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

MEETING AGENDA

SEPTEMBER 11, 2026, BOARD MEETING

DATE:
Friday, September 11, 2026
TIME:
9:00 am – 11:00 am
LOCATION:
ARROW Utilities – Kisiskaciwan Room

ATTENDEES	
BOARD MEMBERS	
Steven vanNieuwkerk	City of Beaumont
Gale Katchur	City of Fort Saskatchewan
Bill Hamilton	City of Leduc
Jeff Acker	City of Spruce Grove
Ken MacKay- Chair	City of St. Albert
Kelly- Lynn Lewis	Leduc County
Rod Shaigec	Parkland County
Robert Parks	Strathcona County
Alanna Hnatiw	Sturgeon County
Lynn Bidney	Town of Bon Accord
Travis Currie	Town of Gibbons
Jenn Anheliger	Town of Morinville
Justin Laurie – Vice Chair	Town of Stony Plain
ADMINISTRATION	
Kate Polkovsky	Chief Executive Officer
Cindy de Bruijn	Director of Info, Strat & People Services
Jaimie Spurgeon	Director of Financial Services
Jay Mason	Director of Engineering Services
Aleks Cieply	Director of O & M
Wade Teveniuk	Director or Regulatory Services
Layne Quickstad	CASS Supervisor
Jillian Mertins	Executive Assistant

TIME	LEAD	TOPIC
9:00 am	Ken M	Call to Order
	Kate P	Safety Moment ➢ General safety reminder

			➢ Muster point in case of emergency[1]
		Ken M	Adoption of Agenda
		Ken M	**Approval of June 19, 2026, Board Meeting Minutes**
		Ken M	**Approval of June 26, 2026, Unscheduled Board Meeting Minutes**
		 Alanna H Robert P Justin L	**Committee Updates** ➢ Board Development Committee (Verbal Report) ➢ Governance and Human Resources Committee (Verbal Report) ➢ Audit and Finance Committee (Verbal Report)
		Jaimie S	**Quarterly Financial Update**
		Jaimie S	**Budget 2027**
		Cindy d	**EY Recommendations Status Update**
		Ken M	**Notices of Motion**: *Advance notice of matters that a Board Member wishes to bring forward for future Board consideration.*
		Kate P	**CEO Dialogue:** CLOSED SESSION - Confidential Updates – ATIA, Division 2, Section 30(1)(b)
		ALL	**Board Round Table**: *Are there any significant regional wastewater or infrastructure developments, growth initiatives, major industrial or commercial projects, policy directions, or emerging opportunities and challenges within your municipality that ARROW should be aware of?*
		Ken M	Closing Remarks/Adjournment

[1] If an alarm sounds, please follow the direction of your ARROW Utilities host. They will check on the status of the alarm and provide further direction.

2

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LEDUC COUNTY

PARKLAND COUNTY

STRATHCONA COUNTY

STURGEON COUNTY

Sustainable Wastewater Solutions

MEETING MINUTES

JUNE 19, 2026, BOARD MEETING

DATE:
Friday, June 19, 2026
TIME:
9:00 am – 2:00 pm
LOCATION:
ARROW Utilities – Kisiskaciwan Room

ATTENDEES	
BOARD MEMBERS	
Steven vanNieuwkerk	City of Beaumont
Gale Katchur	City of Fort Saskatchewan
Jeff Acker - Virtual	City of Spruce Grove
Bill Hamilton	City of Leduc
Ken MacKay- Chair	City of St. Albert
Rod Shaigec	Parkland County
Robert Parks	Strathcona County
Alanna Hnatiw	Sturgeon County
Lynn Bidney	Town of Bon Accord
Travis Currie	Town of Gibbons
Jenn Anheliger	Town of Morinville
Justin Laurie – Vice Chair	Town of Stony Plain
ADMINISTRATION	
Kate Polkovsky	Chief Executive Officer
Cindy de Bruijn	Director of Info & Strat Services
Jaimie Spurgeon	Director of Financial Services
Jay Mason	Director of Engineering Services
Aleks Cieply	Director of O & M
Layne Quickstad	CASS Supervisor
Jillian Mertins	Executive Assistant
REGRETS	
Kelly- Lynn Lewis	Leduc County

TOPIC	MOTION/RECOMMENDATION	
Call to Order	Chair Ken MacKay called the meeting to order at 9:03 am.	

Adoption of Agenda	BM30-26 Chair Ken MacKay DECLARED THAT the agenda be adopted as distributed.	
Approval of May 19-21, 2026, Board Workshop Meeting Minutes	BM31-26 Chair Ken MacKay DECLARED THAT the minutes of the May 19-21, 2026, Board Workshop meeting be adopted as presented.	
Committee Updates	BM32-26 MOVED BY Lynn Bidney THAT the Committee Updates be received as information.	APPROVED UNANIMOUSLY
Quarterly Financial Update	BM33-26 MOVED BY Gale Katchur THAT the Board accept the Quarterly Financial Update as information.	APPROVED UNANIMOUSLY
Budget Primer	BM34-26 MOVED BY Robert Parks THAT the Board receives the report for information and direct Administration to develop the 2027 Proposed Operating and Capital Budget based on a rate of $2.85.	APPROVED UNANIMOUSLY
Operating and Capital Project Funding Variance	BM35-26 MOVED BY Alanna Hnatiw THAT the 2026 Operating Budget of various initiatives of $829,000 be reallocated from contingency be approved by the Board.	APPROVED UNANIMOUSLY

	BM36-26 MOVED BY Alanna Hnatiw THAT the 2026 Capital Budget for Emergent line repairs of $1.6 million be funded from the Capital Reserve. *Chair Ken MacKay called for a short recess at 9:55 am.*	APPROVED UNANIMOUSLY
EY Report	*Chair Ken MacKay called the meeting back to order at 9:58 am.* BM37-26 MOVED BY Jeff Acker THAT the Board of Directors accept the EY Report for information. BM38-26 MOVED BY Steven vanNieuwkerk THAT Administration implement Recommendation Fin 1: Continue to Further Align ARROW's Rate Setting Approach with Commonly Accepted Methods BM39-26 MOVED BY Robert Parks THAT Administration implement Recommendation Fin 2(A): Improve Reserve Structuring and Governance Model BM40-26 MOVED BY Bill Hamilton THAT the Board accept Recommendation Fin 2B for information, and that	APPROVED UNANIMOUSLY APPROVED UNANIMOUSLY APPROVED UNANIMOUSLY APPROVED UNANIMOUSLY

	Administration continue with the Fin 1 recommendation of further aligning ARROW's rate setting approach with commonly accepted methods, and that the recommendation be brought to the Governance and Human Resources Committee for further consideration by Q4 2027.	
	BM41-26 MOVED BY Rod Shaigec THAT Administration implement Recommendation Fin 3: Align and Integrate Asset Management Plan with Financial Planning Approach and Reporting Needs	APPROVED UNANIMOUSLY
	BM42-26 MOVED BY Justin Laurie THAT Administration implement Recommendation Fin 4: Improve and Streamline Board Reporting	APPROVED UNANIMOUSLY
	BM43-26 MOVED BY Gale Katchur THAT the Board refer recommendation Gov 1 to the Board Development Committee for review and recommendations back to the Board by Q1 2027.	APPROVED UNANIMOUSLY
	BM44-26 MOVED BY Robert Parks THAT the Board refer recommendation Gov 2 to the Board Development Committee for review and recommendations back to the Board by Q1 2027.	APPROVED UNANIMOUSLY

	BM45-26 MOVED BY Steven vanNieuwkerk THAT the Board accept Recommendation Gov 3 for information, and that Administration continue to outline any engaged Subject Matter Experts in Agenda Reports.	APPROVED UNANIMOUSLY
	BM46-26 MOVED BY Travis Currie THAT Administration implement Recommendation Gov 4: Establish an organization-wide Enterprise Risk Management (ERM) framework, with clear accountability assigned to a dedicated role to identify, monitor, and report key risks to the Board and management.	APPROVED UNANIMOUSLY
	BM47-26 MOVED BY Lynn Bidney THAT Administration implement Recommendation Gov 5: Strengthen shared understanding of roles, responsibilities, and expectations between ARROW, its Board, and member municipalities through a formal “Governance charter”, clarifying decision-rights, maintenance of continuity, term limits and how municipalities engage with ARROW on key matters.	APPROVED UNANIMOUSLY

	BM48-26 MOVED BY Gale Katchur THAT the Board accepts Recommendation 6A for information. BM49-26 MOVED BY Robert Parks THAT the Board accepts Recommendation 6B for information. BM50-26 MOVED BY Justin Laurie THAT Administration fund a one-time $60,000 from Operating Reserves to support the Board approved recommendations from the EY Report. *Chair Ken MacKay called for a short recess at 11:03 am.*	APPROVED UNANIMOUSLY APPROVED UNANIMOUSLY APPROVED UNANIMOUSLY
Administration's Response to Motion	*Chair Ken MacKay called the meeting back to order at 11:12 am.* NOTICE OF MOTION WITHDRAWN BY ROBERT PARKS	
Strategic Planning Next Steps	Timeline provided for Board information.	

CEO Dialogue: CLOSED SESSION - Confidential Updates – ATIA, Division 2, Section 30(1)(b)	BM51-26 MOVED BY Travis Currie THAT the Board move into Closed Session at 11:19 am. BM52-26 MOVED BY Bill Hamilton THAT the Board come out of Closed Session at 11:43 am.	APPROVED UNANIMOUSLY APPROVED UNANIMOUSLY
Board Round Table	Verbal updates from each Board member were provided.	
Closing Remarks/Adjournment	Chair Ken MacKay adjourned the meeting at 11:52 am.	

NEXT MEETING: September 11, 2026

These minutes approved this_____ day of __________, 2026.

______________________________ ______________________________

ARROW Utilities Board Chairperson Chief Executive Officer

Recorder:

Jillian Mertins

Executive Assistant

ARROW UTILITIES

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LEDUC COUNTY
PARKLAND COUNTY
STRATHCONA COUNTY
STURGEON COUNTY

Sustainable Wastewater Solutions

MEETING MINUTES

JUNE 26, 2026, UNSCHEDULED BOARD MEETING

DATE:
Friday, June 26, 2026
TIME:
8:00 am – 8:30 am
LOCATION:
Virtual Meeting via Zoom

ATTENDEES	
BOARD MEMBERS	
Steven vanNieuwkerk	City of Beaumont
Gale Katchur	City of Fort Saskatchewan
Jeff Acker	City of Spruce Grove
Bill Hamilton	City of Leduc
Kelly- Lynn Lewis	Leduc County
Ken MacKay- Chair	City of St. Albert
Rod Shaigec	Parkland County
Robert Parks	Strathcona County
Alanna Hnatiw	Sturgeon County
Lynn Bidney	Town of Bon Accord
Jenn Anheliger	Town of Morinville
Justin Laurie – Vice Chair	Town of Stony Plain
ADMINISTRATION	
Kate Polkovsky	Chief Executive Officer
Cindy de Bruijn	Director of Info & Strat Services
Jillian Mertins	Executive Assistant
REGRETS	
Travis Currie	Town of Gibbons

TOPIC	MOTION/RECOMMENDATION	
Call to Order	Chair Ken MacKay called the meeting to order at 8:00 am.	
Adoption of Agenda	BM53-26 Chair Ken MacKay DECLARED THAT the agenda be adopted as distributed.	

CLOSED SESSION - Confidential Updates – ATIA, Division 2, Section 30(1)(b)	BM54-26 MOVED BY Jeff Acker THAT the Board move into Closed Session at 8:00 am. *Alanna Hnatiw joined the meeting at 8:02 am.* BM55-26 MOVED BY Robert Parks THAT the Board come out of Closed Session at 8:21 am.	APPROVED UNANIMOUSLY APPROVED UNANIMOUSLY
Closing Remarks/Adjournment	Chair Ken MacKay adjourned the meeting at 8:21 am.	

NEXT MEETING: September 11, 2026

These minutes approved this_____ day of __________, 2026.

_______________________________ _______________________________

ARROW Utilities Board Chairperson Chief Executive Officer

Recorder:

Jillian Mertins

Executive Assistant

Quarterly Financial Update

September 11, 2026

RECOMMENDATION(S)/BOARD MOTION(S):

1) THAT the Board receive the report as information.

