b>1 REVENUES</b>		<b>-467,599</b>	<b>-4,802,571</b>	<b>-5,580,927</b>	<b>-778,357</b>	<b>86</b>
<b>2 EXPENSES</b>						
<b>47 Regional Water Operating Expenditures</b>						
06-2-47-11110	Board Wages-City of Lacombe	0	350	1,400	1,050	25
06-2-47-11120	Board Wages-Town of Ponoka	0	300	600	300	50
06-2-47-11130	Board Wages-Town of Blackfalds	0	300	600	300	50
06-2-47-11140	Board Wages-Lacombe County	0	0	600	600	
06-2-47-11150	Board Wages-Ponoka County	0	150	600	450	25
06-2-47-21110	Board Travel-City of Lacombe	0	0	500	500	
06-2-47-21120	Board Travel -Town of Ponoka	0	54	500	446	11
06-2-47-21130	Board Travel-Town of Blackfalds	0	30	500	470	6
06-2-47-21140	Board Travel-Lacombe County	0	0	500	500	
06-2-47-21150	Board Travel-Ponoka County	0	0	500	500	
06-2-47-21400	Membership Fees	49	196	200	4	98
06-2-47-21500	Postage & Freight	0	0	150	150	
06-2-47-21700	Telephone - Office	0	201	305	105	66
06-2-47-21701	Telephone - Operations	0	5,355	9,084	3,729	59
06-2-47-23000	Management Fees	4,438	39,002	52,230	13,229	75
06-2-47-23100	Accounting and Auditor Fees	0	181	8,000	7,819	2
06-2-47-23200	Legal Fees	0	0	500	500	
06-2-47-23900	Other Professional Services	0	39,226	40,300	1,074	97
06-2-47-25300	Equipment Repair & Maintenance	0	3,635	7,500	3,865	48
06-2-47-25301	SCADA Maintenance	897	8,073	10,800	2,727	75
06-2-47-27400	Insurance & Bond Premiums	0	3,560	5,500	1,940	65
06-2-47-34200	Administration	828	7,276	9,744	2,468	75
06-2-47-35100	Purchase of Water	0	2,475,127	3,374,201	899,074	73
06-2-47-35200	Operations	0	77,461	107,580	30,119	72
06-2-47-51000	Miscellaneous Expenses	0	30	500	470	6
06-2-47-51100	Meeting Supplies	0	0	250	250	
06-2-47-51400	Office Supplies	0	0	250	250	
06-2-47-52400	General Materials & Supplies	196	555	500	-55	111
06-2-47-54400	Utilities-Electricity	65	2,507	5,000	2,493	50
06-2-47-56400	Valves	6	16,611	5,000	-11,611	332
06-2-47-81400	Bank Charges & Interest	0	20	0	-20	
06-2-47-83100	Debenture Interest	34,519	367,243	658,578	291,335	56
06-2-47-83200	Debenture Principal	32,244	336,970	616,323	279,353	55
06-2-47-99000	Amortization	0	0	465,610	465,610	

**CITY OF LACOMBE**  
**GL Department Report**



**GL5330**

**Page :** 2

**Date :** Oct 16, 2015

**Time :** 2:46 pm

**Year :** 2015  
**Period :** 9

**Budget :** FINAL BUDGET

Account No.	Description	Current	Year To Date	Budget	Variance	% Used
<b>REGIONAL WATER REPORTING</b>						
	47 Regional Water Operating Ex	73,241	3,384,412	5,384,405	1,999,993	63
	2 EXPENSES	73,241	3,384,412	5,384,405	1,999,993	63
	Surplus/(Deficit)	-394,357	-1,418,159	-196,522	1,221,637	722
	6 REGIONAL WATER COMMISSION	-394,357	-1,418,159	-196,522	1,221,637	722
	<b>REGIONAL WATER REPORTING Total</b>	<b>-394,357</b>	<b>-1,418,159</b>	<b>-196,522</b>	<b>1,221,637</b>	<b>722</b>

