



Amalgamation Negotiations: Finance Report to Public

June, 2021

Introduction

One of the main topics of amalgamation is how the two towns compare financially. To address the finance negotiation topics, a Finance Subcommittee was struck. The Finance Subcommittee included two Council members from each Town with support from both Town's administrative team. The Finance Subcommittee was responsible for reviewing the current and historical financial information and addressing the public's questions.

Finance topics were top of mind for citizens in all of the public engagement opportunities (i.e., emails, social media, online events). Questions from the public included what are the financial implications of amalgamation, and where are the cost savings of amalgamation to be realized?

To fulfill the Finance Subcommittee's scope, the following information was reviewed:

- Analysis of Municipal Debt and Reserves;
- Assessment and taxation;
- Operating Revenues and Expenditures;
- Capital Plans/ Asset evaluation review; and
- Comparisons to similar sized communities (Redcliff and Didsbury).

Following review of all information, recommendations were made to the Joint Friendship Agreement Committee (JFAC), and decisions were made by the JFAC. The JFAC decisions are included in this document for each required topic.

If the amalgamation negotiations proceed to an application to the Province, several topics must be addressed in the Financial report including:

- #16 Compensation to other Municipal Authorities
- #17 Financial Transitions
- #18 Interim Tax Treatment
- #19 Tax Treat (for properties previous annexed that have different tax considerations)
- #20 Authority to Impose Additional Tax (to service pre-amalgamation debt)
- #21 Assessment Matters

For more information on any of these topics, please refer to the [JFAC Report Finance report](#) which provides more technical background.

It is important to note that the recommendations were made based on information available today. Future Councils and administration can change everything to suit the needs of the new Municipality. There are no safeguards to "protect" the current Councils and Administration recommendations. All recommendations being made can be undone.

Overarching Recommendation

Both Turner Valley and Black Diamond are in good financial position and no red flags have been identified on financial issues.

Operating Revenues and expenditures

Findings: Both Turner Valley and Black Diamond have similar revenue sources, and operating costs are very similar. Revenue is derived from property taxes, grants, utility services and other income such as franchise and user fees. Examples of similar municipalities with populations comparable to 5,000 are provided for information only as a relative comparison of the costs and revenues of towns similar in size to an amalgamated municipality. Didsbury and Redcliff were picked for comparable municipalities as they are close to larger centres and have similar population sizes to the newly amalgamated municipality. The expenses of a joint municipality are in line with similar-sized comparisons.

A comparison table has been included on the next page. The expenses and revenues for both Turner Valley and Black Diamond have been combined for example purposes only.

Based on this comparison, nothing of significant concern has been identified.

**Consolidated Statement of Operations
for the year ended December 31, 2020
Black Diamond and Turner Valley Combined
Comparison to
the Towns of Didsbury and Redcliff**

	Turner Valley & Black Diamond	Town of Didsbury	Town of Redcliff
REVENUE			
Net municipal property taxes	\$ 5,901,661	\$ 4,684,298	\$ 5,489,494
User fees & sales of goods	4,027,992	3,808,497	5,208,139
Government transfer for operating	906,389	1,095,263	643,123
Investment income	282,907	63,450	1,019,273
Penalties & costs of taxes	169,697	159,930	93,768
Licenses & permits	207,897	122,600	
Franchise & concession contracts	675,091	756,720	
Gain on disposal of TCA	8,000		
Contributed assets		637,153	
Rental	188,454		200,057
Other	126,730		1,157
Offsite levies & assessments	39,337		
	<u>12,534,155</u>	<u>11,327,911</u>	<u>12,655,011</u>
EXPENSES			
Legislative	352,632	207,502	137,002
Administration	1,891,100	871,962	1,360,524
Economic and agriculture development			
Protective Services	1,536,441	1,512,484	1,818,621
Transportation services	2,975,923	2,192,104	3,281,923
Water, wastewater and waste management	4,014,336	2,613,888	3,707,966
Other environmental use & protection	139,783		
Family & community support services	138,217		329,343
Cemeteries & crematoriums	112,000		
Planning & development	779,005	400,810	475,329
Parks & recreation	1,763,138	2,348,652	1,722,397
Culture -libraries, museums, halls	441,762		
Community services	-	514,044	
	<u>14,144,337</u>	<u>10,661,446</u>	<u>12,833,105</u>
Deficiency of revenue over expenses before other	<u>(1,610,182)</u>	<u>666,465</u>	<u>(178,094)</u>
Government transfer for capital	2,499,904	1,598,841	2,329,729
Gain (loss) on disposal of capital assets		(17,391)	
	<u>2,499,904</u>	<u>1,581,450</u>	<u>2,329,729</u>
Excess of revenue over expenses	815,945	2,247,915	2,151,635
Accumulated surplus, beginning of year	93,841,411	63,996,373	104,513,578
Accumulated surplus, end of year	<u>\$ 94,657,356</u>	<u>\$ 66,244,288</u>	<u>\$ 106,665,213</u>

