



# North Red Deer Regional Wastewater Services Commission

5432-56 Avenue, Lacombe AB T4L1E9 Tel: (403)782-1254 Fax: (403)782-5655 mgoudy@lacombe.ca

**April 18, 2016**

**Time 10:00 am-11:00am**

COUNCIL CHAMBERS

LACOMBE AB

## **In Attendance:**

**Members:** Mayor Steve Christie, Chairperson, Mayor, City of Lacombe  
Mayor Melodie Stol, Vice Chairperson, Mayor, Town of Blackfalds  
Councillor Ken Wigmore, Lacombe County

**Others:** Matthew Goudy, CAO - NRDRWWC  
Norma MacQuarrie, CAO, City of Lacombe  
Myron Thompson, CAO, Town of Blackfalds  
Preston Weran, Director of Infrastructure & Property Services, Town of Blackfalds  
Terry Hager, County Commissioner, Lacombe County  
Keith Boras, Manager of Environmental & Protective Services, Lacombe County  
John Van Doesburg, Commission Administrator, C&J Vanco Services Ltd.

**Guests:** Joel Sawatzky, Stantec Consulting Ltd.  
Todd Simenson, Stantec Consulting Ltd.  
Bob Jenkins, Business Plan & Utility Rate Analyst  
Daniel Luymes, BDO Canada LLP

## **AGENDA**

1. Call to Order
2. Adoption of Agenda
3. Adoption of Previous Minutes

February 29, 2016

4. 2015 Financial Audit – NRDRWWSC



# North Red Deer Regional Wastewater Services Commission

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5. Appointment of 2016 Auditors
6. Amendment to Financial Services Agreement - NRDRWWSC
7. Next Meeting Date
8. Adjournment

North Red Deer Regional Wastewater Services Commission Consolidated Financial Statements December. 31, 2015

Attachments:

North Red Deer Regional Wastewater Services Commission Funding Agreement - Lacombe County, City of Lacombe, Town of Blackfalds

**REGIONAL WASTERWATER MEETING MINUTES  
February 29, 2016**

COUNCIL CHAMBERS  
LACOMBE AB

**In Attendance:**

**Members:** Mayor Steve Christie, Chairperson, Mayor, City of Lacombe  
Mayor Melodie Stol, Vice Chairperson, Mayor, Town of Blackfalds  
Councillor Ken Wigmore, Lacombe County

**Others:** Matthew Goudy, CAO - North Red Deer Regional Wastewater Services Commission,  
Director of Planning & Operations, City of Lacombe  
Norma MacQuarrie, CAO, City of Lacombe  
Myron Thompson, CAO, Town of Blackfalds  
Preston Weran, Director of Infrastructure & Property Services, Town of Blackfalds  
Keith Boras, Manager of Environmental & Protective Services, Lacombe County  
John Van Doesburg, Commission Administrator, C&J Vanco Services Ltd.  
Sharlene Backman, Recording Secretary, City of Lacombe

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

**Regrets:** Terry Hager, County Commissioner, Lacombe County

**1. Call to Order:**

Chairperson Christie called the meeting to order at 9:00 AM.

**2. Adoption of the Agenda:**

*MOVED by Vice Chairperson Stol that the agenda for February 29, 2016 be adopted as amended.*

*CARRIED*

**3. Adoption of Previous Minutes**

**January 25, 2016**

*MOVED by Vice Chairperson Stol that the minutes for January 25, 2016 be adopted as presented.*

*CARRIED*

#### 4. Cost Benefit Analysis Results- Standalone vs. Regional

Administration conducted an RFP to conduct a Cost Benefit Analysis with the contract being awarded to Morrison Hershfield Golder Associates. The results of the Cost Benefit Analysis Results report were presented to the Commission and alternatives were worked on with the engineering firm. The conclusion of the report identified that the Regional Wastewater Treatment Line is the best option. It is the most cost effective treatment for the community with available grant funding at 90/10, the benefit of not needing to maintain wastewater at each individual level of the community with a number of other benefits. Some of the control of the utility system would be abdicated to the City of Red Deer and the potential to have the rates set based on the way they upgrade and set their rates to cover their capital costs.

*MOVED by Vice Chairperson Stol that the Commission accept the recommendation of Morrison Hershfield/Golder that the Regional Wastewater Transmission Line is the best alternative for wastewater treatment, and that the report be forwarded to the Province confirming the Regional Transmission Line alternative for grant funding.*

CARRIED

#### 5. Technical Memo #1 – Flow Projections

A Summary of Tech Memo #1 was issued to the Commission for the Wastewater Flow Projections. Administration gave a verbal summary of the memo noting the proposed dry weather peak flow based on projected annual growth rates for each the City of Lacombe and the Town of Blackfalds, and the County allocating a percentage of the volume generated by the urban municipalities in accordance with the principles of the Water for Life program. Assumptions of inflow and infiltration were made based on the best available information, which includes some flow monitoring of each community, with a total system flow of 455 litres per second. The allocations driven by the dry weather peaks will be used to allocate the capital construction costs and operating cost division until the substantial draw is achieved, as defined in the business plan.

