



The City of Lacombe

Joint Economic Area Servicing Agreement

March 8, 2018

Alberta Utilities Commission

Decision 23267-D01-2018

The City of Lacombe

Joint Economic Area Servicing Agreement

Proceeding 23267

March 8, 2018

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Alberta Utilities Commission

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1. On January 16, 2018, the City of Lacombe filed an application with the Alberta Utilities Commission for approval to enter the Joint Economic Area Servicing Agreement with Lacombe County, pursuant to Section 30(1) of the *Municipal Government Act*. The Joint Economic Area Servicing Agreement, which is attached as [Appendix 2](#) to this decision, is an agreement in which the City of Lacombe agrees to provide water and wastewater services to Lacombe County, in order to enable Lacombe County to provide these services to a new development area that is presently unserved.

2. The Commission issued notice of the application on the Commission's website on January 18, 2018, and in the Lacombe Express and Lacombe Globe on January 25, 2018. Interested parties were to register their concerns by February 8, 2018. As no submissions were received, the Commission has processed this application without further notice.

3. According to the Joint Economic Area Servicing Agreement, the City of Lacombe owns, operates and manages the water and wastewater collection and treatment assets used to provide services to its customers. Lacombe County wishes to purchase water and wastewater services from the City of Lacombe and the City of Lacombe wishes to sell those services to Lacombe County, for an initial term of 40 years.

4. The City of Lacombe submitted that the Joint Economic Area Servicing Agreement is necessary and in the public interest for the following reasons:

- (i) It prevents the duplication of expense and facilities in two adjacent municipalities.
- (ii) It provides a safe, cost effective and secure source of potable water and wastewater services to residents of a new development area within Lacombe County.
- (iii) Water and wastewater services for residents of the City of Lacombe will not be affected and the city will recover the costs of providing the water.
- (iv) The councils of both municipalities have resolved that it is in their respective municipalities' interests to enter into the agreement.

5. Under Section 30(1) of the *Municipal Government Act*:

30(1) If a council proposes to make an agreement to supply water, steam or fuel to a public utility for a period that, with rights of renewal, could exceed 5 years, the agreement must be approved by the Alberta Utilities Commission before it is made.

6. The *Municipal Government Act* distinguishes between water and sewage in the definition of “public utility”:

1(1)(y) “public utility” means a system or works used to provide one or more of the following for public consumption, benefit, convenience or use:

(i) water or steam;

(ii) sewage disposal

...

and includes the thing that is provided for public consumption, benefit, convenience or use;

7. As Section 30(1) expressly mentions water, but does not reference wastewater or sewage, the Commission’s jurisdiction to approve the application is limited to aspects of the Joint Economic Area Servicing Agreement that pertain to water services. For clarity, the Commission is not making any findings in this decision with respect to wastewater or sewage services.

8. The Commission has reviewed the Joint Economic Area Servicing Agreement and has no material concerns with it. The Commission finds that the Joint Economic Area Servicing Agreement between the City of Lacombe and Lacombe County is necessary and proper for public convenience and properly conserves the public interest. The Commission therefore approves the Joint Economic Area Servicing Agreement filed in Proceeding 23267, subject to the terms and conditions contained in the agreement.

Dated on March 8, 2018.

Alberta Utilities Commission

(original signed by)

Tracee Collins
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
The City of Lacombe

Alberta Utilities Commission
Commission panel T. Collins, Commission Member
Commission staff J. Graham (Commission counsel) C. Malayney

Appendix 2 – Joint Economic Area Servicing Agreement

[\(return to text\)](#)



Appendix 2 - Joint
Economic Area Servi

(consists of 25 pages)

TAB 2 JOINT ECONOMIC AREA SERVICING AGREEMENT

JOINT ECONOMIC AREA SERVICING AGREEMENT

Dated September 11, 2017

Between

LACOMBE COUNTY
(the "County")

- and -

CITY OF LACOMBE
(the "City")

Introduction

- A. The City owns, operates and manages the Water and Wastewater collection and treatment assets of the City of Lacombe, used to provide Water and Wastewater services to its customers.
- B. The County wishes to purchase Water and Wastewater Services from the City in order to serve the Joint Economic Area and the City wishes to sell those services to the County.
- C. The City and the County have entered into a Joint Economic Agreement, and Intermunicipal Development Plan that allow for servicing of this type.
- D. Pursuant to Section 54 of the Municipal Government Act, RSA 2000, Chapter M-26 (the MGA) the City and the County desire to provide Water and Wastewater services.

The parties agree as follows:

1. Definitions

- 1.1 In this Agreement, words and phrases shall mean and be interpreted in accordance with the definitions set out in Schedule "A" attached to and forming part of this Agreement.

2. Obligations of the Parties

- 2.1 The City agrees to supply treated Water conveyed from the City and to accept Wastewater conveyed to the City from the County.
- 2.2 The County shall measure the Water and Wastewater according to the terms of this agreement
- 2.3 The City will use its Best Efforts to:

- (a) provide Water and Wastewater Services to the County, as the County may require in each year, up to a maximum amount equal to the Annual Flow;
 - (b) provide Water and Wastewater Services to the County, as the County may require on a daily basis, up to a maximum amount equal to the Maximum Daily Flow;
- 2.4 The County and the City will work cooperatively and use their respective Best Efforts to manage and control the Peak Hour Flow to optimize operations of the WWTF.
- 3. Source and Quality of Water and Wastewater**
 - 3.1 The County and the City agree that, subject to the terms of this agreement, Wastewater may be collected by the County from utility service customers located within the Serviceable Area outlined in Schedule "C" and conveyed from the Receiving Point via the City Infrastructure to the WWTF.
 - 3.2 The County and the City agree that, subject to the terms of this agreement, treated Water will be delivered to the County by the City at the Connection Valve to be used to service utility service customers located within the Serviceable Area outlined in Schedule "C".
 - 3.3 The County will provide the City with such information as the City may reasonably request from time to time in respect of the area within the Serviceable Area that is serviced, including Water and Wastewater Flow quantities and characteristics. The County will also provide to the City by April 1 of each year, a copy of the County's Annual Report to Alberta Environment.
- 4. Rates, Charges and Terms of Payment**
 - 4.1 The County agrees to pay the City for Water delivered by the City to the County and for and Wastewater Services provided by the City according to the terms of this Agreement. The County will pay the City for all Water and Wastewater Services based on the actual Water and Wastewater Flow at the Rates established in accordance with Schedule "D" attached to this Agreement and in effect from time to time.
 - 4.2 On or before November 30th of each year, the City will provide the County with a schedule of tentative rates proposed to be charged for Water and Wastewater Services in the following year. It is understood that the tentative rates are subject to approval of City Council, which is normally finalized in January of each year. The City will advise the County on or before January 31st of each year, of the final Rates to be charged for Water and Wastewater Services supplied under this Agreement. Those new Rates to become effective and apply to all Water and Wastewater Services provided by the City to the County on and after January 1st of that same year.
 - 4.3 The City will prepare billings for Water and Wastewater Services provided to the County on a monthly basis (the billing period), with each billing to be due and payable by the County not more than thirty (30) days after the date of issue of each billing by the City (the due date).

- 4.4 The County will make monthly payments to the City for Water and Wastewater Services based upon the billings as prepared and rendered by the City for each billing period.

5. Metering Flows and Measurement for Payment

- 5.1 The County will install, operate and maintain a Water Meter immediately downstream of the Connection Valve and a Wastewater Meter at a location to be downstream of all County service connections and upstream of any City service connections. The City will allow the County reasonable access to the Connection Valve and the County will allow the City reasonable access to the Meters for the purposes of inspection, sampling, testing and meter reading. Ownership and responsibility for all maintenance, repair, upkeep and replacement of the Meters shall reside with the County.

5.2

- (a) The County will test the Meters for accuracy at least once every two years, will pay for these tests and will provide such test results in writing to the City.
- (b) After notifying the County in writing, the City may require the County to have the Meter tested at any time. If such test results indicate that the accuracy of the tested Meter exceeds the Agreed Variance, the County shall pay the costs for such tests and at its sole expense, repair the Meter in order that the Meter falls within the Agreed Variance. If it can be demonstrated that the Meter was measuring inaccurately for a specific period of time, the City will correct the Water and Wastewater volume in the next billing period.
- (c) If such test results indicate that the accuracy of the tested Meter is within the Agreed Variance, the City will pay for such testing beyond the scheduled frequency of inspections provided for in subsection (a) above.

- 5.3 If at any time the Meter is out of service or is not registering within the Agreed Variance, so that measurement of the quantity of the Water and Wastewater is not being recorded accurately, the measurement will be estimated based on the best available data in the following priority:

- (a) by using any other measuring equipment if installed and if accurately registering within the Agreed Variance;
- (b) by correcting the error, if the percentage of the error is ascertainable by calibration, test or mathematical calculation; or
- (c) by estimating the volume based upon deliveries under similar conditions during a period of time when the Meter in question was working accurately.

- 5.4 The County will, at its own expense, design and build to City specifications, and put into operation, calibrate and maintain in accordance with Good Industry Practice, the Supervisory Control and Data Acquisition system to transmit Water and Wastewater flow data located at Lacombe City Hall – 5432 56th Ave. Lacombe, Alberta.

- 5.5 The City agrees to waive charges to the County for Wastewater volumes where it can be demonstrated and measured that a utility customer does not return metered Water supplied to that customer, back into the Wastewater system. This consideration will only

be provided in situations where a separate meter and service is installed for the customer, and is in use for domestic purposes for the same utility account holder.

6. Testing Restricted Materials, Water Treatment Levels and Over-Strength Wastewater Charges

- 6.1 The County, upon request from the City, will take samples of the Wastewater from time to time at an agreed upon access point and will test the samples for Restricted Materials.
- 6.2 The County will not convey to the City any Wastewater which contains Restricted Materials. If such Restricted Materials are found in the Wastewater, the County will immediately take all reasonable steps necessary to reduce or eliminate the Restricted Materials to meet the acceptable levels indicated in the Utility Bylaw. The County will also pay for a qualified independent laboratory to test the Wastewater on a daily basis until the Restricted Materials are eliminated or reduced to meet the acceptable levels indicated in the Utility Bylaw. Such test results are to be provided to the City as soon as they can practically be made available.
- 6.3 If the City determines that the WWTF treatment processes are at risk of failure or serious license infraction due to excessive levels of Restricted Materials contained in the Wastewater, the City may suspend service to the County following seven days' notice and the County agrees to cease conveying Wastewater to the WWTP until such time as the Wastewater contains reduced levels of Restricted Materials and the WWTF risk of failure or license infraction is reduced to a level that is acceptable to the City.
- 6.4 The County will pay Over-Strength Wastewater Charges to the City at the rates and charges identified in the Utility Bylaw, based on the concentration of the substance or parameter as tested by the City and the volume of Wastewater conveyed to the WWTF.
- 6.5 If the County continues to convey Wastewater containing Restricted Materials to the WWTF for a period in excess of 30 days from the date of the Restricted Materials conveyance event (based on daily testing results), the City may invoice the County and the County agrees to pay to the City a Penalty of \$1,000 for each and every day that the Wastewater contains Restricted Materials.
- 6.6 If the County continues to convey Wastewater containing Restricted Materials to the WWTF for a continuous period in excess of 365 days, the City may suspend providing Wastewater Services to the County following 30 days' notice and the County will cease conveying Wastewater to the WWTF until the Restricted Materials have been eliminated from the Wastewater.
-
- 6.7 If the County determines that the supplied Water is not within the parameters prescribed by Alberta Environment and Parks, the City will take measures to resolve the Water quality to reasonable levels following 24 hours' notice from the County.
- 6.8 The County agrees to follow the City's Cross Connection Control Program outlined under the City's Utility Bylaw and to require that construction within the Joint Economic Area adhere to the requirements of that program.

