



# North Red Deer Regional Wastewater Services Commission

## Regular Meeting Agenda

Date:	April 8, 2024	Time:	10:00 am
Location:	COUNCIL CHAMBERS, CITY OF LACOMBE, AB		
Invitees:	<p>Members: Mayor Grant Creasey, City of Lacombe – Chair            Mayor Jamie Hoover, Town of Blackfalds – Vice Chair            Councillor John Ireland, Lacombe County – Director</p> <p>NRDRWWSC CAO: Director Jordan Thompson, City of Lacombe</p> <p>Others: CAO Kim Isaak, Town of Blackfalds            CAO Matthew Goudy, City of Lacombe            Director Preston Weran, Town of Blackfalds            Manager Tim Timmons, Lacombe County            Senior Manager Tracey McKinnon, City of Lacombe            Manager Amber Mitchell, City of Lacombe            Manager Chris Huston, City of Lacombe            Manager Angela Smith, City of Lacombe            Operator Matt Sawitsky, City of Lacombe            Legislative Coordinator Denise Bellabono, City of Lacombe</p> <p>Guests: Mitchell Kennedy, CPA, Sr. Manager, BDO Canada LLP</p>		
Recorded by:	Iwalani Post - Administrative Assistant NRDRWWSC		
	1. Call to Order by Chair		
	2. Adoption of Agenda		
	3. Adoption of Minutes		
	3.1 Special Meeting Minutes – March 11, 2024		
	3.2 Regular Meeting Minutes – December 4, 2023		
	4. Presentations		
	4.1 2023 Financial Audit – BDO Canada LLP		
	5. Reports		
	5.1 Administration		
	5.2 Chair		
	6. New Business / Emergent Items:		
	6.1 2023 Financial Audit – Sr. Manager McKinnon		

6.2 Wholesale Power Purchase

6.3 Blackfalds Emergency Lift Station HMI Upgrade

7. Next Meeting Date

June 17, 2024 at 10:00 am in Council Chambers, City of Lacombe

8. Adjournment

**REGIONAL WASTEWATER MEETING MINUTES**

**March 11, 2024**

COUNCIL CHAMBERS

LACOMBE AB

**In Attendance:**

- Members:** Mayor Grant Creasey, NRDRWWSC Chair, City of Lacombe  
Mayor Jamie Hoover, NRDRWWSC Vice-Chair, Town of Blackfalds  
Councillor John Ireland, NRDRWWSC Director, Lacombe County
- Others:** Jordan Thompson, NRDRWWSC CAO  
Iwa Post, NRDRWWSC Administrative Assistant  
Matt Goudy, CAO, City of Lacombe  
Preston Weran, Director of Infrastructure and Property Services, Town of Blackfalds  
Angela Smith, Regional Utilities Foreman, City of Lacombe
- Regrets:** Kim Isaak, CAO, Town of Blackfalds  
Tim Timmons, County Manager, Lacombe County  
Michael Minchin, Director of Corporate Services, Lacombe County  
Tracey McKinnon, Sr. Manager of Finance, City of Lacombe  
Amber Mitchell, Engineering Manager, City of Lacombe  
Chris Huston, Utilities Manager, City of Lacombe  
Matt Sawitsky, Operator, City of Lacombe  
Denise Bellabono, Legislative Coordinator, City of Lacombe

**1. Call to Order**

CAO Thompson called the meeting to order at 3:00 pm.

**2. Adoption of Regular Meeting Agenda**

*MOVED by Vice-Chair Hoover that the Special Meeting Agenda for March 11, 2024, be adopted as presented.*

*CARRIED UNANIMOUSLY*

**3. New Business / Emergent Items**

**3.1. H2S Monitoring RFQ Results**

CAO Thompson presented the results on the Request for Quotes for remote H2S monitoring at CAV#3. Administration received three quotes back which included upfront equipment and

installation costs as well as an annual subscription and calibration fee. It is Administration's recommendation that the Commission engage Biomaxx to provide the remote H2S monitoring.

*MOVED by Councillor Ireland that the Commission directs Administration to engage Biomaxx to install one sensor to monitor air quality at CAV#3 for one year, funded from the Operating Reserve.*

*CARRIED UNANIMOUSLY*

**4. In Camera**

**5. Next Meeting:**

Monday, April 8, 2024, at 10:00 am, City of Lacombe Council Chambers

**6. Adjournment:**

*MOVED by Vice-Chair Hoover that the meeting be adjourned at 3:17 pm.*

*CARRIED UNANIMOUSLY*

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Chair

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Chief Administrative Officer

**REGIONAL WASTEWATER MEETING MINUTES**

**December 04, 2023**  
COUNCIL CHAMBERS  
LACOMBE AB

**In Attendance:**

- Members:** Mayor Grant Creasey, NRDRWWSC Chair, City of Lacombe  
Mayor Jamie Hoover, NRDRWWSC Vice-Chair, Town of Blackfalds  
Councillor John Ireland, NRDRWWSC Director, Lacombe County
- Others:** Jordan Thompson, NRDRWWSC CAO  
Iwa Post, NRDRWWSC Administrative Assistant  
Matt Goudy, CAO, City of Lacombe  
Preston Weran, Director of Infrastructure and Property Services, Town of Blackfalds  
Tracey McKinnon, Sr. Manager of Finance, City of Lacombe  
Chris Huston, Utilities Manager, City of Lacombe  
Denise Bellabono, Legislative Coordinator, City of Lacombe
- Guests:** Mr. & Mrs. Strankman
- Regrets:** Kim Isaak, CAO, Town of Blackfalds  
Tim Timmons, County Manager, Lacombe County  
Michael Minchin, Director of Corporate Services, Lacombe County  
Amber Mitchell, Engineering Manager, City of Lacombe  
Angela Smith, Regional Utilities Foreman, City of Lacombe  
Matt Sawitsky, Operator, City of Lacombe

**1. Call to Order**

Chair Creasey called the meeting to order at 9:20 am.