*MOVED by Councillor Wigmore that the Commission pass a motion to accept Tech Memo 1 as the Wastewater Flow Projections as presented.*

CARRIED

#### 6. Technical Memo #2 - Alignment

The Tech Committees first task was to find out what they believe the Commissions objectives and values would be in terms of selection of the alignment. The initial alignment was to follow the Regional water, however the existing agreements with the landowners do not give permission for installation of a wastewater line along with numerous other complications. The Primary (Green), Secondary ( Orange) and Third (Red) alignment were all discussed, keeping in mind the accessibility for maintenance, land negotiations and acquisitions, drilling and location.

*MOVED by Vice Chairperson Stol that the Commission endorse the Green Alignment as outlined in Tech Memo 2.*

CARRIED

#### 7. Update to Funding Agreement

The Commission was reminded of the information that was provided at the December 7, 2015 meeting regarding the dry weather peak flows used to initially allocate the costs of the Funding Agreement for the Detailed Design and Land Acquisitions Strategies were based on the 2013 Concept Refinement Study. At the commission's request to review the funding agreement to have the cost allocations reflect current dry weather flow numbers, significant work has been done to update the populations. The current numbers increased for the City of Lacombe and decreased for both the County and the Town of Blackfalds, which would change the ratio in the existing funding agreement. Should the amended funding formula be approved by the commission, members will need endorsement for the amended Funding Agreement from their respective Council.

*MOVED by Vice Chairperson Stol that the Commission endorse the new funding ratios based on the updated Tech Memo 1 and revise the Funding Agreement for approval by member Councils.*

CARRIED

Stantec and John Van Doesburg left Council Chambers at 9:51am

### **8. In Camera - Legal**

*MOVED IN CAMERA AT 9:51 AM*

*MOVED OUT OF CAMERA AT 10:12 AM*

John Van Doesburg returned to Council Chambers at 10:12am

### **9. Next Meeting**

The next meeting is scheduled for April 4, 2016 at 9:00 AM in the City of Lacombe Council Chambers.

### **10. Adjournment:**

*MOVED by Chair Christie that the North Red Deer Regional Wastewater Commission Regional Sewer meeting of February 29, 2016 be adjourned at 10:23AM.*

CARRIED

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Administrator



# North Red Deer Regional Wastewater Services Commission

## AGENDA REPORT

<b>SUBJECT:</b>	<b>2015 Financial Audit - NRDRWWSC</b>
<b>PREPARED BY:</b>	<b>John Van Doesburg, Commission Administrator</b>
<b>PRESENTED BY:</b>	<b>Matthew Goudy, CAO</b>
<b>DATE:</b>	<b>April 18, 2016</b>

### **PURPOSE:**

To approve the 2015 Financial Audit.

### **BACKGROUND:**

The Financial Audit is undertaken each year as a reporting tool for the Commission to Alberta Municipal Affairs. The audit is conducted in accordance with the accepted auditing standards of Canada, which requires that auditors obtain reasonable assurance that the financial statements are free of material misstatement.

### **ISSUE ANALYSIS:**

The 2015 Financial Audit results were clean with no issues, as outlined in the notes section of the report.

### **FINANCIAL IMPLICATIONS:**

None

### **LEGISLATIVE AUTHORITY:**

Under section 602.33 of the MGA a Financial Audited Statement is required.

### **ATTACHMENTS:**

North Red Deer Regional Wastewater Services Commission Consolidated Financial Statements December 31, 2015.

### **ACTION/RECOMMENDATION:**

That the Commission accept and approve the North Red Deer Regional Wastewater Services Commission Consolidated Financial Statements December 31, 2015, as attached to this memo.

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

DRAFT

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## **Auditors' Report**

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

We have audited the consolidated statement of financial position of North Red Deer Regional Wastewater Services Commission as at December 31, 2015 and the consolidated Statements of Financial Position, Operations and Cash Flows for the year then ended. These financial statements are the responsibility of the the Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the north red deer regional wastewater services commission as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**North Red Deer Regional Wastewater Services  
Commission**  
Wastewater Services Commission

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>		
Cash	462,125	12
Accounts receivable	25,659	471
	<u>487,784</u>	<u>483</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	62,726	475
Advance Payable (Note 2.)	1,000,000	-
	<u>1,062,726</u>	<u>475</u>
	<u>1,062,726</u>	<u>475</u>
<b>Net Debt</b>	<u>(574,942)</u>	<u>8</u>
<b>Non-financial assets</b>		
Assets Under Construction	575,535	-
<b>ACCUMULATED SURPLUS</b>	<u>593</u>	<u>8</u>

Approved on Behalf of the Commission

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Administrator

The accompanying notes are an integral part of these financial statements.