7. Repairs, Maintenance and Replacements

- 7.1 The City may interrupt or curtail the Water and Wastewater Services for such periods of time as it may reasonably require for the purpose of effecting repairs, maintenance, replacement, upgrading or other work related to the City's Infrastructure, provided that:
- (a) the City will use its Best Efforts to minimize such interruptions and curtailments, to the extent reasonably possible;
 - (b) the City will act in accordance with Good Industry Practice in conducting such interruptions and curtailments and the associated work;
 - (c) for a planned interruption or curtailment, the City will give the County at least seven working days' notice prior to the proposed interruption or curtailment;
 - (d) for an unforeseen or unplanned interruption or curtailment, the City will notify the County as soon as is reasonably possible of each such event; and
 - (e) the City will use its Best Efforts to restore the Water and Wastewater Services as soon as reasonably possible.
- 7.2 During periods of interruption or curtailment, the City may reduce the level, quality or quantity of Water and Wastewater Services provided to the County under this Agreement, provided that the City will treat all of its customers affected by the interruption or curtailment, including the County, fairly, equitably, and without preference, consistent with any operating constraints then in effect. The City and the County will use their respective Best Efforts to keep each other properly informed in respect of relevant circumstances during each interruption or curtailment.

8. Water and WWTF Capacity and Improvements

- 8.1 The Parties acknowledge that the City is the sole and beneficial owner of the Water and Wastewater Infrastructure together with all capital improvements made to it from time to time within the City of Lacombe corporate limits.
- 8.2 The Parties understand that the capacity available in the City's Water and Wastewater Infrastructure to distribute and treat Water and Wastewater is limited and that expansions of this Infrastructure will be required from time to time in order to accommodate County Water and Wastewater servicing of lands beyond the Serviceable Area outlined in Schedule "C". It is acknowledged that expansions to accommodate future County growth beyond the Serviceable Area will be subject to available funding and various technical considerations. Capital costs incurred in expanding the Infrastructure will be borne by the Parties each partner based on their proportionate share of the benefit.
- 8.3 The City and County agree to apply for and pursue provincial funding for future expansions and upgrades in proportion to their Water and Wastewater growth or improvement needs, and subject to the terms of such grant agreements and/or conditions the City and County will provide those grants it receives towards these projects to the City and County for funding their proportionate share of future

infrastructure expansions.

- 8.4. The Parties agree that the future expansions and upgrades that will be required to deliver Water and Wastewater services to the County pursuant to this agreement are identified in Schedule "F". The estimated cost of those expansion and upgrades as of the date of this agreement is set out in Schedule F. The Parties agree to share the actual costs of those expansions and upgrades on an equal basis. This commitment will be further documented in a Capital Contribution Agreement.

9. Planning and Consultation

- 9.1 The County and the City shall create and develop a process of planning and consultation. As a first step, the parties agree to the establishment of a Joint Water/Wastewater Technical Committee (the Technical Committee), whose mandate is to:
- (a) enhance communications between the City and the County, and the County's utility service customers located in the Serviceable Area.
 - (b) review and discuss changes in rates, flows, projections, odours, costs, Water and Wastewater substances and parameters, and other issues of mutual concern under this Agreement,
 - (c) review, assess, plan for and implement improvements to the County's Water and Wastewater conveyance systems and the City's Water and Wastewater Services;
- 9.2 In order to carry out its mandate, the Technical Committee may delegate tasks to sub-committees. The sub-committees may be composed of individuals who are not members of the Technical Committee.
- 9.3 Initially, the Technical Committee will be composed of up to three non-elected representatives of the County and up to three non-elected representatives of the City provided that, for the purposes of voting on Technical Committee resolutions, the parties shall have equal representation at all times.
- 9.4 The rules procedures and membership of the Technical Committee will be established by the Committee from time to time, however:
- (a) the Technical Committee will meet not less than twice per year;
 - (b) the role of the Chair of the Technical Committee will on an annual basis be rotated between the City representatives and the County representatives.

10. Force Majeure

- 10.1 Neither the City nor the County will be liable for any failure of or delay in performance of its obligations hereunder or be deemed to be in breach of this Agreement if such failure or delay arises from "force majeure".
- 10.2 For the purposes of this Agreement, "force majeure" means any cause not reasonably within the City's or the County's control, as the case may be, and includes, without limitation, acts of God, strikes, lockouts, industrial disturbances, acts of public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, storms, floods, washouts, inclement weather, orders or acts of civil or military authorities, civil disturbances, or any other causes not within the reasonable control of the City or the County, respectively, and which, by the exercise of due diligence, the City or the County, respectively, is unable to overcome, provided that lack of funds will not be a cause beyond control.
- 10.3 The City or the County, as the case may be, will give the City or the County, respectively prompt notice of such circumstances and will take all reasonable steps to remove such disability.
- 10.4 The City may impose reasonable restrictions on the Water and Wastewater Services, provided that the City will treat all of its customers affected by the force majeure, including the County, fairly, equitably and without preference, consistent with any operating constraints then in effect.
- 10.5 The parties agree that the settlement of strikes, lockouts, and other industrial disturbances will be entirely within the discretion of the particular party involved therein and such party may make settlement thereof in such time and on such terms and conditions as it may deem to be advisable and no delay in making such settlement will deprive such party of the benefits of this Section.
- 10.6 An event of force majeure will merely suspend contractual obligations for the duration of the event, and not bring this Agreement or any portion thereof to an end.