**2. Adoption of Regular Meeting Agenda**

*MOVED by Vice-Chair Hoover that the Regular Meeting Agenda for December 4, 2023, be adopted as presented.*

*CARRIED UNANIMOUSLY*

**3. Adoption of Minutes**

**3.1. Organizational & Regular Meeting Minutes of November 6, 2023**

*MOVED by Councillor Ireland that the minutes from November 6, 2023, be adopted as presented.*

*CARRIED UNANIMOUSLY*

#### **4. New Business / Emergent Items**

##### **4.1. 2024 Wastewater Rate Bylaw 4.2 2<sup>nd</sup>/3<sup>rd</sup> Reading**

CAO Thompson presented the second and third reading of Bylaw 4.2, an amendment to Bylaw 4, for the 2024 Wastewater Rate adjustment to members to be set to 1.90/m<sup>3</sup>, and the 2024 Septic Receiving Station Rate be set to 14.66/m<sup>3</sup>, consistent with the 2024 Operating Budget.

*MOVED by Councillor Ireland that the Commission approve the second reading of Bylaw 4.2 as presented.*

*CARRIED UNANIMOUSLY*

*MOVED by Vice-Chair Hoover that the Commission approve the third reading of Bylaw 4.2 as presented.*

*CARRIED UNANIMOUSLY*

##### **4.2. Air Release Valve Odour Mitigation Options**

CAO Thompson presented information regarding concerns from a local landowner about occasional offensive odours and hazardous gases emanating from CAV#3 (combination air/vacuum vault). Administration also received a call from an Environment and Parks representative advising that they also received a related complaint regarding odours. CAO Thompson presented three options to assess the root cause of the odours and to develop a mitigation plan. Option 1 is to install H2S trending and SCADA capability to the CAVs which will collect data and confirm odour issue. An RFP will be issued to seek monitoring and SCADA solutions. Option 2 is to modify the vent system at CAV#3. Administration will seek quotes from contractors to recommend a vent stack modification. Option 3 is to relocate CAV#3 by engaging engineering consultant to design relocation, develop shutdown plan, and tender construction package.

*MOVED by Councillor Ireland that the Commission directs Administration to request proposals for an H2S monitoring and SCADA solution for CAV#3 only, and that Administration expedite the costs and timelines options to bring back to the board.*

*CARRIED UNANIMOUSLY*

#### **5. In Camera**

#### **6. Next Meeting:**

*MOVED by Councillor Ireland that the next Commission meeting date be set for April 8, 2024, due to the holiday on April 1, 2024.*

*CARRIED UNANIMOUSLY*

**7. Adjournment:**

*MOVED by Councillor Ireland that the meeting be adjourned at 9:51 am.*

*CARRIED UNANIMOUSLY*

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Chair

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Chief Administrative Officer

**North Red Deer Regional Wastewater  
Services Commission  
Financial Statements  
For the year ended December 31, 2023**

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**North Red Deer Regional Wastewater Services Commission**  
**Financial Statements**  
**For the year ended December 31, 2023**

**Contents**

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<b>Independent Auditor's Report</b>	<b>1</b>
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Debt	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7-9
Notes to the Financial Statements	8-13

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## Independent Auditor's Report

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To the Members of the Board of the  
North Red Deer Regional Wastewater Services Commission

### Opinion

We have audited the financial statements of the North Red Deer Regional Wastewater Services Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2023, and the statement of operations, statement of changes in net debt, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## Independent Auditor's Report

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants,  
Red Deer, Alberta  
April 8, 2023

**North Red Deer Regional Wastewater Services Commission**  
**Statement of Financial Position**

<b>December 31, 2023</b>	<b>2023</b>	<b>2022</b>
<b>Financial assets</b>		
Cash	\$ 1,919,008	\$ 1,759,178
Accounts receivable	921,691	905,574
	<u>2,840,699</u>	<u>2,664,752</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	356,652	423,873
Current portion of long-term debt (Note 3)	181,945	175,669
	<u>538,597</u>	<u>599,542</u>
<b>Long-term Debt, Net of Current Portion (Note 3)</b>	<u>5,616,232</u>	<u>5,798,177</u>
	<u>6,154,829</u>	<u>6,397,719</u>
<b>Net debt</b>	<u>(3,314,130)</u>	<u>(3,732,967)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	65,976,801	67,134,698
Prepaid expenses	60,866	57,670
	<u>66,037,667</u>	<u>67,192,368</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$ 62,723,537</u>	<u>\$ 63,459,401</u>