Topic #16 Compensation to other Municipalities

Background: In an amalgamation, the Province requires any financial commitments to other municipalities be accommodated. If there is a need to provide compensation from the proposed municipality to other municipal authorities, then the details of the compensation should be included with the application.

Findings: Both Black Diamond and Turner Valley have contractual agreements with Foothills County that will need to be continued by the proposed new municipality:

- Black Diamond is committed to paying Foothills County \$22,154 annually until 2024 for the purposes of the annexation payments.
- Turner Valley is committed to paying Foothills County \$10,000 annual compensation for the paving of 16th Avenue (Turner Valley portion of 434 Avenue). This is a ten-year agreement, with the last payment to be made in 2030.
- There is no other compensation to other municipal authorities.

JFAC Decision: That JFAC includes under Topic 16 in the amalgamation negotiation report that the amalgamated Municipality would be required to pay Foothills County \$32,154/year until 2024 (for previous contractual agreements, which include annexation agreements and municipal road maintenance agreement) after which time the payment would be reduced to \$10,000/year with the last payment made in 2030.

Topic #18: Interim Tax Treatment

Background: The Province requires amalgamating municipalities to assess whether there are different property taxes in each municipality that would need to be changed midway through a tax year.

Findings: In this case, the municipalities are proposing an amalgamation incorporation date of January 1, 2023 and so no interim taxes treatments are applicable.

JFAC Decision: That JFAC include under Topic #18 in the amalgamation negotiation report to the Province that no interim tax treatment is required since the incorporation date would be January 1, 2023.

Topic #19 Tax Treatment (for properties previously annexed that have different tax considerations)

Background: The Province requires commitment to any previous annexation agreements. Typically, these include taxing properties at the rural taxation rate until a specific date or such time as the property owner makes a change to the property (i.e., land use change or development change).

Findings: In 2020, the Town of Black Diamond annexed lands to create a contiguous border with Turner Valley. The annexation agreement includes a clause that states for taxation in 2020 and in each subsequent year up to and including 2044, the subject lands must be assessed as if they were in Foothill County and taxed as if they were in Foothills County until a triggering event noted in the agreement. This is also inclusive of any discounts which Foothills County offers their ratepayers. This agreement is in an "[Order of Council](#)" and must be adhered to under legislative requirements.

JFAC Decision: That JFAC includes under Topic #19 in the amalgamation negotiation report that for the lands annexed by Black Diamond to unify a boundary between Black Diamond and Turner Valley, for the purposes of

taxation in 2020 and in each subsequent year up to and including 2044, these lands must be assessed as if in the County of Foothills and taxed as if in the County of Foothills, until a triggering event noted in the agreement.