BACKGROUND & DISCUSSION

Financial Results at the end of Quarter Two, as of June 30, 2026, are expected to be consistent with the overall operating and capital budget.

Operating Highlights

Statement of Operations

- Revenues in excess of expenses equates to $17.2M, which is a $2.3M favourable variance from budget, mainly due to:

  Favourable Variances
  - $1.1M higher revenues due to increased member consumption and investment income
  - $1.4M savings on electricity costs
  - $0.6M interest cost savings due to the timing of the loan withdrawal and cash management
  - $3.4M favourability in amortization due to timing of assets coming into service (particularly Train4)
  - $1.1M in unallocated contingency funding with expectation to be applied towards overages incurred by recent wet weather and emergent events

  Unfavourable Variances
  - $5.0M unfavourable government transfers due to timing of grant receipt (received in July 2026 after Q2 reporting)
  - $0.3M unfavourable operational costs related to recent wet weather events (expected to escalate in July)

ALIGNMENT TO BOARD'S STRATEGIC PLAN

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

ALIGNMENT TO ESG PRINCIPLES

Governance - Promotes Transparency & Accountability

Governance - Addresses & Mitigates Organizational Risk

Governance - Ensures Effective Policy & Financial Oversight

ALIGNMENT TO CORPORATE PRIORITIES

To be determined once Strategic Plan is approved at November Organizational Meeting.

Report Date: September 11, 2026
Author/Title: Jaimie Spurgeon, Director, Financial Services
Approved By: Kate Polkovsky, CEO

Statement of Financial Position

- Cash balances decreased to $24.5M mainly due to debenture repayments and capital expenditures
- $7.7M of Receivables from members are within expectations
- $11M Investment in Tangible capital assets relates to approved on-going capital projects, mainly Train4 and emergency transmission work
- Accounts Payable decreased to $7M mainly due to Train 4 final project payments
- Debt levels total $187M resulting from the issuance of debenture linked to Train 4 which was converted from the TD construction loan

Capital Highlights

Train 4 Plant Expansion

- At the end of Q2, the project was commissioned, and ARROW took ownership on April 15, 2026. The project celebrated a ribbon cutting mid-June with key stakeholders and elected officials. The plant expansion is operating as intended with performance monitoring occurring during the final acceptance 2-year warranty period.

Project design contracts have been issued and are currently in the design phase for the following projects:

- Plant Back up Power, Biogas Chiller & HVAC Upgrades (Phase II)
- Wastewater Treatment Plant Headworks Upgrades
- Parkland Pump Station Upgrades
- Fort Saskatchewan River Crossing Chamber
- Start Outfall Intercepting Valve Repairs

START/Outfall Deep Section between RR54 and 82 St

- Reprioritized budget to support emergency locations adjacent:

1.15 km of pipe is being replaced over 4 locations to accommodate the various breaks that have occurred during the wet weather events since June 2026.

- Majority of emergency projects are expected to be completed by the end of 2026, except for one project in Parkland County which will be relined over the winter.

All other projects are on track and have minor costs set aside for deficiencies and finalization for Final Acceptance Certificate (FAC).

Wet Weather & Emergent Events

Over the course of the summer months, several severe wet weather and emergent events occurred across the capital region that resulted in significant impacts to plant operations, equipment, and infrastructure. As these events were experienced towards the end of Q2 and into the beginning of Q3, the financial implications and its impact to operations, equipment, and infrastructure are still being finalized. A more comprehensive report will be provided at the next Board meeting. A high-level summary of its impacts is provided below:

- An accumulation of existing known capital emergent line repair work, plus the additional ones from Q2/Q3 wet weather events is anticipating a total of $27 million, as of August 17, 2026 (with $6 million of this work from prior year)
    - The funding composition of the total emergent line repair is:
        - $5M Emergency Line Repair (Annual Approved Budget)
        - $8.5M repurposed from project budget: START/Outfall Deep Section between RR54 and 82 St
        - $1.3M 2025 carry forward dollars

        - $1.6M Capital Reserve funding per BM36-26
        - $10M additional funding will be required from Capital Reserve
    - As a result, the forecasted year-end balance for Capital Reserve will be $0.9 million
- Operating Costs are estimated to be ~$3.3 million with majority of invoicing to be received in August
- 35 separate sanitary sewer overflows (SSO) related to wet weather (inflow/infiltration) were reported in Q2/Q3 to date.
- Letters for each Approval Contravention were issued to Alberta Environment and when required, Environment Canada
- From early June through mid-July, successive severe rainfall events and sustained high flows placed exceptional hydraulic and operational pressure on ARROW's transmission and treatment systems:
    - Plant flows averaged over **100 MLD through June**, with flows of **124 MLD and 175 MLD** recorded on June 1 and 2.
    - High flows and saturated ground contributed to system surcharging, sanitary sewer overflows, transmission line failures, pump station issues, and significant debris and grit loading at the wastewater treatment plant.
- The most significant event occurred **June 20–21**, when extreme flows and debris loading resulted in:
    - Secondary and raw wastewater bypassing;
    - Failure/jamming of Headworks screening equipment;
    - Obstruction of the plant's **1,500 mm influent pipe** by accumulated grit and debris; and
    - Emergency mobilization of temporary bypass pumping to maintain flow to the treatment process.
- The loss of normal screening and grit removal resulted in significant downstream impacts:
    - Grit, debris and untreated solids entered downstream treatment processes;

- Sludge wasting and hauling were disrupted;
- Biological treatment performance and biomass were impacted; and
- Extensive cleaning, flushing and solids removal continued for several weeks following the event.

- Emergency response activities occurred across the regional system, including the **START/Outfall system, Parkland, St. Albert, Gibbons, Morinville, Beaumont and the wastewater treatment plant**, and included:
  - Continuous monitoring and response to surcharging and line failures;
  - Pump, grinder and screening equipment clearing and repair;
  - Temporary pumping and lagoon diversions;
  - Vacuum truck, flushing and sewer-cleaning activities; and
  - Coordination and deployment of multiple contractors and specialized equipment.
- Between **June 1 and July 16**, Operations and Maintenance recorded approximately **1,210 overtime hours** associated with the response:
  - **Operations: ~685 hours**
  - **Maintenance/E&I: ~525 hours**
  - At the height of the events, crews provided extended and overnight coverage while contractors supported bypass pumping, vacuum services, sewer cleaning and other emergency activities.
  - OT hours in addition to **1200 regular work hours** addressing emergent issues over planned maintenance
- Operational impacts continued well beyond the rainfall events as accumulated grit, debris and solids were removed and treatment processes progressively returned to normal operating conditions.
- A comprehensive review of the events, operational response, infrastructure and equipment impacts,

costs and lessons learned will be presented to the Board in **November 2026**.

Attachment: Q2 2026 Financial Report

CONSIDERATIONS ON THE MATTER

FINANCIAL
☐ Yes ☒ No

LEGAL
☐ Yes ☒ No

RISK
☐ Yes ☒ No

ENVIRONMENTAL/SAFETY
☐ Yes ☒ No

ORGANIZATIONAL IMPACTS
☐ Yes ☒ No

PUBLIC RELATIONS
☐ Yes ☒ No

OTHER

Did ARROW Consult a Subject Matter Expert for this Report? Yes ☐ No ☒

Financial Report

ARROW UTILITIES

June 30, 2026

(unaudited)

ARROW UTILITIES

Statement of Operations
For the Period Ended June 30, 2026
(in thousands of dollars)
(unaudited)

	Jun-26 Budget	Jun-26 Actual	Variance Fav / (Unfav)		2026 Budget	2026 YE Variance Forecast	
REVENUES							
Treatment charges	$ 45,945	$ 46,501	$ 556	1%	$ 94,555	$ 546	1%
Investment income	-	513	513		-	500	100%
Government transfers	5,000	-	(5,000)	(100%)	5,000	-	-
Other revenue	21	-	(21)	(100%)	77	-	-
Total revenues	**50,966**	**47,015**	**(3,952)**	**(8%)**	**99,632**	**1,046**	**2%**
EXPENSES							
Operation and Maintenance	17,792	16,908	884	5%	39,015	1,000	3%
Information and Strategic Services	1,009	1,006	3	0%	1,916	(40)	(2%)
Corporate Services	1,218	1,259	(41)	(3%)	2,168	20	1%
Engineering Services	806	484	321	40%	1,616	(20)	(1%)
Regulatory Services	821	795	27	3%	1,646	(79)	(5%)
Safety, HR & Wellness Services	412	376	36	9%	810	-	-
CEO	42	19	24	56%	83	-	-
Board	232	362	(130)	(56%)	364	(219)	(38%)
Total operating expenses	**22,332**	**21,208**	**1,125**	**5%**	**47,619**	**662**	**1%**
LTD Interest Expense	4,164	3,547	618	15%	8,329	-	-
Amortization	8,431	5,028	3,403	40%	16,917	55	0%
Accretion Expense	-	-	-		210	-	-
Loss on Disposal	-	-	-		-	-	
Total expenses	**34,928**	**29,782**	**5,145**	**15%**	**73,075**	**717**	**1%**
Contingency funding	1,086	-	1,086	100%	2,172	-	-
Excess of revenues over expenses	**14,953**	**17,232**	**2,279**	**15%**	**24,386**	**1,763**	**7%**
Accumulated surplus at beginning of year	296,717	296,717	-			-	-
Accumulated surplus at end of period	**$ 311,670**	**$ 313,949**	**$ 2,279**	**1%**		**$ 1,763**	**1%**

Statement of Financial Position
June 30, 2026
(in thousands of dollars)
(unaudited)

	2026 Jun 30 YTD	2025 Dec 31 YE	Change
FINANCIAL ASSETS			
Cash	24,494	$ 6,062	$ 18,432
Receivables from Commission members	7,670	5,905	1,765
Other receivables	533	483	50
	32,697	12,450	20,247
LIABILITIES			
Accounts payable and accrued liabilities	6,968	12,712	5,744
Debt	186,669	171,954	(14,715)
Asset Retirement Obligation	4,918	4,918	0
	198,554	189,584	(8,970)
NET DEBT	(165,857)	(177,134)	11,277
NON-FINANCIAL ASSETS			
Tangible capital assets	478,266	472,163	6,103
Inventory held for consumption	1,318	1,297	21
Prepaid expenses	223	391	(168)
	479,807	473,851	5,956
			-
ACCUMULATED SURPLUS	$ 313,950	$ 296,717	$ 17,233

ARROW Utilities
Cash Snapshot
As At: June 30, 2026

Cash flows from operating transactions	14,849
Cash flows applied to capital transactions	
Acquisition of tangible capital assets	(11,131)
Disposal costs	-
Cash flows from investing transactions	
Decrease in investments	-
Cash flows from financing transactions	
Proceeds from debt	18,400
Principal repayment of debt	(3,685)
Increase in cash	**18,432**
Cash at beginning of period	6,062
Cash at end of period	**24,494**