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget	2015	2014
	\$	\$	\$
<b>REVENUE</b>			
Interest Income	-	585	8
Total revenue	-	585	8
<b>OPERATING EXPENSES</b>			
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	-	8	-
	-	-	-
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	-	593	8

DRAFT

The accompanying notes are an integral part of these financial statements.

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
STATEMENT OF CHANGE IN NET DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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	Budget	2015	2014
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	-	585	8
Asset Under Construction	-	(575,535)	-
<b>(DECREASE) INCREASE IN NET ASSETS</b>	-	<b>(574,950)</b>	8
<b>NET ASSET, BEGINNING OF YEAR</b>	-	8	-
<b>NET ASSETS, END OF YEAR</b>	-	<b>(574,942)</b>	8

DRAFT

The accompanying notes are an integral part of these financial statements.

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net income (loss) for the period	584	8
Non-cash items included in excess of revenues over expenses:		
Increase (Decrease) in Trade and Other Receivables	(25,187)	6
Increase (Decrease) in Accounts Payable and Accrued Liabilities	62,251	(863)
Increase (Decrease) in Deferred Grants	-	(677)
Net changes in non-cash working capital balances:		
	<u>37,648</u>	<u>(1,526)</u>
Increase in Asset Under Construction	(575,535)	-
Increase in advance payable	1,000,000	-
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>462,113</b>	<b>(1,526)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>12</b>	<b>1,538</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>462,125</u></b>	<b><u>12</u></b>

The accompanying notes are an integral part of these financial statements.

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2015**

**1. Significant Accounting Policies**

**a. Management's Responsibility for the Financial Statements**

Management's Responsibility for the Financial Statements - The financial statements of the North Red Deer River Wastewater Services Commission (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. The Commission is constituted under the Municipal Government Act and was approved by the Minister of Municipal Affairs on October 22, 2008, for the purpose of constructing, maintaining, controlling, and managing a regional Wastewater system. The members of the Commission are the City of Lacombe, Lacombe County, and Town of Blackfalds

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**b. Revenue Recognition**

Revenue Recognition - The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Government transfers are received from third parties pursuant to agreement and may only be used for the completion of specific work or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, or the tangible capital assets are acquired.

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**c. Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenditure during the period. Actual results could differ from those estimates.

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**d. Inventories**

Inventories of materials and supplies for consumption are valued at the lower of cost or net replacement cost.

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**e. Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution and are also recorded as revenue.

All Tangible capital assets are considered Assets Under Construction and will be capitalized once project

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2015**

**1. Significant Accounting Policies continued**

**e. Tangible Capital Assets continued**  
is completed.

The cost, less residual value, of the tangible capital asset are amortized on a straight line basis over the estimated useful life as follows:

<u>ASSET CLASS</u>	<u>2015</u>
Buildings	25-50
Engineered structures	
Wastewater systems	45-75
Machinery, equipment and furnishings	5-30
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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**f. Liability for Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environment 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 attributed to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2015**

**2. ADVANCE PAYABLE**

During the year, the Commission was advanced \$1,000,000 from Lacombe County (the "County") to begin designing and engineering for a new regional wastewater pipeline. The amounts forwarded are provided specifically for the purpose of the new pipeline and are to be used only for those reasons. The advance is interest bearing at prime less 1.5% per annum. If the project does proceed to construction within 5 years, then the County will be credited by its proportionate share against the overall cost of construction. If the project does not proceed to construction within 5 years, the City of Lacombe and Town of Blackfalds will repay their share of the note back to the County. The note is recorded at the fair market value of the consideration transferred. As at year end, construction has not started as such the full amount is listed as advance payable.

**3. DEBT LIMITS**

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

	2015	2014
	\$	\$
Total debt limit	<u>1,172</u>	<u>16</u>
Debt servicing limit	<u>205</u>	<u>3</u>

The debt limit is calculated at 2 times the revenue of the Commission (as defined in Alberta Regulation 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 taken alone does not represent the financial stability of the Commission. Rather, the financial statements must be represented as a whole.

**4. APPROVAL OF FINANCIAL STATEMENTS**

Commission Board and Administration have approved these financial statements.