Topic #20: Authority to Impose Additional Tax (to service pre-amalgamation debt)

Background: The MGA provides the ability for the Lieutenant Governor in Council (Cabinet) to establish authority for the proposed amalgamated municipality to impose an additional tax(es) to service debt from prior to amalgamation. If approved, the additional taxes may be restricted to the properties of an area/community, and the authority will be time-limited to ensure that the additional tax revenues are used to service that debt and nothing else.

A review of infrastructure deficits and assets (including debentures, reserves and condition of infrastructure) and capital equipment purchases occurred at a high level to determine if there was rationale or not for imposing an additional tax to either municipality.

This section has four JFAC decisions:

1. local improvement levies;
2. long-term debt;
3. reserves; and
4. capital plans and tangible capital assets (TCAS).

1. Local Improvement Levies

Findings: Local Improvement levies are utilized by the Town of Turner Valley to assist with the payment of large construction projects that benefit specific residents. The levies will stay with those properties in Turner Valley until such time as they are paid in full.

The Town of Turner Valley has ten (10) Local Improvement Levy bylaws. The total amount outstanding on December 31, 2020, is \$271,718.

The Town of Black Diamond does not utilize local improvement levies for infrastructure replacement.

JFAC Decision: That JFAC include under Topic #20 in the amalgamation negotiation report that the Local Improvement Levies remain with the Town of Turner Valley properties until such time as they are paid in full.

2. Long Term Debt

Background: Long-term debt is used by both municipalities to support upgrades in infrastructure replacement, equipment and buildings. Debt cannot be used to support operations.

Findings:

The following is the current summary of long term debt for each municipality.

(\$000's)	Principle Balance 2021	Principle Balance 2022	Principle Payments 2022	Interest Payments 2022
Town of Black Diamond	\$611,337	\$519,586	\$ 97,113	\$ 26,585
Town of Turner Valley	\$1,447,438	\$1,330,989	\$120,199	\$ 48,017
Variance	\$836,101	\$811,403	\$23,086	\$21,432

JFAC Decision: That JFAC include under Topic #20 in the amalgamation negotiation report that operating revenues continue to support the existing debts of both municipalities before and after amalgamation.

3. Reserves

Background: Alberta's municipalities provide a wide range of services to their residents and businesses. Municipalities are not permitted to run deficit budgets, so financial reserves allow municipalities to save money for major infrastructure projects while adhering to financial management requirements. Reserves are both operational and capital savings plans for the future.

Findings:

The following are the reserve balances at December 31, 2020, for each municipality.

	Turner Valley	Black Diamond
Operating Reserves	1,337,821	3,124,245
Capital Reserves	3,358,070	5,624,139
Offsite Levies	1,469,911	1,147,151
Total	6,165,803	9,895,535

Consolidated Debt Reserve Charts as of end of year 2020.

Long-Term Debt	Principal Balance 2021	Principal Balance 2022	Principal Payments 2022	Interest Payments 2022
Town of Black Diamond	\$ 611,337	\$ 519,586	\$ 97,113	\$ 26,585
Town of Turner Valley	\$ 1,447,438	\$ 1,330,989	\$ 120,199	\$ 48,017
Variance	\$ 836,101	\$ 811,403	\$ 23,086	\$ 21,432

Reserves as at December 31, 2020	Operating Reserves	Capital Reserves	Offsite Levies	TOTAL
Town of Black Diamond	\$ 3,124,245	\$ 5,624,139	\$ 1,147,151	\$ 9,895,535
Town of Turner Valley	\$ 1,337,821	\$ 3,358,070	\$ 1,469,911	\$ 6,165,802
Variance	\$ 1,786,424	\$ 2,266,069	\$ 322,760	\$ 3,729,733

Both municipalities have designated capital reserves that are set aside to fund specific projects. The variance of \$3.7M will be addressed by having both municipalities equally contribute to the operational reserve of the proposed new municipality, and ensuring all reserves become designated reserves based on the 10-year capital plans. The intent is to direct current reserves to address infrastructure deficits.

