



BOARD OF DIRECTORS

**9:00 a.m.
Friday, January 20, 2023
ACRWC Plant Site**

- 1. Adoption of Agenda**
- 2. Board Appointments Update – *For information***
- 3. Board/General Manager Covenant – *Kate Polkovsky***
- 4. Adoption of November 18, 2022 Meeting Minutes**
- 5. Board Committees:**
 - a. Workshop Committee**
- 6. Administration Reports – *Kate Polkovsky***
- 7. Easement and Right of Way Policy – *Kate Polkovsky***
- 8. 2022 Financial Audit Plan- *Paul Krueger***
- 9. Transmission Main Update – *Kate Polkovsky***
- 10. Advocacy Update – *Kate Polkovsky***
- 11. Communications – Reporting in/out**
- 12. Calendar of Events**
- 13. Closed Session**
- 14. Adjourn**

Board Report

Date: January 20, 2022

Subject: Board Appointments Update

Recommendation:

THAT the updated appointment from the City of Spruce Grove to the Board be received for information.

Municipality	ACRWC Director
City of Spruce Grove	Stuart Houston

Discussion:

ACRWC Administration and Procedures Bylaw requires that each municipality appoint a member of their Council to the Board of the Alberta Capital Region Wastewater Commission.

Board Report

Date: January 20, 2023

Subject: Board – GM Covenant

Discussion:

As part of its Governance Policy, the Board has committed to review and reconfirm the attached Board – GM Covenant annually, with an update to the Board appointments this Covenant should be re-executed by all parties.

We, as members of the Board of Directors, will:

- provide leadership using a governance model and guide the Commission by establishing a strategic planning framework
- set policies which reflect the best interests the Commission
- carry out our responsibilities as set out in applicable legislation to the best of our abilities
- make decisions which we believe to be in the best interests of the Commission recognizing that the needs of our members need to be thought through and reflected in such decisions
- review the background information and advice made available by the General Manager prior to rendering a decision
- seek further input when we are unsure of the issues or uncertain as to the preferred course of action
- refrain from making any commitments on behalf of the Board other than to take the request up with the Board or General Manager to respond appropriately
- seek to participate actively in decision-making by welcoming and encouraging diverse ideas and viewpoints and having purposeful discussion to determine which to take action on
- speak with one voice and refrain from any public or private criticism of fellow Board members or Commission staff
- conduct ourselves in an honest and ethical manner
- ensure that there is a formal evaluation of the performance of the General Manager at least once annually and involve him in the process to ensure a full understanding of the Board’s assessment
- advocate on behalf of the Commission when necessary with our Council and staff

I, the General Manager, will:

- provide comprehensive orientation to new Board members as to the responsibilities and matters which are ascribed to the Board
 - ensure the Board is made aware of the full picture with regard to decisions to the extent that the administration is aware of such information and ensure that the Board has access to the reasonable decision options as well as my recommendation
 - provide advice which is professionally sound, ethical, legal and in accordance to the policies and objectives of the Board
 - conduct myself in an honest and ethical manner
 - guide the actions of the organization so that they are aligned with the policies and objectives of the Board
 - act only on the will of the Board as a whole as established by the resolutions, policies and bylaws
 - seek to ensure that the Board is aware of emerging issues
 - maintain a current understanding of the applicable legislation as well as relevant programs, policies and initiatives of the Provincial and Federal governments
 - listen carefully to the concerns of the Board pertaining to my performance and seek to improve any deficiencies on an ongoing basis
-

Meeting Minutes

Board Organizational Meeting
Friday November 18th, 2022, 09:00 am
ACRWC WWTP Board Room

Members Present:

Dave Anderson	Strathcona County
Bill Hamilton	City of Leduc
Gordon Harris	City of Fort Saskatchewan
Harold Pawlechko	Town of Stony Plain
Ken Mackay	City of St. Albert
Kristina Kowalski	Parkland County
Lynn Bidney	Town of Bon Accord
Neal Comeau	Sturgeon County
Rick Smith	Leduc County
Stephen Dafoe	Town of Morinville
Steven vanNieuwkerk	City of Beaumont
Willis Kozak	Town of Gibbons

Members Absent:

Jeff Acker	City of Spruce Grove
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Commission Staff & Others

Kate Polkovsky	General Manager
Paul Krueger	Corporate Services Manager
Colleen Moody	Board Assistant
Wade Teveniuk	Regulatory Services Manager
Dwayne Cikaluk	Operations Manager
Jerry Yang	Engineering Manager

Call to Order:

Chair Dave Anderson called the meeting to order at 09:00 a.m.

Adoption of Agenda

CM61-22

MOVED BY Kristina Kowalski THAT the agenda as amended be adopted.

CARRIED

Board Appointments:

CM62-22

MOVED BY Bill Hamilton THAT the appointments to the Board be received for information.

CARRIED

Election of Chair

G.M. Kate Polkovsky called for nominations for the position of Chair of the ACRWC Board.

Ken Mackay nominated Dave Anderson for Chair

Kate Polkovsky called three more times for further nominations.

Dave Anderson was acclaimed as Chair of the ACRWC Board.

Election of Vice-Chair

Chair Dave Anderson called for nominations for the position of Vice-Chair of the ACRWC Board.

Gordon Harris nominated Ken Mackay for Vice-Chair

Chair Anderson called three times for further nominations.

Ken Mackay was acclaimed as Vice-Chair of the ACRWC Board.

ACRWC Committees

CM63-22

MOVED BY Ken Mackay THAT the membership in the following Committees be put in place.

CARRIED

General Manager Performance Monitoring Committee

Ken Mackay
Harold Pawlechko
Lynn Bidney
Gordon Harris

Board Workshop Committee

Jeff Acker
Neal Comeau
Lynn Bidney
Stephen Dafoe

Communication and Advocacy Committee

Harold Pawlechko
Bill Hamilton
Steven vanNieuwkerk
Kristina Kowalski
Rick Smith
CARRIED

Board Dates:

CM64-22

MOVED BY Bill Hamilton THAT the following Board dates as presented be approved.

January 20, 2023

March 17, 2023

May 2023, Board Workshop

June 16, 2023

September 15, 2023

November 24, 2023 (Organizational Meeting)

CARRIED

Director's will be notified by email one week ahead of time for any cancellation or changes of the meeting dates. Changes will also be posted on the ACRWC website 24 hours in advance.

Board/General Manager Covenant

CM65-22

MOVED By Kristina Kowalski THAT the Board/Covenant approve and sign the Board-GM Covenant

CARRIED

Adoption of 2022 10 21 Meeting Minutes

CM66-22

MOVED BY Lynn Bidney THAT the minutes of the October 21st, 2022, meeting as presented be adopted.

CARRIED

Board Committees:

GM Performance Review

CM67-22

MOVED BY Harold Pawlechko THAT the Board move into closed session.

CARRIED

CM68-22

MOVED BY Bill Hamilton THAT the Board come out of closed session.

CARRIED

CM69-22

MOVED BY Ken Mackay THAT the closed session report be received as information

CARRIED

Administrative Reports

CM70-22

MOVED BY Stephen Dafoe THAT the Administrative Reports be received for information.

CARRIED

Industrial Re-Use Status Report

CM71-22

MOVED BY Steven vanNieuwkerk THAT the Industrial Re-Use status report be received for information
CARRIED

Board Policy Review

CM72-22

MOVED BY Steven vanNieuwkerk THAT the Member Compliance Policy monitoring report be received
as information.
CARRIED

2023 Budget and Rate

CM73-22

MOVED BY Rick Smith THAT the 2023 Operating Budget of \$32.045 million be approved.

CM74-22

MOVED BY Rick Smith THAT the 2023 Capital Budget of \$121.05 million be approved.
CARRIED

CM75-22

MOVED BY Rick Smith THAT the flow rate be set at \$1.50 per cubic meter effective January 1, 2023.
CARRIED

CM76-22

MOVED BY Rick Smith THAT effective January 1st, 2023, Load-based rates be set at:

1. \$0.4324/kg for Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD).
2. \$0.3439/kg for Total Suspended Solids (TSS).
3. \$2.0566/kg for Total Kjeldahl Nitrogen (TKN).
4. \$14.9512/kg for Total Phosphorus (TP).
5. \$0.2983/kg for Oil and Grease (O&G).

CARRIED

Communications

CM77-22

MOVED BY Harold Pawlechko THAT the Communications report as presented be received as information.
CARRIED

- a. **Correspondence**
- b. **Reporting In**
- c. **Reporting Out**
- d. **Conference Attendance**

Adjourn

Chair Dave Anderson adjourned the meeting 12:06 p.m.

These minutes approved this _____ day of _____, 2023

ACRWC Board Chairman

General Manager

Recorder:
Colleen Moody
Board Assistant

UNADOPTED

Board Report

Date: January 20, 2023

Subject: Administration Reports

Alignment to Priorities in Board's Strategic Plan

- Respecting our Environment
- Responsible Leadership

Recommendation

THAT the Administrative Reports be received for information.