## **AGENDA REPORT**

<b>SUBJECT:</b>	<b>Appointment of External Auditors for 2016 - NRDRWWSC</b>
<b>PREPARED BY:</b>	<b>Matthew Goudy, CAO</b>
<b>PRESENTED BY:</b>	<b>Matthew Goudy, CAO</b>
<b>DATE:</b>	<b>April 18, 2016</b>

### **PURPOSE:**

To recommend appointment of auditors for the Commission for 2016 fiscal year.

### **BACKGROUND:**

The Commission's Auditors recently completed the 2nd year of a 5 year contract for the delivery of auditing services for the Commission.

### **ISSUE ANALYSIS:**

BDO LLP was awarded a 5 year auditing contract covering the 2014-2018 fiscal years.

### **FINANCIAL IMPLICATIONS:**

The estimated annual cost of the audit would be no more than \$7,850 per year.

### **ALTERNATIVES:**

1. The Commission can appoint BDO LLP as auditors
2. Give notice to BDO LLP and issue a new RFP for the upcoming years.

### **ATTACHMENTS:**

N/A

### **ACTION/RECOMMENDATION:**

That the Commission appoint BDO Dunwoody LLP of Red Deer, Alberta as the Commission's external financial auditors for the 2016 fiscal year



# North Red Deer Regional Wastewater Services Commission

## AGENDA REPORT

<b>SUBJECT:</b>	<b>Amendment to Funding Agreement - NRDRWWSC</b>
<b>PREPARED BY:</b>	<b>John Van Doesburg, Commission Administrator</b>
<b>PRESENTED BY:</b>	<b>Matthew Goudy, P.Eng</b>
<b>DATE:</b>	<b>April 18, 2016</b>

### **PURPOSE:**

To recommend the Commission's adoption of the amended Funding Agreement, which finances the Detailed Design & Land Acquisition Strategy for the North Red Deer Regional Wastewater Services Commission.

### **BACKGROUND:**

On May 5th, the Commission adopted a Funding Agreement among the City of Lacombe, Lacombe County, Town of Blackfalds and the North Red Deer Regional Wastewater Services Commission. In summary, Lacombe County agreed to provide financing for completion of Detailed Design, and the creation of a Land Acquisition Strategy. If the project proceeds to construction by 2020, the funds (as well as a nominal interest rate), will be applied as a credit towards Lacombe County's share of the capital costs for the project. If the project is not realized, the City of Lacombe and Town of Blackfalds will reimburse the County for their proportionate shares of the funding.

The allocations of costs included in the Agreement are based upon the estimated Dry Weather Peak Flows, as defined in a 2013 'Concept Refinement Report'. As detailed design has progressed, the population and flow projections have been updated, resulting in altered ratios. The significant largest contributor to the proposed amendment is the amendment of population projections in Blackfalds.

### **ISSUE ANALYSIS:**

The Commission members endorsed the new funding ratios on February 29, 2016, based on the information described below and to revise the Funding Agreement for approval from their respective Councils.

The new ratios of Dry Weather Peak Flows are as follows:

Member	Original Flow Projection	Updated Flow Projection
City of Lacombe	36%	43%
Lacombe County	18.5%	16%
Town of Blackfalds	45.4%	41%

Each member received endorsement for the amendment to the Funding Agreement at their regular Council meeting in March 2016.

**FINANCIAL IMPLICATIONS:**

The new ratio will change the existing funding arrangement for commission members/member communities. Using these revised numbers and the current proposal from Stantec Consulting for detailed design and a land acquisition plan, the expected member responsibilities would become:

Member	Original Flow Projection	Updated Flow Projection	Change
City of Lacombe	\$1,075,320	\$1,284,410	- \$209,090
Lacombe County	\$ 552,595	\$ 477,920	\$ 74,675
Town of Blackfalds	\$1,356,098	\$1,224,670	\$131,428

**ALTERNATIVES:**

Commission may choose to adopt the amended funding ratios, OR

Direct Administration to propose a different arrangement for consideration.

**ATTACHMENTS:**

North Red Deer Regional Wastewater Services Commission Funding Agreement - Lacombe County, City of Lacombe, Town of Blackfalds

**ACTION/RECOMMENDATION:**

That the Commission execute the amended North Red Deer Regional Wastewater Services Commission Funding Agreement, as attached to this memo.



This Agreement made this \_\_\_\_ day of \_\_\_\_\_, 2015.