M E M O R A N D U M

October 19, 2015

File 47/132 (2015.3)

Attn: NRDRWSC Commission

**RE: City of Red Deer Request for an Interim Direct Connection**

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North Red Deer  
Regional Water Services  
Commission

5432 56<sup>th</sup> Avenue  
Lacombe, Alberta T4L 1E9

Phone: (403) 782-6666  
Fax: (403) 782-5655

The City of Red Deer has requested the Commission review and comment on a direct connection to the NRDRWSC transmission pipe for the purposes of supplying municipal water to an industrial rate payer and a recently annexed residential development within the City of Red Deer. Administration engaged Stantec Consulting to model the impact of the connection and assess the flow that could be supplied back to the City of Red Deer without negatively impacting the supply commitment the Commission has to its current members.

Stantec concluded that the Commission has the capacity to supply back to the City of Red Deer the maximum daily demand for the two sites. However Stantec further concluded the Commission does not have enough capacity to supply the City of Red Deer's fire flow requirements to the two sites without negatively impacting the minimum pressure needs of the Commission as identified in the water supply agreement. To protect the Commission's pressure requirements in the event of a line break or significant draw on the Commission's system from either of the two sites, Stantec recommended a meter vault configuration with a pressure sustaining valve (PSV).

A handwritten signature in black ink, appearing to read "Jordan Thompson", is positioned above the printed name.

Jordan Thompson, CET, PMP  
Engineering Services Manager



**North Red Deer  
Regional Water  
Services  
Commission**

5432 56<sup>th</sup> Avenue  
Lacombe, Alberta T4L 1E9

## Memorandum

**TO:** Commission Board Members

**FROM:** Michael Minchin, Administrator

**DATE:** October 15, 2015

**RE:** 2016 Operational Budget – 1<sup>st</sup> Draft      REF: 47/934/2016

Administration has prepared a preliminary operating budget for 2016 for the Commission's review. There are no capital expenditures forecasted for 2016.

The 2016 draft operating is based on a 4.0% increase in water rates from the City of Red Deer based on the most recent information obtained by the City. The increase is the result of updates to the water model for City. Administration is waiting for details on the exact causes for the increase. The preliminary rate from the City is expected to increase from \$1.25 to \$1.30 per cubic metre. **The details of the rate and impact on the budget are outlined on page 3.** The City of Red Deer's new rate will be effective for March 1, 2016.

Offsetting this increase in cost is a projected increase in water volume sales. 2015 is on target to see the highest water sales (by volume) since the Commission began operations in 2006. Administration has tempered expectations for 2016 by using an average for previous years. Water volumes are expected to increase by 1% from 2014 levels. Included in the estimate is a change to the water loss estimate as well as the inclusion of water volumes from Lacombe County's industrial park. **Water forecasts are outlined in page 4 of this document.**

In addition to water purchases and sales volume estimates adjustments, Administration has also reviewed all expenses for the Commission and made a number of adjustments. The following a summary of those adjustments. **The operating budget starts on page 5.**

1. Increase of \$4,470 in interest revenue to reflect growing cash balances.
2. Increase of \$6,000 to reflect actual billing revenue to Counties.
3. Reduction in postage of \$100.
4. Increase of Management Fees based on a June 1<sup>st</sup> increase. \$2,091 increase.
5. Decrease in Other Professional Services of \$3,500. A reduction of \$30,000 for the completed actuator project is offset by a \$20,000 increase for SCADA review and \$5,000 for survey work needed to register right of ways for lateral lines. A

- further \$1,500 has been included for general maintenance of the system's valves and computer systems.
6. Increase Administration (accounting services) based on a June 1<sup>st</sup> increase. \$391.
  7. Increase in Operations costs to reflect increased rates effective June 1<sup>st</sup>.
  8. Water purchases are based on projected water volumes and the new City of Red Deer rate.
  9. Reduction in electricity costs to reflect current electricity rates.
  10. Amortization remains unchanged. As this is a non-cash expense, the reserve policy will see this transferred to capital reserves at the end of the year in 2016.