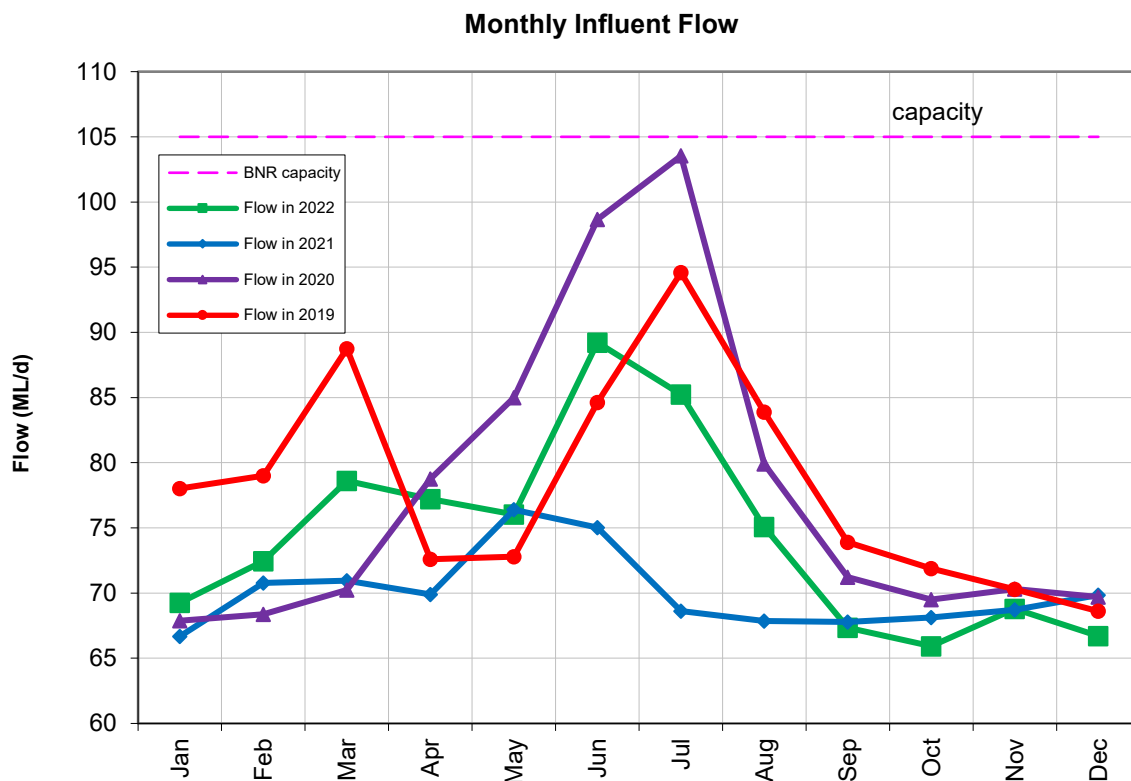
Attached are the following reports:

- Operations Report
- Incidents and Contraventions

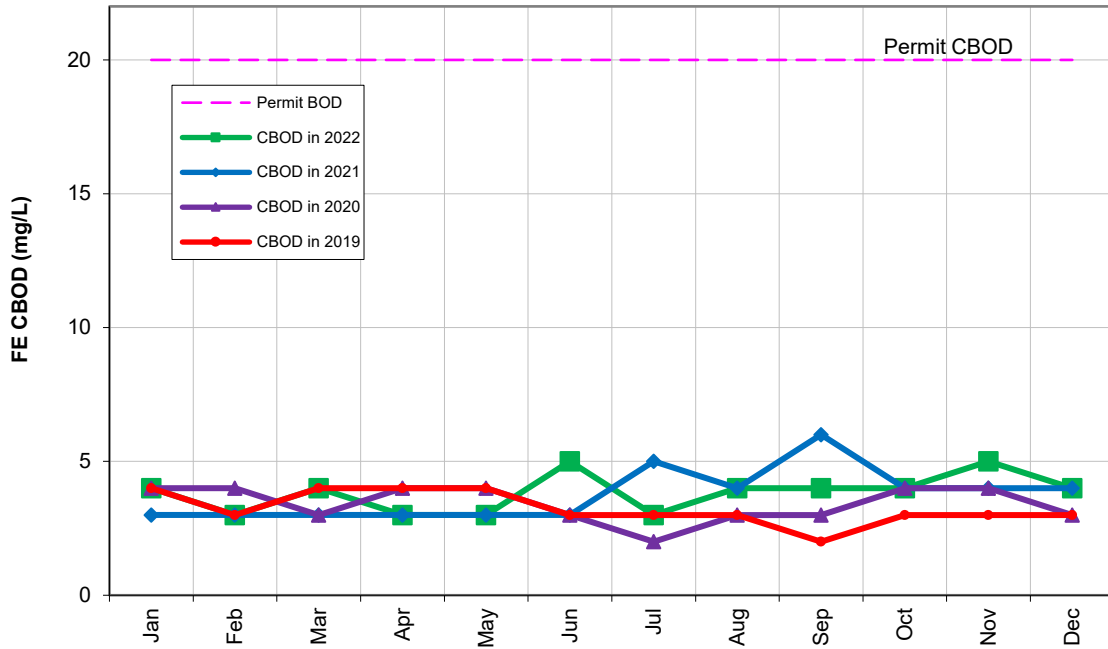
Operations Summary – December 2022

- Process Blower 1 motor replacement project continues to experience issues. The lubrication system requires an upgrade from the original design. The blower remains out of service.
- Gibbon’s station SP3 rebuild was completed and returned to service.
- December 24th, operations investigated a low-pressure alarm at the Parkland Pump station. A force main isolation valve failed causing a release of raw wastewater towards the Big Lake. Due to the timing of the failure support from contractors to mitigate the release was difficult. A plug was installed up stream of the station diverting 90% of the station flow to the Spruce Grove lagoons. The remaining flow was diverted to a manhole at EPCOR’s Hawks Ridge station to allow for repairs to be completed.
- The Primary Digester lost its gas seal due to low liquid levels in the digester. Operators executed the emergency response plan until the digester gas seal was re-established.
- St. Albert station SP1 & 2 experienced premature motor soft start failures. The equipment was replaced and returned to service. A station pump upgrade project that is ongoing at the station will be completed in early 2023 and was designed to alleviate the issue.

