

March 10, 2020 Annual General Meeting

The Eastern Irrigation District held its Annual General Meeting on Tuesday, March 10th, 2020, 1:30 p.m. at the Heritage Inn, in Brooks, Alberta. Approximately 166 people were in attendance.

The meeting was called to order by the Chair of the District, Mr. Ross Owen, at 1:35 p.m.

1.0 Welcome and Opening Remarks

Mr. Owen welcomed those in attendance at the annual meeting, including Jennifer Nitschelm, Director – Irrigation Secretariat; Rufa Doria, Member – Irrigation Council; Margo Redelback, Executive Director – AIDA; County Councillors; and special guest Nate Horner, MLA for Drumheller-Stettler.

Greetings from the Provincial Government

Mr. Owen invited MLA Horner to bring greetings from the Provincial Government. Mr. Horner delivered the following from The Hon. Devin Dreesen – Minister of Agriculture & Forestry, and on behalf of Michaela Glasgo – MLA for Brooks-Medicine Hat, and the Provincial Government:

The agriculture and agri-food sector in Alberta includes crops and livestock, horticulture, bio-industries, food production, and food and beverage processing. It continues to be a bright spot in the province's economy, even during the recent economic downturn. Last year, primary agriculture in Alberta contributed \$5.2 billion to GDP and generated \$13.5 billion in total farm cash receipts - representing over 20% of total Canadian farm cash receipts. The sector also employs around 49,300 Albertans. We have one of the world's most productive primary agriculture economies and we enjoy an outstanding reputation for food quality. Alberta is one of the few jurisdictions in the world that produces more agricultural products than it consumes. The agriculture and agri-food sector has been aggressively trending toward value-added and processed foods, which enables companies to better capitalize on global food trends. The Government will develop a strategy for the agriculture sector with goals of:

- *implementing an investment, value-added and export growth strategy led by Government to increase the value of agriculture in Alberta;*
- *attracting investment with an aggressive investment attraction target of \$1.4 billion over the next four years;*
- *creating 2,000 new direct jobs in key sectors such as canola processing, pork industry, plant protein, greenhouse, food processing, malt industry, Agri-technology, and other emerging sectors; and*
- *growing Alberta's exports in primary agriculture to 7.5% per year and in value-added exports to 8.5% per year.*

Mr. Horner reaffirmed the Government's support and on behalf of Minister Dreesen and MLA Glasgo thanked the water users for their part in the industry.

2.0 Election of a Chair for the Annual General Meeting – Mr. Ross Owen

Mr. Owen called for nominations for chairman of the annual meeting.

Moved by Mike Hale that Floyd George be nominated for Chairman.

Nominations were called a second and third time. As no further nominations were placed, Floyd George was elected Chairman by acclamation. Mr. George assumed the chair.

3.0 Adoption of the Agenda

Mr. George asked that the Board introduce themselves, then called for a mover and seconder to adopt the revised agenda which had been distributed to attendees. Participants were asked to state their name when asking a question.

Moved by Wayne Slenders, Seconded by John Brummelhuis, that the revised agenda be adopted as presented.

The motion to adopt the revised agenda was carried.

4.0 Approval of the Minutes – March 19, 2019, Annual General Meeting

Mr. George called for a motion to accept or revise the minutes from the March 19, 2019, Annual General Meeting.

Moved by Daniel Doerksen, Seconded by Wayne Slenders, that the minutes of the 2019 Annual General Meeting be approved as distributed.

Mr. George asked if there were any revisions to the minutes; being none he asked for a vote on the motion.

The motion to approve the minutes was carried.

5.0 Business Arising from the Minutes – March 19, 2019, Annual General Meeting

Mr. George called for items of business arising from the minutes of the 2019 Annual General Meeting.

In follow up to his question last year, Max Tateson asked how much of the budgeted amount stated in the 2019 AGM minutes for lawyer expenses was spent and how much was on incidentals of staff and Board. Mr. Friesen responded that of the \$400,000 budget in the 2019 fiscal year, \$190,000 was spent on legal fees of which \$145,000 was spent on legal fees associated with the Irrigation Council Appeal Panel judicial review. Staff time was not tracked as they are employed to do the work of the District, so any additional staff costs related to the judicial review were minimal.