AMONG:

**CITY OF LACOMBE**  
(hereinafter referred to as the "City")

OF THE FIRST PART

**LACOMBE COUNTY**  
(hereinafter referred to as the "County")

OF THE SECOND PART

**THE TOWN OF BLACKFALDS**  
(hereinafter referred to as the "Town")

OF THE THIRD PART

AND:

**THE NORTH RED DEER REGIONAL  
WASTEWATER SERVICES COMMISSION**

(hereinafter referred to as the "Commission")

OF THE FOURTH PART

(collectively, the "Parties")

**FUNDING AGREEMENT**

**WHEREAS:**

- a. The Parties have joined together and created the North Red Deer Regional Wastewater Services Commission, pursuant to the *Municipal Government Act*;
- b. The purpose of the North Red Deer Regional Wastewater Services Commission is to oversee the construction and operation of a wastewater services pipeline to connect the City of Red Deer to the Town of Blackfalds and the City of Lacombe through and to points in Lacombe County (the "Pipeline");
- c. The Parties have come to a funding arrangement relating to the design work and land acquisition plan (the "Project") required for the construction and implementation of the Pipeline;
- d. The County will provide initial funding for the Project. If the Project moves forward to construction within a period of five years, the funds provided by the County will be credited by its proportionate share against the overall cost of construction. If the Project does not move forward to construction within a period of five years, then the City and the Town will

reimburse the County in accordance with their respective proportionate shares, as agreed upon herein by the Parties;

- e. The Parties agree to adopt the amended ratio provided in the North Red Deer Regional Wastewater Services Commission Wastewater Treatment Evaluation Report from February 19, 2016, as the funding ratio among the Parties as follows:

43%: City of Lacombe - 192 L/s  
16%: Lacombe County - 77 L/s  
41%: Town of Blackfalds – 186 L/s

(the “Funding Ratio”)

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the promises, mutual terms, covenants and conditions contained within this Agreement, the Parties hereto agree as follows:

**PURPOSE**

1. The Purpose of the Agreement is to provide funding to the Commission to support the design work and land acquisition plan required for the construction and implementation of the proposed Pipeline.

**TERM**

2. The Term of this Agreement is 5 years commencing on the 5 \_\_\_day of \_\_\_May, 2015 and ending on the 5 day of \_\_\_May, 2020, subject to extension or earlier termination as set forth herein.

**FUNDING OBLIGATIONS**

3. The County, the City and the Town, shall be collectively known as the “Funding Parties”.
4. The County shall provide initial funding for the Project, subject to and in accordance with the terms of this Agreement, by way of payments to the Commission as set out in Schedule “A.”
5. Provided that the Project proceeds to construction within 5 years from the commencement of this Agreement, and subject to the terms herein, the County will be credited the amount it has funded against its share of the overall cost of construction of the Pipeline, in accordance with the Funding Ratio, which shall include this Project cost.
6. Should the Project not proceed to construction of the Pipeline within 5 years from the commencement of this Agreement, and subject to the terms of this Agreement, the City and the Town will reimburse the County for the funding it provided to the Commission for the Project, based on their respective share of the Funding Ratio. Any such reimbursement shall be paid within 60 days from the 5<sup>th</sup> anniversary date of this Agreement.
7. Further, the Parties shall have joint and severable access to and use of the plans created through this Agreement, as assignees of the Commission to the extent permissible by any

agreement the Commission has with the consulting engineer firm who creates said plans, or at law.

8. The Funds advanced by the County shall accrue interest at a rate of Prime less 1.5% (based on posted Servus Credit Union prime lending rate) from the date of advancement and shall be calculated and reported semi-annually (per paragraph 9(d.)). The amount of such interest shall be added to the County's credited amount, as set out in paragraph 5, or alternatively, repaid along with the funds advanced as set out in paragraph 6.
9. Total funding for the Project shall not exceed \$3,000,000.00, excluding gst, without prior written agreement of the Parties.

### **COMMISSION'S OBLIGATIONS**

10. The Commission shall:
  - a. prepare and provide to the Parties an estimated budget relating to the Project based on the Scope of Work as set out in Schedule "B", as amended from time to time;
  - b. retain the services of a consulting engineer firm to conduct the Scope of Work and employ qualified staff, as needed, to complete the Project within the Term of this Agreement, with such retainer being awarded in a way that is transparent, competitive, consistent with value for money principles;
  - c. pay all fees and all other costs incidental to the Project on a timely basis;
  - d. submit semi-annual statements of costs incurred and funds received with respect to the Project and attest in writing that the expenditures and funding so submitted for the Project are reasonable, attributable to the Project, and that the accounting of same has been performed in a manner that complies with the intent of this Agreement;
  - e. submit semi-annual written progress reports with respect to Scope of Work, including anticipated timelines for completion of the Project, and identifying any positive or negative impacts on same;
  - f. be bound by and observe all applicable federal, provincial and municipal legislation and related regulations, as amended from time to time, and shall cause all of its employees and approved subcontractors to be so bound;
  - g. maintain financial and non-financial records relating to the Project and keep them for a period of seven (7) years from the end of the last fiscal year to which the record relates;
  - h. make available such information, including data, documents, and accounting records, as the Parties may require from time to time to allow the Parties, or any of them, to evaluate the quality and progress of the Project; and
  - i. such further and other obligations as the Parties agree to in writing.