**North Red Deer Regional Wastewater Services Commission**  
**Statement of Operations**

<b>For the year ended December 31, 2023</b>	Budget 2023	2023	2022
<b>Revenue</b>			
Wastewater sales to Commission members (Note 8)	\$ 4,057,851	\$ 3,754,252	\$ 3,844,008
Interest income	20,960	100,173	36,936
Other revenue	1,000	500	1,190
Service fees to Commission members (Note 8)	577,047	575,285	440,960
<b>Total revenue</b>	<b>4,656,858</b>	<b>4,430,210</b>	<b>4,323,094</b>
<b>Expenses</b>			
Accounting and audit fees	9,364	13,255	9,040
Board travel & subsistence	2,550	58	2,627
General material and supplies	268,470	377,223	293,156
Insurance	67,650	69,580	66,764
Interest on long-term debt	224,090	222,265	198,729
Contract fees	40,000	37,477	62,122
Legal fees	1,020	-	338
Operator costs	389,451	387,858	380,256
Other expenses	14,660	13,484	15,256
Repairs and maintenance	75,000	101,850	81,585
Treatment charges	2,638,963	2,449,189	2,429,983
Utilities	345,458	335,935	333,404
Amortization of capital assets	-	1,157,897	1,156,830
<b>Total expenses</b>	<b>4,076,676</b>	<b>5,166,071</b>	<b>5,030,090</b>
<b>Excess of revenue over expenses</b>	<b>580,182</b>	<b>(735,861)</b>	<b>(706,996)</b>
<b>Accumulated surplus, beginning of year</b>	<b>63,459,401</b>	<b>63,459,401</b>	<b>64,166,397</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 64,039,583</b>	<b>\$ 62,723,540</b>	<b>\$ 63,459,401</b>

**North Red Deer Regional Wastewater Services Commission**  
**Statement of Change in Net Debt**

<b>For the year ended December 31, 2023</b>	<b>Budget 2023</b>	<b>2023</b>	<b>2022</b>
<b>Excess of revenue over expenses</b>	\$ 580,182	\$ (735,861)	\$ (706,996)
Acquisition of tangible capital assets	-	-	(272,715)
Amortization of tangible capital assets	-	<b>1,157,897</b>	1,156,830
	<b>580,182</b>	<b>422,036</b>	<b>177,119</b>
Increase in prepaid expenses	-	<b>(3,199)</b>	(2,400)
<b>Net change in net debt</b>	<b>580,182</b>	<b>418,837</b>	<b>174,719</b>
<b>Net debt, beginning of year</b>	<b>(3,732,967)</b>	<b>(3,732,967)</b>	<b>(3,907,686)</b>
<b>Net debt, end of year</b>	<b>\$ (3,152,785)</b>	<b>\$ (3,314,130)</b>	<b>\$ (3,732,967)</b>

**North Red Deer Regional Wastewater Services Commission**  
**Statement of Cash Flows**

<b>For the year ended December 31, 2023</b>	<b>2023</b>	<b>2022</b>
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ (735,864)	\$ (706,996)
Items not involving cash		
Amortization	1,157,897	1,156,830
Changes in non-cash operating balances		
Accounts receivable	(16,117)	(350,114)
Prepaid expenses	(3,196)	(2,400)
Accounts payable and accrued liabilities	(67,221)	126,834
	<u>335,499</u>	<u>224,154</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	-	(272,715)
	<u>-</u>	<u>(272,715)</u>
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	-	492,769
Repayment of long-term debt	(175,669)	-
	<u>(175,669)</u>	<u>492,769</u>
<b>Net change in cash and bank indebtedness</b>	<b>159,830</b>	<b>444,208</b>
<b>Cash, beginning of year</b>	<u>1,759,178</u>	<u>1,314,970</u>
<b>Cash, end of year</b>	<u>\$ 1,919,008</u>	<u>\$ 1,759,178</u>

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# North Red Deer Regional Wastewater Services Commission

## Summary of Significant Accounting Policies

**December 31, 2023**

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### **Management's Responsibility for the Financial Statements**

The financial statements of the Commission are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The North Red Deer Regional Wastewater Services Commission (the "Commission") was established for the purposes of constructing, maintaining, controlling, and managing a regional Wastewater system. The Commission is made up of member municipalities and requisitions funds from its members. The members of the Commission are City of Lacombe, Lacombe County, Town of Blackfalds.

### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods have yet to be provided.

Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided, or the tangible capital assets are acquired.

### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Engineered Structures - Wastewater System	45 to 75 years
Equipment	5 to 45 years

### **Long-term Debt**

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.



**Revenue Recognition** Revenue from transactions with no performance obligation is recognized at realizable value when the commission has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

**Financial Instruments** Accounts receivable, accounts payable are measured at cost. Investments and long-term debt is measured at amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

**Liability for Contaminated Sites** A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries. there is no known contaminated site effective year December 31, 2023

## **Asset Retirement Obligation**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the commission to incur retirement costs, the past transaction has or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. At each financial reporting date, the commission reviews the carrying amount of the liability. The commission recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The commission continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

## **Use of Estimates**

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Areas of the financial statements that contain estimates are as located in amortization and interest expenses.

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**North Red Deer Regional Wastewater Services Commission**  
**Notes to Financial Statements**

**December 31, 2023**

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**1. Cash and Cash Equivalents**

	2023	2022
Cash	<u>\$ 1,919,008</u>	<u>\$ 1,759,178</u>

The Commission has an unused overdraft protection agreement with a maximum overdraft of \$2,000,000 (2022 - \$2,000,000) and interest charged at lender prime. Collateral is comprised of a general security agreement specifically pledging all grant proceeds and debenture products. As at year end December 31, 2023 the prime rate was 7.2% (2022 - 6.45%).

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**2. Financial Instruments**

The Commission is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Commission's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

**Credit risk:**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission is exposed to credit risk through its cash, accounts receivable, and investments.

The Commission manages its credit risk by credit approval process and holding cash at federally regulated chartered banks and cash accounts insured up to \$100,000. The Commission measures its exposure to credit risk based on historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as outlined in Note (cash note). Accounts receivable arise primarily as a result of sales receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

**Liquidity risk**

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to liquidity risk through its accounts payable and long-term debt.