Water rates for the Commission to member municipalities would remain unchanged at \$2.03 per cubic metre. The surplus has been decreased from the targeted \$150,000 to ensure the rate remains unchanged.

The budget is being presented for Commission review and comment.

**North Red Deer River Water Services Commission  
2016 Water Rate Calculations**

2015 City of Red Deer Rate	\$ 1.250
2016 City of Red Deer Projected Rate	\$ 1.300
 % Change	 4.00%

<u>Water Purchases</u>	<u>January</u>	<u>February</u>	<u>March to December</u>	<u>Total</u>
Lacombe	105,044	91,914	1,116,093	1,313,050
Ponoka	57,194	50,045	607,691	714,930
Blackfalds	55,973	48,976	594,711	699,660
Lacombe County (thru Blackfalds)	436	382	4,633	5,450
Ponoka County	772	676	8,203	9,650
Water Loss	3,427	2,999	36,414	42,840
 Subtotal	 222,846	 194,991	 2,367,743	 2,785,580

Price per m3	1.2500	1.2500	1.3000
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<u>Cost of Water</u>	<u>January</u>	<u>February</u>	<u>March to December</u>	<u>Total</u>
City	131,305.00	114,891.88	1,450,920.25	1,697,117.13
Ponoka	71,493.00	62,556.38	789,997.65	924,047.03
Blackfalds	69,966.00	61,220.25	773,124.30	904,310.55
Lacombe County (thru Blackfalds)	545.00	476.88	6,022.25	7,044.13
Ponoka County	965.00	844.38	10,663.25	12,472.63
Water Loss	4,284.00	3,748.50	47,338.20	55,370.70
 Subtotal	 278,558.00	 243,738.27	 3,078,065.90	 3,600,362.17

Other Expenses (Includes Amortization)	<u>2,014,118.83</u>
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Total Operating Costs	5,614,481.00
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Less non-water Revenue	<u>183,800.00</u>
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Total Water Sale Revenue Required	5,430,681.00
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<u>Water Sales Required</u>	<u>January</u>	<u>February</u>	<u>March to December</u>	<u>Total</u>
City	213,239.32	186,584.41	2,265,667.78	2,665,491.51
Ponoka	116,104.63	101,591.55	1,233,611.72	1,451,307.90
Blackfalds	113,624.78	99,421.69	1,207,263.33	1,420,309.80
Lacombe County	885.08	774.45	9,403.98	11,063.51
Ponoka County	1,567.16	1,371.27	16,651.08	19,589.51
 Subtotal	 445,420.97	 389,743.37	 4,732,597.89	 5,567,762.23
Operating Surplus				137,081.23

Price per m3	\$ 2.0300	\$ 2.0300	\$ 2.0300
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Rate Increase	0.00%
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**North Red Deer River Water Services Commission  
2016 Water Sales Forecast**

	2015 Projected			2015	Variance
	Jan to Sept	Oct to Dec	Total	Budget	
City of Lacombe	1,038,905	294,356	1,333,261	1,287,302	3.45%
Town of Ponoka	546,842	164,053	710,895	712,050	-0.16%
Town of Blackfalds	583,943	165,451	749,394	651,450	13.07%
Lacombe County	-	-	-	5,000	0.00%
Ponoka County	6,823	1,933	8,756	8,039	8.19%
Water Loss	45,602	12,921	58,523	42,000	28.23%
	2,222,115	638,713	2,860,828	2,705,841	5.42%

**2016 (Estimated)**

	2016 (Estimated)			Total
	January	February	March to December	
City of Lacombe	105,044	91,914	1,116,093	1,313,050
Town of Ponoka	57,194	50,045	607,691	714,930
Town of Blackfalds	55,973	48,976	594,711	699,660
Lacombe County	436	382	4,633	5,450
Ponoka County	772	676	8,203	9,650
Water Loss	3,427	2,999	36,414	42,840
	222,846	194,991	2,367,743	2,785,580