JFAC Decision: That JFAC includes under Topic #20 in the amalgamation negotiation report that designated capital reserves to remain in individual municipalities until utilized. All existing undesignated capital reserves should be designated to restricted dedicated reserves contained within their 10-year capital plans prior to incorporation date. Operating reserves should be contributed to equally based on Black Diamond and Turner Valley's requirements, with the remainder to be designated to capital reserves.

4. Capital Plans and Tangible Capital Assets (TCAS)

Background: To fully compare the two municipalities' financial situations, the assets of both towns were compared.

Findings: The most significant infrastructure deficit between Black Diamond and Turner Valley is roads. Black Diamond has a replacement value in excess of \$67.4 M. Turner Valley has a replacement value in excess of \$45.2 M. An assessment of these assets should be performed upon amalgamation. It is noted that Black Diamond has 26 km more of roadways than Turner Valley. Black Diamond's capital plan costs for roads only includes bringing current gravel roads back to gravel roads, not pavement, once underground repairs are completed. The new Council will need to address the road infrastructure deficit and differences between the two municipalities upon amalgamation. A review of both municipalities' ten (10) year capital plans will assist with determining the priorities and needs in the immediate future. The Towns of Black Diamond and Turner Valley could draw on reserves to assist in the funding of roads to reduce the infrastructure deficit.

Town of Turner Valley and Black Diamond
Ten (10) Year Plan
2021-2030

	2021-2022		2023-2030		10 year plan total	
	Black Diamond	Turner Valley	Black Diamond	Turner Valley	Black Diamond	Turner Valley
Engineering Structures	\$ 3,885,020	\$ 4,666,000	\$ 20,329,000	\$ 22,304,150	\$ 24,214,020	\$ 26,970,150
Buildings	\$ 500,000		\$ 6,111,000		\$ 6,611,000	\$ -
Machinery & Equipment	\$ 499,415	\$ 95,000	\$ 4,565,250	\$ 194,000	\$ 5,064,665	\$ 289,000
Land Improvement	\$ 390,000		\$ 192,500		\$ 582,500	\$ -
Vehicles	\$ 1,125,000		\$ 619,800	\$ 1,145,000	\$ 1,744,800	\$ 1,145,000
	<u>\$ 6,399,435</u>	<u>\$ 4,761,000</u>	<u>\$ 31,817,550</u>	<u>\$ 23,643,150</u>	<u>\$ 38,216,985</u>	<u>\$ 28,404,150</u>

The ten-year capital plan will be utilized as the indicator of the infrastructure condition and costs to upgrade. Turner Valley has \$28.4M planned, and Black Diamond has \$38.4M planned. This will assist with addressing the infrastructure deficit between the two towns by comparing the future capital priorities.

JFAC Decision: that JFAC include under Topic #20 in the amalgamation negotiation report that the ten-year capital plan be utilized as the indicator of the infrastructure condition and costs to upgrade. For the ten-year capital plan, Turner Valley has \$28.4M planned, and Black Diamond has \$38.4M planned. This will assist with addressing the infrastructure variations between the two towns by comparing priorities in each municipality.

Topic # 21: Assessment Matters

Background: [Property assessments](#) occur annually by a certified contracted assessor appointed by the Province. The Province requires a review to determine if there is a need to treat current year property assessment differently for all or any portion of the proposed municipality.

Findings: As the incorporation date would be January 1, 2023, and both municipalities utilize the same contracted service provider, there would be no need to treat property assessment differently.

JFAC Decision: That JFAC include under Topic #21 in the amalgamation negotiation report that there is no need to treat property assessments differently since the incorporation date would be January 1, 2023.

Topic # 9 Other Matters

Background: Other Matters is a category that the Province provides for topics that Councils deem important to consider in making a decision. For Black Diamond and Turner Valley, this section includes:

1. the cost and savings of amalgamation,
2. utilities, and
3. the future build of the Westend Sewage Lagoon.