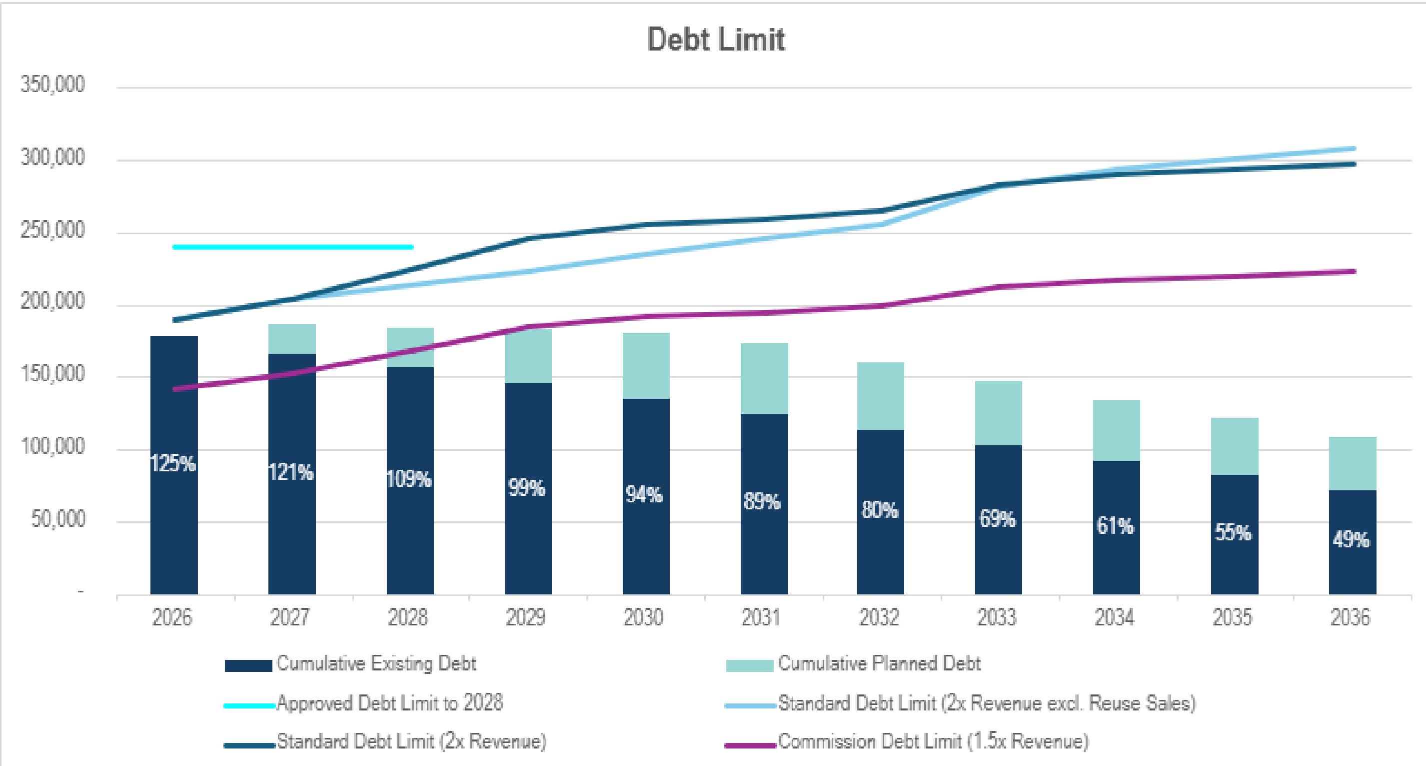
Cash inflows from operations of $15M and net debt proceeds of $14.7M were used in the acquisition of capital assets ($11M).

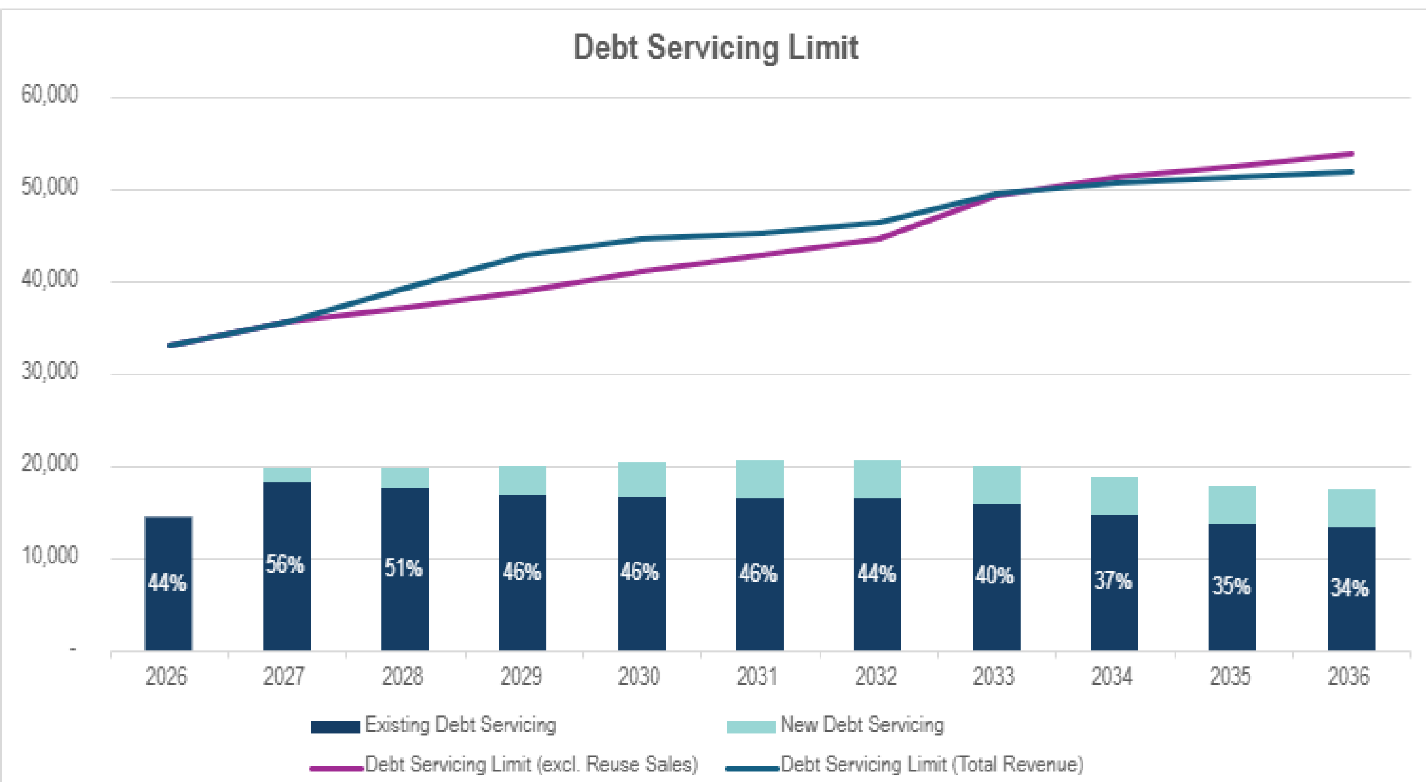
Cash balances decreased from $28M (March 31, 2026) to $24.5M at June 30, 2026, mainly due to the debenture repayments and capital expenditures.

ARROW Utilities
Debt Snapshot
As At: June 30, 2026

		Debentures	Debentures *Train 4*	TD Loan *Train 4*	Future Debt	Total Debt
Year-to-Date Loan Balance						
31-Dec-25	Loan Balance	44,787	28,566	98,600	-	171,954
	Draws	-	117,000	-	-	117,000
	Principal Repayments	(2,940)	(745)	(98,600)	-	(102,285)
30-Jun-26	**Loan Balance**	**41,847**	**144,821**	**-**	**-**	**186,669**
		22%	78%	0%	0%	
Estimated Year-End Loan Balance						
	2026					
	Draws	-	-	-	-	-
	Principal Repayments	(2,770)	(2,666)	-	-	(5,436)
31-Dec-26	**Estimated Loan Balance**	**39,078**	**142,155**	**-**	**-**	**181,233**
	2027					
	Draws	-	-	-	20,000	20,000
	Principal Repayments	(5,710)	(5,710)	-	(636)	(12,056)
31-Dec-27	**Estimated Loan Balance**	**33,368**	**136,446**	**-**	**19,364**	**189,177**
		18%	72%	0%	10%	
	2028					
	Draws	-	-	-	10,000	10,000
	Principal Repayments	(5,424)	(5,424)	-	(982)	(11,831)
31-Dec-28	**Estimated Loan Balance**	**27,943**	**131,021**	**-**	**28,382**	**187,346**
		15%	70%	0%	15%	
Estimated Interest Costs						
30-Jun-26	Interest	713	2,341	492	-	3,547
	Estimated Interest	725	3,111	-	-	3,836
31-Dec-26	**Estimated Total Interest**	**1,439**	**5,451**	**492**	**-**	**7,383**
31-Dec-27	**Estimated Total Interest**	**1,354**	**6,076**	**-**	**889**	**8,319**
31-Dec-28	**Estimated Total Interest**	**1,188**	**5,827**	**-**	**1,304**	**8,319**

Debenture loans were repaid $3.8M, with further repayments of $5.4M expected in 2026.
To fund Train 4, a new debenture of $117M was issued in late Feb 2026 and used to repay the TD construction loans of $98.6M. No further draws are available.
Overall debt levels increased to $14.7M by Q2, entirely related to Train 4.
Debt will remain well below approved debt limit of $240M.
Interest costs are estimated at $7.4M for 2026.


Debt Limit
350,000
300,000
250,000
200,000
150,000
100,000
50,000
-
125%
121%
109%
99%
94%
89%
80%
69%
61%
55%
49%
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
Cumulative Existing Debt
Cumulative Planned Debt
Approved Debt Limit to 2028
Standard Debt Limit (2x Revenue excl. Reuse Sales)
Standard Debt Limit (2x Revenue)
Commission Debt Limit (1.5x Revenue)


Debt Servicing Limit
60,000
50,000
40,000
30,000
20,000
10,000
-
44%
56%
51%
46%
46%
46%
44%
40%
37%
35%
34%
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
Existing Debt Servicing
New Debt Servicing
Debt Servicing Limit (excl. Reuse Sales)
Debt Servicing Limit (Total Revenue)

Capital Review
For the Period Ended June 30, 2026
(in thousands of dollars)

	2026 YTD Actual	2026 Budget	YTD Variance Fav / (Unfav)	2026 Forecast	2026 Variance Fav / (Unfav)	2027 Budget	2028 Budget	2029 Budget	Project Forecast	Total Project Budget	Project Variance Fav / (Unfav)
Plant	7,885	15,231	7,346	17,150	(1,919)	-	-	-	213,206	210,012	(3,194)
Waste Gas Burner System Upgrade	1	3	2	3	0	-	-	-	2,792	2,250	(542)
5kv feeder breaker replacement	1	-	(1)	-	-	-	-	-	2,576	2,450	(126)
Biogas Piping & Chiller Upgrade	125	166	40	135	31	-	-	-	3,294	2,800	(494)
Biogas Chiller & HVAC Upgrades - Phase II	76	2,875	2,799	3,700	(825)	-	-	-	3,700	2,800	(900)
Train 4	7,635	7,475	(160)	8,600	(1,125)	-	-	-	196,124	195,000	(1,124)
Plant Emergency Backup Power	46	4,712	4,667	4,712	0	-	-	-	4,720	4,712	(7)
Pump Stations	115	-	(115)	145	(145)	-	-	-	24,889	21,900	(2,989)
Parkland Trunk Rehab & Replacement	106	-	(106)	130	(130)	-	-	-	17,883	15,400	(2,483)
FSPS Generator and MCC System	8	-	(8)	15	(15)	-	-	-	4,990	4,500	(490)
Parkland HVAC System Upgrade	-	-	-	-	-	-	-	-	2,015	2,000	(15)
Transmission	2,567	14,846	12,279	26,973	(12,127)	19,880	-	-	55,627	34,802	(20,826)
Beaumont Line Twinning	43	45	2	45	(0)	19,880	-	-	20,000	20,000	(0)
Emergency Line Repairs	2,525	14,802	12,277	26,928	(12,127)	-	-	-	35,627	14,802	(20,825)
Minor Capital	75	890	816	891	(1)	-	-	-	953	890	(62)
Other Equipment	317	1,449	1,132	1,449	-	-	-	-	2,863	1,699	(1,164)
2026 Projects yet to start		580		382	198	4,838	8,223	-	-	13,300	-
Total Capital Spend	10,958	32,996	21,458	46,990	(13,994)	24,718	8,223	-	297,538	282,603	(28,235)

ARROW UTILITIES

Budget Approval

September 11, 2026

RECOMMENDATION(S)/BOARD MOTION(S):

1) THAT the 2027 Operating Budget of $75.996 million and $102.211 million of revenues be approved.

2) THAT the 2027 Capital Budget of $41.838 million be approved.

3) THAT the Flow Rate be set at $2.85 per cubic metre effective January 1, 2027.

4) THAT effective January 7, 2026, the following Load Based rates be set at:
   $0.5403/kg for Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD)
   $0.4298/kg for Total Suspended Solids (TSS)
   $0.3728/kg for Oil and Grease (O&G)
   $2.3437/kg for Total Kjeldahl Nitrogen (TKN)
   $17.2546/kg for Total Phosphorus (TP)

BACKGROUND & DISCUSSION

As part of the Municipal Government Act (MGA) and ARROW's annual budget process, the Board is required to approve the subsequent year's Utility Rate to which the operating and capital budget is established.

