



AFFIX  
LOGO

**MEMORANDUM OF AGREEMENT  
SUPPLY OF TREATED WATER TO THE MUNICIPAL  
DISTRICT OF BONNYVILLE NO. 87**

**MEMORANDUM OF AGREEMENT** entered into this      day of  
BETWEEN:

A.D. 20 .

**CITY OF COLD LAKE**

a city duly incorporated under the laws of Alberta  
(hereinafter referred to as "Cold Lake")

**OF THE FIRST PART**

- and -

**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**

a municipal district duly incorporated under the laws of Alberta  
(hereinafter referred to as "the MD")

**THE SECOND PART**

**WHEREAS** the Cold Lake Regional Utility Services Commission owns the Water Treatment Plant and provides water to the City of Cold Lake; and

**WHEREAS** Cold Lake is the owner and operator of the water supply and distribution system in the City of Cold Lake; and

**WHEREAS** the MD owns and operates a distribution system that supplies treated water to the Hamlets of Ardmore, Fort Kent, and bulk filling stations in the respective communities; and

**WHEREAS** the MD is desirous of purchasing treated water from Cold Lake.

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that the parties hereto in consideration of the mutual covenants and agreements hereafter set forth covenant and agree with each other as follows:

## **ARTICLE 1 – Point of Connection and Supply**

- 1.1. Cold Lake shall supply water to the MD, from Cold Lake's distribution system, for resale by the MD to customers residing within the legal boundaries of the MD.
- 1.2. A point of connection to the MD water distribution system was established during the expired agreement between Cold Lake and the MD dated of which the location has been shown on Schedule "A" attached hereto. No other points of connection have been approved under this agreement.
- 1.3. By November 30 of each calendar year, the MD shall prepare and deliver to Cold Lake a five (5) year projection of the estimated annual quantity of treated water required by the MD.
- 1.4. Subject to the availability of a supply of water to meet the requirements of Cold Lake and unless otherwise agreed to by Cold Lake, the maximum daily volume of water, as measured by the meter, drawn from Cold Lake by the MD shall not exceed 3,000 cubic meters per day and the maximum flow rate at the point of connection shall not exceed 35 litres per second. As such time as the average daily volume approaches 500 cubic meters per day, Cold Lake and the MD shall jointly undertake an impact analysis to review the production capacity at the Cold Lake treatment plant and system capacity of the transmission lines to the MD meter chamber.

The maximum daily volume of water, the maximum flow rate and the annual volume and flow rate shall be amended from time to time as mutually agreed to by the MD and Cold Lake.
- 1.6. The MD shall at its sole cost and expense continue to maintain, repair and replace (if necessary) a heated (boundary) valve and meter chamber at the point of connection and other all installations and equipment necessary to the operation of a valve and meter chamber, within Cold Lake's right of way, for the supply of water to the MD.
  - a) Provide Cold Lake access to the meter for the purpose of reading and periodic testing of the meter. At such time, should Cold Lake deem it necessary to conduct its own periodic test of the meter, exclusive to the regular testing conducted by the MD, Cold Lake shall be

responsible for all arrangements, scheduling and costs associated with the meter test.

- b) The MD shall provide Cold Lake with copies of all test and calibration results conducted on the meter by the MD.

1.7. The infrastructure and all facilities downstream of the meter chamber shall be owned, operated and maintained by the MD.

- a) The MD shall provide Cold Lake a copy as-built engineering drawings or other reference drawings relating to the water distribution system downstream of the point of connection.

- b) Any expansion to the MD water distribution system that may impact the flow rates will be referred to Cold Lake for information.

1.8. The MD shall obtain all permits, right of way and authority from Cold Lake to own, operate and maintain the boundary valve, meter and meter chamber.

## **ARTICLE 2 – Water Service Rates**

2.1. The MD shall pay Cold Lake bi-annually, June 30 and December 31 of each calendar year respectively, for the water delivered to the MD as metered in the meter chamber at such rate that is establish in accordance to Article 2.2.

2.2. The rate established by Cold Lake shall include all proportional operating and capital costs associated with the purchasing and supplying of treated water to the point of connection.

### **Operating Cost Formula Philosophy:**

The City of Cold Lake purchases treated water from the Cold Lake Regional Utility Services Commission (CLRUSC) then has the treated water pumped to the reservoirs in Cold Lake South via Department of Nation water transmission pipelines. The point of connection is serviced through the City of Cold Lake's distribution system and reservoir/pump stations.

The City of Cold Lake's operating budget is inclusive of the costs associated with purchasing and distributing water through the distribution system which

also services the point of connect to the MD. Cold Lake's operating budget for water and waste water is essentially fully cost recovery through utility fees. It should be noted that the utility fees in the City of Cold Lake do not include capital replacement.

The City of Cold Lake's Utility Bylaw, its successors, and/or amendments as it relates to the purchasing of treated water will form the operating fee for this agreement.

#### Capital Cost Formula Philosophy:

The point of connection is serviced from one (1) of two (2) reservoirs and the distribution system. The capital cost formula will utilize a one (1) of the two (2) reservoirs and a theatrical trunk that would exist from the reservoir to the point of connection.