1. Costs and Savings of Amalgamation:

The costs and savings of amalgamation have been an important discussion topic surrounding the negotiation. Where possible, potential costs and savings have been included. Many possible one-time costs have been estimated in the 'Amalgamation Costs' chart on the following pages. Long term costs cannot be determined at this time as they will be based on the future decisions of administration and Council.

Estimated Cost Savings

There will be a reduction of one Council and one CAO. A service level review will be conducted by the new municipal Council and CAO. The results of the service level review will guide an organizational structure assessment to determine and identify the optimal requirements for the amalgamated municipality.

However, it must be noted that the future decisions of Council cannot be predicted. While we identify the possible efficiencies and/or additional costs related to amalgamation, decisions about whether those efficiencies or additional costs are realized will lie with future Councils and administrations. It is also expected that there will be some reduction in administrative costs by eliminating redundancies between the two towns, including financial audits, IT, software, hardware, and office equipment as demonstrated in the chart above. Assets including equipment and facilities will be reviewed for redundancies and efficiencies. The municipality will take advantage of economies of scale purchasing power and other utilities.

Upon approval of the amalgamation and through the transition period, a 1-to-3-year plan will be developed to guide administration and Council through the transition period by identifying key tasks necessary to move both towns forward as one. During this time frame, there may be other savings recognized.

NOTE: Not included in the charts below are potential savings related to policing costs, which can be found on the page 12. Also not included below are grant opportunities related specifically to amalgamation under the Alberta Community Partnership (ACP) program which are also listed on page 13.

Some potential annual savings have been estimated on the Estimated Amalgamation Savings and Costs table. Most long term savings can not be estimated at this time until a service level review is conducted and implemented.

ESTIMATED AMALGAMATION SAVINGS & COSTS - BLACK DIAMOND AND TURNER VALLEY

		<i>Pre</i>	<i>1-3 mo</i>	<i>1-2 years</i>	<i>Long Term Annual Savings</i>
<i>Amalgamation Savings - Black Diamond and Turner Valley</i>					
<u>ADMINISTRATIVE</u>	Audit - amalgamated entity			-15,000	
<u>COUNCIL:</u>	IT - Software (eliminate redundancy)		-20,000		
	IT - Hardware (eliminate redundancy)				-20,000
	Office Equipment savings - postage meter / photo copiers			-12,000	
	One council - comprised of seven (7) members, six (6) councillors and one (1) mayor		-200,000	-200,000	-200,000
<u>GRANTS:</u>	Reduction of CAO role - Salary / wages / benefits / other costs / travel		-150,000	-150,000	-150,000
	Transition stream(Feasibility study and Maven Contract)	-250,000			
	RCP ACP Grant 1/2, BD 1/4, TV 1/4 -pd portion of Mavin	-32,500			
	Alberta Municipal Policing Assistance Grant			X	X
<u>ORGANIZATIONAL RESTRUCTURING:</u>	Debt Servicing / Infrastructure		X		
	Duplication of duties and responsibilities - unknown will require service level review / organization structure review			X	
	Review of amalgamated workforce, senior management team - unknown will require service level review / consultant assistance with organization structure			X	
Expected Amalgamation Savings - Black Diamond and Turner Valley		-282,500	-370,000	-377,000	-370,000

