BOARD POLICIES: DELEGATION OF AUTHORITY

approved by ARROW Utilities Board of Directors – March 20, 2026

ARROW UTILITIES

MEMBER MUNICIPALITIES

CITY OF BEAUMONT

CITY OF LEDUC

CITY OF FORT SASKATCHEWAN

CITY OF SPRUCE GROVE

CITY OF ST. ALBERT

TOWN OF BON ACCORD

TOWN OF GIBBONS

TOWN OF MORINVILLE

TOWN OF STONY PLAIN

LEDUC COUNTY

PARKLAND COUNTY

STRATHCONA COUNTY

STURGEON COUNTY

Sustainable Wastewater Solutions

PURPOSE

The purpose of this policy is to formalize the process by which the Board of Directors of ARROW Utilities assigns specific decision-making powers and responsibilities to the Chief Executive Officer (CEO) or delegate and any designated committees, in accordance with Alberta's Municipal Government Act (MGA) and ARROW Utilities' governing bylaws. This ensures that decisions are made efficiently, ethically, and transparently, with appropriate oversight and alignment to the Commission's strategic objectives.

DEFINITIONS

Administrative Policy – Means policies that provide operational direction and are approved by the CEO to support implementation of Board-approved governance direction.

Board of Directors or "the Board" – Means the appointed elected officials representing the member municipalities of ARROW Utilities, responsible to govern and provide oversight to the organization, in compliance with Alberta's Municipal Government Act.

Chief Executive Officer or "CEO" – Means the individual appointed by the Board to the position of Chief Executive Officer.

Committees of the Board – Means committees established by resolution of the Board to provide subject matter advice or undertake governance-related tasks. Committees do not possess decision-making authority unless explicitly delegated by the Board through terms of reference or resolution.

Emergency Expenditures – Means an expense resulting from an unexpected occurrence where an agreement, contract, or expenditure not included in the approved budget is required, in order to ensure public and/or employee safety, maintain effective wastewater treatment operations, and mitigate regulatory and legal liability.

Governance Bylaw – Means any bylaw passed by the Board that outlines the powers, structure, and responsibilities of the Commission.

Material Change – Means an alteration in service delivery or procurement of goods that substantially affects the scope, quality, capacity, schedule or performance that results in costs exceeding the approved budget.

RESPONSIBILITIES

Board of Directors –

a. Shall retain all powers and authorities which are not legally delegable under the MGA (e.g., approval of bylaws, appointment of auditors, strategic direction, approval of annual budget and rate bylaws).
b. Shall delegate authority to the CEO to administer operational matters as outlined in the Administrative and Procedures Bylaw.
c. Shall approve, by resolution or bylaw, any further delegation beyond the scope of this policy.
d. Shall review the CEO's performance in fulfilling delegated authority annually.
e. Shall sign a working agreement (the "Board–CEO Covenant") that reflects the expectations outlined in this policy. This covenant shall serve as a reaffirmation of mutual trust and shared purpose.
f. Will review and update this policy as required, at minimum every four years.

CEO –

a. Shall implement Board-approved policies, bylaws, and strategic direction.
b. Shall manage the operations of ARROW Utilities, including staffing, procurement, contract execution, financial administration, and stakeholder relations within the limits outlined by the Board.
c. Shall not sub-delegate authority beyond administrative levels.
d. Shall inform the Board of emerging issues, strategic risks, and any circumstances requiring deviation from established delegations.
e. Shall ensure that appropriate administrative policies are in place to manage internal delegation within the organization.
f. Shall sign a working agreement (the "Board–CEO Covenant") that reflects the expectations outlined in this policy. This covenant shall serve as a reaffirmation of mutual trust and shared purpose.

Committees of the Board –

a. Shall act in an advisory capacity unless granted specific delegated decision-making powers by Board resolution or terms of reference.

STANDARDS/ PROCEDURES

Delegation Principals

ARROW Utilities adheres to the following principles when delegating authority:

a. Authority shall only be delegated where legally permissible under the MGA.
b. Delegation shall be documented through bylaws, policies, or Board resolutions.
c. Delegated authority shall be accompanied by accountability measures.
d. Delegation shall not prevent the Board from exercising its authority directly.

Board Reserved Decisions

The following matters are not delegable and must be approved by the Board:

a. Adoption or amendment of bylaws.
b. Approval of the annual operating and capital budgets.
c. Approval of utility rate bylaws and user fees.
d. Appointment or dismissal of the CEO.
e. Approval of strategic plan.
f. Execution of intermunicipal agreements or new member participation.

CEO Delegated Authority

Subject to Board-approved policies and bylaws, the CEO is authorized to:

a. Hire and manage employees, contractors, and service providers.
b. Execute contracts and financial commitments within budget and policy limits.
c. Approve administrative procedures and operating practices.
d. Make operational decisions that align with approved plans and budgets.

Procurement
The CEO is delegated authority to approve and execute all procurement contracts that comply with approved capital and operating budgets and programs, procurement thresholds, and Board-established policies and legislative requirements.

Budget Adjustments
The CEO may authorize budget adjustments provided that the adjustment does not result in an increase to the Board approved member rate nor a material change to the level of services or project delivery:

a. That do not exceed $250,000 per adjustment, and an annual aggregate of $1,000,000 between existing operating programs or departments' or $1,000,000 between capital projects and an annual aggregate of $5,000,000 within the approved operating and capital budgets respectively; or

b. Budget adjustments above the threshold of $250,000, along with transfers to and from operating and capital budgets require Board approval.

Emergency Expenditures

a. The CEO may authorize and approve any necessary agreement, contract, or emergency expenditure not included in an approved budget (capital or operating), As required to ensure the successful operations of wastewater treatment services, and mitigate regulatory and legal liability.
b. The CEO shall provide a written notification outlining the implications of any commitments to the Board Chair and Vice-Chair as soon as practical. Subsequent updates will be provided to the Board at the next Board Meeting.

Unbudgeted Commitments

a. The CEO may authorize and approve any necessary unbudgeted transactions, agreement, contract, or asset sale, not included in an approved budget (capital or operating), up to $250,000, whether a single item or group of related items together within the budget year with an annual aggregate cap of $1,000,000; so long that the transactions are to support the successful operations of wastewater treatment services.

b. Any unbudgeted transactions will support existing programs for only the current budget year, and be funded from an approved source
c. Any creation of new programs or initiatives above the threshold of $250,000 must be required Board approval.
d. The CEO shall provide a written notification outlining the implications of any commitments to the Board Chair and Vice-Chair as soon as practical. Subsequent updates will be provided to the Board at the next Board Meeting.

Monitoring and Reporting

The CEO shall report regularly to the Board on the exercise of delegated authority, including material operational, financial, or reputational impacts.

a. Any decision outside the delegated scope must be brought to the Board for direction.
b. The Board may, at its discretion, amend or revoke any delegated authority.

REFERENCE DOCUMENTS

Governance Policy – values-based credo
Municipal Government Act (MGA)
Annual Board and CEO Covenant – working principles
Administrative Policy – Procurement Policy