The 2027 Budget was prepared using the four main principles established as part of the revised utility rate model and commitment to address financial gaps and pressure and build long term financial resilience:

1. Investment in long-term financial sustainability and the establishment of reserves;
2. Evaluation of debt levels and debt servicing costs;
3. Supporting the needs of the aging infrastructure and capital requirements; and
4. Consideration of external and inflationary impacts, and other increased program costs.

ALIGNMENT TO BOARD'S STRATEGIC PLAN

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

Organizational Excellence - Enhance the Health, Well-Being and Safety of all Employees and Contractors

Report Date: September 11, 2026
Author/Title: Jaimie Spurgeon, Director, Financial Services
Approved By: Kate Polkovsky, CEO

Incorporating these principles, Administration is proposing for the 2027 Operating and Capital Budget of:

- Utility Rate of $2.85/m3
- Operating Budget - $75.996 million (including non-cash items such as amortization etc.)
- Revenues - $102,211
- Capital Budget- $41.838 million

With a rate of $2.85/m3 it reflects the efforts of commitment to support a measured pace of future rate increases. This strategically builds a sustainable approach to operating the Commission, addressing the aging infrastructure and planning for future capital investments. Administration continues to work within the updated rate model that instills the principles that balance the consideration of its cash position, determining the need for debt financing, its ability to repay loans, capital requirements and reserve re-establishment.

Business Cases
For the 2027 Budget, Administration is proposing $1.3 million in various consulting services and new positions to address the growing operational needs and Board support and requirements.

- $704K in consulting services to support various areas such as Asset Management Plan Development, critical infrastructure assessment and work (digester, grit interceptor), security and space evaluation
- $529K for 5.7 FTEs to address the Board consultant reports findings in areas for Board support, asset management, and finance; several positions to address operations and maintenance demand and timed conversion of positions from part time to full time in Regulatory Services.

ALIGNMENT TO ESG PRINCIPLES

Governance - Promotes Transparency & Accountability

Governance - Addresses & Mitigates Organizational Risk

Governance - Ensures Effective Policy & Financial Oversight

ALIGNMENT TO CORPORATE PRIORITIES

To be determined once Strategic Plan is approved at November Organizational Meeting.

Capital Plan

ARROW's Capital Plan continues to be reviewed and assessed with consideration of the Utility Master Plan (UMP), evaluation of critical infrastructure, and other priority capital requirements (ie. IT, fleet and equipment, minor capital) that are needed to support operations.

The capital needs are prioritized and assessed using several factors such as:

- Alignment with other existing projects within the Capital Plan
- Budget, funding and cash requirements
- Debt limit and debt servicing costs are maintained
- Availability of staff resourcing and capacity

With an annual budget process, all factors are reviewed every year in preparing the budget as assumptions and estimates may drastically change. This includes capital planning and re-prioritization, cash and reserve balances, financing requirements, and debt levels. All these factors are important to ensure a balanced approach and the annual flow-based rate is reflective of continual financial and operational sustainability.

ARROW is proposing a $41.838 million capital budget with a total of 18 projects.

Summary:

Administration has undertaken significant research and review and completed comprehensive analysis and scenarios to determine how best the Commission can move forward to ensure the financial sustainability of the organization.

Ongoing financial assessment and monitoring continues to be on the forefront so that ARROW can better position itself to effectively treat wastewater, manage growth in the region, and expand its business opportunities. The

Budget Approval

September 11, 2026

2027 Proposed Budget has been prepared to advance the organization goals and support the continued success and long-term financial viability.

Included Attachments:

- 2027 Proposed Operating and Capital Budget Report

CONSIDERATIONS ON THE MATTER

FINANCIAL

☒ Yes ☐ No

LEGAL

☒ Yes ☐ No

Per MGA and Board Policy an annual budget must be approved.

RISK

☒ Yes ☐ No

If not approved, the Commission would not be able to collect the required revenue and operate accordingly.

ENVIRONMENTAL/SAFETY

☐ Yes ☒ No

ORGANIZATIONAL IMPACTS

☐ Yes ☒ No

PUBLIC RELATIONS

☐ Yes ☒ No

OTHER

Did ARROW Consult a Subject Matter Expert for this Report? Yes ☐ No ☒

Report Date: September 11, 2026
Author/Title: Jaimie Spurgeon, Director, Financial Services
Approved By: Kate Polkovsky, CEO

Sustainable Wastewater Solutions

ARROW UTILITIES

2027

BUDGET REPORT & FINANCIAL PLAN

Land Acknowledgement

We respectfully acknowledge that we serve a region across Treaty 6 territory, traditional lands of First Nations and Métis peoples. As treaty people, Indigenous and non-Indigenous, we share the responsibility as stewards of this beautiful land and the water that connects us.

May we tread lightly on this land and water, respecting its ecological balance and preserving it for future generations. May we listen to the wisdom of all peoples learning from their deep connections to the land and water, working together in harmony and partnership.

Table of Contents

Executive Summary

ARROW Utilities, a Capital Region Commission (ARROW Utilities or The Commission), is pleased to present the 2027 proposed budget, offering a comprehensive overview of our corporate and financial plans for the upcoming year and beyond. This budget supports ongoing organizational priorities and continuous improvement initiatives while maintaining the flexibility to respond to the future direction established through the Board's strategic planning process.

The 2027 proposed budget is organized into 3 key sections:

1. Overview: This section includes messages from the Board Chair and the Chief Executive Officer (CEO), and an overview of ARROW Utilities.

2. Organizational Planning and Governance: This section provides an overview of the Board's governance and strategic planning initiatives, including implementation of the EY Financial and Governance Review recommendations and development of ARROW's 2026–2029 Strategic Plan.

3. Financial Summaries: Details revenue sources, expenditures, and budgets by departments.

As part of ARROW Utilities' commitment to continuous improvement and prudent financial management, historical financial practices related to rate development, reserves, and debt management have been reviewed, and a course correction is being implemented. This crucial strategic shift and necessary rate increase are designed to ensure the financial foundation required to support our communities' infrastructure needs while helping to future-proof reserves for long-term sustainability.

In developing this budget, key criteria were considered:

- Investment in long-term sustainability via financial reserves
- Review of debt levels and debt servicing costs
- Supporting infrastructure and capital requirements
- Operational program costs

A Message from the Chair of the Board

As Chair of the Board, I am pleased to present the 2027 Budget and Financial Plan. This budget reflects a disciplined and forward-looking approach to ensuring ARROW Utilities remains well positioned to meet the evolving needs of our Member Municipalities and the communities we serve.

As Board members of ARROW Utilities, we recognize our fiduciary responsibility to safeguard the organization's long-term financial health while making decisions that support reliable, resilient, and sustainable used water services. We are equally committed to representing the interests of our Member Municipalities by ensuring the regional system continues to provide safe, dependable service today while preparing for tomorrow's growth.

The 2027 Budget and Financial Plan reflects a shared commitment between the Board and Administration to responsible financial stewardship, strategic investment, and operational excellence. It balances the need to maintain and enhance existing infrastructure with investments that support future capacity, system reliability, and regional growth.

By aligning capital investments with long-term planning and regional development, this budget ensures ARROW Utilities remains a trusted partner to our Member Municipalities. It provides the resources necessary to maintain a resilient, high-performing regional wastewater system while supporting the continued growth and prosperity of the communities we serve.

Warm regards,

Ken MacKay
Board Chair

A Message from the Chief Executive Officer

I am pleased to present the 2027 Budget and Financial Plan. This plan reflects a focused and forward-looking approach to strengthening ARROW Utilities' financial foundation while continuing to provide reliable used water transmission and treatment services to our Member Municipalities and the communities we serve.

As the region continues to grow, ARROW Utilities must ensure that our infrastructure, financial practices, and organizational capacity are positioned to meet both current and future needs. The 2027 Budget reflects this responsibility by balancing operational requirements with investments in infrastructure renewal, growth, financial reserves, and long-term sustainability.

Over the past year, ARROW Utilities has undertaken a comprehensive review of its financial practices, including rate development, reserve management, debt, and capital planning. These efforts, together with the Board's direction, are helping to strengthen our approach to financial management and establish a more sustainable foundation for the future.

The 2027 Budget also represents an important step in advancing continuous improvement across the organization. We are refining our financial practices, strengthening asset management and planning, and continuing the development of a forward-looking rate model.

Looking ahead, ARROW Utilities will continue to work closely with the Board and our Member Municipalities as we develop our Strategic Plan and translate its direction into corporate and departmental priorities. Through thoughtful planning, responsible financial management, and a continued focus on service and operational excellence, we are building a stronger foundation to support the region for years to come.

Thank you to the Board and Administration for their continued leadership, collaboration, and commitment to ARROW Utilities. I look forward to continuing this important work together in 2027 and beyond.

Sincerely,

Kate Polkovsky, CEO

BOARD OF DIRECTORS

The Board of Directors is comprised of one elected official from each Member Municipality who acts in a governing fiduciary capacity. The current Board of Directors are:

Councillor Ken MacKay
Board Chair, City of St. Albert

Councillor Justin Laurie
Board Vice Chair, Town of Stony Plain

Councillor Steven VanNieuwkerk
City of Beaumont

Councillor Gale Katchur
City of Fort Saskatchewan

Councillor Bill Hamilton
City of Leduc

Mayor Jeff Acker
City of Spruce Grove

Councillor Kelly-Lynn Lewis
Leduc County

Mayor Rod Shaigec
Parkland County

Councillor Robert Parks
Strathcona County

Mayor Alanna Hnatiw
Sturgeon County

Councillor Lynn Bidney
Town of Bon Accord

Councillor Travis Currie
Town of Gibbons

Councillor Jenn Anheliger
Town of Morinville

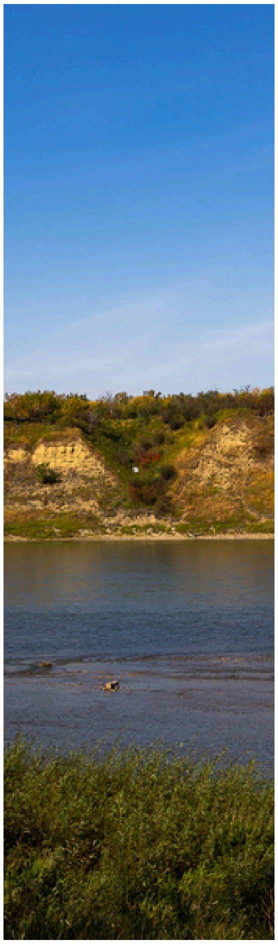
Overview

ABOUT ARROW UTILITIES

Wastewater (also referred to as used water) processing has a key objective: returning the vitality and potential of a precious resource back into the ecosystem and our economy. Epic in scale but quiet in operation, it is a technological achievement that can go unnoticed while tirelessly functioning in the background of our lives and livelihoods. We are the protectors of this vital resource, guarding its viability for future generations.

For over 41 years, ARROW Utilities has supported the Alberta Capital Region in providing essential services to residents and industries through processing and reclaiming water. This is achieved all whilst protecting our environment and continually seeking opportunities to provide value through the circular economy.

With our province poised to transform Canada's energy future, we are ready to let fly with our vision and leadership—making a critical difference in water reuse while protecting the region's role in the broader global economy. Sustainability has driven us for decades, and now, that same principle guides our participation in bold new endeavours. Recovered used water can unlock boundless new forms of energy, and we are taking aim at that better future.



HISTORY OF ARROW UTILITIES

The name ARROW Utilities, while a new brand, has a long-standing history in the region. Technical discussions at the provincial level in the '80s led to a decision by the Government of Alberta to design and build a centralized used water treatment plant to serve the growing region surrounding Edmonton.

During the early years of operation, ARROW Utilities was known as the Alberta Sewage Commission, and it was later updated to the Alberta Capital Region Wastewater Commission (ACRWC).

Operationally, the management and day-to-day operation of the Commission were contracted to an American firm until the early 2000s, at which time the transition was made to bring that work in-house and staff up the Commission. While the third-party operation provided competent day-to-day service delivery, very little was done on Repair, Maintain, Replace (RMR) and long-term planning for asset replacement and maintenance.

The transition into the 2010s yielded a greater focus on asset management, rate protection, and the capital plan attributed to the Commission while maintaining existing levels of service.