One Time Amalgamation Costs - Black Diamond and Turner Valley				
	Pre	1-3 mo	1-2 years	Long Term
BRANDING:				
Logos / Branding	10,000			
Community Entrance Signs, Buildings and other facilities, town flags			17,500	25,000
Vehicle and equipment decals		8,100		
Uniforms (CPO, Fire)		1,000	1,000	
Mapping- GIS incorporation -		X		
Domains (website)		200		
Webpage development		50,000		
Other Costs - name change/letter head/address change notices/printing costs/vehicle registries/Legal Seals/town stamps		5,000		
MERGING:				
Roll files (including actual moving) - Reorganization/creation of file storage to accommodate merged records		15,000		
IT/Telus/compatibility of technology/computer software, merging or incorporating other users		10,000		
Upgrade of phone system to accommodate additional lines and extensions for more staff		12,000		
IT - merging and changing e-mails, servers, etc.		51,500		
Accounting System - we use the same agency, but there will be a cost to merge the systems into a new data base	75,000	15,000		
MOVE:				
Deploying staff to different locations/ furniture/office equipment/renovations to accommodate staff in buildings		100,000		
Infrastructure - electrical/wiring to expand space			50,000	
CONSULTANTS:				
Mavin - amalgamation consultant	200,000			
Urban Systems (feasibility study)	134,000			
HR consultant HR policies should be done/reviewed by an expert		125,000	175,000	
LEGAL:				
Any legal advice required when going through the bylaws/policies/contracts/alignment process		25,000	175,000	
BANKING:				
Banking requirements; selection/new cheques/deposits/information for vendors	X			
COUNCIL:				
Increased costs of Councils attending Amalgamation meetings	32,000			
2022 Election	8,000			
STAFF:				
Severance packages - organizational structure review and development			X	
OTHER:				
Miscellaneous costs	25,000	25,000	25,000	25,000
PLANNING:				
Update of Planning documents			100,000	100,000
EXPENSES - ONE TIME COSTS	\$ 484,000	\$ 442,800	\$ 543,500	\$ 150,000

Policing Savings

With a population over 5000, an amalgamated municipality would be eligible for the Municipal Policing Assistance Grant. The Municipal Policing Assistance Grant assists communities with the financial costs of municipal policing and are available to municipalities with a population over 5001. Allocations are based on \$200,000 base payment plus \$8.00 per capita.

Prior to Amalgamation

<i>Police Funding Model - Requisition - municipal population based on 5,000 and under (Provincial Police Service Agreement with RCMP)</i>			
<i>*Based on information received in 2020</i>			
Towns - Pre Amalgamation			
Year	Black Diamond	Turner Valley	Total Both Towns
Payable 2020	56,446	54,632	111,078
2021	84,729	82,006	166,735
2022	112,891	109,263	222,154
2023	169,458	164,013	333,471

After Amalgamation

<i>Police Funding Model - municipal population based on 5,001 to 15,000 (Municipal Police Agreement with RCMP)</i>			
<i>*Based on information received in 2020</i>			
Year	New Municipality	Provincial Funding *	Net Amount - Post Amalgamation
Estimated Cost - 2023	550,000	(242,072)	307,928
Total	550,000	(242,072)	307,928
MPAG financial assistance is based on the following thresholds:			
<i>*Towns and cities with a population from 5,001 to 16,666 receive a \$200,000 base payment plus an additional \$8.00 per capita.</i>			
<i>* Population baseline ~ Black Diamond 2,700 and Turner Valley 2,559 total combined 5,259 (based on 2016 Census)</i>			
<i>*Does not replace the Municipal Enforcement/CPO Costs</i>			

The new municipality could recognize savings of \$25,543 under the new model based on a municipal population of 5,001 to 15,000.

Grants:

There are grant opportunities that will be available to assist with the amalgamation transition costs:

Alberta Community Partnership Funding (ACP):

Following the amalgamation, the new municipality can apply for this grant. In accordance with the currently available 2020/21 guidelines, \$1,200,000 is the total grant amount the new town would be eligible to apply for following the incorporation on January 1, 2023.

Grant totals could change based on program approval/guidelines in subsequent years, depending on provincial guidelines.

The grant is provided based on the following two streams:

- Transition Stream - base amount of \$100,000 plus \$500 per capita – to a max of 300 persons for a total of \$250,000
- Debt servicing/Infrastructure Stream– base amount of \$500,000 plus \$1,500 per capita - to a max of 300 persons for a total of \$950,000

Projects occurring as a result of restructuring should be completed within two years following the date of municipal restructuring.