11. Liability, Damages and Mutual Indemnity

- 11.1 Unless the cause is proven to be due directly to the negligence of the City, its employee's or agents, the City will have no liability to the County whatsoever for any damage, loss, cost or expense resulting from, arising out of, or associated with the interference or suspension of Water and Wastewater Services due to any maintenance, repair, replacement, or failure of any part of the City's Water and/or Wastewater system, or any accident or emergency situation related to any part of the City's Water and/or Wastewater system.
- 11.2 Notwithstanding any other provision of this Agreement, neither the County nor the City will be liable to the other for:
- (a) any losses or costs arising from third party claims or causes of action, including claims or causes of action of the other's customers

- (b) any indirect, consequential or punitive damages, including loss of profits or revenues or other similar damages.
- 11.3 Each party (the "indemnifying party") agrees to indemnify and save harmless the other party (the "indemnified party"), its agents and employees from and against any and all damage, injury, loss, costs, causes of action, environmental damage or license infraction, including legal costs on solicitor and own client basis, and claims suffered or incurred by the indemnified party, its agents or employees which are in any way connected with the performance or non-performance of this Agreement and which are caused either directly or indirectly or contributed to in whole or in part by any act or failure to act of the indemnifying party, its agents and employees, in respect of which indemnifying party, its agents or employees is liable or otherwise responsible in law, provided that such indemnity will be limited to an amount in proportion to which the indemnifying party, its agents and employees are at fault or otherwise held responsible in law.

12. Term of Agreement and Termination

- 12.1 The term of this Agreement is 40 years commencing from the date of execution (the Effective Date) of this Agreement. This Agreement may only be renewed by further written agreement between the parties.
- 12.2 Either party may terminate this Agreement before the expiry of the original term or any renewed term by giving three years prior written notice of termination.
- 12.3 Notwithstanding expiry or early termination of this Agreement, either party may pursue any remedies or assistance provided by the *Public Utilities Act*.

13. Disputes and Remedies

- 13.1 If any dispute arises between the County and City representatives on the Technical Committee which cannot be resolved, the dispute shall be referred to the City of Lacombe/Lacombe County Intermunicipal Committee for resolution.
- 13.2 If the City of Lacombe/Lacombe County Intermunicipal Committee is not able to resolve a dispute referred to it by the Technical Committee or if a dispute arises between the City and County regarding the interpretation, application, operation or breach of this Agreement or any part of it, the dispute must be submitted to the dispute resolution process described in the attached Schedule "E" before either party may take any other action or step or pursue any available remedy in relation to the dispute regardless of whether such action, steps or remedy involves the courts, AUC, or other entity having appropriate authority, provided however that either party may file a complaint or other document required to be filed with the courts, AUC or other authority or entity and take any other action or step prior to submitting any dispute to the dispute resolution process if such filing, action or step is necessary to preserve its right to pursue the dispute in the event that the dispute resolution process is unsuccessful in resolving the dispute. Notwithstanding that the dispute resolution process is involved, the parties will continue to perform their obligations described in this Agreement until such time as the dispute resolution process is complete.

- 13.3 Subject to Section 13.2, if either party breaches this Agreement then the other party will have all available legal, equitable and other remedies.

14. Notice

- 14.1 Any notice, consent or communication required by this Agreement must be in writing and will be delivered by hand or by courier to the following addresses or will be sent to the following facsimile numbers, as the case may be:

To the City: City of Lacombe
5432-56 Ave
Lacombe, AB T4L 1E9 Fax: (403) 782-5655
CAO@Lacombe.ca

To the County: Lacombe County
RR #3
Lacombe, AB T4L 2N3 Fax: (403) 782-3820
info@lacombecounty.com

15. General Terms

15.1 Regulatory Approvals:

- (a) The County and the City are individually responsible for obtaining, at their sole expense, all necessary licenses, consents, approvals or orders from any level of government, board, tribunal, County or other regulatory authority which is required in order for each of them to enter into this Agreement or to perform and satisfy their respective obligations described herein.
- (b) This Agreement is conditional upon approval by the AUC as required by Section 30 of the *Municipal Government Act*.

- 15.2 **No Assignment:** This Agreement may not be assigned without the prior written consent of the other party, which consent will not be unreasonably withheld, provided however, that prior to such assignment, the party seeking to assign the agreement will consult with the other party, in order to obtain the views and comments of the other party in respect of any proposed assignment.

- 15.3 Nothing in Section 15.2 above will:

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- (a) restrict or otherwise limit the rights of the City or the County to deal with their respective assets and rights in a manner in which they determine to be in their best business interest; or
 - (b) require either party to obtain the other party's consent to any assignment that occurs in relation to a reorganization of their corporate structure, business or affairs involving one or more subsidiaries or affiliates.

- 15.4 **Enurement:** This Agreement is for the benefit of and binds the parties and their respective successors and permitted assigns.



- 15.5 **Severability:** Any term of this Agreement which is determined to be void, unenforceable or illegal will be severed from this Agreement. The remaining terms of the Agreement shall remain in force and effect and be enforceable.
- 15.6 **Sole Agreement:** This Agreement is the only Agreement between the parties in relation to the subject matter hereof, and supersedes and replaces all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof. This Agreement may only be amended or modified by a further written agreement of the parties.
- 15.7 **Time:** Time is of the essence for every part of this Agreement.
- 15.8 **Applicable Law:** This Agreement will be governed by and construed according to the laws in force in the Province of Alberta.

In witness whereof the parties have signed this Agreement to be effective from and after the Effective Date.