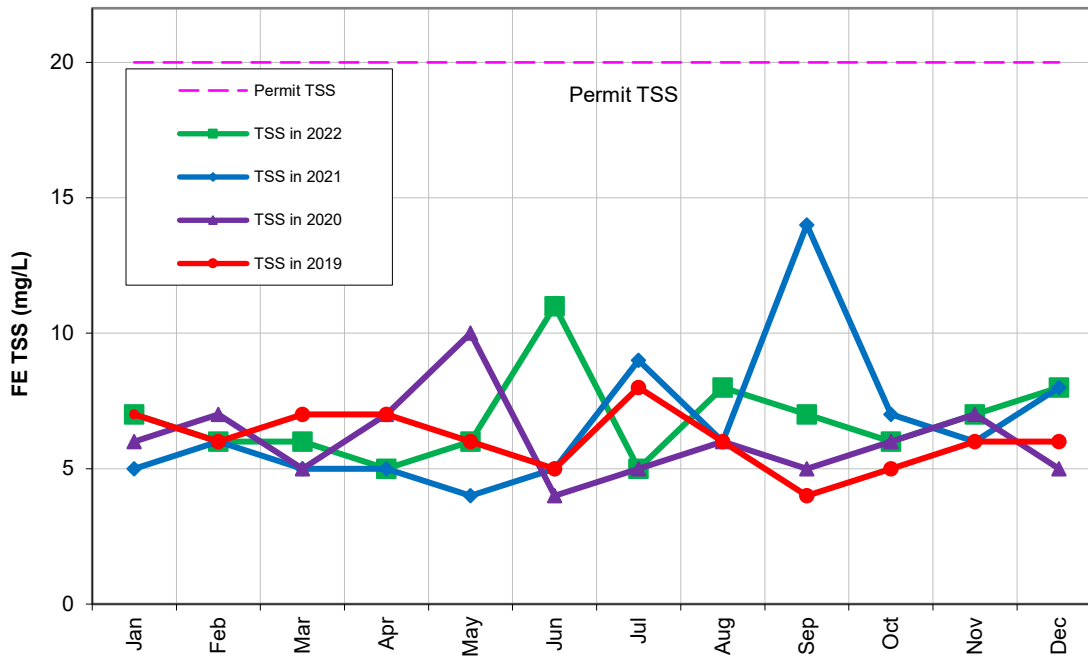
Treatment Targets by Concentrations



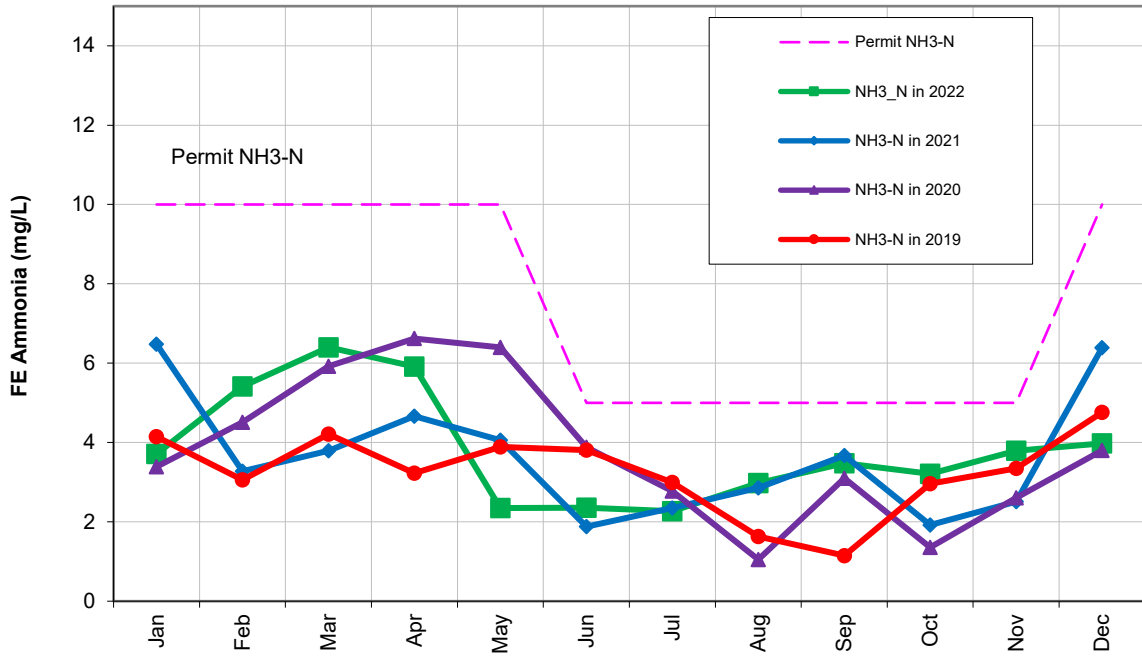
Monthly Effluent Carbonaceous Biological Oxygen Demand



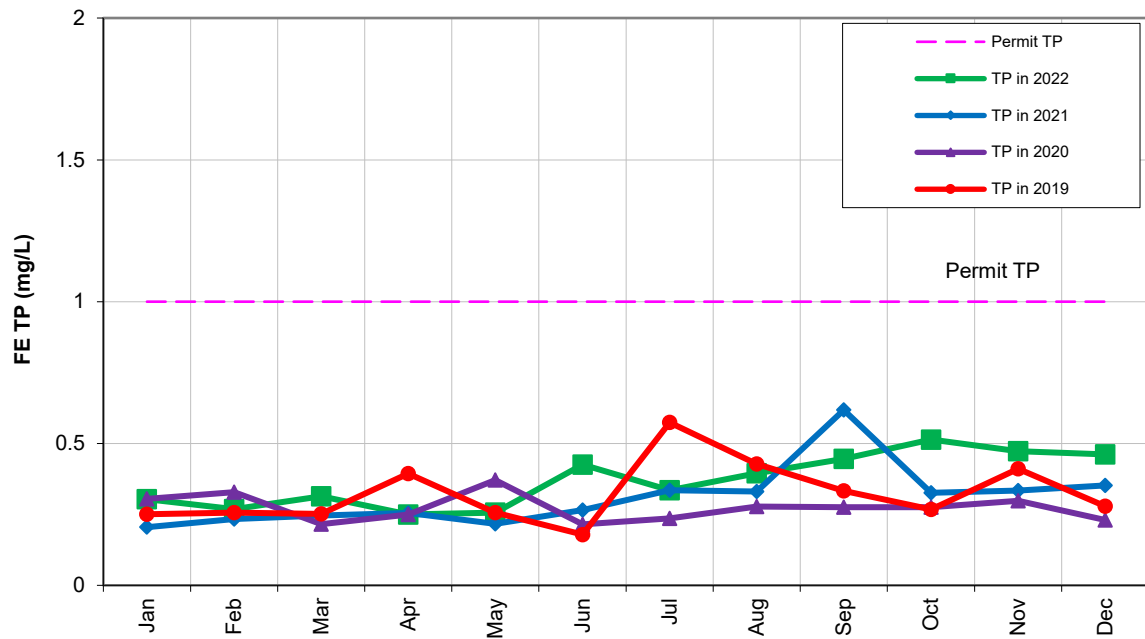
Monthly Effluent Total Suspended Solids



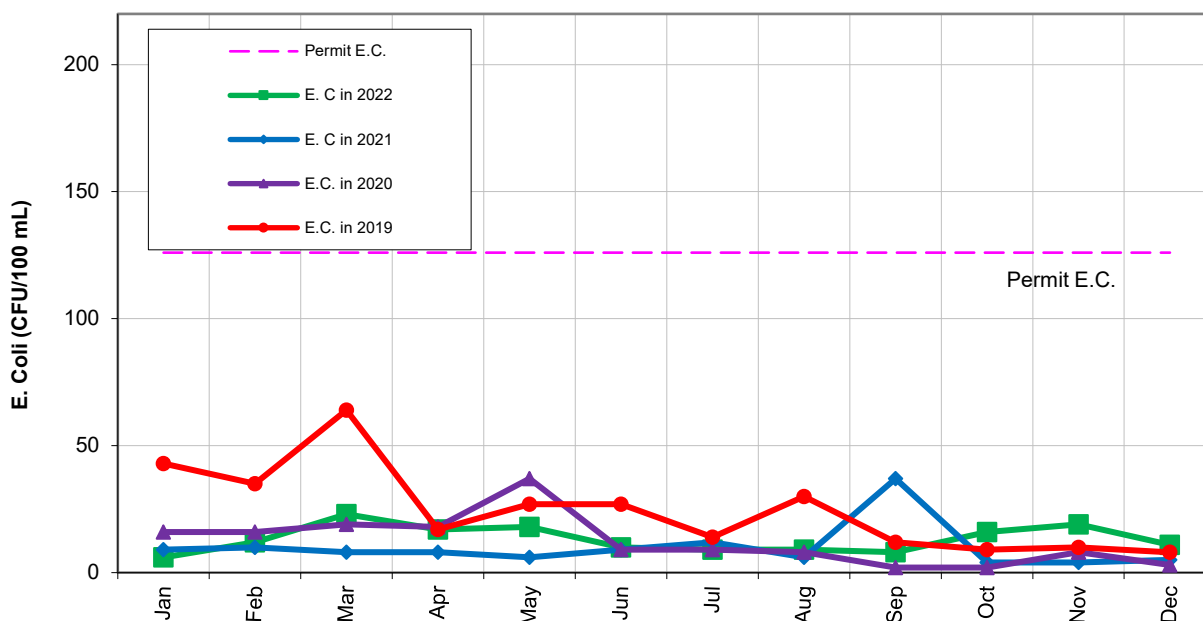
Monthly Effluent Ammonia



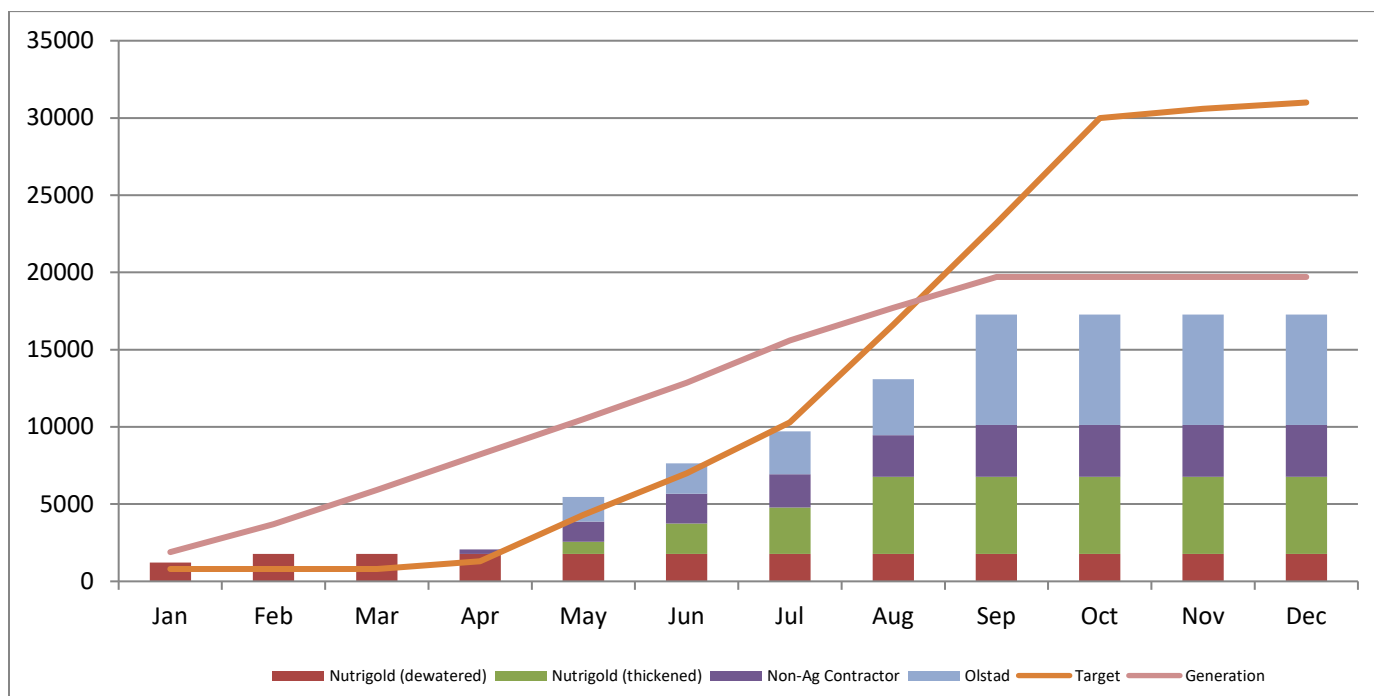
Monthly Effluent Total Phosphorus



Monthly Effluent E. Coli



Biosolids - December 2022



BioSolids update from EPCOR, December 13, 2022

The dewatering facility was affected by a significant power failure at the Edmonton Waste Management Centre on November 24. The main breaker in the MCC failed and repair options are being considered. While a generator was providing temporary power to the facility, the centrifuges are not running to produce material. EPCOR expects the dewatering facility will not produce any material in December. The ACRWC met zero balance between sludge haul volume out to the Clover Bar Lagoons and supernatant volume return to the plant for 2022.