41
Years of operations

400K+
Albertans served

13
Municipalities

65+
Employees

As the Commission began examining the opportunities associated with water reuse and the hydrogen industry as a means for diversified revenues and rate stabilization, stewardship work was prioritized to advocate for grants and government funding. With this change, the need to create a brand and update the name to ARROW Utilities, a Capital Region Commission, was implemented to augment this work.

ARROW Utilities is rooted in our connection to the environment, the people who collaborate and deliver water reclamation at various levels, and the Member Municipalities that ARROW Utilities serves.

OUR VALUES

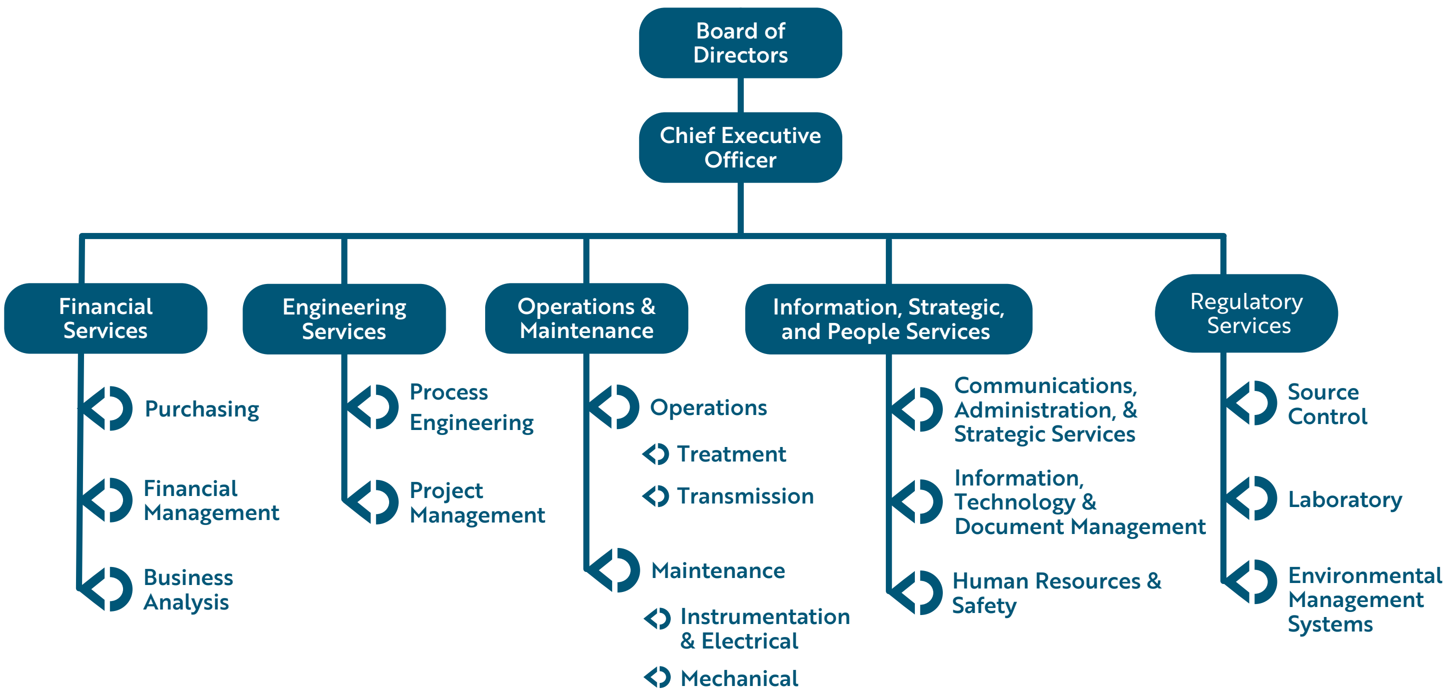
Accountability	We understand our responsibilities to our Member Municipalities and to those who rely on our service.
Communication	We communicate timely and relevant material to Member Municipalities and others. We focus on advocacy, education, awareness, and topics related to water reclamation.
Leadership	Due to the oversight of our Board and the expertise of our leaders and staff, we are known as leaders in the water reclamation field.
Safety	We know that safety begins with us. We provide our staff with the best opportunities to learn how to protect themselves, the environment, and each other. We are keenly aware of our role in keeping citizens and the environment free from any negative effects that may be a part of our work.
Innovation	We are interested in exploring new ideas and opportunities that will benefit and improve our water processing systems.

ARROW Utilities and its Member Municipalities are committed to building and maintaining used water infrastructure that is reliable, responsive to growth and serves residents without fail.

ORGANIZATIONAL STRUCTURE

ARROW Utilities is committed to delivering reliable used water transmission and treatment services through a sustainable rate structure. The Commission supports growth and ensures that adequate capacity is always available to accommodate the expanding needs of the Member Municipalities. Organizationally, ARROW Utilities is comprised of five departments supporting sustainable work.

Water, as both a precious resource and a limited commodity, is fundamental to meeting the basic needs of each community. Long-term strategies for managing our water resources will remain a crucial focus for both the province and our regions.



Strategic Framework

CONTINUOUS IMPROVEMENT – EY REPORT

In July 2025, the Board of Directors initiated an independent Financial and Governance Review of ARROW Utilities to assess the organization's financial and governance practices and identify opportunities for continuous improvement. Following a competitive procurement process led by a Board-appointed Ad Hoc Committee, Ernst & Young (EY) was engaged to conduct the review.

Throughout late 2025 and early 2026, EY completed interviews with current and former Board members, senior Administration, and key stakeholders, supported by a comprehensive review of governance and financial documentation. Draft findings were presented to the Board in May 2026.

The final review identified twelve recommendations intended to strengthen ARROW Utilities' financial management, governance framework, and organizational practices. In June 2026, the Board considered each recommendation individually, directing Administration to implement selected recommendations, refer others to Board committees for further review, or receive several recommendations for information. Administration has developed a multi-year implementation plan and will provide regular progress updates to the Board until all Board-directed actions have been completed.

2026 STRATEGIC PLANNING

Following the October 2025 municipal elections, new Board appointments were made in November 2025, with a comprehensive Board onboarding and orientation program completed in January 2026. As part of establishing the Board's priorities for its four-year term, the need to develop a new Strategic Plan to guide ARROW Utilities' future direction was identified.

At the direction of the Board Development Committee, Administration engaged an external facilitator to support the strategic planning process. Early discussions identified the need to establish a common understanding of governance, roles, responsibilities, and organizational priorities before commencing formal strategic planning. As a result, the Board's May 2026 workshop focused on these foundational discussions to create alignment and prepare for the development of the Strategic Plan.

During the summer of 2026, facilitated engagement sessions with Member Municipalities and employees were undertaken to gather input and perspectives to inform the Strategic Plan. The Board's strategic planning workshop is scheduled for September 11, 2026, with a draft Strategic Plan anticipated for review by the Governance and Human Resources Committee prior to Board consideration at the November 27, 2026, Organizational Board Meeting.

Following Board approval, Administration will develop a Corporate Business Plan to align organizational priorities, initiatives, and resources with the Board's strategic direction. Work in 2027 will focus on departmental business planning and implementation, while 2028 will include the development of formal internal and external service level frameworks.

BUDGET FRAMEWORK

The Budget Framework serves as ARROW Utilities' roadmap for consistently meeting regulatory standards, maintaining service levels, and advancing the priorities outlined in the Board's Strategic Plan. It details the Commission's financial expenses and revenues, including recommendations for new operating activities and capital investments needed to sustain existing delivery models and ensure that ARROW Utilities is well-positioned to support future growth and development within the regional context.

In developing the budget, key strategic objectives include:

LONG-TERM FINANCIAL MANAGEMENT AND FISCAL SUSTAINABILITY.

- Establishing a forward-thinking rate model that incorporates best practices, capital maintenance, growth, and financial reserves.
- Effective debt management considering the impact on future operating costs and intergenerational equity of the benefits of capital assets and their related financial burden.

ASSET MANAGEMENT PLANNING.

- Incorporating the utility master plan (UMP) to ensure effective asset management, including ongoing maintenance and replacement planning.
- Effectively managing ongoing cyber threats and implementing measures to protect technological assets.

MAINTAINING CURRENT SERVICE LEVELS AND ENHANCING EFFICIENCY THROUGH DIGITAL TECHNOLOGY AND CAPACITY BUILDING IN KEY AREAS.

- Reviewing each department's operational needs by modernizing business practices and systems, building depth in personnel to minimize risk, expanding institutional knowledge, and capitalizing on continuous improvement initiatives.

CONTINUOUSLY IMPROVING COLLABORATION AND ENGAGEMENT WITH THE BOARD OF DIRECTORS AND KEY STAKEHOLDERS.

- Ensuring that the Board’s Strategic Direction is well understood and integrated into the development of budget principles and guidelines.

GROWTH AND EXPANSION.

- Collaborating with Member Municipalities to understand anticipated regional growth within their respective communities to ensure expanding needs are met with effective water reclamation and used water management solutions.

The framework provides clarity and a balanced approach to long-range investment and financial projections while maintaining a detailed focus on short-term actions.

OPERATING AND CAPITAL BUDGET

For the 2027 Budget, Administration is presenting a one-year budget for the Board's approval as ARROW Utilities continues to work towards an in-depth, forward-looking financial rate model. This model incorporates leading practices, capital growth, maintenance planning, risk management, and financial reserves. With the refinement of this model, it will not only ensure the most current economic conditions are considered to deliver on the operational and capital needs of the Commission but will promote fiscal sustainability and maintain the balance of current and future ratepayer equity.

As the organization works towards establishing new strategic goals and priorities, it aims to foster continuous improvement and enhance resilience to better support the region. ARROW Utilities has focused on financial restructuring, strengthening financial policies and practices, and updating the rate model by continuously improving the model's data inputs. The 2027 Budget is divided into two components: the operating and the capital budget.

The 2027 Operating Budget of \$76 million results in a rate of \$2.85/m³, a \$0.10/m³ rate increase from the prior year. This rate continues the work that ARROW Utilities has established to ensure financial sustainability and fiscal responsibility to manage rising inflationary costs, address the current and long-term impacts of debt financing and invest in the long-term sustainability of the Commission's infrastructure needs. For an average basic household of four members with a utilization of 15m³, the average ratepayer would see an increase of \$18/year or \$1.51 per month.

APPROVED RATE: \$2.85

- Average basic household monthly water usage for a family of 4 is 15m³
- Average increase to ratepayer is \$18/year or \$1.51/month
- Average daily cost per household to recycle used water is \$1.41.

Operating Budget

Distribution of Operating Budget by Services

The operating budget funds the required services to maintain and support the used water treatment plant, the transmission system, laboratory services, and the source control program, ensuring that ARROW Utilities meets all its regulatory and legislative requirements.

Load-Based Rates are fees charged to industrial, commercial, and institutional facilities (ICIs) users that exceed the standard levels of treatable constituents.

Load Based Rates		
	2026	**2027**
BOD / COD (Biochemical & Chemical Oxygen Demand)	0.5222	0.5403
TSS (Total Suspended Solids)	0.4154	0.4298
O&G (Oil & Grease, Total)	0.3603	0.3728
TKN (Total Kjeldahl Nitrogen)	2.2652	2.3437
TP (Total Phosphorus)	16.6768	17.2546

Maintaining and Operating Wastewater System

$29M

Managing over 200KM in Transmission System

$1.8M

4000 Tonnes of Biosolids Treated Annually

$7.5M

Lab Tests and Sample Testing

$1.8M

Corporate Financing & Amortization

$27.3M

General Administration

$7.3M

Prioritized Business Cases

$1.3M

TOTAL

$76M

Capital Budget

The 2027 Capital Budget includes investments to support the renewal of existing assets and manage the Commission's growth infrastructure needs. This ensures that ongoing funding and strategic prioritization are established to maintain current assets and plan for future growth.

For 2027, 18 capital projects were proposed, totaling $41.8 million. Of this amount, $20.2 million is allocated to 13 RMR (repair, maintain, replace) projects, and $21.6 million is dedicated to the Beaumont Line Twinning and four other Growth projects that focus on modernizing core administrative systems.