THE CITY OF LACOMBE

Per: _____

Per: _____

Date: _____

Seal

LACOMBE COUNTY

Per: _____

Per: _____

Date: _____

Seal

SCHEDULE "A"
DEFINITIONS AND INTERPRETATION

1. In this Agreement, each of the following words will have the meaning shown below, except where expressly stated otherwise:
- (a) **Agreement** means this Agreement including the Introduction Sections, all attached Schedules and all documents produced or delivered according to the terms of this Agreement.
 - (b) **Agreed Variance** means the standard for accuracy for Water and Wastewater Meters as specified in the latest edition of the American Water and Wastewater Association, Manual of Water Supply Practices, but not less than plus or minus 2%.
 - (c) **Annual Flow** means for each calendar year the total quantity of Water and Wastewater conveyed from or to the City's Infrastructure respectively by the County for that year determined according to the provisions of Part 1 of the attached Schedule "B".
 - (d) **Applicable Laws** means any statute, regulation, code, order, directive or other legal requirement of a governmental or quasi-governmental body having jurisdiction over one or more of the parties or the subject matter of this Agreement pursuant to law.
 - (e) **AUC** means the Alberta Utilities Commission or any successor tribunal or entity.
 - (f) **Best Efforts** means, in relation to the performance of an obligation, efforts that are sensible and practical, and involve the exercise of reasoned and sound judgment having regard to all of the relevant circumstances.
 - (g) **Connection Valve** means the City owned Water valve where the Serviceable Area is connected to the City's infrastructure.
 - (h) **County Lift Station** means the County owned lift station used to convey Wastewater collected from the Serviceable Area to the City's infrastructure.
 - (i) **Good Industry Practice** means the standards, practices, methods, activities and actions generally accepted and utilized by and within the Wastewater management and treatment industry in Canada, generally consisting of standards and practices intended to achieve a cost-effective result consistent with licensing and regulatory considerations, environmental considerations, reliability, safety and expedition including, without restriction, such standards and practices that are from time to time prepared, endorsed, promoted or promulgated by:
 - (i) the American Water Works Association or the Canadian Water and Wastewater Association, to the extent that those are consistent; or
 - (ii) the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGA); or

- (iii) Guidelines for Municipal Water Works, Wastewater and Storm Drainage Systems, published by Alberta Environment in January 2006, as amended or replaced from time to time,

recognizing there may be a range of standards and practices available for reference by the parties, and in the event of disagreement over the appropriate definition for any specific circumstances such dispute shall be determined in accordance with the dispute resolution process described within Schedule "E".

- (j) **Infrastructure** means the City's existing and future sewer and Water piping, fittings, structures, and facilities used to convey, distribute or treat Water and Wastewater under the City's current Water and Wastewater license, excluding the City's storm Water system.
 - (k) **Maximum Daily Flow** means for each day during a calendar year, the maximum quantity of Water and Wastewater conveyed from or to the City respectively by the County for that day determined according to the provisions of Part 2 of the attached Schedule "B".
 - (l) **Maximum Daily Flow Limit** means the highest Maximum Daily Flow that the County will convey to the City on any day within the term of this agreement. It is agreed by the County and the City that the Maximum Daily Flow Limit is determined according to the provisions of Part 2 of the attached Schedule "B", but that this limit may change from time to time through mutual agreement of the City and the County and is subject to a technical ability for the WWTF to accept the agreed flow.
 - (m) **Meter** means the measuring device or devices, including equipment and instrumentation used by the County to measure the quantity of Water and/or Wastewater.
 - (n) **Over-Strength Wastewater Charges** means additional charges to be paid by the County to the City for the treatment of Wastewater containing Restricted Materials.
 - (o) **Peak Hour Flow** means the greatest quantity of Water and/or Wastewater conveyed to the City by the County (water) or to the County by the City (wastewater) in any single hour.
 - (p) **Rate or Rates** means the unit price or prices for Water and Wastewater Services established by The City from time to time according to the provisions of the attached Schedule "D".
-
- (q) **Receiving Point** means where the Wastewater utilities located in the Serviceable Area connect to the City of Lacombe infrastructure.
 - (r) **Reservoir** refers to the City's Water storage, pumping, and the distribution facilities (Pump House A – 4940 Woodland Drive, Pump House B – 5403 48th Ave, Pump House C – 7010 C&E Trail).



- (s) **Restricted Materials** are substances or parameters contained in the Wastewater that are restricted in the City's Utility Bylaw or concentrations of substances exceeding the restricted limits identified in the City's Utility Bylaw.
- (t) **Schedules** means those Schedules attached hereto which form part of this Agreement including:
- Schedule "A": Definitions and Interpretations
 - Schedule "B": Part 1 – Maximum Annual Flows
Part 2 – Maximum Daily Flows
 - Schedule "C": Serviceable Area
 - Schedule "D": Wastewater Service Rates and Charges
 - Schedule "E": Dispute Resolution Process
 - Schedule "F": Shared Components
- (u) **Serviceable Area** means the land within the Joint Economic Area which is serviced by the County Water and Wastewater hereunder, as described in Schedule C and set out in the Lacombe Intermunicipal Development Plan – 2017 Servicing Study dated May 26, 2017.
- (v) **Water** means treated potable Water distributed to the County and conveyed from the City's Reservoirs.
- (w) **Utility Bylaw** means the City's Utility Bylaw 393 or the current Water and sewer bylaw as approved by the City Council and amended from time to time.
- (x) **Wastewater** means Wastewater collected from the County and conveyed to the City's WWTF, including inflow, infiltration and any other accumulated flows.
- (y) **Wastewater Services** means the processes provided by the WWTF to receive and convey the County Wastewater.
- (z) **WWTF** means the City owned Wastewater Transmission Facilities, including all lands, lagoons, buildings, equipment and infrastructure contained on the WWTF site (5610 34th Street) up to the inlet of the Lacombe Regional Lift Station, owned by the North Red Deer Regional Wastewater Services Commission.
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2. In this Agreement, the headings are for reference only and will not be used to interpret or construe this Agreement.
3. References to gender and number are to be read to suit the context.

SCHEDULE "B"
WATER AND WASTEWATER FLOWS

PART 1 – MAXIMUM ANNUAL FLOWS

1. The County and the City agree that the Annual Flow of Water and Wastewater will be determined by the existing ability of the City of Lacombe system to the maximum flows below:

Water 551,880 cubic meters

Wastewater 496,692 cubic meters

Calculated as follows:

- Average Daily Water Demand = $(0.05 \text{ L/s/Ha})(350 \text{ Ha})(86,400 \text{ s/day}) / (1,000 \text{ L/m}^3) = 1,512 \text{ m}^3/\text{day}$
- Using the average daily demand and peaking factors where required:

Water

- Max Daily Demand = Average Daily Demand x 2.0 Peaking Factor
= $1,512 \text{ m}^3/\text{day} \times 2.0$
= $3,024 \text{ m}^3/\text{day}$
- Max Annual Water = Average Daily Demand x 365 days per year
= $1,512 \text{ m}^3/\text{day} \times 365 \text{ days / year}$
= $551,880 \text{ m}^3/\text{year}$