Incidents and Contraventions Summary

Date: January 11, 2022

Reporting Period: November 1, 2022, to December 31, 2022

Incident Classification: Potentially Serious Incident
(Reported to Alberta Occupational Health and Safety)

Date: November 1, 2022

Location: 17 Street and 182 Avenue, START Sewer

Description of Events:

While a contractor (PME) was placing a base for new manhole 905-MH-63, the excavator being operated contacted an overhead power line and brought it down. The excavator struck the unenergized neutral power line, thus the excavator operator did not receive an electric shock. The contractor had a spotter in place when the incident occurred.

Recovery and future actions:

EPCOR was contacted to repair the neutral line.

On site meeting held with crews to refresh the two Hazard Assessments that were previously conducted for Excavation and Working in Proximity to Overhead Power. Also reviewed EPCOR's guidelines for working near power.

De-energization of the overhead power was arranged with EPCOR for the remainder of the project work (next section from MH 64 to MH 66).

Additional goal post warning entrance installed at east-west access from 17 street.

The contractor determined their excavator operator and spotter did not follow protocol and were subject to disciplinary actions.

Incident Classification: Security

Date: November 22, 2022

Location: Parkland Pump Station

Description of Events:

An ACRWC Engineering Project Manager (PM) discovered the primary yard gate's lock had been broken upon arrival at the pump station at about 10 am. The gate itself was found closed.

Recovery and future actions:

The PM contacted the plant Control Room, and an operator was dispatched to the station to investigate. The secondary lock and gate were found intact. The station and the contractor's construction trailer were not tampered with either. The lock on the gate was replaced. Warning signage regarding dangerous gases and high voltage is in place to detract intruders. Additional security measures are being considered.

Incident Classification: Environmental Contravention
(Reported to Alberta Environment & Protected Areas)

Date: December 24-28, 2022

Location: 500 m east of Parkland Wastewater Pump Station

Contaminant: Untreated Wastewater

Estimated Volume of Release: Calculation in progress.

Description of Events:

December 24

11:45: A wastewater force main low-pressure alarm alerted operators of a potential problem within ACRWC's Parkland wastewater force main. An operator was immediately dispatched to ACRWC's Parkland pump station.

12:35: Upon arrival to the pump station's entry road (about 500m east of the pump station), the operator discovered a sanitary sewer overflow (SSO) from vault manhole 903MH175 that was flowing overland and into Big Lake.

12:45: A field ammonia test was conducted to confirm it was wastewater. Samples were collected for laboratory analysis.

Recovery and future actions:

December 24

12:45: Contacted contractors for support and to arrange for diversion of wastewater from the Parkland pump station to the Spruce Grove wet weather storage lagoon.

13:00-1400: Temporarily closed the influent gate to the pump station to holdback wastewater within the Parkland gravity pipeline upstream and to delay the next pumping cycle. This resulted in a reduction of the SSO from 903MH175. Attempted to contact numerous vacuum truck contractors. Left messages. But did not receive responses.

15:00: Upon ACRWC's request, Parkland County closed the Villeneuve Hauled Wastewater Septage Receiving Station to avoid additional flow to the Parkland pump station.

Contractors mobilized onsite and together with ACRWC Operations started planning how to divert wastewater from the vault.

16:30: Two vacuum trucks arrived onsite to begin diverting as much wastewater from the vault as possible, discharging loads to an EPCOR drainage system manhole nearby.

Contractors began mobilizing portable pumping equipment to enable the diversion of the remainder of the flows to the pump station to the nearby (~1.5 km) EPCOR operated Hawks Ridge subdivision lift station.

18:30: An inflatable plug was inserted upstream in the Parkland gravity system to allow as much of the wastewater flow as possible to be diverted from the Parkland pump station to the Spruce Grove wet weather storage lagoon. The pipeline to the wet weather storage lagoon does not have enough capacity to receive the entire Parkland flows thus some flow continued to the pump station.

19:00: Wastewater was reintroduced to the Parkland pump station to convey flows from Acheson Industrial Park and residential subdivisions that tie-in downstream of the inflatable plug. Vacuum trucks continued actively drawing from the vault.

Dec 25: Stretched out pumping cycles within Parkland pump station to between 8-12 hours to limit SSO at the vault as much as possible. Vacuum trucks continued drawing out of the vault to reduce volume of SSO but could not manage entire flow during pump station pumping cycle. SSO was significantly reduced by the vacuum trucks between the pumping cycles mostly managing the backflow from the downstream section of the Parkland force main when the Parkland pumps were not pumping.

The set-up of overland portable pumping equipment continued.

Diversion to Spruce Grove wet weather facility continued.

Dec 26 & 27

3 additional vacuum trucks (total of 5) onsite.

Continued delaying pumping cycles as long as possible ensuring no overflow in upstream Parkland gravity pipeline section.

The set-up of overland portable pumping equipment continued.

Diversion to Spruce Grove wet weather facility continued.

Dec 28

08:30: The last intermittent SSO occurred.

18:30: Overland portable pumping started diverting the remainder of flow entering the Parkland pump station to the EPCOR Hawks Ridge pump station.

Diversion to Spruce Grove wet weather facility continued.

Dec 24-28: 468 loads of wastewater were diverted from being released to Big Lake by vacuum trucks totaling 5,616,000 liters.

A total of 35,600,000 liters of wastewater was diverted from being released to Big Lake to the Spruce Grove wet weather storage lagoon. The untreated wastewater will be reintroduced to the Parkland pump station from the lagoon once the vault repair is complete.

Dec 29 – 31: Overland portable pumping continues.

Parkland force main isolated downstream. Vacuum trucks continued drawing wastewater from the vault that was backflowing from the isolated section of the force main (no SSO). Repairs to a compromised valve within the vault started once the volume of wastewater draining back into the vault allowed entry.

Diversion to Spruce Grove wet weather facility continues.

The source of the wastewater SSO from 903MH175 resulted from a mechanical failure of a valve housed within the underground vault.

Jan 2: Repair to valve in vault completed.

Jan 3: Inflatable plug removed thus diversion to Spruce Grove Wet Weather Storage Lagoon stopped.

Spencer Environmental Consulting has been retained to conduct an environmental assessment of the affected land and lake areas impacted by the SSO and to develop a reclamation plan.

A root cause investigation will be conducted to determine further actions.



Incident Classification: Environmental Contravention
(Reported to Alberta Environment & Protected Areas)

Date: December 28/29, 2022

Location: ACRWC Wastewater Treatment Plant

Contaminant: Digester Biogas

Estimated Volume of Release: 5,120 m³

Description of Events:

ACRWC's Digesters experienced a discharge of entrained gas resulting in a rapid reduction of hydraulic levels. When the hydraulic levels drop below normal operating range, a loss of biogas containment occurs. The release of biogas was confirmed at 6:50pm on December 28th and stopped at 8:33am on December 29th.

Recovery and future actions:

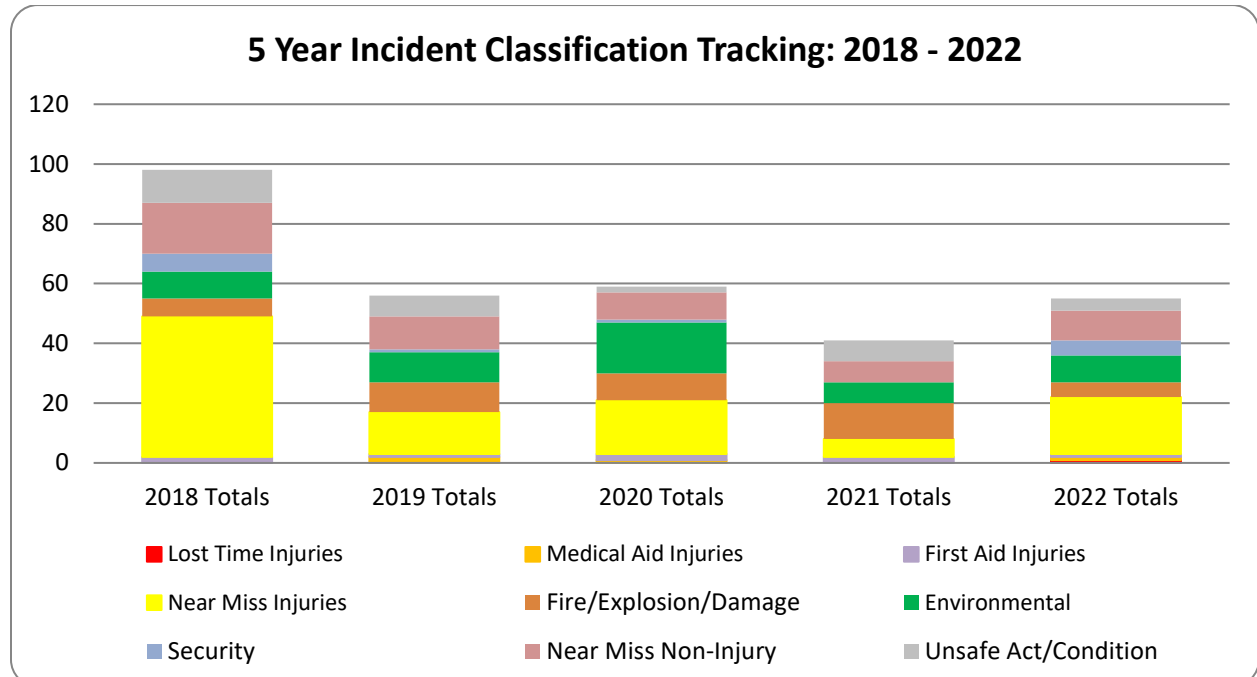
Operations Staff responded by immediately taking action to regain level in the Digesters to stop the release.