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Projected 2015	Estimated 2016
City of Lacombe	1,200,431	1,219,621	1,135,454	1,150,948	1,192,004	1,240,649	1,328,507	1,333,261	1,313,050
Town of Ponoka	866,298	767,791	703,634	700,402	699,781	699,205	706,460	710,895	714,930
Town of Blackfalds	478,435	515,855	524,584	526,983	564,434	593,449	678,191	749,394	699,660
Lacombe County	-	-	-	-	0	-	-	-	5,450
Ponoka County	116,099	4,844	2,705	3,560	4,662	5,771	7,336	8,756	9,650
Water Loss	171,715	61,116	48,296	39,407	11,252	49,987	37,509	58,523	42,840
	2,832,978	2,569,227	2,414,673	2,421,300	2,472,133	2,589,061	2,758,003	2,860,828	2,785,580

City of Lacombe		1.60%	-6.90%	1.36%	3.57%	4.08%	7.08%	0.36%	-1.52%
Town of Ponoka		-11.37%	-8.36%	-0.46%	-0.09%	-0.08%	1.04%	0.63%	0.57%
Town of Blackfalds		7.82%	1.69%	0.46%	7.11%	5.14%	14.28%	10.50%	-6.64%
Lacombe County									
Ponoka County		-95.83%	-44.16%	31.61%	30.96%	23.79%	27.12%	19.36%	10.21%
Water Loss		-64.41%	-20.98%	-18.41%	-71.45%	344.25%	-24.96%	56.02%	-26.80%
		-9.31%	-6.02%	0.27%	2.10%	4.73%	6.53%	3.73%	-2.63%



**CITY OF LACOMBE**  
**Provisional Budget Report**



Account Code : 06-1-??-?????  
 To 06-2-??-?????  
 Fiscal Year : 2015

Account Code	Account Description	CC1	CC2	2014 ACTUAL VALUES	2015 ACTUAL VALUES	2015 FINAL BUDGET	2016 PROVISIONAL BUDGET
<b>06</b>	<b>REGIONAL WATER COMMISSION</b>						
	<b>REVENUES</b>						
06-1-47-35110	Water Sales - City of Lacon			-2,696,869	-2,108,977	-2,613,223	-2,665,494
06-1-47-35120	Water Sales - Town of Ponc			-1,434,114	-1,110,089	-1,445,462	-1,451,308
06-1-47-35130	Water Sales - Town of Blacl			-1,376,728	-1,185,404	-1,332,594	-1,431,375
06-1-47-35140	Water Sales - Ponoka Cour			-14,892	-13,851	-16,319	-19,592
06-1-47-42200	Line Crossing Fee			-2,000	-1,000	-1,750	-1,750
06-1-47-55100	Interest Revenue			-39,863	-32,618	-37,530	-42,000
06-1-47-55500	Rebates & Dividends			-409,855	-350,632	-50	-50
06-1-47-85140	Lacombe County Contributi			-69,044	0	-67,000	-70,000
06-1-47-85150	Ponoka County Contributioi			-69,044	0	-67,000	-70,000
	<b>Total REVENUES</b>			<b>-6,112,409</b>	<b>-4,802,571</b>	<b>-5,580,928</b>	<b>-5,751,569</b>
	<b>EXPENSES</b>						
06-2-47-11110	Board Wages-City of Lacon			1,400	350	1,400	1,400
06-2-47-11120	Board Wages-Town of Ponc			600	300	600	600
06-2-47-11130	Board Wages-Town of Blac			600	300	600	600
06-2-47-11140	Board Wages-Lacombe Co			0	0	600	600
06-2-47-11150	Board Wages-Ponoka Cour			600	150	600	600
06-2-47-21110	Board Travel-City of Lacom			0	0	500	500
06-2-47-21120	Board Travel -Town of Ponc			111	54	500	500
06-2-47-21130	Board Travel-Town of Black			59	30	500	500
06-2-47-21140	Board Travel-Lacombe Cou			0	0	500	500
06-2-47-21150	Board Travel-Ponoka Coun			59	0	500	500
06-2-47-21170	Travel-Administration			205	0	0	0
06-2-47-21400	Membership Fees			195	196	200	200
06-2-47-21500	Postage & Freight			50	0	150	50
06-2-47-21600	Staff & Volunteer Appreciati			200	0	0	0
06-2-47-21700	Telephone - Office			301	201	305	305
06-2-47-21701	Telephone - Operations			8,397	5,355	9,084	9,084
06-2-47-23000	Management Fees			50,286	39,002	52,230	54,321
06-2-47-23100	Accounting and Auditor Fee			8,052	181	8,000	8,000
06-2-47-23200	Legal Fees			0	0	500	1,250
06-2-47-23900	Other Professional Services			49,820	39,226	40,300	36,800
06-2-47-25300	Equipment Repair & Mainte			38,809	3,635	7,500	7,500
06-2-47-25301	SCADA Maintenance			10,764	8,073	10,800	11,280
06-2-47-27400	Insurance & Bond Premium			4,386	3,560	5,500	5,500
06-2-47-34200	Administration			9,382	7,276	9,744	10,135
06-2-47-35100	Purchase of Water			3,369,086	2,475,127	3,374,201	3,600,362
06-2-47-35200	Operations			111,125	77,461	107,580	111,883
06-2-47-51000	Miscellaneous Expenses			322	30	500	500
06-2-47-51100	Meeting Supplies			18	0	250	250
06-2-47-51400	Office Supplies			0	0	250	250
06-2-47-52400	General Materials & Supplie			385	555	500	500
06-2-47-54400	Utilities-Electricity			3,829	2,507	5,000	4,500
06-2-47-56400	Valves			6,028	16,611	5,000	5,000
06-2-47-81400	Bank Charges & Interest			0	20	0	0