11. The Commission must maintain its accounts and prepare annual financial statements in accordance with generally accepted accounting principles.
12. For the administration of the Scope of Work and the reporting contemplated in paragraph 8 herein, the Commission may charge reasonable administrative fees and expenses to the Funding Parties, provided those administrative fees and expenses are included in the estimated budget and accounted for in the reporting and auditing process. Payment for said administrative fees shall be as set out in Schedule "A".
13. Annually, the Commission shall engage an independent auditor who is a member in good standing of a corporation, institute or association or accountants incorporated accredited to practice in the Province of Alberta and provide the Financial Statements, which certify same to be prepared in accordance with the generally accepted auditing standards of the Canadian Institute of Chartered Accountants, or its successor, to the Parties within 120 days of the end of the Commission's fiscal year.
14. Except as allowed or directed as party of a Dispute Resolution Process, none of the Funding Parties may require an independent audit of the Commission, without the consent of remaining Parties.

#### ***DEFAULT***

15. If the Commission fails to perform any of its obligations hereunder, the Parties may deliver written notice to the Commission that such failure exists and the nature of such failure. The Commission shall forthwith take all necessary steps to cure such failure. If the Commission fails to cure the failure to the satisfaction of the Parties, acting reasonably, the Parties shall be entitled to pursue any and all remedies that may be available at law, or equity.
16. If one of the Funding Parties fails to perform any of its obligations hereunder, the remaining Parties may deliver notice to the said Party that such a failure exists and the nature of such failure. The Party shall forthwith take all necessary steps to cure such failure. If the Party fails to cure the failure to the satisfaction of the Parties, acting reasonably, the Parties shall be entitled to pursue any and all remedies that may be available at law, or equity.

#### ***REMEDIES***

17. Without limiting any other rights of the Parties under this Agreement, and upon notice, the Commission shall reimburse any amount of the funding which : (i) has not been accounted for by the Commission in accordance with this Agreement; (ii) is spent by the Commission for purposes other than those authorized under this Agreement.
18. Without limiting any other rights of the Parties under this Agreement, any funds not paid due to a failure for which notice has been given per clauses 14 and 15, shall accrue interest at the posted Servus Credit Union prime lending rate plus 3% from the date of said notice until paid in full, before or after arbitration award has been registered as a Judgment.
19. These remedies may be taken into account during mediation and are in addition to, not in replacement of any arbitration award.

### ***DISPUTE RESOLUTION***

20. If there is any dispute arising from the terms of this Agreement, the CAO's for the parties will meet promptly in an effort to resolve the dispute.
21. If the CAO's cannot resolve the dispute within 14 days (or if any Party fails or refuses to meet within 14 days, then the Councils for each municipality and the CAO for the Commission may refer the matter to mediation. In that event, the Parties shall:
  - (a) agree upon the mediation process, including a schedule;
  - (b) select a mediator through Municipal Affairs, inter-municipal dispute resolution service, or its successor, to co-ordinate the process;
  - (c) Appoint an equal number of representatives to participate in the process.
22. The costs of the mediator shall be born equally by the parties.
23. If all parties agree, municipal administration may be used as a resource during the mediation process. All discussions and information related to the mediation process shall be held in confidence until the conclusion of the process and the submission of the mediator's report and recommendations to all Parties. The report and recommendations of the mediator shall not be binding on the Parties. If all Parties accept the mediator's report, the matter shall be considered resolved.
24. If mediation is not undertaken or the mediator's report is not accepted by all Parties, the matter shall be referred to arbitration forthwith by the City. The arbitration shall be conducted by a single arbitrator who shall be appointed by agreement between the parties or, in default of such agreement, such arbitrator shall be appointed by a Judge of the Court of Queen's Bench sitting in Red Deer, upon the application of any of the parties and such judge shall be entitled to act as such arbitrator, if he or she so desires. Unless otherwise agreed to by the parties, the arbitration shall be held in the City of Red Deer. The procedure to be followed shall be agreed to by the parties or, in default of such agreement, determined by the arbitrator. The arbitration shall proceed in accordance with the provisions of the Arbitration Act (Alberta). The arbitrator shall have the power to proceed with the arbitration and to deliver his or her award notwithstanding the default by any party in respect of any procedural order made by the arbitrator. The decision arrived at by the arbitrator shall be final and binding and no appeal shall lie therefrom. Cost of the Arbitration shall be shared by the Parties, unless otherwise directed by the Arbitrator. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

### ***TERMINATION***

25. Provided that no notice of default has been issued per clauses 14 or 15, this Agreement may be terminated at any time by the Funding Parties or the Commission by giving ninety (90) days of written notice to the other Parties, and the Parties' right to consideration shall be limited to payment for funds advanced or approved work performed and not previously paid for up to the specified termination date ("Effective Date").