As per ACRWC's Emergency Response Procedure, plant site perimeter H₂S readings were recorded, results show there was no risk of danger to public health.

Rapid de-gasification events are caused by excess foaming in the digesters. ACRWC has partnered with the University of Alberta to perform an Anaerobic Digester Defoamer Study. Strategies to reduce excess foam are being explored, specifically chemical addition and subsequent dosing trials.

ACRWC is implementing the recommendations in phases. Lessons learned and de-gassing events will continue to be closely examined to inform the implementation of the recommendations.

Incident Statistics ending December 31, 2022



2022	Classification	January	February	March	April	May	June	July	August	September	October	November	December	2022 Totals
Injury Incidents	Lost Time								1					1
	Medical Aid										1			1
	First Aid			1										1
	Near Miss Injury	2	1	1	1		2	1	5		2	2	2	19
Other Incidents	Fire/Explosion/Damage	1	2		1	1								5
	Environmental			2	2		3	1		1			2	9
	Near Miss Environmental	1	1	1	1			1			1	2	1	9
	Security						1	2		1		1		5
	Near Miss Damage								1					1
Unsafe Conditions	Unsafe Condition or Act	1	1									2		4
	Totals	5	5	3	5	1	6	5	7	2	4	7	5	55

2022 Notes:

- Two recordable injury incidents, 1 lost time and 1 medical aid. First lost time injury since 2017.
- Environmental contraventions: 3 digester gas releases; 3 transmission sanitary sewer overflows; 2 secondary treatment bypasses; 1 untreated wastewater release during transmission pump around; 1 digester sludge spill from contractor's tanker truck.
- Increase of security related incidents.
- Increase in reported near miss injury incidents. 8 H2S exposures / 4 vehicle and driving related / 3 slips and falls / 4 others.

Board Policy Monitoring Report

Prepared by: Kate Polkovsky, General Manager

Date: January 20, 2023

Policy: Easements and Rights of Way

Purpose

The Board's Easements and Rights of way Policy is intended to clarify the authority of the General Manager when it comes to the management of our various rights-of way throughout the region.

Alignment to Priorities in Board's Strategic Plan

- Responsible Leadership
 - Keep Utility Rates Reasonable and Predictable for Member Municipalities

Performance

Fundamentally, the policy hasn't changed since it was originally created over twenty years ago and serves the ACRWC well. There are administrative processes in place for the review and approval of subdivision requests and when there is a request to dispose of a section of our rights-of-way.

Discussion

This policy is used on average about six to ten times per year. There are no proposed changes to the policy.

Recommended changes

N/A

Board motion:

That the Easement and Right of Way Policy report be received as information.

Policy: Easements and Rights of Way

Authority: CM25-15

Date Approved: January 15, 2021

Purpose:

To ensure the protection of property rights obtained through easements and rights-of-way and to describe the conditions under which the ACRWC will allow other municipal utilities to share the use its rights-of- way.

Policy:

1. The General Manager is authorized to acquire, modify and dispose of easements and rights-of-way on behalf of the Commission and to sign and seal all documentation except:
 - a. When a subdivision will create an easement or right-of-way on a lot or lots less than two (2) hectares.
2. At the time of subdivision and development, ACRWC easements and rights-of-way must be incorporated into public utility lots (PUL's), road right-of-ways, parks, reserves or other public lands.
 - a. PUL's containing ACRWC easements may be owned by the member municipality unless the municipality wishes to transfer ownership to the ACRWC at no cost to the ACRWC.
 - b. Member municipalities must ensure that developments provide reasonable access to ACRWC easements and facilities.
 - c. When a member municipality or the City of Edmonton wishes to incorporate an ACRWC easement or right-of-way into a Road Allowance, an agreement with the municipality is required to protect the interests of the Commission.
3. The ACRWC will only consider disposing of or sharing the use of its rights-of way if it has rights-of-way in excess of its requirements to meet future servicing requirements.
 - a. The General Manager will determine when rights-of-way are in excess of the ACRWC's requirements and whether or not the right-of-way should be retained or disposed.

- b. The ACRWC will only allow municipal water, wastewater or drainage utilities to share its rights-of-way.
- c. ACRWC member municipalities will not be required to compensate the ACRWC for the use a right-of-way.
- d. All other municipal utilities will be required to compensate the ACRWC for the use of a right-of-way based on an assessment prepared for the ACRWC.
- e. If the proposed infrastructure is subject to the terms of an existing utility right-of-way document filed in the Land Titles Office and there is excess right-of-way, the ACRWC will provide consent without compensation.
- f. The party requesting the use of the right-of-way will be responsible for all of the ACRWC's direct costs associated with the assessment and negotiation of the disposal or shared use.

Board Report

Date: January 20, 2023

Subject: 2022 Financial Audit Plan

Recommendation

THAT the attached 2022 Financial Audit Plan be received for information.

Alignment to Priorities in Board's Strategic Plan

- Responsible Leadership
 - Keep Utility Rates Reasonable and Predictable for Member Municipalities

Discussion

The attached Audit plan has been prepared by EY. Management will present the plan to the Board.

Under Part 15-1 – Regional Services Commissions, Sections 602.35 to 602.36 of the Municipal Government Act require the preparation of audited annual financial statements and financial information return.

This plan will provide adequate resources to provide a fair opinion of the 2022 financial statements, 2022 financial information return and the 2022 annual contributions of LAPP.

Prepared by: Paul Krueger, Corporate Services Manager

Approved by: Kate Polkovsky, General Manager

Alberta Capital Region Wastewater Commission

AUDIT PLAN

December 31, 2022





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Fax: +1 780 428 8977
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**The Board of Directors
Alberta Capital Region Wastewater Commission**

January 10, 2023

Dear Members of the Board of Directors (“those charged with governance”),

We are providing information related to the current year audit plan for Alberta Capital Region Wastewater Commission (the “Commission”). This document outlines the scope of our services and the key considerations that will affect the 2022 audit.

The audit is designed to express an opinion on the 2022 financial statements. We are currently completing the planning phase of our audit and have aligned our procedures to consider the Commission’s current and emerging business risks and evaluate those that could materially affect the financial statements.

We appreciate that the Commission selected Ernst & Young to perform its 2022 audit and are committed to executing an audit that is responsive to your needs and maximizes audit effectiveness, delivering the high quality you expect in the most efficient manner possible.

Very truly yours,

Chartered Professional Accountants

Rob Jolley, CPA, CA *

**Services provided through Robert Jolley Professional Corporation*

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- ▶ Appendix B: Environmental Social and Governance (ESG)
- ▶ Appendix C: Business insights

2022 Ernst & Young services

At the end of the engagement we will express opinions on:

- ▶ The financial statements of Alberta Capital Region Wastewater Commission for the year ended December 31, 2022, prepared in accordance with Canadian public sector accounting standards (“PSAS”);
- ▶ The Financial Information Return for the year ended December 31, 2022, prepared for Alberta Municipal Affairs in accordance with Section 277 of the Municipal Government Act; and
- ▶ The agreed upon procedures in respect to annual contributions to the Alberta Pensions Services Corporation related to the Local Authorities Pension Plan for the year ended 2022.
- ▶ Issue a written communication to:
 - ▶ Management and those charged with governance describing significant deficiencies in internal control or other internal control deficiencies that merit management’s attention identified during our audit, should any be noted; and
 - ▶ Those charged with governance that comments on the results of the audit and addresses matters that we are required to communicate under our professional standards.



Responsibility for financial statements

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we will consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Materiality

At the conclusion of the audit, we formulate our opinion on the financial statements of the Commission as to their fair presentation in all material respects in accordance with PSAS. Our estimation of planning materiality requires professional judgment and necessarily takes into account qualitative as well as quantitative considerations.

Based on the 2022 forecasted results, we estimate the materiality for the audit of the 2022 financial statements to be \$1,450,000 which represents 3% of expected revenues for the year ending December 31, 2022.