**CITY OF LACOMBE**  
**Provisional Budget Report**



Account Code : 06-1-??-?????  
 To 06-2-??-?????  
 Fiscal Year : 2015

Account Code	Account Description	CC1	CC2	2014 ACTUAL VALUES	2015 ACTUAL VALUES	2015 FINAL BUDGET	2016 PROVISIONAL BUDGET
06-2-47-83100	Debenture Interest			683,614	367,243	658,578	630,473
06-2-47-83200	Debenture Principal			589,444	336,970	616,323	644,428
06-2-47-99000	Amortization			465,610	0	465,610	465,610
<b>Total EXPENSES</b>				<b>5,413,737</b>	<b>3,384,413</b>	<b>5,384,405</b>	<b>5,614,481</b>
<b>Total REGIONAL WATER COMMISSION</b>				<b>-698,672</b>	<b>-1,418,158</b>	<b>-196,523</b>	<b>-137,088</b>



**North Red Deer  
Regional Water  
Services  
Commission**

5432 56<sup>th</sup> Avenue  
Lacombe, Alberta T4L 1E9

# Memorandum

**TO:** Commission Board Members  
**FROM:** Michael Minchin, Administrator  
**DATE:** October 15, 2015  
**RE:** 2016-2020 Budget Projections

REF: 47/934  
(2016)

## Purpose

To present to the Board for discussion the most recent draft of the Commission's 2016-2020 Operations Budget.

## Background

Administration has updated the 5 year operations budget for the Regional Water Services Commission. This document is intended to provide the Board with a projection of the expected operations of the Commission for the period 2016-2020. The document is a planning document. Administration has prepared a more detailed operating and capital budget for 2016 for the Board's approval.

This most recent draft is based on updated rate information from the City of Red Deer for 2016 to 2020. This draft also includes revision to water volume estimates and 2016 budget expenses

The document is 3 pages. The first page outlines the cost escalators and projected City of Red Deer water rates. These rates are based on the most recent estimate provided by the City for 2016 and estimates for 2017 to 2020 provided by the City last year. Page 2 outlines the forecasted water volumes for the Commission. Page 3 outlines the projected budget for the next 5 years which also now includes actual budget projections for 2016.