INVESTMENT TYPE	2027 CAPITAL PROJECT CHARTER	COST ($000s)
RMR	START/Outfall Deep Section between RR54 and 82 St	$8,832
RMR	Emergency Line Repair	$5,195
RMR	Parkland Pump Station Upgrades	$2,566
RMR	Fort Sask River Crossing Chamber	$1,579
RMR	Wastewater Treatment Plant Headworks Upgrades	$675
RMR	Minor Capital	$520
RMR	Fleet & Equipment Lifecycle	$260
RMR	Parking Lot/Sludge Haul Pad Reconditioning	$213
RMR	START/Outfall Road/Rail Crossing	$114

INVESTMENT TYPE	2027 CAPITAL PROJECT CHARTER	COST ($000s)
RMR	Edmonton Gravity Sewer Road Crossings	$114
RMR	Secondary Clarifier Gate Replacement	$75
RMR	IT Upgrades and Replacements	$69
RMR	PC Purchases	$31
GROWTH	Beaumont Line Twinning	$20,780
GROWTH	Building Expansion Trailer	$364
GROWTH	Blend Tank and Sludge Holding Tank	$312
GROWTH	Dragos Scanners	$87
GROWTH	Fleet	$52
TOTAL		**$41,838**

**See Appendix 2 for more details.*

Financial Reserves

ARROW Utilities maintains financial reserves to promote long-term financial management, fiscal sustainability, and effectively plan for its infrastructure needs. The Commission holds two types of reserves: the Operating Reserve, which serves to enhance the financial sustainability of day-to-day operations, and the other, Capital Reserve, which underpins long-term planning and the life-cycle management of capital infrastructure. Contributions to the reserves are made through the net operating surplus and are allocated to fund three primary requirements: the Capital Plan, the Operating Reserve, and the Capital Reserve.

Financial Summaries

2027 OPERATING BUDGET In Thousands of Dollars ($000s)		
	2026	**2027**
Revenue	**99,632**	**102,211**
Expenses		
Board	364	274
Information, Strategic, and People Services	2,355	2,859
Financial Services & CEO Office	2,196	2,511
Engineering Services	1,616	1,654
Regulatory Services	1,646	1,819
Operations and Maintenance Services	38,363	38,294
Total Operating Expenses	**46,540**	**47,411**
Financing Costs	8,329	8,330
Amortization	17,127	17,817
Prioritized Business Cases	1,078	1,273
Contingency (*)	2,172	1,165
Total Expenses	**75,246**	**75,996**
Excess Revenues over Expenses	**24,386**	**26,215**

**Revised 2026 Budget based on Approved Allocations.*

Allocation of Net Surplus

In Thousands of Dollars ($000s)

	2026	2027
Non-cash Adjustments and Capital Plan Allocation	8,818	15,593
Transfer to Operating Reserve	3,000	3,000
Transfer to Capital Reserve	12,568	7,622
Net Surplus	**24,386**	**26,215**

2027-2029 Prioritized Business Cases

In Thousands of Dollars ($000s)

Dept.	Business Case Name	Type	2027 (One-Time)	2027 (Ongoing)	2028	2029
ES	Asset Management Coordinator	FTE	9	128	132	132
ES	Asset Management Plan Development	Consulting	100	-	-	-
FS	Controller	FTE	10	75	150	150
ISPS	Office Coordinator	FTE	4	43	88	88
ISPS	Security	Consulting	150	-	-	-
ISPS	LIMS Evaluation	Consulting	40	-	-	-
ISPS	Amii AI Readiness	Consulting	40	-	-	-
ISPS	Arctic World Incident 360 Plus	Other	-	40	42	45

2027-2029 Prioritized Business Cases

In Thousands of Dollars ($000s)

Dept.	Business Case Name	Type	2027 (One-Time)	2027 (Ongoing)	2028	2029
ISPS	RPE Program Enhancements	Other	54	18	45	18
OM	IE Technician	FTE	9	72	147	147
OM	Ops e-Logger	Consulting	-	17	17	18
OM	Digester Assessment	Consulting	150	-	-	-
OM	Grit Interceptor	Consulting	120	-	-	-
RS	FT Lab Technician	FTE	5	38	40	42
RS	Source Control Technician	FTE	-	22	24	26
RS	Lab Space Survey	Consulting	50	-	-	-
Total			**744**	**529**	**839**	**820**

**See Appendix 1 for more details.*

2027 - 2031 Capital Plan
In Thousands of Dollars ($000s)

	2027	2028	2029	2030	2031	Total
Investment Type - RMR						
START/Outfall Deep Section Between RR54 and 82 St	8,832	9,176	-	-	-	18,007
Emergency Line Repair	5,195	5,398	5,608	5,827	6,054	28,082
Parkland Pump Station Upgrades	2,566	-	-	-	-	2,566
Fort Sask River Crossing Chamber	1,579	-	-	-	-	1,579
Wastewater Treatment Plant Headworks Upgrades	675	7,773	-	-	-	8,448
Minor Capital	520	540	561	583	605	2,808
Fleet & Equipment Lifecycle	260	270	280	291	303	1,404
Parking Lot/Sludge Haul Pad Reconditioning	213	-	-	-	-	213
START/Outfall Road/Rail Crossing	114	2,256	-	-	-	2,370
Edmonton Gravity Sewer Road Crossings	114	2,256	-	-	-	2,370
Secondary Clarifier Gate Replacement	75	232	2,860	-	-	3,167
IT Upgrades and Replacements	69	147	151	157	218	743
PC Purchases	31	47	50	52	-	182
Spruce Grove WWF Diversion Structure	-	8,204	-	-	-	8,204
Digester RMR	-	2,159	-	-	-	2,159

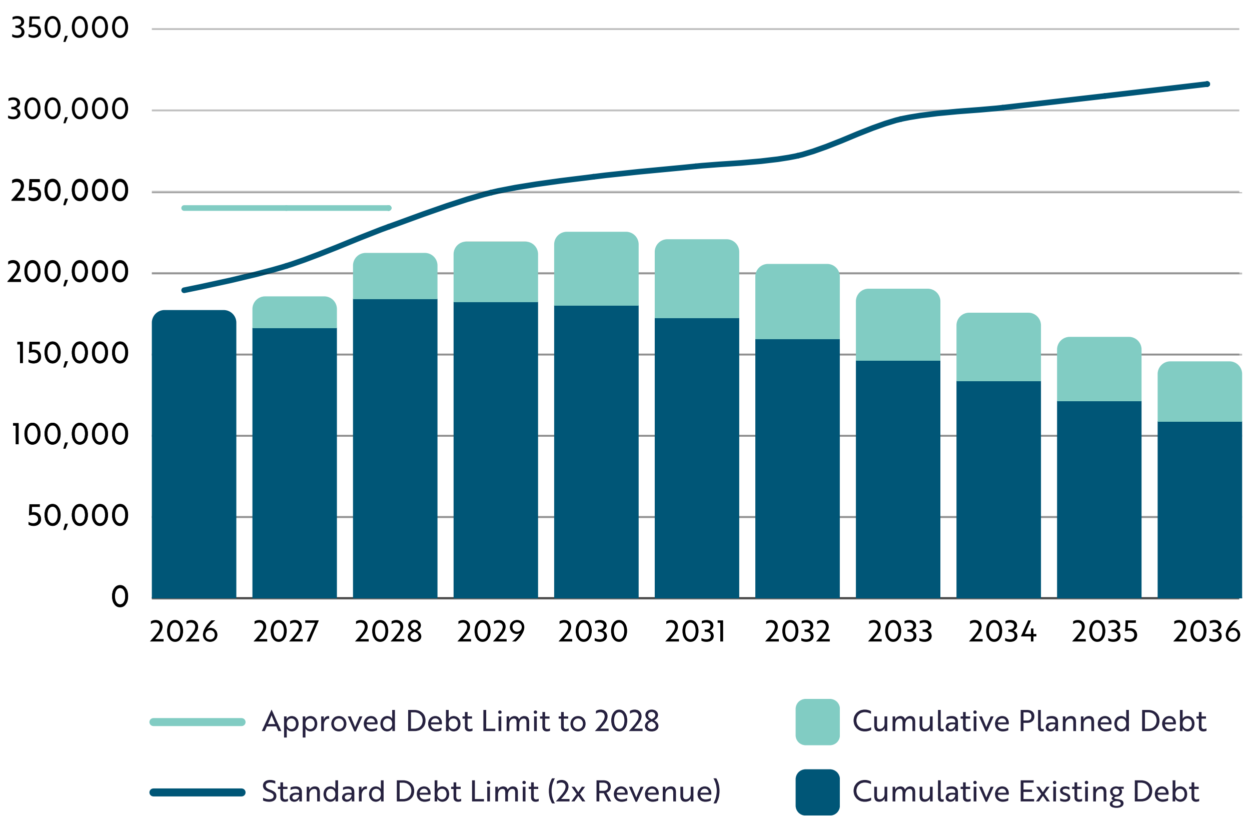
2027 - 2031 Capital Plan **In Thousands of Dollars ($000s)**						
	2027	**2028**	**2029**	**2030**	**2031**	**Total**
Investment Type - RMR						
START/Outfall Intercepting Valve Repairs	-	1,104	-	-	-	1,104
Appertenance Replacement Program (LOS)	-	1,080	1,144	1,212	1,285	4,720
Plant Site Emergency Repair	-	1,080	1,144	1,212	1,285	4,720
Roof Replacement Program	-	648	-	-	-	648
Bioway/SG Dredging	-	540	2,243	-	-	2,783
PLGS Relining Highway 44 and Residential	-	313	6,180	-	-	6,493
PL Force Main Pipe and Valve Chamber	-	216	18,282	-	-	18,498
Gibbons Pump Station Upgrades	-	86	1,705	-	-	1,791
SERTS South High Priority	-	-	449	20,744	21,553	42,745
Parkland FM Pipe Replace CN Rail to 137 Ave	-	-	336	6,643	-	6,979
SERTS South Second Priority (Incl. 41 Ave)	-	-	224	9,265	9,626	19,115
Morinville FM Valve and Steel Section Replacement	-	-	67	629	-	697
START/Outfall Combination Chamber Design	-	-	-	186	3,681	3,867
Fort Sask Pump Station Upgrades Design	-	-	-	64	1,265	1,329
Total RMR	**20,243**	**43,524**	**41,287**	**46,865**	**45,874**	**197,794**

2027 - 2031 Capital Plan

In Thousands of Dollars ($000s)

	2027	2028	2029	2030	2031	Total
Investment Type - Growth						
Beaumont Line Twinning	20,780	-	-	-	-	20,780
Building Expansion Trailer	364	-	-	-	-	364
Blend Tank and Sludge Holding Tank	312	1,457	1,514	-	-	3,283
Dragos Scanners	87	-	-	-	-	87
Fleet	52	-	-	-	-	52
Total Growth	**21,594**	**1,457**	**1,514**	**-**	**-**	**24,566**
Total Capital	**41,838**	**44,981**	**42,801**	**46,865**	**45,874**	**222,360**

Annual Debt Limit ($000s)



On August 18, 2024, ARROW Utilities obtained approval from the Province of Alberta to temporarily increase the debt limit to allow for the opportunity to borrow additional funding to support the construction of Train 4 Plant Expansion. This temporary debt limit will remain in effect until December 31, 2028, at which point the Commission is projected to be in compliance with the Province's Standard Debt Limit of two times annual revenue.

CORPORATE BUDGET

Revenue

Administration proactively seeks alternative revenue sources while maintaining service levels. Revenue from rates and fees, grants, permits, and overstrength charges help offset the baseline flow rate to provide a full-cost recovery model.

- **Flow Rate Revenue:** the baseline flow rate that is charged to users.
- **Load-Based Revenue:** fees charged to industrial, commercial, and institutional facilities (ICIs) users that exceed the standard levels of treatable constituents.
- **Grants and Other Revenue:** grants provided by various levels of government, investment income, and other minor fees and charges.

Expenditures

The impact of inflation on contracted services, materials, goods, and supplies continues to exert pressure on the costs associated with delivering ARROW Utilities' services. Administration continues to seek ways to streamline and reduce expenses while ensuring that continuous improvement remains a core principle across all business units.