The 2022 preliminary materiality level will be reviewed on an ongoing basis throughout our 2022 audit. Should actual results vary significantly from those forecasted, the materiality level may be adjusted in order to recognize this change in circumstances.

Summary of audit approach

For purposes of the audit of the financial statements, our audit scope is developed after considering the inherent and control risks and the effectiveness of the Commission's internal controls. A variety of factors are considered when establishing the audit scope including size, specific risks, the volumes and types of transactions processed, changes in the business environment, and other factors.

We distinguish between the following strategies:

- ▶ Identify and evaluate controls (controls strategy)
- ▶ Do not identify and evaluate controls (substantive strategy)

Audit Approach for 2022

All accounts of the Commission were determined to be significant based on preliminary materiality determinations except the following:

- ▶ Debt, investments and accumulated surplus were determined to be limited risk due to factors such as low annual activity and the non-complex nature of transactions.
- ▶ Prepaid expenses and inventory were determined to be insignificant due to the account balances.

Using our cumulative knowledge of the Commission's business, including the results of audit procedures in prior years and the knowledge gained from the current year's procedures that have been completed, we have established that a fully substantive strategy will yield the most efficient audit approach (i.e. not to identify and test the Commission's internal controls in order to place reliance upon them).

Areas of audit emphasis

Our audit procedures emphasize testing areas with the highest risk of misstatement (e.g., those accounts, contracts, processes or transactions where we believe there is the greatest risk of material misstatement to the financial statements, whether due to error or fraud, including disclosure items). We consider the effects of current market risk factors on the Commission, and emphasis is also placed on those areas requiring difficult, subjective, or complex determinations by management with heightened professional skepticism. Accordingly, our audit procedures are planned to focus on the following areas:

Areas of Audit Emphasis	Planned Audit Responses; comments
<p>Tangible capital assets</p> <p>Tangible capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Gains and losses incurred on the disposition and write-off of a capital asset are recorded when the asset is sold or when the end of an asset's useful life has been reached.</p>	<ul style="list-style-type: none"> ▶ During the audit, we will test the additions and disposals of tangible capital assets and agree a sample to supporting documentation. In addition, we will test the reasonability of the amortization expense recorded during the year and assess whether indicators of impairment are present.
<p>Expenses and cut-off of year-end transactions</p> <p>In accordance with PSAS, expenses must be recorded in the period in which they are incurred, not in the period in which cash is paid.</p>	<ul style="list-style-type: none"> ▶ We will obtain and understand the Commission's policies related to the recording of expenses and ensure they are appropriate under PSAS. In addition, we will test a sample of expenses to ensure they were recorded in the correct financial statement period. ▶ We will follow up on existing matters including the START blockage and Sherritt International discrepancy.

Areas of Audit Emphasis	Planned Audit Responses; comments
<p>Canadian Audit Standard “CAS” 315</p> <p>CPA Canada has just released a new audit standard and requirements, <i>Canadian Audit Standard CAS 315, Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i>.</p> <p>The audit risk model in revised CAS 315 has not changed. The standard has, however, been significantly revised, reorganized and enhanced to require a more robust risk identification and assessment in order to promote better responses to the identified risks. The revised standard introduces new concepts and definitions, enhancements and clarifications to help the auditor apply the audit risk model, and strengthened documentation requirements relating to the exercise of professional skepticism, among other things.</p>	<ul style="list-style-type: none"> ▶ This new standard will require additional audit efforts from us, working with management, to document, analyze, understand and walk through the IT processing of your financial data. The extent of time required to execute CAS 315 will vary and we will provide updates as we progress and gain visibility on this issue.

Fraud considerations and risk of management override

We are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

Our audit procedures will include: brainstorming, gathering information to facilitate the identification of fraud risks and performing procedures in the areas where fraud risks are identified including performing procedures required by our professional standards, designed to address the risk of management override (including examining journal entries, reviewing accounting estimates and evaluating the business rationale of significant unusual transactions).

We evaluate the risk of management override using the fraud triangle which includes rationalization, opportunity, and incentive and consider the actions management has taken to respond to those risks.

As a result of our audit planning activities, we have not identified any fraud risks aside from the presumed risk of management override. In response to this risk, we will review non-standard journal entries around year-end and management estimates.

Audit team

- ▶ Rob Jolley - Engagement Partner
- ▶ Leah Faucher - Senior Manager

Audit Timetable

We are proposing to begin the field work on February 6th, 2023 and report to those charged with governance on March 17th, 2023.

We would be pleased to discuss any questions you have regarding this summary.

Appendices

A Accounting developments

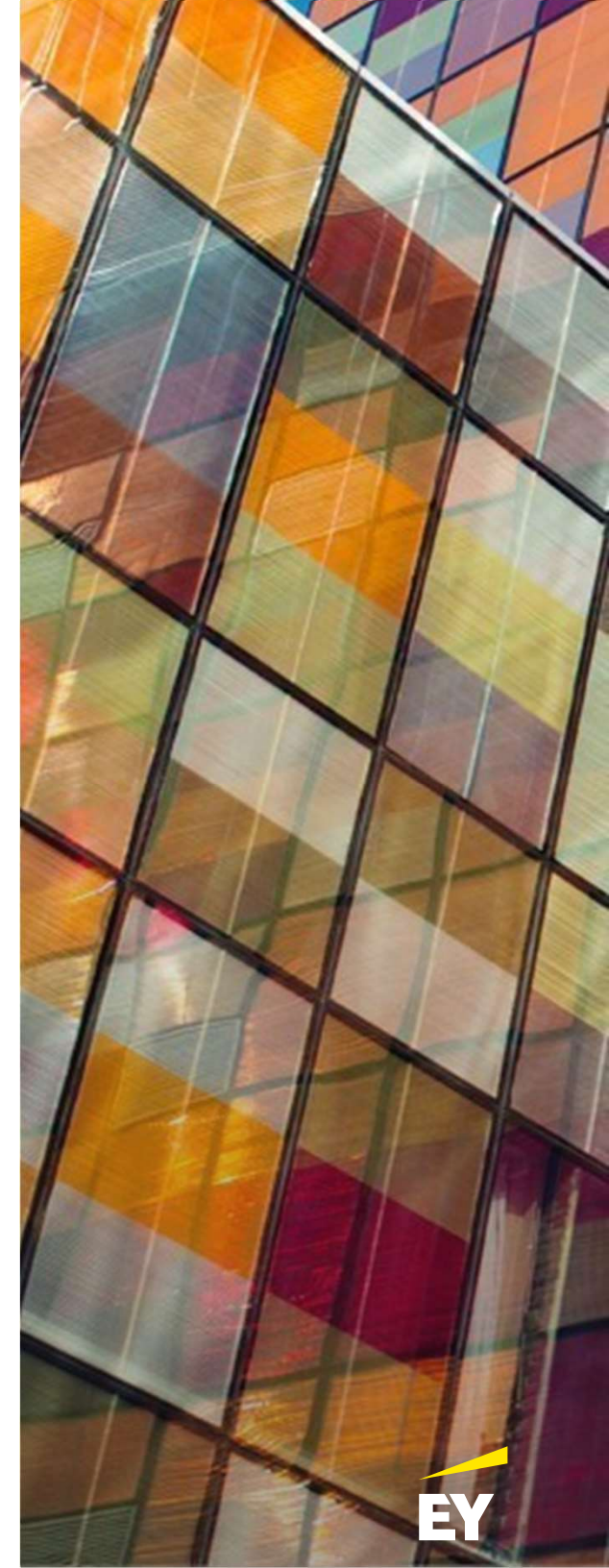
B Environmental Social and Governance (ESG)

C Business insights

Appendix A: Accounting developments

The Commission will need to assess the impact of the following new standards on its financial statements. We will work with the Commission on any arising issues and will review the Commission's assessment once it is prepared.

	Effective date applicable to the Commission
<p>PS3280 Asset Retirement Obligations</p> <ul style="list-style-type: none"> ▶ The new section will require entities to record asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset. Asset retirement costs associated with a tangible capital asset controlled by the entity increases the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner. Asset retirement costs associated with an asset no longer in productive use are expensed. Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset, or an expense, depending on the nature of the re-measurement and whether the asset remains in productive use. Early adoption is permitted. 	January 1, 2023
<p>PS3400 Revenue</p> <ul style="list-style-type: none"> ▶ The new section proposes a framework which includes two categories of revenue - exchange transactions or unilateral transactions. Revenue from an exchange transaction is recognized when the public sector entity has satisfied the performance obligation(s). If no performance obligation is present, it would be unilateral revenues. Unilateral revenues are recognized when a public sector entity has the authority to claim or retain an inflow of economic resources and a past event gives rise to claim on economic resources. Earlier adoption is permitted. 	January 1, 2024



Appendix B: ESG overview

Today

ESG reporting is now commonplace

- ▶ Publicly traded companies in the U.S will shortly be required to report on ESG metrics. We believe stakeholders for municipalities may, in the future, start to require or request municipalities to report on their ESG metrics.
- ▶ Of the companies included in the S&P 500 Index, 90% published sustainability, or similar, reports.
- ▶ The SEC amended Regulation S-K to require more enhanced human capital disclosures (e.g., measures on attracting, developing and retaining personnel).