Municipal Sustainability Initiative and Federal Gas Tax:

These are standing grants that the municipality can apply for as long as the criteria is met.

Municipal Sustainability Initiative (MSI) Allocations - Municipal restructuring will not affect funding allocations to municipalities for a defined period under the MSI program. In cases where amalgamation or dissolution has occurred (post April 1, 2007), the restructured municipality will receive a funding allocation equivalent to that which would have been calculated pre-restructuring for a subsequent five years, and any unexpended funding will be transferred to the amalgamated/receiving municipality.

MSI – Capital grant program will be replaced with the Local Government Fiscal Framework beginning in 2024-2025. In the subsequent five years or end of the program, whichever is earliest, any unexpended funds will go to the new municipality. The funding mechanism is 48% per capita/48% based on education property tax requisition/4% kilometers of local roads.

Federal Gas Tax Fund (FGTF) Allocations – is a permanent source of funding provided to provinces. The FGTF would continue to be calculated separately for five years. After five years the calculation of the FGTF would be based on one municipality. The funding for the FGTF is based on a per capita basis.

Topic 9 Other Matters: Utilities

Background: The Province does not specifically request information on utility rates. The Finance Subcommittee decided to review utility rates as part of the comprehensive financial comparison of the towns.

Findings:

- Black Diamond passed a [new utility rate](#) effective May 1, 2021 based on cost recovery.
- In 2019, the Town of Turner Valley introduced a new [Utility Rate Bylaw](#).
- Turner Valley is currently considering another utility rate review in 2021.

Current Utility Rates:

Town	Water	Sewer	Storm	Consumption
Black Diamond	\$44.94	\$44.94	NA	\$2.46 m3
Turner Valley	\$25.67	\$33.79	\$10.05	* See below 3 Tier Rates

Turner Valley Consumptive Rates m ³	0 – 23 m ³	23.01 – 45 m ³	Over 46 m ³	Commercial
Water	\$1.86	\$1.93	\$2.00	\$2.00
Wastewater	\$2.64	\$2.66	\$2.67	\$2.70

Town	Waste Management – Solid	Waste Management - Recycle
Black Diamond	\$ 25.83	\$ 12.00
Turner Valley	\$ 28.00	\$ 12.00
Variance	\$ 3.83	\$ 0.00

JFAC Decision: That JFAC include under Topic #9 in the amalgamation negotiation report that the current utility rates for each municipality be continued until such time as a new utility rate bylaw is established.

Topic 9 Other Matters: Westend Regional Sewage Services Commission

Background: Westend Regional Sewage Services Commission was established in 1984 by regulation of the provincial government. To meet regulatory compliance, the Westend Lagoon Project is underway. This project is a required upgrade and is required regardless of amalgamation.

The estimated cost of the required Lagoon Project is \$17.4 million, and the estimated completion date is early 2023. Funding for this project through grants, reserves, and possible debentures.

Lagoon upgrade:

- Cost of project \$17.4 Million
- Grant amount \$11,952,792
- Westend Commission must come up with 27% of total project \$4,698,000
- Reserves end of 2021 \$964,726
- Possible Debenture amount \$3,250,500 payment schedule of 20 years.

Payment #	Payment	Principle	Interest	Balance
1	\$105,517.40	\$61,944.45	\$43,572.95	\$3,188,555.55

The Commission involves only two parties, Black Diamond and Turner Valley. Upon amalgamation, the Commission's status would have to be dissolved because a Commission must have two or more parties. The assets and liabilities of the Commission, including the new facility, would be incorporated into the new municipality.

JFAC Decisions:

That JFAC request Westend Regional Sewage Services Commission establish a bylaw as per MGA S609.09(1) and provide the bylaw for inclusion into the Negotiation Report.

That JFAC request Westend Regional Sewage Services Commission provide recommendations for the disestablishment date - upon incorporation or extension timeframe of the Commission.