The Commission manages this risk by planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Commission measures its exposure to liquidity risk based on extensive budgeting.

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission is exposed to interest rate risk through its long-term debt.

The Commission manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 3 for interest rates and maturity dates for long term debt.

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### 3. Long-term Debt

Long-term debt reported on the statement of financial position is comprised of the following:

	2023	2022
3.304% debenture, repayable \$147,701, semi-annually, due March 15, 2043.	\$ 4,221,709	\$ 4,373,846
5.07% debenture, repayable \$52,179, semi-annually, due September 15, 2052.	\$ 1,576,468	\$ 1,600,000
	<u>5,798,177</u>	<u>5,973,846</u>
Current portion	181,945	175,669
Long term portion	<u>5,616,232</u>	<u>5,798,177</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2024	\$ 181,945	\$ 217,815	\$ 399,760
2025	188,452	211,307	399,759
2026	195,199	204,561	399,760
2027	202,195	197,565	399,760
2028	209,448	190,311	399,759
Thereafter	4,820,938	2,047,802	6,868,740
	<u>\$ 5,798,177</u>	<u>\$ 3,069,361</u>	<u>\$ 8,867,538</u>

Debenture debt is issued on the credit of the Commission at large. The Commission has agreed to levy upon the member municipalities, a cubic meter Wastewater service fee based on actual use sufficient to provide for annual funds to pay principal and interest due each year on debentures and annual operating costs.

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#### 4. Debt Limits

Section 3 Alberta Regulation No. 76/2000 requires that debt and debt limits for the Commission to be disclosed. The debt limit and debt service limit otherwise determined are as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ <b>8,860,420</b>	\$ 8,646,187
Total debt	<b>5,798,177</b>	5,973,846
Total debt limit	<b><u>3,062,243</u></b>	<u>2,672,341</u>
Debt servicing limit	<b>1,550,574</b>	1,513,083
Debt servicing	<b>399,760</b>	399,760
Total debt servicing limit	<b><u>1,150,814</u></b>	<u>1,113,323</u>

The debt limit is calculated at two times the revenue of the Commission (as defined in Alberta Regulation No. 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions that could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the Commission. Rather, the financial statements must be interpreted as a whole.

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**North Red Deer Regional Wastewater Services Commission**  
Notes to Financial Statements

**December 31, 2023**

**5. Tangible Capital Assets**

	<b>2023</b>						
	Engineered Structures		Land		Equipment		Total
Cost, beginning of year	\$ 69,105,610	\$	3,157,505	\$	7,518	\$	72,270,633
Additions	-		-		-		-
Cost, end of year	\$ 69,105,610	\$	3,157,505	\$	7,518	\$	72,270,633
Accumulated amortization, beginning of year	\$ 5,129,167	\$	-	\$	6,768	\$	5,135,935
Amortization	1,157,147		-		750		1,157,897
Accumulated amortization, end of year	\$ 6,286,314	\$	-	\$	7,518	\$	6,293,832
Net carrying amount, end of year	\$ 62,819,296	\$	3,157,505	\$	-	\$	65,976,801

**5. Tangible Capital Assets (continued)**

	<b>2022</b>						
	Engineered Structures		Land		Equipment		Total
Cost, beginning of year	\$ 68,832,895	\$	3,157,505	\$	7,518	\$	71,997,918
Additions	272,715		-		-		272,715
Cost, end of year	\$ 69,105,610	\$	3,157,505	\$	7,518	\$	72,270,633
Accumulated amortization, beginning of year	\$ 3,973,841	\$	-	\$	5,264	\$	3,979,105
Amortization	115,326		-		1,504		1,156,830
Accumulated amortization, end of year	\$ 5,129,167	\$	-	\$	6,768	\$	5,135,935
Net carrying amount, end of year	\$ 63,976,443	\$	3,157,505	\$	750	\$	67,134,698

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**North Red Deer Regional Wastewater Services Commission**  
**Notes to Financial Statements**

**December 31, 2023**

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**6. Equity in Tangible Capital Assets**

	<u>2023</u>	<u>2022</u>
Tangible capital assets	\$ 72,270,633	\$ 72,270,633
Accumulated amortization	(6,293,829)	(5,135,935)
Total long-term debt	<u>(5,798,177)</u>	<u>(5,973,846)</u>
	<u>\$ 60,178,627</u>	<u>\$ 61,160,852</u>

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**7. Accumulated Surplus**

Unrestricted Operating Surplus	65,465	329,817
Unrestricted Capital Surplus	65,101	65,101
Operating Reserve	700,000	550,000
Capital Reserve	1,714,347	1,353,631
Equity in tangible capital assets	<u>\$ 60,178,627</u>	<u>\$ 61,160,852</u>
	<u>\$ 62,723,540</u>	<u>\$ 63,459,401</u>

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**North Red Deer Regional Wastewater Services Commission**  
**Notes to Financial Statements**

**December 31, 2023**

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**8. Related Party Transactions**

City of Lacombe, Town of Blackfalds, and Lacombe County are members of the Commission and, as such, have been identified as related parties.

Wastewater sales charged to Commission members are as follows:

	2023	2022
City of Lacombe	\$ 2,389,671	\$ 2,548,948
Town of Blackfalds	1,241,220	1,283,269
	<b>\$ 3,630,891</b>	<b>\$ 3,832,217</b>

During the year the Town of Blackfalds paid for the treatment of 33,105 m<sup>3</sup> (2022 - 17,012 m<sup>3</sup>) of wastewater from Lacombe County to service the Aspelund Business Park. The cost of wastewater treatment attributed to the Town of Blackfalds, above, includes the wastewater treatment service it resold to Lacombe County.

