

**TOWN OF LUMSDEN
MINUTES OF THE DEER VALLEY WATER UTILITY COMMITTEE
MEETING HELD ON AUGUST 16th, 2011**

The Deer Valley Water Utility Committee convened their meeting in the Council Chambers, on the evening of Tuesday, August 16, 2011 at 5:30 p.m. with Mayor Bryan Matheson Presiding.

Present: Mayor: Bryan Matheson
Councillors: Sid Sikorski, Dan Kirby

Administrator: Darcie Cooper
Asst. Administrator: Krystal Brewer
Utilities Foreman: Dave Cherney

LGA Support Services: Wayne Zerff

Deer Valley Dev. Inc.: Shane Melanson
Cameron Johnson

The meeting was held to discuss issues with the Water Supply Agreement for Deer Valley Developments.

Prior to the Delegation from Deer Valley Developments, the Committee discussed the supply of water to Deer Valley Developments, the history surrounding the supply of water and concerns that were raised by Deer Valley Developments regarding the water rates being charged.

History of Water Supply to Deer Valley Developments:

Agreement

- Water Supply Agreement was entered into between the Town and Deer Valley on November 27, 2000
- Deer Valley to construct a new pipeline from Well No. 4 supply pipeline to reservoir at Deer Valley with an estimated cost of completion of \$350,000, including a standby/Backup Well #5 (est.\$90,000), a backup well would be Deer Valley's only way to get water should Well# 4 go down. The Town had an emergency backup in well No. 3 and didn't require another Well at the time of the agreement.
- Town had the option of proceeding with the work if the developer did not, at the developers cost plus a 20% Administration fee.
- Town was to provide potable water and the rate would be the rates charged to Town residents plus 40%. 40% to cover additional operation and pumping costs, chlorine testing, and depreciation of existing infrastructure and may be adjusted by the Town (arbitration option should the parties disagree) It was understood that the potable water would only be provided until the Town's Water Treatment Plant is constructed.

Background

- Deer Valley is a privately owned water and sewer utility, which is owned by a subsidiary of Deer Valley Developments.
- Well #5 was constructed in 2007 and 2008, at the expense of the Town of Lumsden. Town Council felt it was best to construct Well 5, as opposed to running a pipeline from Well No. 3 due to evidence of a plume migrating towards Well 3. Deer Valley did not contribute, as the agreement required, to the construction of Well No. 5. Since it was built, the Town has incurred costs for maintenance of the wells and lines, daily operation. A factor also is that the allocation of water for Town of Lumsden residents, is being utilized by Deer Valley
- Well #5 was needed for Deer Valley as a backup Well
- Well #3 is the Towns emergency backup
- The utility services approx. 80 users in the community and the golf course
- Currently Deer Valley is being charged potable water rates plus 40% surcharge, receiving raw water from the municipality and are having to treat the water at their water treatment plant. This premium amount was based on the City of Regina's charges

at the time the agreement with Deer Valley was established, the City of Regina charged a 60% premium at that time.

- Currently Deer Valley utility billing balance is about \$65,000.00

Delegation:

6:00 p.m. Cameron Johnson and Shane Melanson appeared on behalf of Deer Valley Developments to discuss the agreement with the Committee.

Discussion:

- It was the original intent of the development that the water and sewer utility would become a public utility
- It is felt that current water rates the Town is charging are too high for the small community to sustain
- Cameron recognized that there were obligations that were made and not fulfilled (ie Well #5 construction).
- Cameron commented that Deer Valley has paid premiums equal to the cost of construction for Well #5 (potable water rate plus 40% for raw water supply)
- Cameron commented that Deer Valley does not have the financial means to pay for Well 5 construction or the balance of their water billing at this time. He indicated that Deer Valley Developments has been subsidizing the Deer Valley Utility for some time and can't do it any longer.
- Cameron requested the Committee to review the water rate being charged and to establish a rate for the raw water that is being provided, so that the water utility fees can be sustained by the residents of Deer Valley
- Discussions have taken place regarding the establishment of a Public Utility Board at Deer Valley to enable borrowing power, etc.
- Cameron mentioned that arbitration is allowed under the agreement but they would prefer not to go that route, if it can be helped.
- Deer Valley residents have petitioned the RM to become an organized Hamlet.

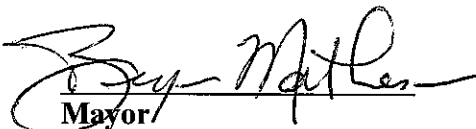
General Discussion:

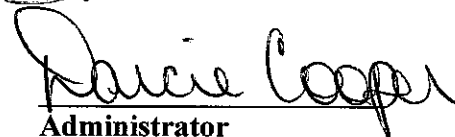
- A new public utility group needs to negotiate with Deer Valley Developments regarding outstanding liabilities

Adjournment:

Sikorski: "That we adjourn this meeting at 6:00 p.m."

CARRIED


Mayor


Administrator