The following statistics are utilized to establish the current capital cost formula utilizing an annuity table:

- Total Flow (Cold Lake South) = 187,662,040 gallons (2011)
- MD Flow = 30,735,800 gallons (2011)
- Infrastructure Design Life = 50 Years
- Interest Rate 3.5%
- Capital Recovery Factor 3.09%
- Estimated Capital Cost of Watermains and Fittings = \$1,983,040
- Estimated Capital Cost of Reservoir = \$6 million

Rates will be updated annually to reflect current flow.

#### 2012 Water Utility Rate Summary (Example):

By utilizing the above formulas the establishment of the 2012 utility rates may be summarized as follows:

- Cold Lake Utility Bylaw = \$7.12/1000 gallons
- Capital Cost = \$1.44 /1000 gallons

The above noted fees depict a total utility rate for 2012 of \$8.56/1000 gallons.

- 2.3. The MD shall not provide a subsidy to the customers connected to the MD water system or establish a charge rate for the supply of water that is lower than the metered rate assessed to the MD by Cold Lake.

### **ARTICLE 3 – Water Usage**

- 3.1. The MD shall provide the City of Cold Lake a copy as-built engineering drawings or other reference drawings relating to the water distribution system downstream of the point of connection.
- 3.2. The MD shall ensure that any water mains carrying water supplied by Cold Lake are not interconnected with other water mains or other water sources, unless otherwise approved by Cold Lake.
- 3.3. The MD shall ensure that its customers are aware that, in the event of a water shortage, that the supply of water for domestic purposes shall take priority over the supply of water for industrial and other similar uses. If further water restriction are required to maintain the integrity of the supply and distribution system, the MD shall implement similar water restriction strategizes as being conducted by Cold Lake.

### **ARTICLE 4 – Term of Agreement**

- 4.1. This agreement shall come into effect on the date of its execution by the parties thereto and shall remain in effect and unaltered for a period of ten (10) years from January 1, 2012.
- 4.2. The MD shall provide Cold Lake with reasonable advance notice of severance, discontinuance or significant reduction in the quantity of water required by the MD from Cold Lake.

### **ARTICLE 5 – Assurance of Supply**

- 5.1. The MD acknowledges and agrees as follows:

- a) Cold Lake, in entering into this agreement, is reasonably guaranteeing a continuous and uninterrupted source of supply of water to the MD from Cold Lake.
  - b) Cold Lake shall not be liable to the MD, to any customer, or to any third party for any interruption in the supply of water from Cold Lake to the MD or to any customer for any reason, without restricting the generality of the foregoing, any unintentional act on the part of Cold Lake, or the MD, or both.
- 5.2. The MD shall at all times indemnify and save harmless Cold Lake from and against all claims and demands by or liability arising as a result of the partial or absolute failure of Cold Lake to supply water to the MD under the terms of this agreement.
- 5.3. The parties hereto shall with reasonable diligence do all things and provide reasonable assurances as may be required to consummate the transactions contemplated herein, and each party hereto shall provide such further documents or instruments required by the other party as may be reasonably necessary to effect the purpose of this agreement and carry out its provisions.

## **ARTICLE 6 – Notices**

- 6.1. All notices hereunder shall be valid and effective if personally delivered to or given by mail by registered letter, postage prepaid (unless at the time of or within 48 hours thereof there shall be a general disruption in the postal service, in which case, service shall be by delivery only), addressed.
- a) In the case of Cold Lake, to:  
Attention: Chief Administrative Officer  
5513 – 48 Avenue  
Cold Lake, Alberta  
T9M 1A1
  - b) In the case to the MD, to:  
Attention: Chief Administrative Officer  
Bag 1010  
Bonnyville, Alberta  
T9N 2J7

6.2. All notices mailed hereunder shall be deemed to have been effectively given five (5) days after mailing and, if delivered, shall be deemed to have been given to the date on which it was delivered. Any party may change its address for receipt of notice by giving notice of its new address to the other party as herein contemplated.

**ARTICLE 7 – Waiver**

7.1. A waiver by any party hereto of the strict performance by another party of any covenants or provisions of this agreement shall not be of itself constitute a waiver of any subsequent breach of such covenant or provision or of any other covenant or provision of this agreement.

**ARTICLE 8 – Endurement**

8.1. This agreement shall ensure to the benefit of and shall be binding upon the parties hereto and their administrators, successors and permitted assigns.

**IN WITNESS WHEREOF** Cold Lake and the MD have each hereunto affixed their respective corporate seals as witnessed by the hands of their proper signing officers duly authorized in that behalf the day and year first above written.

SIGNED, SEALED AND DELIVERED  
In the Presence of:

**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**

PER: \_\_\_\_\_  
**Reeve**

PER: \_\_\_\_\_  
**Chief Administrative Officer**

**CITY OF COLD LAKE**

PER: \_\_\_\_\_  
**Mayor**

PER: \_\_\_\_\_  
**Chief Administrative Officer**