26. Where a notice of dispute has been issued, the Parties shall exhaust any dispute resolution process provided for in clauses 19 to 23, or any other process agreed to in writing by the parties, in respect of any dispute that has arising under this Agreement; and the parties shall agree on a time from to terminate the Agreement in a manner that will not jeopardize the administration and execution of the Project (also “Effective Date”).
27. When this Agreement is terminated, the Commission shall, upon request, provide the Parties with audited Financial Statements, together with all schedules, and a written report on the work rendered to the Effective Date. Except for any such report, the Parties shall not perform any further services subsequent to the Effective Date.
28. Also, when this Agreement is terminated, the Commission shall return any unspent funding, unless the parties otherwise agree in writing. To the extent that Funding has been paid to the Effective Date, The County shall be reimbursed by the City and the Town based on the Funding Ratio.

#### ***EXTENSION OF TERM***

29. The Term may be extended by the Parties for a further period or periods commencing on the day immediately following the last day of the Term then expiring, provided that the Parties mutually agree to such extension. Unless otherwise agreed to, if such mutual agreement is not made at least ninety (90) days prior to the expiration of the Term, this Agreement shall expire on the last day of the Term. If this Agreement is extended, all other terms and conditions contained herein shall remain in full force and effect.

#### ***WARRANTIES AND REPRESENTATIONS***

30. The Parties hereby represent and warrant with and to the Commission, and acknowledge that each Party is relying upon such representations and warranties, that to the best of the Party’s knowledge, it is in material compliance with all laws and regulations of any public authority relating to the conduct of its business, the Party has all required approvals and authorizations necessary to carry out its obligations hereunder, and there are no proceedings whatsoever, actual or pending, relating to the said approvals or authorizations.

#### ***PREAMBLE AND SCHEDULES***

31. The Parties hereby confirm and ratify the matters contained and referred to in the Preamble to this Agreement and agree that same and various schedules(s) hereto are expressly incorporated into and form part of and may be altered or amended in accordance with the terms of this Agreement:

Schedule “A” – Payment Schedule  
Schedule “B” Scope of Work

**NOTICE**

32. Any notice given by one party to another shall be in writing; personally delivered, sent by mail (deemed received by the 5<sup>th</sup> day from mailing) or by fax or email (both deemed received on the date successfully transmitted); and addressed to such party at the following address:

to the Town at:

Town of Blackfalds  
P.O. Box 220  
5018 Waghorn Street  
Blackfalds, Alberta TOM 0J0  
Fax: (403) 885-4610  
email:  
Attn: Melodie Stol (designate)

to the County at:

Lacombe County  
RR 3  
Lacombe, AB T4L 2N3  
Fax: (403) 782-3820  
email:  
Attn: Ken Wigmore (designate)

to the City at:

City of Lacombe  
5432 - 56 Avenue  
Lacombe, AB T4L 1E9  
email:  
Fax: (403) 782-5655  
Attn: Steve Christie (designate)

to the Commission:

c/o City of Lacombe  
5432 - 56 Avenue  
Lacombe, AB T4L 1E9  
email:  
Fax: (403) 782-5655  
Attn: Matthew Goudy (designate)

or to such other address or alternate designate as each Party may from time to time direct in writing.

***FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT***

33. The Parties are subject to the *Freedom of Information and Protection of Privacy Act* (FOIP). The Parties will protect confidential information provided to it or obtained, generated, collected or provided under or pursuant to this Agreement from unauthorized access or disclosure.

***ENTIRE AGREEMENT***

34. There are no terms, conditions, representations or collateral agreements relating to the matters in this Agreement, except those which are set forth in writing. This Agreement may only be revised in writing, as may be agreed by the parties.

***GOVERNING LAW***

35. This Agreement shall be construed and governed by the laws of the Province of Alberta and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the exclusive jurisdiction of the Courts of the Province of Alberta.

***TIME OF ESSENCE***

36. Time shall be of the essence of this Agreement.

***HEADINGS***

37. The headings, captions, paragraph numbers, sub-paragraph numbers, article numbers and indices appearing in this Agreement have been inserted as a matter of convenience and for reference only and in no way define, limit, construct or enlarge the scope or meaning of this Agreement or any provisions hereof.