Investors

- ▶ Investors are moving toward more rigorous evaluation of ESG performance and pushing companies for better ESG management and governance.

Employees

- ▶ Millennials are three times more likely to seek employment with an entity because of its stance on social and/or environmental issues.

Consumers

- ▶ Currently, 57% of consumers are willing to change their purchasing habits to help reduce negative environmental impact.

Governments

- ▶ There are over 3,700 sustainability incentives (i.e., grants, tax credits) to promote conservation, clean technologies and “green” innovation. There are over 4,400 environmental taxes levied worldwide (e.g., carbon, water, pollution, recycling, landfill, emissions, fuels, energy generation and distribution, plastics and packaging). Total tax contribution is a core metric in the World Economic Forum International Business Council’s Stakeholder Capitalism Matrix, and public tax “country-by-country” disclosure is required data to report under the Global Reporting Initiative – Section 207.

Developments

Developments in the EU and Canada

- ▶ The EU proposed an update to its existing ESG disclosure requirements in April 2021 called the Corporate Sustainability Reporting Directive (CSRD). The CSRD would apply to more entities and would require more robust ESG disclosure.
- ▶ Canadian regulators proposed climate disclosures (TCFD disclosures and emissions data) in October 2021
- ▶ The proposed CSRD will require all large and listed companies, possibly including subsidiaries of non-EU based companies, to report on sustainability performance in accordance with the NFRD and more detailed new requirements to be defined in 2022. The changes would take effect for the 2023 reporting period and limited assurance will also be required.

How to prepare

Actions entities could take now to prepare for the evolving landscape:

- ▶ Broaden ESG participation to include all pertinent internal stakeholders (e.g., sustainability leader and CFO)
- ▶ Compare their current ESG disclosures to common ESG disclosures (other entities and frameworks such as SASB, GRI, TCFD) to identify areas where they may want to either expand voluntary disclosures or improve reporting-related processes and controls
- ▶ Assess current and potential future needs related to external assurance recognizing that depth/quality varies among types of providers
- ▶ Identify governance through those charged with governance

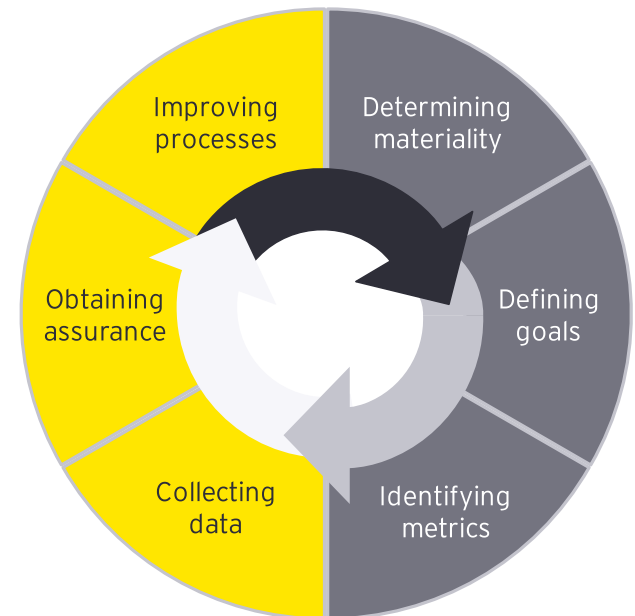
Appendix B: Effective reporting enables entities to communicate their ESG progress to stakeholders

ESG reporting produces credible data to drive business value. The data collected can also provide insights to process improvements, including potential efficiencies or cost savings.

Entities should follow best practices when developing and enhancing their ESG disclosures

- 1 Sustainability information, including goals and metrics, should be of high quality as it begins to enter the annual report.
- 2 Reporting should focus on material topics, such as those outlined in the entity's strategy.
- 3 Consider which audience (or audiences) is the intended recipient of its reports and tailor the tone and content of the reports accordingly.
- 4 Material and strategic topics should be aligned to goals and disclosures.
- 5 ESG reports should be thoughtfully aligned to ESG reporting standards and guidance.

ESG strategy as a continuous improvement process



Appendix B: Frequently asked questions regarding ESG governance and controls

Who owns ESG reporting?

- ▶ Wide range of governance structures
- ▶ Role of finance evolving
 - Rarely does finance “own”
 - Sometimes finance is completely uninvolved
 - Increasingly, finance is beginning to get involved

What controls are needed?

- ▶ Learnings from human capital disclosures?
- ▶ Possible control levels?
 - None (not likely)
 - Disclosure controls and procedures (DCP)
 - Full internal controls over ESG data and reporting

An effective reporting team leverages the skill sets residing in the finance function

Data collection

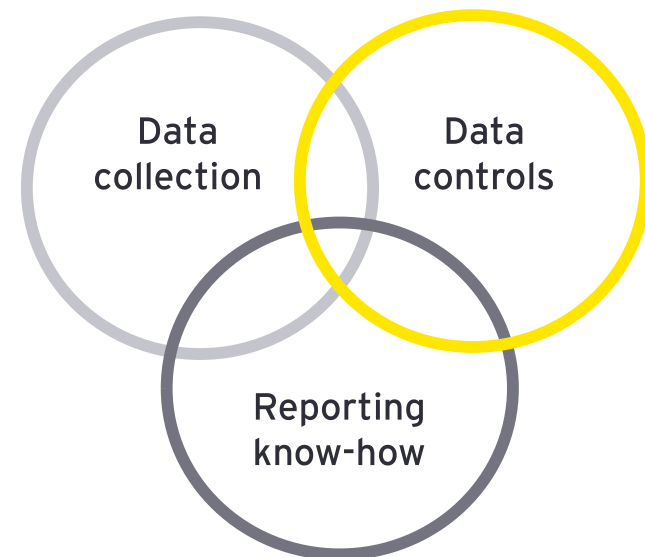
- ▶ Gathering data from disparate sources
- ▶ Ensuring appropriate documentation
- ▶ Aligning people, processes and technology

Data controls

- ▶ Defining data sets
- ▶ Ensuring appropriate delegation of duties
- ▶ Instituting appropriate internal control environment

Reporting know-how

- ▶ Cadence of internal and external reporting
- ▶ Disclosure checklist to ensure adherence to applicable reporting frameworks and standards
- ▶ Link to corporate strategy
- ▶ Communication of KPIs



Appendix C: Business insights: 2022 priorities for those charged with governance

We believe that better questions lead to better answers and a better working world. Likewise, we believe that those charged with governance most effective tool is asking compelling questions. These questions can lead to better governance and organizations that drive value for all stakeholders. Heading into 2023, we've highlighted the four key priority themes around which those charged with governance should consider asking questions:

1

Strategy and innovation. Entities continue to refresh their strategy to strengthen agility, resiliency and sustainability and leverage innovative opportunities that can accelerate their performance over the long term. Trajectories of entities that are thriving and leaning into this strategic reset are diverging rapidly from those that are merely surviving.

2

Risk management that enables resiliency amid new and evolving challenges. Climate risks, global supply chain challenges, fast-changing consumer preferences and intrinsic changes to the global order are key drivers of change. Meanwhile, as entities advance technologically and work moves to anywhere, the landscape for cybersecurity threats widens. These and other risks call for enhanced scenario analyses and contingency planning across multiple, extreme scenarios.

3

Broader oversight of culture and talent in a transforming labor market. Technological advances continue to transform operating models and ways of working and living, reshaping stakeholder expectations, and requiring entities to accelerate their digital ambitions and expand worker flexibility to create competitive advantage. As a result, entities are upskilling and reskilling their workforces and putting people and culture at the core of value creation.

4

Dynamic governance that addresses expanded and changing oversight requirements. Those charged with governance have both the opportunity and the responsibility to help guide entities in this new era. However, this can't be achieved through a historical governance model. Those charged with governance should continue their own transformation to a new agile and dynamic form of governance and continuously challenge their composition, committee structure, agendas and ways of working to position their organizations to thrive in the long term.



Appendix C: Business insights: cybersecurity: staying vigilant through prevention, oversight and governance

Cybersecurity is now widely seen as the risk of the decade. Those charged with governance should push cybersecurity to the top of their agenda and take the lead in driving proactive change. These key areas should be prioritized:

Ransomware – prepare for the inevitable

- ▶ When cyber criminals strike, leadership is the main differentiator between failure and weathering the crisis. Readiness, presence and constant engagement must come from the top of the organization. If leadership deems it important, so will the rest of the team.
- ▶ Ransomware attacks are inevitable, catastrophic damage is not. Influence, disruption and deterrence are proactive measures each organization should take before incidents occur. Early detection; isolating critical assets; continuity plans for operating in crisis mode; complying with authorities while hedging against litigation; and communicating with employees, customers and investors are essential components of preemptive planning.

Oversight and strategy – leaning into leading practices

- ▶ New threats stemming from remote work and the expansion of digital transformation projects are forcing organizations to reimagine attacks, not just react to them, shifting cybersecurity from a control space to a conceptual space. “Trust by design” philosophy calls for bringing security in at the beginning and building new technologies and business services with security in mind.
- ▶ Conducting rigorous attack and response simulations, aligning escalation procedures for notifying those charged with governance, establishing third-party risk protocols and engaging in swift post-incident reporting make for stronger defenses.