- **Salaries, Wages, and Benefits:** includes base salaries, merit increases, pension, employment insurance, health care costs.
- **Contracted and General Services:** includes contracts for services such as biosolids disposal and hauling, maintenance, laboratory services, and network infrastructure contracts. It also includes external professional and consulting services for audit, legal, engineering, communications, and insurance premiums.
- **Materials, Goods, Supplies, and Utilities:** various goods, including items such as operating and program supplies, chemicals and equipment, computer software, and utilities.
- **Other Expenditures:** includes bank charges, training and development.
- **Financing Costs:** relates to debt interest payments on long-term debentures.
- **Amortization of Tangible Capital Assets:** the systematic write-off of capital assets over their expected period of use.
- **Contingency:** corporate contingency fund to support unplanned and emergent operational or capital requirements.

BUDGET BY DEPARTMENT

Board of Directors

The Board of Directors is ARROW Utilities’ governing body that establishes the strategic vision and provides the organization's overall governance. The Board is comprised of one elected official from each Member Municipality.

Board of Directors			
	2026	**2027**	**Variance**
Salaries, Wages, and Benefits (Honorariums)	80,000	75,000	(5,000)
Contracted and General Services	140,000	165,000	25,000
Materials, Goods, and Supplies	51,000	8,000	(43,000)
Other Expenditures	93,000	26,000	(67,000)
Total	**364,000**	**274,000**	**(90,000)**

Key Variances from 2026 to 2027 budget include

- The decrease in supplies and materials relates to the quadrennial board workshop held in 2026.
- The decrease in other expenditures relates to 2026 anniversary and inauguration events.

Financial Services & CEO Office

The Financial Services department is responsible for day-to-day financial operations, long-term financial strategy, procurement services, and inventory management. The department's budget includes the CEO's office, corporate expenditures related to long-term debt expenses, insurance, amortization, and legal services.

Financial Services & CEO Office			
	2026	**2027**	**Variance**
Salaries, Wages, and Benefits	1,168,000	1,210,000	42,000
Contracted and General Services	935,000	1,134,000	199,000
Materials, Goods, and Supplies	61,000	68,000	7,000
Other Expenditures	87,000	99,000	12,000
Financing Costs	8,329,000	8,330,000	1,000
Amortization of Tangible Capital Assets	17,127,000	17,817,000	690,000
Total	**27,707,000**	**28,658,000**	**951,000**

Key Variances from 2026 to 2027 budget include

- Increases to salaries and benefits include annual salary and benefit adjustments.
- Contracted services rose due to extended insurance requirements.
- Changes in amortization reflect new in-service assets, particularly Train 4.

Information, Strategic, and People Services

The Information, Strategic and People Services department oversees the organization's information technology, internal and external communications, governance and administration, strategic and business planning, as well as the health, safety and wellness of ARROW Utilities' team and contractors. The department's budget covers corporate computer software, IT initiatives, public relations and communications efforts, personnel, supplies, and consulting services required to support these functions.

Information, Strategic, and People Services			
	2026	**2027**	**Variance**
Salaries, Wages, and Benefits	1,783,000	1,845,000	62,000
Contracted and General Services	110,000	112,000	2,000
Materials, Goods, and Supplies	726,000	778,000	52,000
Other Expenditures	107,000	124,000	17,000
Total	**2,726,000**	**2,859,000**	**133,000**

Key Variances from 2026 to 2027 budget include

- Increases to salaries and benefits include annual salary and benefit adjustments.
- Increases to supplies and materials relate to increased public education social media and marketing campaigns.

Engineering Services

The Engineering Services department manages the technical aspects and project management for engineering capital projects. The department's budget primarily covers the personnel and consulting services needed to execute ARROW Utilities' engineering capital projects successfully.

Engineering Services			
	2026	**2027**	**Variance**
Salaries, Wages, and Benefits	923,000	955,000	32,000
Contracted and General Services	660,000	660,000	-
Materials, Goods, and Supplies	-	2,000	2,000
Other Expenditures	33,000	37,000	4,000
Total	**1,616,000**	**1,654,000**	**38,000**

Key Variances from 2026 to 2027 budget include

- Increases to salaries and benefits include annual salary and benefit adjustments.

Regulatory Services

The Regulatory Services department oversees the Environmental Management System (EMS), the Source Control Program, and Laboratory Services. These services ensure compliance and proper permitting, facilitating timely regulatory reporting. The department's budget primarily covers supplies and contracted services needed to support these functions.

Regulatory Services			
	2026	**2027**	**Variance**
Salaries, Wages, and Benefits	1,266,000	1,313,000	47,000
Contracted and General Services	164,000	191,000	27,000
Materials, Goods, and Supplies	186,000	281,000	95,000
Other Expenditures	30,000	34,000	4,000
Total	**1,646,000**	**1,819,000**	**173,000**

Key Variances from 2026 to 2027 budget include

- Increases to salaries and benefits include annual salary and benefit adjustments.
- Increases in supplies and materials relate mainly to amplified sampling requirements for the new plant expansion.

Operations and Maintenance Services

Operations and Maintenance Services oversees plant operations, the transmission system, and the mechanical and electrical technical aspects. In addition to the main used water treatment plant, the department is responsible for approximately 200 kilometres of pipeline, five pump stations, five septic receiving stations, and accounts for over half of ARROW Utilities' operating budget.

Operations and Maintenance Services			
	2026	**2027**	**Variance**
Salaries, Wages, and Benefits	4,932,000	5,157,000	225,000
Contracted and General Services	23,886,000	25,176,000	1,290,000
Materials, Goods, Supplies, and Utilities	10,052,000	7,821,000	(2,231,000)
Other Expenditures	145,000	140,000	(5,000)
Total	**39,015,000**	**38,294,000**	**(721,000)**

Key Variances from 2026 to 2027 budget include

- Increases to salaries and benefits include annual salary and benefit adjustments.
- Increase in contracted services mainly due to rate changes related to external treatment services, as well as inflationary pressures on maintenance contracts.
- Decrease in utility costs due to updated Train 4 consumption estimates.

Appendices

Appendix 1: 2027 Business Cases

Dept.	Business Case Name	Summary
ES	Asset Management Coordinator	The Asset Management and GIS Coordinator is responsible for planning, implementing, and maintaining a comprehensive asset management program. This role works with Asset Owners to manage the accuracy of asset records and supports lifecycle planning. The Coordinator serves as the central point of contact for all asset-related information and reporting for internal services requirements. The position will also manage updates and accuracy of ARROW Utilities GIS Platform
ES	Asset Management Plan Development	As noted in the Asset Management and GIS Coordinator Business Case. The position will be responsible for planning, implementing, and maintaining a comprehensive asset management program. This business case supports the launch of the Asset Coordinator Position by providing finances to contract a consultant to build standardized asset management procedures using similar industry best management practices. The consultant will also be responsible on providing recommendations on what information should be provided to internal departments to allow for proper long term liability tracking and prioritization of asset replacements.
FS	Controller	This position will be responsible for the financial integration and coordation work with the Asset Management Coordinator to ensure that asset strategy and overall process is aligned with financial needs, rate development, and long term sustainability. In addition, the position will support the work in developing the rate, reserves, debt and other financial principles and polices.
ISPS	Office Coordinator	This request is for a Full-Time Office Coordinator to create administrative redundancy and redistribute the organization's administrative workload more equitably.

Dept.	Business Case Name	Summary
ISPS	Security	To conduct a comprehensive assessment of ARROW Utilities' access and site security needs and related workplace practices. It will identify current and future security risks and gaps, and develop a prioritized implementation plan outlining practical improvements to protect employees, facilities, assets, information, and critical infrastructure, including estimated costs, investment priorities, and a phased approach to implementation.
ISPS	LIMS Evaluation	Assist Lab group in evaluating their needs for a Lab Information Management System (LIMS), and determine if WIMS still meets ARROW's needs.
ISPS	Amii AI Readiness	Evaluate ARROW's readiness to implement AI business tools.
ISPS	Arctic World Incident 360 Plus	Expand Arctic Wolf services to include their Incident360 Plus service.
ISPS	RPE Program Enhancements	Enhancements to existing Respiratory Protective Equipment (RPE) Program to integrate supplied air (SCBA/SABA) equipment to protect workers from respiratory hazards during daily work, emergent work, and/or emergency rescue situations. Incudes written program, equipment, materials, training and maintenance of the program.
OM	Process Improvement Operator	As ARROW has expanded and the plant has become more complex, maintaining stable treatment performance and continuously improving how we operate has become a full-time need. To support this, it is recommended that ARROW hire a dedicated full-time Process Improvement Operator. Working closely with the Process engineer, this role would focus on identifying process issues early, improving day-to-day operating practices, supporting operator training and consistency, and helping reduce process upsets and reactive troubleshooting. Over time, this position will strengthen compliance performance, improve efficiency (chemical and energy use), and support overall reliability across the plant and station units.

Dept.	Business Case Name	Summary
OM	IE Technician	As ARROW's operational footprint and process automation requirements continue to expand, current instrumentation and electrical maintenance capacity is insufficient to reliably support critical process control infrastructure. Hiring a full-time I&E Technician will improve reliability of SCADA/PLC control systems and field instrumentation, reduce contractor reliance, shorten repair response times and mitigate operational and regulatory risk associated with control system failures.
OM	Ops e-Logger	This request is to transition from a paper-based logbook to a secure digital e-log system to improve regulatory defensibility, shift handover accuracy, records retention compliance, and real-time supervisory visibility. The system will standardize documentation, reduce manual errors, and strengthen operational accountability across shifts.
OM	Digester Assessment	This request is for engineering and work scope assessment for the west anaerobic digester and associated mixing pump system to support a planned cleaning and shutdown. This assessment will support define required work, quantify operational risk, and enable cost predictable execution of this high-risk outage.
OM	Grit Interceptor	This request is to complete a detailed engineering and constructability study to define the preferred removal or replacement strategy for the failed Grit Interceptor/Surge Chamber gate and pumping. The study will solidify scope, flow management requirements, and Class 3 cost estimates prior to committing capital construction funds.
RS	FT Lab Technician	This business case is the stage 2 of the approved 2026 Part-time Lab Technician business case, turning one of the two current part-time positions to a permanent full-time position.

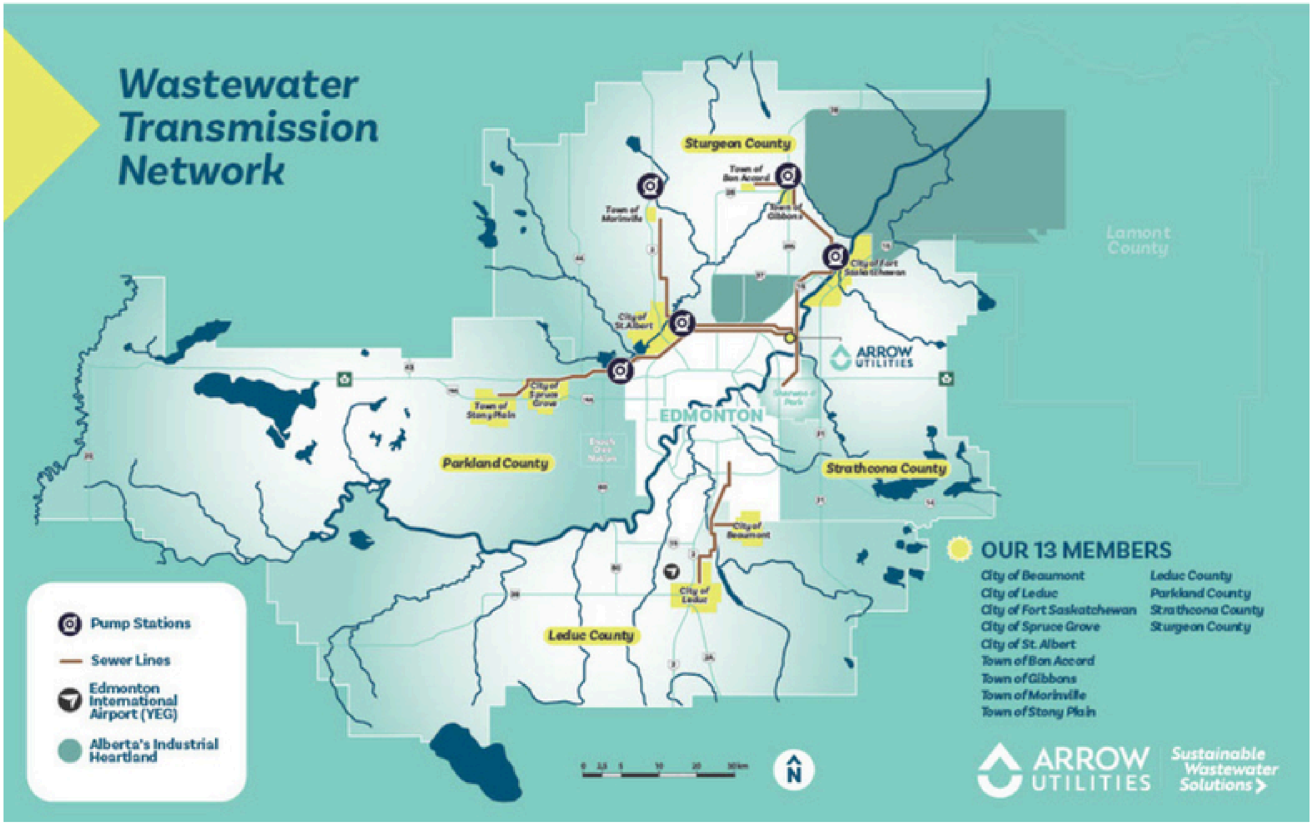
Dept.	Business Case Name	Summary
RS	Source Control Technician	To support ongoing growth across ARROW Utilities' member municipalities, the Source Control program requires additional staffing. The funding will support the conversion of a part time to full time Source Control Technician II position that will allow the program to complete inspections within a five-year cycle and ensure consistent, fair sampling across all regulated businesses.
RS	Lab Space Survey	A professional space survey for the lab is requested to determine whether spatial reconfiguration or expansion is required to adequately support increased workload, protecting staff safety, ensuring regulatory compliance, and enabling the sustained operational performance ARROW depends on.