Wastewater

- Max Daily Demand = Max Daily Water Demand x 90%
= $3,024 \text{ m}^3/\text{day} \times 0.90$
= $2,721.6 \text{ m}^3/\text{day}$
- Max Annual Wastewater = Max Annual Water x 90%
= $551,880 \text{ m}^3/\text{year} \times 0.90$
= $496,692 \text{ m}^3/\text{year}$

2. The Annual Flow of Wastewater for a calendar year will be determined or predetermined, as the case may be, as follows:

- (a) On or before July 31st in each year of this Agreement, the County will provide to the City:
- (i) a written forecast of the quantity of Wastewater which the County reasonably expects to convey to the WWTP during each of the next five calendar years and
 - (ii) engineering reports, studies, assessments and other technical information supporting the forecasts, including the County's projections in population, business and industrial growth within the Serviceable Area.

- (b) On or before October 15th of each year, the Joint Water/Wastewater Technical Committee will meet to review the County's forecast and other related matters affecting planning and operations and will work together in good faith to reach agreement on the quantity that will be accepted as the Annual Flow of Wastewater for each of the years covered by the most recent forecasts and existing capacity of the systems.
 - (c) If the County and the City cannot reach agreement on the Annual Flow of Wastewater forecast for any calendar year pursuant to section 2(a) and (b) of this Schedule, the Annual Flow will be the greater of:
 - (i) the quantity as last agreed upon by the County and the City for that year, or
 - (ii) the actual Annual Flow recorded for the previous 12 month period.
3. Each of the City and the County will act reasonably in preparing and reviewing each forecast, and in all discussions and negotiations in relation to each forecast and the establishment of an Annual Flow of Wastewater for each year. The County will use its Best Efforts in the preparation of each forecast to ensure to the extent reasonably possible that it is not over-estimating or otherwise improperly assessing its projected Wastewater Service needs. The City will exercise sound engineering judgment and, where appropriate, consult with the County when reviewing the technical aspects of the County's forecast.
4. The parties expressly and explicitly acknowledge and agree that it would be reasonable for the City to refuse to agree to the Annual Flow proposed by the County for any bona fide reason, including any bona fide economic, legal, regulatory, technical or engineering reason.
5. The parties also acknowledge that it would be reasonable for the City to refuse to agree to Annual Flow increases proposed by the County if the WWTF does not have sufficient capacity to accept the projected increases in the Annual Flow identified by the County.

PART 2 – MAXIMUM DAILY FLOWS

Water 3,024 cubic meters

Wastewater 2,721 cubic meters

Water:

- Peaking factor = $10Q^{-0.45}$ (minimum 2.5); and
- Maximum day demand was assumed to be a linear interpolation between peak hour demand and average day demand.

For the interim (until County reservoir and pumping station is functioning), the available fire flow in the Serviceable Area is in the range of 142-173 litres per second.

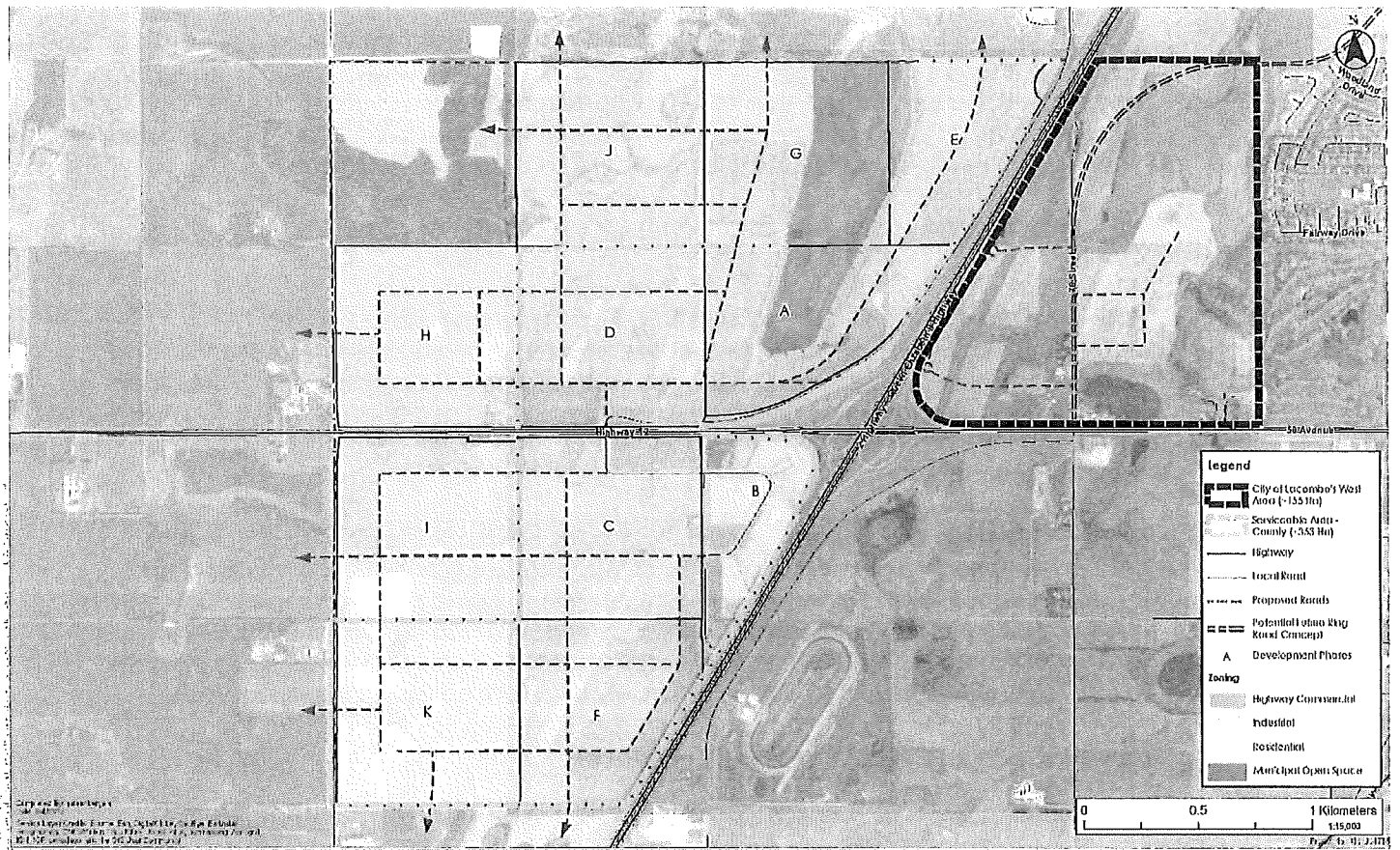
Wastewater:

The Maximum Daily Flow for each day will be equal to the Annual Flow as identified in Part 1 of this Schedule for the calendar year in which that day falls, divided by the number of days in that year, normally 365 days and 366 days in a Leap Year, with that quotient multiplied by 1.8.

Maximum Daily Flow = (Annual Flow/365) x 1.8



**SCHEDULE "C"
SERVICEABLE AREA**



HL

SCHEDULE "D"
WATER AND WASTEWATER SERVICE RATES AND CHARGES

1. General

Utility Rates will be based on the methodology identified in this agreement.

As per agreement of both parties, rates will be based on a combination of operating expenses and amortization expense, and allocated based on the rate based established in this agreement. The initial rate calculation will be based on 2016 figures.

All costs outlined below will be updated on annual basis.

Rate Base

The initial rate base is 50/50 combination of (i) volume supplied to County commercial/industrial land in the Serviceable Area and the volume supplied to the City's commercial/industrial area, and (ii) the proportional share of operating and depreciation costs of the utility system related to delivering services.

Revenue Requirements

Operating

Operating expenses include all utility costs related to the delivery of the utility services. These costs exclude transfers to reserves and internal franchise and administrative recoveries, and debt servicing. Costs shall be assigned between residential and commercial customers on a proportionate share using Water sales volume for the City. Costs attributable to commercial sales will be allocated between County and City commercial customers on a proportionate volume basis.

Amortization

Amortization expenses shall be limited to the annual amortization tied to the identified City infrastructure required to deliver the utility service to the County. City infrastructure built within the City's west area as part of this agreement shall not be included in this calculation. Total costs will be split between residential and commercial customers on a proportionate volume basis. Costs attributable to commercial sales will be allocated between County and City commercial customers on a proportionate volume basis.

2. Water Rates

The initial calculations for Water rates are outlined in Schedule D1.

3. Waste Water Rates

The initial calculations for Wastewater rates are outlined in Schedule D2.

SCHEDULE "D-1"
INITIAL WATER SERVICE RATES AND CHARGES

1. Rate Base

Area – 50%

	Area (ha)	%
City - Commercial/Industrial	372.75	51.36%
County West Area	353.00	48.64%
Total	725.75	100.00%

Volume – 50%

	Proportion of Com/Ind Volume (m3)	%
City Commercial/Industrial	249,644.88	90.90%
County West Area	25,000.00	9.10%
Total	274,644.88	100.00 %

2. Operating Requirements

Operating

Total Shared Costs	\$849,862.00	
Allocation		
Residential		\$643,181.19
Commercial		\$206,680.81
		\$849,862.00

Depreciation

Annual Depreciation of Designated Assets	\$120,466.92	
Allocation		
Residential		\$91,170.16
Commercial		\$29,296.76
		\$120,466.92

3. Calculated Rated – Based on 25,000 m3 for County Demand

Revenue Requirement from County	% Alloc.	County Share of total Comm/ Ind	Total Commercial Allocated Costs	County share of Costs
Operating				
Volume	X 50%	9.10%	\$206,680.81	\$ 9,406.73
Area	X 50%	48.64%	\$206,680.81	50,264.09
				\$59,670.82
Projected Volume (m3)				25,000.00
Cost per m3				\$2.39
Depreciation				
Volume	X 50%	9.10%	\$29,296.76	\$1,333.39
Area	X 50%	48.64%	29,296.76	7,124.87
				\$8,458.27
Projected Volume (m3)				25,000.00
Cost per m3				\$0.34
Water Purchases (from Regional Commission)				
Volume	100%	\$2.03	25,000 m3	\$50,750.00
Cost per m3				\$2.03
Total Cost per m3				\$4.76

SCHEDULE "D-2"
INITIAL WASTEWATER SERVICE RATES AND CHARGES

1. Rate Base

Area – 50%

	Area (ha)	%
City - Commercial/Industrial	372.75	51.36%
County Serviceable Area	353.00	48.64%
Total	725.75	100.00%

Volume – 50%

	Proportion of Com/Ind Volume (m3)	%
City Commercial/Industrial	194,652.28	88.62%
County Serviceable Area	25,000.00	11.38%
Total	219,652.28	100.00%

2. Operating Requirements

Operating

Total Shared Costs	\$1,055,846.00	
Allocation		
Residential		\$808,136.53
Commercial		\$247,709.47
		\$1,055,846.00

Depreciation

Annual Depreciation of Designated Assets	\$129,111.38	
Allocation		
Residential		\$98,820.87
Commercial		30,290.51
		\$129,111.38

3. Calculated Rate – Based on 25,000 m3 for County Demand

Revenue Requirement from County		% Alloc.	County Share of total Comm/ Ind	Total Commercial Allocated Costs	County share of Costs
Operating					
	Volume	X 50%	11.38%	\$247,709.47	\$14,096.68
	Area	X 50%	48.64%	\$247,709.47	60,242.12
					\$74,338.81

	Projected Volume (m3)				25,000.00
	Cost per m3				\$2.97
	Depreciation				
	Volume	X 50%	11.38%	\$30,290.51	\$1,723.78
	Area	X 50%	48.64%	\$30,290.51	7,366.55
					\$9,090.33
	Projected Volume (m3)				25,000.00
	Cost per m3				\$0.36
	Total Cost per m3				
					\$3.33