Experts agree, to build better defenses against evolving cyber threats, organizations need to break out of silos and echo chambers. Independent outside parties can help entities expand knowledge bases, build stronger capabilities and identify blind spots in security and risk management programs.

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Board Report

Date: January 20, 2022

Subject: Transmission System Update

Recommendation

THAT the Board receive the Transmission System Update as information.

Alignment to Priorities in Board's Strategic Plan

- Respecting our Environment
 - Reduce Sanitary Sewer Overflows
- Responsible Leadership
 - Keep Utility Rates Reasonable and Predictable for Member Municipalities

Discussion

In 2015, the ACRWC made a change in capital investment and began a long-term journey in prioritizing the investment in the Repair, Maintain, and Replacement (RMR) of the transmission system.

The overall program incorporated data collection to ascertain level of deterioration that was prevalent within a pipeline segment, a risk ranking process to prioritize higher risk areas first (water course crossings, major transportation routes, etc.), and a long-term upgrade program has been in the execution phase for approximately 8 years.

Over 2022 there was a couple of incidents within the transmission system that required Administration to pivot and rectify in order to mitigate risk and liability. These incidents, while handled with backup solutions and 24 hour monitoring to reduce the risks to the Commission, reinforce the need to diligently continue to invest in RMR and preventative inspections of the overall transmission system.

Between the years of 2015 and 2021 a total investment of approximately \$49.2M has occurred, the projected 2022 investment is \$11.2M and the long-term capital investment is projected to be approximately \$135M (2023 dollars). With the pipeline investment continuing through the next 10 years, Administration will continue to incorporate preventative maintenance, CCTV data collection to qualify the asset management of the system, and operational excellence. As these systems, as well the pump stations throughout the network continue to operate Administration will recommend changes to operational protocols to mitigate risk and optimize the system.

Board Report

Date: January 20, 2022

Subject: Advocacy Update

Recommendation

THAT the Board receive the Advocacy Update as information.

Alignment to Priorities in Board's Strategic Plan

- Respecting our Environment
 - Release water of the highest possible quality into the North Saskatchewan River
 - Anticipate and Respond to Climate Change
- Responsible Leadership
 - Engage with the Broader Community to Increase the Awareness of the Commission and its Work
 - Build Partnerships that Benefit the Commission and the Community
 - Keep Utility Rates Reasonable and Predictable for Member Municipalities

Discussion

Through Q4 2022, Administration sent out formal requests to the following Ministers:

- Hon. Danielle Smith, Premier
- Minister of Energy
- Minister of Transportation and Economic Corridors
- Minister of Agriculture and Irrigation
- Minister of Environment and Protected Areas
- President of Treasury Board Minister of Finance
- Minister of Municipal Affairs
- Hon Brad Rutherford, Minister without Portfolio
- Deputy Premier and Minister of Infrastructure
- Minister of Jobs, Economy and Northern Development
- Minister of Trade, Immigration and Multiculturalism
- Mr. Shane Getson, MLA for Lac Ste. Anne-Parkland
- Mr. Searle Turton, MLA for Spruce Grove-Stony Plain

These letters resulted in follow up meetings with each of the representatives through November/December with some being scheduled into Q1 2023. These meetings provided an opportunity for awareness, education, and opportunities to support the Province in their initiatives while highlighting the need to mitigate a downloading of responsibility onto the

Commission and their members to support both the hydrogen roadmap and industrial growth and diversification.

The province is currently investigating next steps for the province to support the Commission in ascertaining a agreement with the Canadian Infrastructure Bank (CIB), requiring a three way investment between 1/3 grant from the province, 1/3 funding through conventional methods by the ACRWC and 1/3 through CIB which is a long term low interest rate load (1%).

Board Report

Date: January 20, 2022

Subject: Closed Session – General Manager Title Change and necessary bylaw and Policy Updates

Recommendation

THAT the Board Update the naming convention of the General Manager to the Chief Executive Officer, and update the necessary bylaws and policies through 2023 and 2024.

Discussion

The Board, as requested through the Performance Committee requested that the General Manager consider an update to the naming schematic of their title. A change in title would trigger updates to the three bylaws, as recommended by legal, however updates to these bylaws were going to be required within the next 2 years to accommodate water re-use and the updates would be combined to incorporate this additional business practice.

Additionally, the board Policies would also require updating through 2023 and 2024. Legal recommended that the first priority would be to update bylaws and then slowly work through the policies on our current schedule to make necessary changes.

CALENDAR OF EVENTS

Board Dates

March 17, 2023, Board Meeting
 May 2023, Board Workshop (TBD)
 June 16, 2023, Board Meeting
 September 15, 2023, Board Meeting
 November 24, 2023 (Organization Meeting)

Upcoming Conferences & Workshops

Utility Management Conference 2023 March 28-31, 2023 Sacramento, CA	Joint AWWA and WEF water utility management conference. Smaller scale than WEFTEC. Topics would be of interest to Board members
ACE American Water Works Association June 11-14, 2023 Toronto, ON	Drinking water conference with some overlap into water resources, asset management and utility management. Would appeal to Board members who sit on both the water and wastewater
2023 Water Canada Summit June 7-9, 2023 Ottawa, ON	Focus on “Blue Economy” topics include drinking water, wastewater and stormwater with a focus on projects, policies and innovations.
WEFTEC 2023 September 30 – October 4, 2023 Chicago, IL	Wide variety of material from high level to very technical. Excellent intro to wastewater industry. Recommend attending once in four-year term.
NWWC 2023 November 12-15, 2023 Niagara Falls, ON	The National conference for water utility sector, focusing on what senior water managers need to know

Fact Sheet and Acronyms

Treatment Plant

- The ACRWC operates a Class 4 treatment plant (highest class in Alberta)
- Design capacity – 105 ML(million liters)/day (or 27.7 million gallons/day)
- Average flow – approximately 82.85 ML/day
- About 5,600 dry tonnes/yr of biosolids are produced
 - 83.7% of solids are dewatered and composted at the city site
 - 16.3% of solids are stabilized and directly land applied from the city site
 - ACRWC biosolids are considered class B
 - ACRWC spends approximately \$4.4 million/yr to truck and pay for external treatment of biosolids
- 1,920,000 cubic meters of biogas burned for heat
- 2,860,000 cubic meters of biogas flared

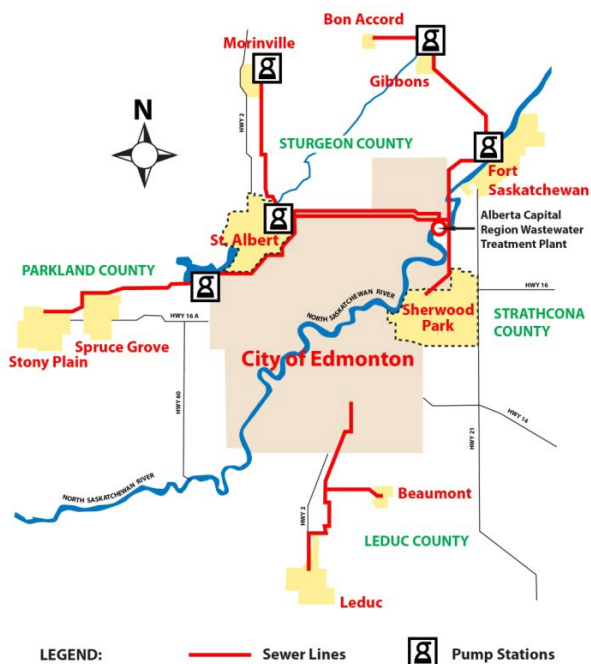
Utilities

- Natural gas purchased – 29,100 GJ
- Electricity purchased – 17,485,000 kWh

Transmission System

- The trunk system is 205 km of large diameter pipe.
- There are 5 large pump stations with some of the largest equipment of its type in Canada.
- The pump stations together total 5850 horse power to move water from the region to the treatment plant

Wastewater Transmission Network



ACRONYMS

ACFA	Alberta Capital Finance Authority
ACRWWTP	Alberta Capital Region Wastewater Treatment Plant
AEP	Alberta Environment and Parks
BNR	Biological Nutrient Removal (Nitrogen and phosphorous removal)
BOD	Biological Oxygen Demand (measure of wastewater's strength)
DAF	Dissolved air flotation (process to thicken solids)
DO	Dissolved Oxygen
DWF	Dry Weather Flow
Effluent	Flow leaving the plant
Influent	Flow coming into the plant
I&I	Inflow and infiltration (wet weather flow)
L/S	Litres per second (used to measure flow)
M3/S (cms)	Cubic meters/second (used to measure flow; 1 M3/S = 1000 L/S)
MLD	Megalitres per day (1 megaliter = 1 million litres)
NERTS	North East Regional Trunk Sewer (serves members in northeast)
PSTS	Parkland Regional Trunk
QA/QC	Quality Assurance/Quality Control
ROW, R/W	Right of Way
SERTS	South East Regional Trunk Sewer (serves southern members)
SS	Suspended Solids
START	St. Albert Regional Trunk (serves members in northwest)
TSS	Total Suspended Solids
UV	Ultra Violet, process used to disinfect wastewater
WWF	Wet Weather Flow (excess flow during rain events)