## Issue Analysis

The projections have been prepared based on the following assumptions:

1. Water forecasts based on a combination of 4 year average and expected growth.
2. Water loss based on 2% of total annual consumption.
3. Water forecast done on year by year basis.
4. City of Red Deer rate applied based on an average monthly consumption for first two months (non-seasonally adjusted).

5. City of Red Deer rates based on most recent estimate for 2016 (provided Oct 15, 2015) and a 2014 estimate for the 2017 to 2020 years.
6. Operations based on current customer base and current asset inventory.
7. Apply 2014 True up against rates over 3 years starting in 2018.
8. No change to debt payments.
9. Maintain annual operating surplus of \$150,000 per year except for 2016 where the surplus was lowered to maintain current water rates.

The Commission will be meeting with the City of Red Deer to review any updates they may for rates for the years 2017 to 2020 in the new year.

The plan itself calls for very stable rates over the next five years. This is due to increasing water demand and stable non water supply costs. The plan maintains a projected surplus of \$150,000 annually that could be applied against future rate increases and/or offset lower than expected water sales.

Water rate increases are projected to be in line with historical rate increases.

#### Alternatives

1. Administration is seeking input from the Board on any possible changes. If there are no further changes then Administration will recommend that the Board approve the plan in principle. This plan will not remove the annual budgeting approval process but it will serve as a guide in the preparation of future budgets.

#### Attachment

- 2016-2020 Projected Operations Budget – North Red Deer Water Services Commission – version 3

#### Action/Recommendation

- Administration is recommending that this report be approved in principle.



# **North Red Deer River Water Services Commission**

**2016-2020 Project Operating Budget**

**Version 3**

**October 16, 2015**

\*City of Red Deer Rates based on Aug 27, 2014 for 2017 to 2020 and Oct 15, 2015 for 2016

**North Red Deer River Water Services Commission  
2016 -2020 Assumptions**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>City of Red Deer Rate</u></b>	1.25	1.30	1.33	1.41	1.54	1.59
% Increase		4.0%	2.3%	6.0%	9.2%	3.0%
<b><u>Cost Escalators</u></b>		2016	2017	2018	2019	2020
Rates						
General		2%	2%	2%	2%	2%
Utilities		5%	5%	5%	5%	5%
Materials		3%	3%	3%	3%	3%
Contract		4%	4%	4%	4%	4%
<b><u>Cost of Water</u></b>						
Lacombe		1,697,117	1,781,282	1,926,201	2,145,867	2,259,851
Ponoka		924,047	954,661	1,016,131	1,114,252	1,155,024
Blackfalds		904,311	967,775	1,067,032	1,212,026	1,301,431
Lacombe County (thru Blackfalds)		7,044	7,395	7,995	8,901	9,381
Ponoka County		12,473	15,401	19,599	25,687	31,832
Water Loss		<u>55,371</u>	<u>58,121</u>	<u>62,844</u>	<u>70,008</u>	<u>73,728</u>
Subtotal		3,600,363	3,784,635	4,099,802	4,576,741	4,831,247
<b><u>Water Sales Required</u></b>						
Cost of Water		3,600,363	3,784,635	4,099,802	4,576,741	4,831,247
Other Expenses		2,014,119	2,023,368	2,032,665	2,042,636	2,052,657
Less Non Water Revenue		- 183,800	- 187,440	- 266,153	- 394,941	- 323,804
Plus Surplus		<u>137,081</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Subtotal		5,567,763	5,770,563	6,016,314	6,374,436	6,710,100
Water Sales Volume (excl loss)		2,742,740	2,801,890	2,863,090	2,926,450	2,992,150
<b><u>Regional Water Rate</u></b>	2.03	2.030	2.060	2.101	2.178	2.243
		0.00%	1.48%	1.99%	3.66%	2.98%