During the year the City of Lacombe paid for the treatment of 1,620 m<sup>3</sup> (2022 - 875m<sup>3</sup>) of wastewater from Lacombe County to service the Wildrose Business Park. The cost of wastewater treatment attributed to the City of Lacombe, above, includes the wastewater treatment service it resold to Lacombe County.

Service fees are based on the actual net operating costs of the Commission and are allocated among various Commission members based on earlier agreement. Service fees charged to Commission members are as follows:

	2023	2022
City of Lacombe	225,608	177,972
Town of Blackfalds	225,208	177,605
County of Lacombe	124,469	85,383
	<b>\$ 575,285</b>	<b>\$ 440,960</b>

The Commission receives accounting, management and operations services by the City of Lacombe for a total cost of \$333,558 (2022 - \$253,504).

Included in accounts receivable are \$878,111 (2022 - \$859,095) due from various members municipalities.

Included in accounts payable is \$1,913 (2022 - \$1,239) due to various member Municipalities.

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**North Red Deer Regional Wastewater Services Commission**  
**Notes to Financial Statements**

**December 31, 2023**

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**9. Asset Retirement Obligation**

The Commission does not have any asset retirement obligations as defined by PS 3280 (Property and Equipment) during the reporting period. As of April 8, 2023, management has determined that no such obligations exist for the Commission's tangible long-lived assets.

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**10. Approval of Financial Statements**

The Board and Management approved these financial statements.

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DRAFT



# ADMINISTRATION REPORTS

Administrative, Financial & Operational

Date: April 8, 2024

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

## ADMINISTRATIVE

- Town of Ponoka is exploring the feasibility of a connection to the NRDRWWSC system.
- The Commission’s bulk power purchase contract expires at the end of April. Report enclosed regarding procuring a new power contract.
- Red Deer City Council has approved their 2024 rate to the Commission: \$1.30/m<sup>3</sup> (6 cents higher than their 2023 rate). The 2024 NRDRWWSC Operating Budget assumed \$1.29/m<sup>3</sup>. Due to the higher rate, Administration is projecting a year-end deficit of \$24K-\$41K.
- Audited Financial Statements are ready for the Board’s consideration.

## FINANCIAL

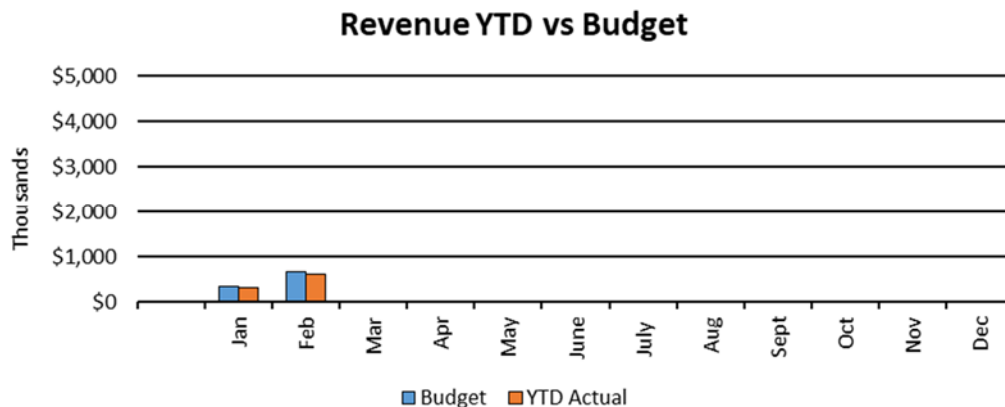
Table 1 - Wastewater volumes (in cubic meters) - January and February

Member	2023	2024
City of Lacombe	195,762	194,510
Town of Blackfalds	109,944	109,717
Lacombe County	6,934	8,125
Septic Receiving Station	70	147
<b>Total</b>	<b>312,710</b>	<b>312,499</b>

Wastewater volumes have decreased slightly over the prior year by 211 cubic meters or 0.1%.

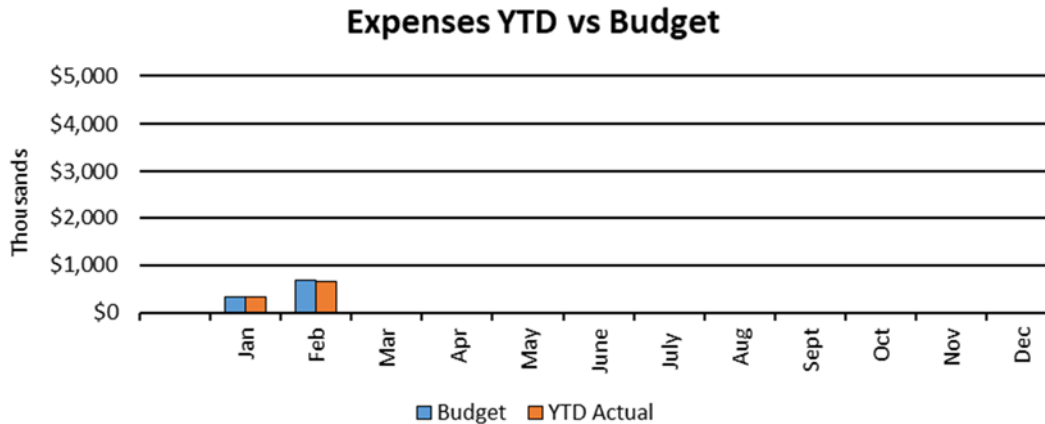
### Revenue

As of February 2024, actual revenues are lower than YTD (Year to Date) budgeted revenues by \$67,972 or 10%.