Appendix 2: 2027 Capital Project Charters

Capital Project Charter Name	Project Type	Summary
START/Outfall Deep Section between RR54 and 82 St	RMR	Start and Outfall transmission lines are gravity feed concrete structures. As such they are more perceptible to H2S decay. Historically, as part of the asset replacement program, funds were placed yearly for portion replacement with PVC or HDPE piping. This charter is intended to work on the deep sections between RR244 and 82 St.
Emergency Line Repair	RMR	This Charter will provide budget availability for emergent unplanned work which requires a quick response to maintain system viability in the plant or the transmission lines.
Parkland Pump Station Upgrades	RMR	Multiple upgrades are required in the pump station including the Switchgear and MCC which will be the primary upgrades.
Fort Sask River Crossing Chamber	RMR	The siphon chamber that includes the valve controlling flow to the river crossing siphon is corroded. Due to the highly sensitive location this project was the number 2 prioritized capital work in the Utility Master Plan. The project will be based on the final scope developed during the 2026 project design of the structure and valve. It also will include bypassing all flow to the other pipe crossing for the period of the construction. Coordination with Fort Saskatchewan on their pipe twinning project that ties into the project is also being considered.
Wastewater Treatment Plant Headworks Upgrades	RMR	Several issues have been identified with the Headworks facility that has resulted in operational and maintenance challenges. Currently the screens bypass is directed to grit tanks. It is recommended to relocate this bypass to the outfall to protect downstream processes from rags and larger solids during a 1 in 25-year rainfall event. In addition, several condition related upgrades are required on the entire facility, including HVAC, electrical system, grit classifiers, compactors, conveyors, and screening. It is recommended that an overhaul of the entire Headworks facility be implemented to address these issues. Design began on this project in 2026.

Capital Project Charter Name	Project Type	Summary
Minor Capital	RMR	Annual fund to support small, internally prioritized projects.
Fleet & Equipment Lifecycle	RMR	Annual allocation for fleet replacement as per the lifecycle program.
Parking Lot / Sludge Haul Pad Reconditioning	RMR	Refurbishment of the employee parking lots and sludge haul pad.
START/Oufall Road/Rail Crossing	RMR	Areas of the gravity system are in poor condition, this Charter is slated to provide funding to target higher safety risk areas such as the Fort Road Crossing, Meridian St, Railway crossings and pipeline right of ways.
Edmonton Gravity Sewer Road Crossings	RMR	Areas of the gravity system are in poor condition, this Charter is slated to provide funding to target higher risk areas in the Edmonton Gravity Sewer.
Secondary Clarifier Gate Replacement	RMR	Replacement of broken and leaking Secondary Clarifier inlet gates.
IT Upgrades and Replacements	RMR	This Charter will provide budget availability for emergent unplanned information technology work which requires a quick response to maintain system viability in the plant or the transmission lines.
PC Purchases	RMR	Annual refresh of aging tablets and workstations and other IT infrastructure.
Beaumont Line Twinning	Growth	Growth to the south in Beaumont and Leduc requires additional transmission capacity. The project will add the required capacity to service growth in this area.
Building Expansion Trailer	Growth	The organization has seen substantial growth in full time equivalent positions. In 2027 this will lead a requirement to provide additional office space. This Charter will provide the required space to accommodate the additional FTE.

Capital Project Charter Name	Project Type	Summary
Blend Tank and Sludge Holding Tank	Growth	Currently there are two digesters without redundancy, a third tank is listed as a high priority and slated in the 10 year plan for 2031 design start, however in the meantime to manage capacities, the intent is to move the digesters to parallel to allow for both digesters to work at the same time versus current status which is in series where the second is used as overflow. As we continue to treat more the solids retention time (SRT) is challenged. Without a third digester, a step forward is to move to parallel. By moving to parallel, a blend tank and a sludge holding tank are necessary to create the storage with both digesters working to meet SRT.
Dragos Scanners	Growth	Expanding Dragos scanning to pump stations to reduce cybersecurity risk to the IT environment.
Fleet	Growth	Fleet vehicle for operation of Forcemains and Gravitylines along the transmission network.



ARROW UTILITIES

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Sustainable Wastewater Solutions

EY Report Implementation Reporting

ARROW UTILITIES

Status Legend

On Track	On Schedule and Within Budget
Off Track	Issues Arose/Unbudgeted Expenses
On Hold	The Project is incomplete and on Temporary Hold
Not Started	Work Has Not Begun on the Project
Completed	Complete

EY Recommendation	Board Motion *(June 19, 2026, Regular Board Meeting)*	Action Lead	Target Completion	Status (Refer to Status Legend)	Progress Update	Next Steps
Governance Implementation Reporting						
Gov 1: Institute Board Self Evaluations	MOVED BY Gale Katchur THAT the Board refer recommendation Gov 1 to the Board Development Committee for review and recommendations back to the Board by Q1 2027.	Director, ISPS	Q1 2027		Administration will bring forward an agenda item to the September 11, 2026, Board Development Committee meeting to consider possible approaches.	Subject to the Committee's direction, Administration will prepare the necessary supporting documentation for consideration at the January 2027 Committee meeting, with the intention of the Committee presenting a formal recommendation to the Board at its March 2027 meeting.
Gov 2: Develop Board Development Calendar	MOVED BY Robert Parks THAT the Board refer recommendation Gov 2 to the Board Development Committee for review and recommendations back to the Board by Q1 2027.	Director, ISPS	Q1 2027		Administration will bring forward an agenda item to the September 11, 2026, Board Development Committee meeting to consider possible approaches.	Subject to the Committee's direction, Administration will prepare the necessary supporting documentation for consideration at the January 2027 Committee meeting, with the intention of the Committee presenting a formal recommendation to the Board at its March 2027 meeting.

Report Date: September 11, 2026
Author/Title: Jaimie Spurgeon, Director, Financial Services; Cindy de Bruijn, Director, ISPS.
Approved by: Kate Polkovsky, CEO

Gov 4: Establish Organization-wide ERM	MOVED BY Travis Currie THAT Administration implement Recommendation Gov 4: Establish an organization-wide Enterprise Risk Management (ERM) framework, with clear accountability assigned to a dedicated role to identify, monitor, and report key risks to the Board and management.	Director, ISPS	Q1 2028		A fulsome operational project plan has been established to implement an ERM system	Anticipated timeline as follows: Q4 2026: ERM working committee established and introduction of tracking software. Q1 2027: ERM Board and Administrative policies approved Q2 2027: ERM Framework complete Q4 2027: Risk Registry complete Q1 2028: Full ERM implementation and risk reporting begins Q1 2029: ERM evaluation
Gov 5: Develop a Governance Charter	MOVED BY Lynn Bidney THAT Administration implement Recommendation Gov 5: Strengthen shared understanding of roles, responsibilities, and expectations between ARROW, its Board, and member municipalities through a formal "Governance charter", clarifying decision-rights, maintenance of continuity, term limits and how municipalities engage with ARROW on key matters.	Director, ISPS	Q1 2027		Legal Counsel is drafting a Governance Charter for consideration at the October 15, 2026, Governance and Human Resources Committee meeting. The draft will be informed by governance best practices from comparable commissions, ARROW's existing Board/CEO Covenant, and feedback received from member municipalities during the Summer 2026 engagement sessions.	The draft Governance Charter is scheduled to be presented to the ARROW Board at its November 27, 2026, Organizational Board meeting. Following Board consideration, the finalized Governance Charter will be presented to member municipal CAOs at an ARROW-hosted breakfast on January 13, 2027.

Report Date: September 11, 2026
Author/Title: Jaimie Spurgeon, Director, Financial Services; Cindy de Bruijn, Director, ISPS.
Approved by: Kate Polkovsky, CEO

Finance Implementation Reporting						
Fin 1: Continue to Further Align ARROW's Rate Setting Approach with Commonly Accepted Methods	MOVED BY Steven vanNieuwkerk THAT Administration implement Recommendation Fin 1: Continue to Further Align ARROW's Rate Setting Approach with Commonly Accepted Methods	Director, Financial Services	Q3 2029		Developing the principles to be incorporated into a proposed Rate Setting Policy to determine the outcome and objectives the rate must support. Consideration of objectives would include cost recovery of service, maintaining safe and reliable wastewater services, meeting environmental and regulatory obligations, supporting long-term asset renewal, affordability, and maintaining financial resiliency.	Proposed principles to the rate setting policy will be presented via a recorded presentation to allow for time for the Board's review and consideration.
Fin 2(A): Improve Reserve Structuring and Governance	MOVED BY Robert Parks THAT Administration implement Recommendation Fin 2(A): Improve Reserve Structuring and Governance Model	Director, Financial Services	Q1 2029		In process of performing environmental scan and establish a proposal on benchmarking, common financial ratios and targets, and best practices on reserve establishment and debt principles.	Develop proposed debt and reserve principles for Board's review and consideration
Fin 2(B): Potential Transition to a Utility-Needs Revenue Requirement Model	MOVED BY Bill Hamilton THAT the Board accept Recommendation Fin 2B for information, and that Administration continue with the Fin 1 recommendation of further aligning ARROW's rate setting approach with commonly accepted methods, and that the recommendation be brought to the Governance and Human Resources Committee for further consideration by Q4 2027.	Director, Financial Services	Q4 2027		No action required at this time, see Fin 1 update.	

Report Date: September 11, 2026
Author/Title: Jaimie Spurgeon, Director, Financial Services; Cindy de Bruijn, Director, ISPS.
Approved by: Kate Polkovsky, CEO

Fin 3: Align and Integrate Asset Management Plan with Financial Planning Approach and Reporting Needs	MOVED BY Rod Shaigec THAT Administration implement Recommendation Fin 3: Align and Integrate Asset Management Plan with Financial Planning Approach and Reporting Needs	Director, Engineering Services	Q2 2028		Administration has put forward a business case for the 2027 Budget for an asset coordinator and funding for an engineering consultant to establish develop an asset management program	Await Board approval of the 2027 Operating and Capital Budget.
Fin 4: Improve and Streamline Board Reporting	MOVED BY Justin Laurie THAT Administration implement Recommendation Fin 4: Improve and Streamline Board Reporting	Director, ISPS	Q2 2028		The new Enterprise Resource Planning (ERP) system is expected to be fully operational for the start of 2027. With the ERP system in place, alongside any updated Board policies and the established Strategic Plan objectives, Administration will work with the applicable Board Committee(s) to identify opportunities to further improve and streamline Board reporting, including the content, format, and frequency of information provided.	Awaiting completion of the ERP implementation. Next steps will be identified in Q2, 2027.

Report Date: September 11, 2026
Author/Title: Jaimie Spurgeon, Director, Financial Services; Cindy de Bruijn, Director, ISPS.
Approved by: Kate Polkovsky, CEO