**North Red Deer River Water Services Commission  
2016 -2020 Water Sales Forecast**

**Historical Consumption**

	Actual <u>2007</u>	Actual <u>2008</u>	Actual <u>2009</u>	Actual <u>2010</u>	Actual <u>2011</u>	Actual <u>2012</u>	Actual <u>2013</u>	Actual <u>2014</u>	Budgeted <u>2015</u>
City of Lacombe	1,168,822	1,200,431	1,219,621	1,135,454	1,150,948	1,192,004	1,240,649	1,328,507	1,287,302
Town of Ponoka	795,012	866,298	767,791	703,634	700,402	699,781	699,205	706,460	712,050
Town of Blackfalds	462,420	478,435	515,855	524,584	526,983	564,434	593,449	678,191	651,450
Lacombe County	-	-	-	-	-	-	-	-	5,000
Ponoka County	-	116,099	4,844	2,705	3,560	4,662	5,771	7,336	8,039
Water Loss	<u>42,469</u>	<u>171,715</u>	<u>61,116</u>	<u>48,296</u>	<u>39,407</u>	<u>11,252</u>	<u>49,987</u>	<u>37,509</u>	<u>42,000</u>
	2,468,723	2,832,978	2,569,227	2,414,673	2,421,300	2,472,133	2,589,061	2,758,003	2,705,841
Change									
City of Lacombe		2.70%	1.60%	-6.90%	1.36%	3.57%	4.08%	7.08%	-3.10%
Town of Ponoka		8.97%	-11.37%	-8.36%	-0.46%	-0.09%	-0.08%	1.04%	0.79%
Town of Blackfalds		3.46%	7.82%	1.69%	0.46%	7.11%	5.14%	14.28%	-3.94%
Lacombe County									
Ponoka County				-44.16%	31.61%	30.96%	23.79%	27.12%	9.58%
Water Loss		304.33%	-64.41%	-20.98%	-18.41%	-71.45%	344.25%	-24.96%	11.97%
Water Loss (% of Total)		6.06%	2.38%	2.00%	1.63%	0.46%	1.93%	1.36%	1.55%

**Sales Volume Forecast**

% Changes

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of Lacombe	2.0%	2.0%	2.0%	2.0%	2.0%
Town of Ponoka	0.4%	0.4%	0.4%	0.4%	0.4%
Town of Blackfalds	7.4%	4.0%	4.0%	4.0%	4.0%
Lacombe County	9.0%	2.0%	2.0%	2.0%	2.0%
Ponoka County	20.0%	20.0%	20.0%	20.0%	20.0%
Water Loss	2.0%	2.0%	2.0%	2.0%	2.0%

	Projected <u>2015</u>	Budget <u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of Lacombe	1,333,261	1,313,050	1,339,310	1,366,100	1,393,420	1,421,290
Town of Ponoka	710,895	714,930	717,790	720,660	723,540	726,430
Town of Blackfalds	749,394	699,660	727,650	756,760	787,030	818,510
Lacombe County	-	5,450	5,560	5,670	5,780	5,900
Ponoka County	8,756	9,650	11,580	13,900	16,680	20,020
Water Loss	<u>58,523</u>	<u>42,840</u>	<u>43,700</u>	<u>44,570</u>	<u>45,460</u>	<u>46,370</u>
	2,860,828	2,785,580	2,845,590	2,907,660	2,971,910	3,038,520

