



AGENDA ITEM

North Red Deer River Water Services Commission

2020 Operating Budget

November 28, 2019

BACKGROUND

Lacombe County is a member of the North Red Deer River Water Services Commission. In accordance with the Commission's bylaws, member municipalities have the opportunity to comment on the proposed operating and capital budgets of the Commission.

Attached is the proposed 2020 operating budget that was presented at the November 4, 2019 Commission Meeting. Member municipalities have until December 6, 2019 to provide comments.

The consumption rate is proposed to increase from \$2.07/m³ to \$2.11/m³.

ANALYSIS

The 2020 budget reflects stable water demand compared to prior years where the Commission experienced continual growth in water demand. Rates have remained relatively stable over the past 7 years even with increase in the cost of water from the City of Red Deer. The 2020 budget includes the following:

Revenues

- Water volume growth is projected to slow with an estimate of 2.42% less than the 2019 budget. This equates to a loss of \$100,111 in revenue.
- No change in interest revenue.
- The Commission will return \$215,000 from the rate stabilization reserve to member municipalities through the rates. This is a major reduction for 2019 when \$1.28 million was returned to members.

Expenses

- Minor changes to operating expenses.
- Decrease in purchase of water to reflect increase of 2% in water rate from City of Red Deer and lower volume purchases. The net result is a decrease in expense of \$12,082.
- No change in accounting fees and a reduction of \$22,108 as this allowance was related to the north extension review.



The Commission has also reduced its budgeted surplus from \$74,669 in 2019 to \$21,825.

The proposed rate is proposed to increase from \$2.07 per cubic metre of water to \$2.11 per cubic metre.

ALTERNATIVES

1. Accept budget for information and adopt resolution stating Council had no comments or concerns regarding the proposed budget.
2. Council to direct Administration on a different course of action.

BUDGET IMPLICATIONS

Administration has accounted for the County's commitments to the 2020 Commission budget as follows:

- Administration and debt costs (20% of administration and 4.1% of debt servicing costs) - \$74,060
- Purchase of water via Town of Blackfalds for Aspelund Industrial Park - \$94,400.00 (includes cost charged by the Town)

LEGISLATIVE RESPONSIBILITIES

1. Section 3 of the Municipal Government Act (MGA) states the purposes of a municipality are: 1) to provide good government, 2) to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or part of the municipality, and 3) to develop and maintain safe and viable communities.
2. North Red Deer River Water Services Commission Bylaw #1, Section 8.6: Any Member may submit comments and questions to the Board in writing in relation to the Budget and Financial Plan within thirty days (30) days immediately following the date of distribution of the Budget and Financial Plan.

PUBLIC PARTICIPATION

The consultation on this matter is being led by the Commission with its members. The County's public engagement will be limited to informing the public of Council's decision on this matter as well as communicating Council's decision to the Commission.



STRATEGIC PLAN

The following elements of the County’s Strategic Plan are relevant to this issue:

Our Vision: “An attractive, balanced and progressive community”.

Our Mission: “Building a safe and vibrant community through leadership, innovation and the development of healthy relationships”.

Key Principles: 1) “Fair and Objective in our decisions and in how we treat individuals”, and 2) “Accountability for our decisions and for our actions”.

Resource and Asset Management Strategy: “To manage the natural, financial and physical assets of the County in order to obtain maximum value from all of these resources”.

Key Success Measures – Sustainability: “Current services are maintainable and provide benefits for the future, while minimizing negative impacts on the community”, and “Shared sense of identity, regardless of municipal boundaries”.

RECOMMENDATION

That Council approve the following resolution:

That Council receive the North Red Deer River Water Services Commission 2020 budget for information; and

Further that a letter be forwarded to the Commission stating that Lacombe County has no comments or concerns regarding the proposed budget.

PREPARED BY: Michael Minchin, Director of Corporate Services

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