## Expenses

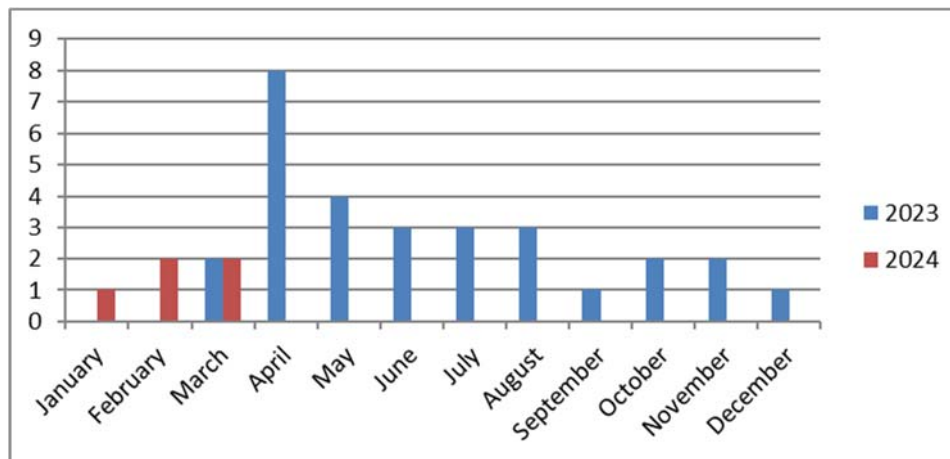
As of February 2024, actual expenses are lower than YTD budget by \$12,438 or 2%.



## YTD Surplus/Deficit

As of February 2024, the YTD net deficit is approximately \$55,534.

## OPERATIONAL



2023 = 29 locates completed

**2024 to date = 5 requests**

## Notable activities since the last report

Lacombe:

- Operations encountered a critical failure with one of the harmonic filters at the Lacombe station. This issue is similar to the failure observed at the Blackfalds LS, which involved the same manufacturer. At the time of the incident, the redundant unit was locked-out for repairs due to an internal fault. T&T Power has since recommended replacing both units due to continued unreliability of the harmonic filter. Operations is communicating with the Commission's insurance company to explore claim coverage options.

- Replaced the level sensor on the chemical addition tank.
- The wet well was drained and inspected by Aquatech Diving Services. Nothing out of the ordinary was found in the wet well.

Blackfalds:

- Replaced the two engine starters on the external generator.
- The wet well was drained and inspected by Aquatech Diving Services. Nothing out of the ordinary was found in the wet well.
- Replaced the main sluice gate at the diversion chamber that controls flow to the station and the emergency lift station.

OMF:

- Replaced the sump pump for the biofilter sump wastewater.

H2S Monitoring:

- Operations has engaged Biomaxx Environmental to supply and deploy one H<sub>2</sub>S monitor at CAV#3 near Blackfalds.

**Planned Spring/Summer maintenance activities:**

- Wet well inspection by Aquatech Diving Services.

**ATTACHMENTS:** N/A



# REQUEST FOR DECISION

## 2023 Audited Financial Statements

Date: April 8<sup>th</sup>, 2024

Prepared by: Tracey McKinnon, Sr. Finance Manager

Presented by: Tracey McKinnon, Sr. Finance Manager

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### PURPOSE:

To present the 2023 audited financial statement for the North Red Deer Regional Wastewater Services Commission for the Board's approval.

### ACTION/RECOMMENDATION:

THAT the Commission approves the North Red Deer Regional Wastewater Services Commission 2023 Audited Financial Statement as presented.

### AND

THAT the Commission approves a transfer from the operating reserve in the amount of \$108,149.

### ISSUE ANALYSIS:

#### Completion and Presentation:

- The NRDRWWSC 2023 draft audited financial statements are complete and ready for the Board to review and approve.
- BDO LLP will present the audited financial statements at the Board meeting on April 8<sup>th</sup>, 2024.
- Deadline for submitting the Audited Financial Statements to Alberta Municipal Affairs is May 1<sup>st</sup>, 2024.

#### Operating Surplus Presentation:

- The audited statements present the operating surplus differently compared to the annual operating budget.
- Chart 1 provides a reconciliation of the deficit reported on the audited statements to the operating budget deficit. This expected deficit was reported at the Commission's [November 6, 2023 regular meeting](#).

Chart 1–Audit Statements to Operating Budget

2023 Audited Statement Deficit	\$735,861
Add 2023 Debt Principal Expense	\$175,669
Subtract Amortization Expense	(\$1,157,897)
Add Transfer to Reserves Expense	\$354,513
2023 Adjusted Deficit	\$108,149

**Comparison with Budget:**

- The 2023 budgeted surplus was \$50K, whereas the adjusted deficit was \$108K.
- Revenue realized was under budget by \$226K, and expenses were under budget by \$68K, resulting in a \$158K net deficit compared to the budgeted surplus of \$50K.

**Summary Explanation of Year-End Variance:****1. Revenue Variance:**

- Actual revenue is \$226K under budget.
- Total treatment revenue is \$304K under budget.
- A \$79K surplus in interest revenue offsets part of the treatment revenue shortfall.

**2. Expenditure Variance:**

- Expenditures are \$68K under budget.
- Treatment charges from the City of Red Deer were \$190K under budget because of lower-than-projected volumes.
- Over expenditures in chemicals amount to \$99K.
- Over expenditures in parts and repairs amount to \$27K.