SCHEDULE "E"
DISPUTE RESOLUTION PROCESS

The County and the City acknowledge that in any business relationship, a difference of opinion or interpretation or a divergence of interest may arise. The County and the City are committed to resolving any disputes in a non-adversarial, informal, and cost efficient manner. Therefore the County and the City agree as follows:

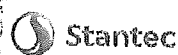
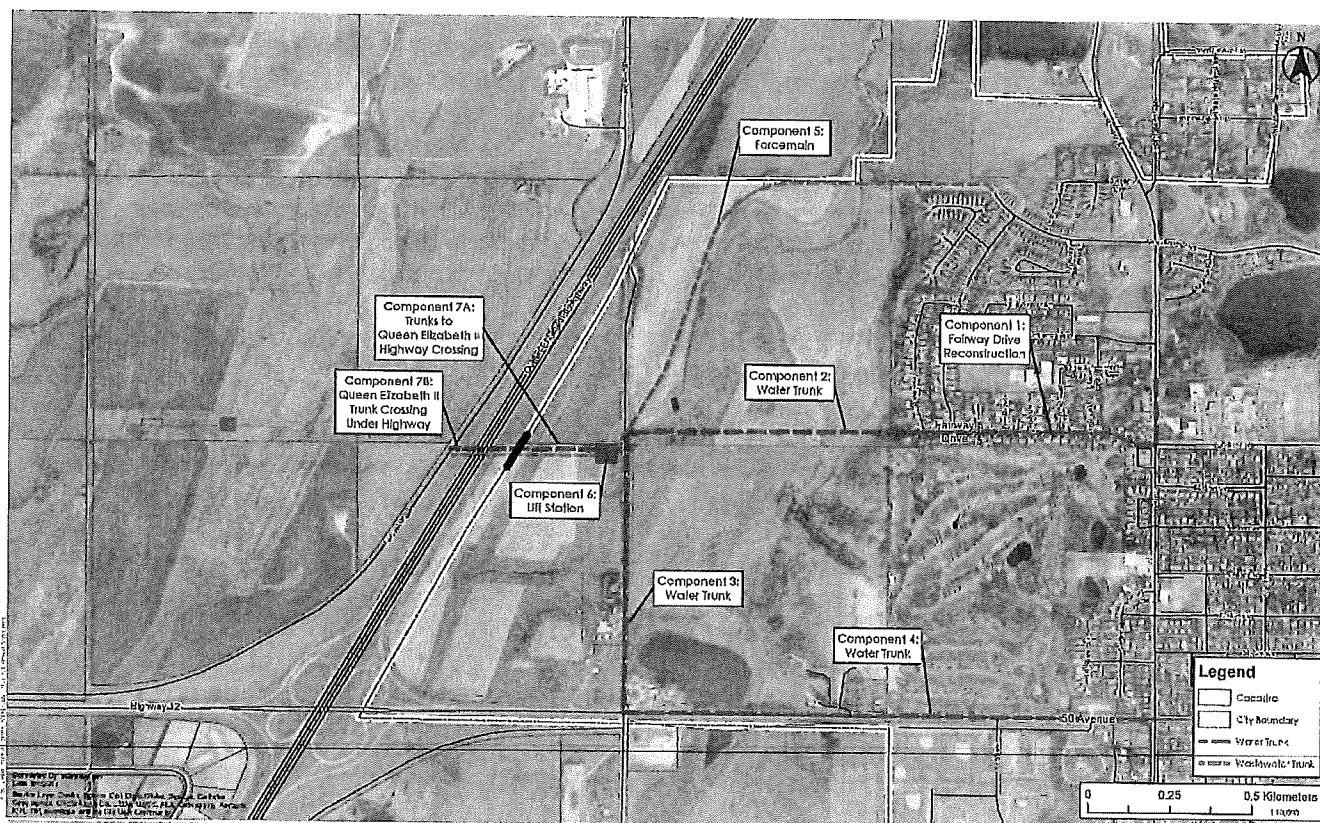
1. The County and the City will attempt to resolve any dispute through direct negotiation.
2. Failing successful negotiation they will resort to mediation as follows:
 - (a) Either party may give written notice to the other, and request that the parties select a Mediator. The parties will endeavor to select a Mediator agreeable to both from a list of suitable mediators maintained by the Alberta Arbitration and Mediation Society.
 - (b) Within seven days of his or her selection, the Mediator will designate a time for a meeting among the Mediator and a representative of each the County and the City. Each representative must have authority to agree to a resolution of the dispute.
 - (c) Subject to Section 3.1 of the Agreement, for a 45 day period of time from the written notice requesting the selection of a Mediator, neither the County nor the City will take any action or step or pursue any available remedy other than to use its Best Efforts to participate in the mediation process.
 - (d) The cost and expense of the Mediator and the mediation process will be paid for equally by the County and the City.
 - (e) The mediation process, including all discussions, proposals and written materials made or prepared, will be strictly confidential and cannot be used or referred to in any subsequent action, step or proceedings.
 - (f) The Mediator cannot be called by either party as a witness in any subsequent action, step or proceeding.
 - (g) Should the parties fail to agree on a Mediator under sub Section (a) within a period of 21 days from the date of written notice; a Mediator will be appointed by Alberta Municipal Affairs or failing them the Alberta Arbitration and Mediation Society or its successor in kind.

SCHEDULE "F" **SHARED COMPONENTS**

Estimated Cost of Shared Components

Water	\$ 3,811,000
Wastewater	\$ 5,165,000
Engineering + Contingency	\$ 2,692,800
Total	\$11,668,800

These costs are to be shared equally by the City and County - **\$5,834,400 each**



Note: Water and Wastewater Trunk Alignments are approximate only and may be subject to minor shifts/adjustments during detailed design.

Project Components
City of Lacombe
Lacombe County
West Area Services Project