**North Red Deer River Water Services Commission  
2016 -2020 Operations Budget**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Revenues</u></b>						
Water Sales - City of Lacombe	\$ 2,613,223	\$ 2,665,492	\$ 2,758,979	\$ 2,870,176	\$ 3,034,869	\$ 3,187,953
Water Sales - Town of Ponoka	1,445,462	1,451,308	1,478,647	1,514,107	1,575,870	1,629,382
Water Sales - Town of Blackfalds	1,332,594	1,420,310	1,498,959	1,589,953	1,714,151	1,835,918
Water Sales - Lacombe County	-	11,064	11,454	11,913	12,589	13,234
Water Sales - Ponoka County	16,319	19,590	23,855	29,204	36,329	44,905
Line Crossing Fee	1,750	1,750	1,750	1,750	1,750	1,750
Interest Revenue	37,530	42,000	42,840	43,697	44,571	45,462
Rebates & Dividends	50	50	50	50	50	50
Lacombe County Contribution	67,000	70,000	71,400	72,828	74,285	75,771
Ponoka County Contribution	67,000	70,000	71,400	72,828	74,285	75,771
Rate Subsidization (2015 Bal - 409,800)	-	-	-	75,000	200,000	125,000
Subtotal - Revenue	<u>\$ 5,580,928</u>	<u>\$ 5,751,564</u>	<u>\$ 5,959,334</u>	<u>\$ 6,281,506</u>	<u>\$ 6,768,749</u>	<u>\$ 7,035,196</u>
 <b><u>Expenses</u></b>						
Board Wages-City of Lacombe	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400
Board Wages-Town of Ponoka	600	600	600	600	600	600
Board Wages-Town of Blackfalds	600	600	600	600	600	600
Board Wages-Lacombe County	600	600	600	600	600	600
Board Wages-Ponoka County	600	600	600	600	600	600
Board Travel-City of Lacombe	500	500	500	500	500	500
Board Travel -Town of Ponoka	500	500	500	500	500	500
Board Travel-Town of Blackfalds	500	500	500	500	500	500
Board Travel-Lacombe County	500	500	500	500	500	500
Board Travel-Ponoka County	500	500	500	500	500	500
Membership Fees	200	200	204	208	212	216
Postage & Freight	150	50	51	52	53	54
Telephone - Office	305	305	600	600	600	600
Telephone - Operations	9,084	9,084	9,538	10,015	10,516	11,042
Management Fees	52,230	54,321	56,494	58,754	61,104	63,548
Accounting and Auditor Fees	8,000	8,000	8,000	8,000	8,320	8,320
Legal Fees	500	1,250	1,275	1,301	1,327	1,354
Other Professional Services	40,300	36,800	37,536	38,287	39,053	39,834
Equipment Repair & Maintenance	7,500	7,500	7,650	7,803	7,959	8,118
SCADA Maintenance	10,800	11,280	11,280	11,280	11,280	11,280
Insurance & Bond Premiums	5,500	5,500	5,610	5,722	5,836	5,953
Administration	9,744	10,135	10,540	10,962	11,400	11,856
Purchase of Water	3,374,201	3,600,363	3,784,635	4,099,802	4,576,741	4,831,247
Operations	107,580	111,883	116,358	121,012	125,852	130,886
Miscellaneous Expenses	500	500	515	530	546	562
Meeting Supplies	250	250	258	266	274	282
Office Supplies	250	250	258	266	274	282
General Materials & Supplies	500	500	515	530	546	562
Utilities-Electricity	5,000	4,500	4,725	4,961	5,209	5,469
Valves	5,000	5,000	5,150	5,305	5,464	5,628
Bank Charges & Interest	-	-	-	-	-	-
Debenture Interest	658,578	630,473	601,086	570,359	538,231	504,637
Debenture Principal	616,323	644,428	673,815	704,542	736,670	770,264
Amortization	465,610	465,610	465,610	465,610	465,610	465,610
Subtotal - Expenses	<u>\$ 5,384,405</u>	<u>\$ 5,614,482</u>	<u>\$ 5,808,003</u>	<u>\$ 6,132,467</u>	<u>\$ 6,619,377</u>	<u>\$ 6,883,904</u>
 <b>Surplus/Deficit (+/-)</b>	 <u>\$ 196,523</u>	 <u>\$ 137,082</u>	 <u>\$ 151,331</u>	 <u>\$ 149,039</u>	 <u>\$ 149,372</u>	 <u>\$ 151,292</u>