**Recommendation:**

The recommendation suggests transferring \$108,149 from the operating reserve to offset the deficit.

**Debt Capacity:**

- In 2023, the Commission has approximately \$3M remaining debt capacity, providing the ability to borrow if necessary.

**Summary**

Overall, while there were variances in both revenue and expenditure categories, the surplus in interest revenue, transfer to reserves of \$354.5K (equal to budget) and remaining debt capacity offer avenues for managing the deficit and maintaining financial stability.

**LEGISLATIVE AUTHORITY:**

Section 602.33 of the *Municipal Government Act*, RSA 2000, c M-26

**ALTERNATIVES:**

The Commission may choose to:

A. ***[Recommended]***

1. THAT the Commission approves the North Red Deer Regional Wastewater Services Commission 2023 Audited Financial Statement as presented.

**AND**

2. THAT the Commission approves a transfer from the operating reserve in the amount of \$108,149.

**OR**

B. [Alternative] THAT the Commission directs Administration on how it wishes to proceed.

**ATTACHMENTS:**

- Draft–2023 Audited Financial Statement–North Red Deer Regional Wastewater Services Commission (included earlier in the agenda).



# REQUEST FOR DECISION

## Wholesale Power Purchase

Date: April 8<sup>th</sup>, 2024

Prepared by: Jordan Thompson, CAO; Energy Associates International

Presented by: Jordan Thompson, CAO

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### **PURPOSE:**

To request the Board's approval to secure electricity pricing for Commission facilities for the duration of 2024 through 2029.

### **ACTION/RECOMMENDATION:**

THAT the Commission selects the following electrical vendors as preferred vendors:

- Enmax Energy
- Direct Energy
- TransAlta
- Encor Energy

### **AND**

THAT the Commission authorizes the CAO to execute an electrical supply agreement for up to 5-years starting May 1<sup>st</sup>, 2024, based on the best pricing available to the NRDRWWSC from the preferred list of vendors.

### **ISSUE ANALYSIS:**

Administration issued a Request for Proposal to gather indicative quotes for the Commission's electricity supply contract starting May 1<sup>st</sup>, 2024. The Commission received submissions from four vendors that met the prequalification criteria to continue to the bid round. The indicative prices provided are higher than what the Commission is currently locked into on a contract. Administration is recommending that the Commission accept the pre-qualified electrical vendors and authorize the CAO to execute a multi-year agreement based on the market pricing provided to the NRDRWWSC by the vendors during the live strike bid process.

### **Forward Electricity Supply Procurement Strategy – April 2024**

The Commission, with the assistance of its wholesale market consultants, has completed an open, competitive RFP process to pre-qualify suppliers and is ready to conduct a real-time competitive firm bid-round (to price transact within a 15-minute window).

Other factors impacting the contract price, such as load shaping and credit risk premiums, have also been evaluated and negotiated with the pre-qualified Suppliers through the RFP process to meet the Commission's unique portfolio requirements.



## Wholesale Forward & OTC Electricity Market Figures – April 2024

The recommended product for the Commission is a load-following product that allows variations on monthly and annual consumption while providing price and budget certainty. Based on the current wholesale market prices, an indicative, load-shaped price to the Commission would be approximately:

TERM:	Load-Shaped, Retail Indicative Mid-Market Price (\$/MWh)		
	High	Mid	Low
1 Year	\$80.20	\$72.40	\$69.20
2 Year	\$76.70	\$69.50	\$65.70
3 Year	\$76.10	\$69.10	\$65.30
4 Year	\$77.00	\$69.30	\$65.30
5 Year	\$78.80	\$69.60	\$65.80

The Commission's current electricity supply contract price (expiration on April 30<sup>th</sup>, 2024) is \$52.92/MWh. With an annual consumption of approximately 1,300MWh, total annual supply costs are approximately \$72K (the consumption portion of the electricity bill).

Based on the indicative pricing listed above, the mid-market price point for a 3-year term is \$69.10/MWh. Annual supply costs at this price point, including procurement fees, equates to approximately \$23K annual cost increase to the Commission.

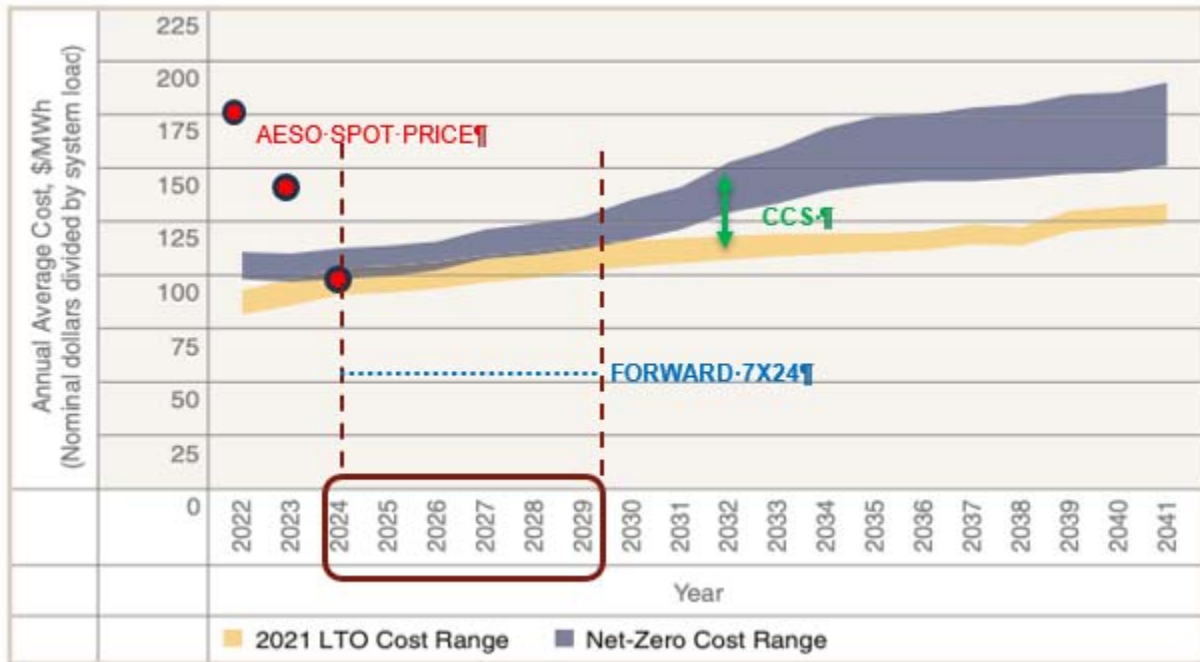
### Market Strategy & Procurement Recommendation