***RELATIONSHIP BETWEEN PARTIES***

38. Nothing contained herein shall be deemed or construed by the Parties hereto nor by any third Party, as creating a relationship of employer and employee, principal and agent, partnership, or of a joint venture between the Parties hereto, it being understood and agreed that none of the provisions contained herein nor any act of the Parties hereto shall be deemed to create any relationship between the Parties hereto other than participation in an independent agreement at arm's length.

***NO AUTHORITY***

39. Except as may from time to time be expressly stated in writing by the one Party, no other Party has authority to assume or create any obligation whatsoever, expressed or implied, on behalf of or in the name of another Party, nor to bind another Party in any manner whatsoever.

***FURTHER ASSURANCES***

40. Each of the Parties do hereby agree to do such things and execute such further documents, agreements and assurances as may be necessary or advisable from time to time in order to carry out the terms and conditions of this Agreement in accordance with their true intent.

***AMENDMENTS***

41. This Agreement may not be altered or amended in any of its provisions, except where any such changes are reduced to writing and executed by the Parties, including but not limited to any Schedules attached hereto.

***WAIVER***

42. No consent or waiver, express or implied, by either Party to or of any breach or default by the other Party in the performance by the other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such Party hereunder. Failure on the part of either Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of its rights hereunder.

#### ***COUNTERPARTS***

43. This Agreement may be executed in several counterparts each of which when so executed shall be deemed to be an original, and such counterparts shall constitute one and same instrument and, notwithstanding their date of execution, shall be deemed to bear date as of the date first above written.

#### ***UNENFORCEABILITY***

44. If any term, covenant or condition of this Agreement or the application thereof to any Party or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant or condition to a Party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest permitted by law.

#### ***SURVIVAL***

45. The Parties acknowledge and agree that the provisions of this Agreement which, by their context, are meant to survive the termination or expiry of the Term shall survive the termination or expiry of the Term and shall not be merged therein or therewith.

#### ***BINDING EFFECT***

46. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the Parties.

#### ***ASSIGNMENT***

47. No Party shall assign its interest in this Agreement, nor any part hereof, in any manner whatsoever, without having first received written consent from each of the other Parties, which cannot be unreasonably withheld. Consent from the other Party will not be required should either Party wish to amalgamate with another entity.

#### ***REQUESTS FOR CONSENT***

48. Each Party shall provide any decision with regard to a request for consent in a timely manner.

IN WITNESS WHEREOF the corporate Parties have this Agreement effective the date first above written.

**TOWN OF BLACKFALDS**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**LACOMBE COUNTY**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**CITY OF LACOMBE**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**NORTH RED DEER REGIONAL  
WASTEWATER SERVICES  
COMMISSION**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

DRAFT

## SCHEDULE A – PAYMENT SCHEDULE

Unless otherwise agreed upon by the Parties in writing, payment for Scope of Work and administrative fees and expenses under the Project shall be made on an intermittent basis, within 30 days of receipt of invoicing from the Commission.

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## SCHEDULE B - SCOPE OF WORK

### A. DESIGN WORK

- Design services, including: studies, (environmental, geotechnical, transportation, feasibility, etc.) approvals, drawings, specifications and other documents appropriate to the size and complexity of the Project, describe the size and character of the entire Project including, architectural, structural, mechanical, and electrical systems, materials and such other elements setting forth in detail the requirements for the construction, enlargement or alteration of the facilities and/or pipeline for the Project, and for the tender thereof.
- Project management services, including: project oversight, direction and coordination; budget and schedule of the Project; monitor and control within budget and schedule throughout the course of the Project; attend regular stakeholder meetings and advise and report on progress of project to the Commission; represent and advise the Commission with third party agencies and organizations related to the Project; be accountable to the Commission with respect to quality assurance and quality control under land acquisition by ownership of tracts of land needed; determine the extent of land interest required for ownership, easement or Right of Way agreement, etc.; identify land use restrictions related to the necessary tracts of land; determine value of tracts of land; utilize underdeveloped road allowance where applicable; conduct surveys; assess geomatics; process subdivision applications as necessary; obtain necessary permits, approvals or agreements relating to the land; create environmental management plans; complete all ancillary matters (see administration the Commission); budgetary documents for costs of construction and permits and approvals related to the Project.

### B. LAND ACQUISITION PLAN

- Identify ownership of tracts of land needed; identify any environmental or land use restrictions relating to tracts of land; determine value of tracts of land; utilize underdeveloped road allowance when applicable; conduct surveys and assess geomatics; process subdivision applications as necessary; obtain any necessary permits approvals, and agreements related to Lands; create environmental management plan; complete all ancillary matters.

### C. ADMINISTRATION BY THE COMMISSION

- Any and all communication, invoices, reports (including facilitating audits) as set out in the Commission's Obligations as set out herein at sections 9 – 13. Labour costs for the Chief Administrative Officer of the Commission will be charged at \$65/hr.