Since 2018, electricity producers in Alberta accelerated timelines to transition from coal-fired base-load generation to natural gas, with all major coal plants in Alberta expected to be decommissioned or converted to natural gas generation by June of this year. Alberta's transition to a NetZero Grid will require the introduction of more expensive technology via Carbon Capture and Storage, with the AESO projecting power prices well above \$100/MWh in 2027 and beyond.

However, recent announcements by the Alberta Government directing the Market Surveillance Administrator (MSA) and the AESO to draft a design for a restructured energy market (REM), while implementing interim price caps and supply regulations on natural gas generators in the province, have caused instability in the forward wholesale trading markets.

Wholesale electricity prices have dropped anywhere from \$5.00 - \$10.00/MWh depending on supply term, since the announcement on March 11<sup>th</sup>.

The resulting uncertainty has brought about a pricing opportunity for the Commission to secure a forward load-shaped fixed price contract at levels that haven't been seen since 2020. Current wholesale energy prices are trading at a significant discount to AESO projections, as shown by the blue line in the graph below.



With the recent drop in wholesale market pricing and the Commission's current supply agreement expiration on April 30<sup>th</sup>, 2024, the recommended date to go to a live bid supply transaction is between Thursday, April 11<sup>th</sup> and Thursday, April 18<sup>th</sup>. This will allow sufficient time for transition to a new electricity Supplier for a May 1<sup>st</sup>, 2024 start date.

**ALTERNATIVES:**

**A. [Recommendation]**

1. THAT the Commission selects the following preferred vendors:

- Enmax Energy
- Direct Energy
- TransAlta
- Encor Energy

**AND**

2. THAT the Commission authorizes the CAO to execute an electrical supply agreement for up to 5 years starting May 1<sup>st</sup>, 2024, based on the best pricing available to the NRDRWWSC from the list of preferred vendors.

**OR**

B. [Alternative] THAT the Commission directs Administrations on how it wishes to proceed.

**ATTACHMENTS:**

None



# REQUEST FOR DECISION

## Blackfalds Emergency Lift Station HMI Upgrade

Date: April 8<sup>th</sup>, 2024

Prepared by: Chris Huston, Operations Manager

Presented by: Jordan Thompson, CAO

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### PURPOSE:

This request seeks approval from the Commission to upgrade the Human-Machine Interface (HMI) screen at the Blackfalds emergency lift station.

### ACTION/RECOMMENDATION:

THAT the Commission directs Administration to proceed with integrating the Blackfalds emergency lift station with the existing Supervisory Control and Data Acquisition (SCADA) program at a cost of \$9,193 funded from the capital reserve.

### ISSUE ANALYSIS:

The Blackfalds emergency lift station's HMI screen was replaced with a newer screen matching the other facilities (Lacombe, Blackfalds, OMF). However, the current screen solely manages the emergency lift station and lacks integration with the master SCADA system. To address this deficiency, it is proposed that the HMI screen be upgraded to align with the master SCADA system's standards. By doing so, a fully functional HMI and lift station will be established, enabling efficient monitoring and control by Operations.

### FINANCIAL IMPLICATIONS:

The installation of the new program at the Blackfalds Emergency Lift Station will cost \$9,193. This expenditure encompasses the upgrade process's development, integration, testing, and commissioning phases.

The Commission's Engineering Consultant will undertake the following steps to execute the upgrade:

1. **Development of HMI Screen:** Design and configure the HMI screen to accurately depict the equipment, alarms, and operational processes specific to the emergency lift station.
2. **Integration with SCADA Program:** Easily incorporate the new program into the existing SCADA system, ensuring compatibility and functionality across all platforms.
3. **Testing Phase:** Conduct thorough testing of the integrated system to verify its performance, reliability, and adherence to operational requirements.
4. **Onsite Commissioning:** Install the upgraded program at the emergency lift station, ensuring proper functionality and operational readiness.

**ALTERNATIVES:**

The Commission may choose to:

- A. **[Recommended]** THAT the Commission directs Administration to proceed with integrating the Blackfalds emergency lift station with the existing Supervisory Control and Data Acquisition (SCADA) program at a cost of \$9,193 funded from the capital reserve.

**OR**

- B. [Alternative] THAT the Commission Directs Administration to propose the Blackfalds emergency lift station HMI upgrade project during 2025 budget deliberations.

**OR**

- C. [Alternative] THAT the Commission Directs Administration on how it wishes to proceed.

**ATTACHMENTS:**

None.