6.0 Presentation of Reports

6.01 Chairman of the Board of Directors Report – Mr. Ross Owen

Mr. Owen presented the Chairman's Report, as summarized below:

- Appreciation was given to outgoing Directors Jim Culligan and Rod Johnson for their years of service and a welcome to new Directors Brian Schmidt, David Peltzer and Tracy Hemsing.

- The judicial review of the EID vs Irrigation Council Appeal Panel resulted in the ruling that irrigation districts are empowered to investigate the legitimacy of title when allocating new irrigation acres.
- The Bassano Dam Emergency Spillway was commissioned in May and official opening held in October. The ceremony was well attended by all partners, including Chief Joseph Weasel Child of Siksika Nation, The Hon. Jason Nixon – Minister of Environment & Parks, and Michaela Glasgo – MLA for Brooks-Strathmore. The District is very thankful to the Provincial Government for their \$30 M contribution to the project.
- The AIDA reservoir ranking process determined Eyremore Dam to be the best overall project of the projects they assessed to benefit irrigation in the province.
- The District purchased 3,780 acres of land from Torxen Energy Ltd. and sold additional land to the Newell Regional Landfill.
- Much time was spent discussing the challenges of reservoir pumping, related District policies and bylaws, and the District's operational necessity to raise and lower its reservoirs.
- On separate occasions, the Board met with several MLAs and Ministers for an exchange of information and to advance the concerns of the District, including rural internet, water storage, irrigation expansion potential, Bow River operations and aquatic invasive species.
- \$50,000 was provided in emergency operational funding to HALO Air Ambulance.
- Upgrades to EIDNet were investigated and water user input sought, resulting in beginning the first year of an 8 year fibre upgrade plan.
- Corporate Planning focused on expansion modelling outcomes, review of policy and bylaw criteria for approving new acres, water security/storage, capital assets charges, private and District expansion and the plebiscite process; with information to be brought to the AGM.
- Staff and administration were thanked for their dedication, and appreciation was given to water users for bringing forward matters for the benefit of the whole EID.

Mr. Owen congratulated Kevin Bridges on his upcoming retirement, thanking him for his 16 years of service and considerable contribution to the District.

Moved by Ross Owen, Seconded by John Brummelhuis that the 2019 Chairman of the Board of Directors Report be accepted as presented.

Leonard Parker commented that the HALO air support and Landfill matters seemed more appropriate for the County instead of the EID; further explanation on the District acquiring land was requested. Mr. Owen responded that the EID was approached by Torxen Energy Ltd. to purchase land which was already being used by the District as grazing, and that MLA Michaela Glasgo and MLA Nate Horner came to the boardroom looking for some emergency funding to see HALO through to the next stage of government decision making.

Wayne Slenders requested explanation of the metrics of feedback and information received from water users regarding EIDNet. Mr. Owen advised that this matter was discussed in the boardroom and as EIDNet is not within an irrigation district's [primary] mandate, the Board was informing water users through a newsletter and seeking their input. Mr. Slenders responded that if it's outside the traditional Board mandate and not an immaterial capital investment, it would normally behoove the process to have a strategic plan to make sure rate payers have equivalent value with investment.

Margo Redelback clarified that Eyremore Dam was deemed to be the top of the list on those assessed by AIDA, but only the Bow sub-basin and southern tributaries were looked at, not projects in other areas.

The motion to adopt the report was carried.

6.02 General Manager's Report – Mr. Ivan Friesen, General Manager

Mr. Friesen presented the General Manager's Report, as summarized below:

- The 2019 irrigation season was the 4th out of 5 years where precipitation was well below the long-term historical average. The District diverted 508,900 ac ft, with approximately 339,100 ac ft being delivered to the farm gate. Although demand was strong, river flows allowed water operations to meet demands with little reliance on reservoirs.
- At the end of July, concerns from some water users in the south stated that without increasing the 24" water allocation maximum, they would be unable to finish their specialty crops due to the dry weather. Although a decision was made to allow a one-time 3" increase, this cannot be the norm if irrigation expansion is to be completed. Other options are being considered to allow allocation transfers within a farm link.
- The Bassano Dam Emergency Spillway was commissioned in the spring, with the formal opening ceremony in the fall. The significance of this structure was highlighted, as well as the cooperation and partnerships that built a structure of this magnitude so quickly to ensure the ongoing social and economic viability of this area. Appreciation was again extended to Siksika Nation, Government of Alberta, Niitsitapi-Graham LP, MPE Engineering Ltd, Klohn Crippen Berger, Instream Water Control Projects Ltd, Earl Wilson and staff that brought the largest single structure since the inception of the District, to fruition.
- The EID has always investigated additional storage opportunities within the District to increase water security for those areas which are not reservoir supported, and as the majority of the conveyance system has been rehabilitated and project alternatives become available, both on-stream and off-stream water storage has come more to the forefront of District planning. AIDA submitted a report to The Hon. Devin Dreeshen, Minister of Agriculture & Forestry, which ranked the Eyremore Dam the highest in the South Saskatchewan River basin in irrigation benefits. The Bow River Working Group has also identified and recommended sites upstream that could possibly be developed. The EID will continue to examine, inform and plan for any storage opportunity that arises.
- Upon finalization of the District-wide irrigation assessment, approximately 3,700 irrigation acres will remain. With this known, the Board placed a moratorium on new irrigation acre applications, yet allowing applications where the acres could be acquired through converting to a more efficient method of irrigation. This allowed some expansion but ensured the 311,000 acre expansion limit was not breached. AB Env and AB Ag modelling is largely completed and through the expansion plan process additional information and public meetings will be held.
- 83 applications (majority for pivot panels, then conversions, corner arms and cost-shares for tree removal or drain relocations) were granted under the Farm Improvement Program, totalling \$1,481,973; compared to \$2,218,839 in 2018.
- 17,119 cow/calf pairs grazed community leases in 2019. Grass conditions weakened throughout the season, with the south and east areas fairing the worst. In response, a reduction from 80 head to 70 head per member was approved for the 2020 grazing season.
- 47 new wells were acquired, and an additional 34 wells were twinned on existing leases. New pipelines totalled 1,208 miles or 201 acres; there were no seismic permits requested.

- 1 employee retired, 1 left the District and 3 new staff were hired.
- Water Users, Board and Staff were thanked for the dedication and work in achieving the primary directive of conveying water to the farm gate, resulting in continued enhancements throughout the District.

Mr. Friesen also thanked Kevin Bridges for all his work and wished him the best on his retirement in May.

Moved by Ivan Friesen, Seconded by John Cormack that the 2019 General Manager's Report be accepted as presented.

Mr. George asked if there were any questions of the General Manager.

Stephen Anderson enquired about the opportunity to move water from quarter to quarter, commenting that it is being done in other districts, what the hesitation or downside may be, and encouraged that this process be in place prior to the plebiscite. Mr. Friesen answered that this is being discussed at the staff and Board level, that a pilot project is being proposed and that the EID is looking for volunteer farmers for this. Mr. Friesen further advised that the District wants to be sure that the process and tracking will work properly to see if it can be fully implemented.

Wayne Slenders asked if the Board is considering a surcharge on water overuse, such as the WID, which charges \$20/acre inch. Mr. Friesen responded that the Board is not seriously considering this at this time, that 24" should complete a crop and that realistically the EID has 18" across the District; 24" is in place so as not to penalize some flood or small parcels.

Blaine Johnson questioned whether Eyremore Dam is even considerable as a storage reservoir, given the unlikelihood or delay in getting permits on public property as seen in the rest of the province. Mr. Friesen encouraged that the EID should still be trying to push forward regardless of minority opposition and present negative sentiment, citing the Provincial Government's continued perseverance and willingness to investigate projects most recently upstream on the Bow River that are seen as value for flood and drought mitigation and these have gone to the public consultation level.

Harold Brauer commented that historical explosivity tests may have indicated that the subsoil and substructure might not hold up to the pressure behind it, if Eyremore Dam were to be built; also questioning where the water would be diverted and who this dam would benefit. Mr. Friesen advised that historically some very extreme levels were investigated, even flooding out the Bassano Dam, which would not be considered. A proposal to flood back to the toe of the dam may be more realistic. A lot of work would need to be done to realize feasibility, although the site looks good and there is a lot of geotechnical information to be resourced. Benefits could include enhancing downstream environmental flows while enabling an additional 400 cfs District diversion (the minimum that has to be passed under the EID license) which reduces the risk particularly for river supported areas, flood and drought mitigation for Medicine Hat and other municipalities, aiding in apportionment which allows more water to remain in the Old Man Dam, hydro-electricity production, recreation and less call for upstream licenses to share with downstream users. Eyremore Dam would provide additional water security for the whole South Saskatchewan River Basin.

Don Jacobson commented that the TransAlta dam upstream would have flood mitigation for Calgary, which Eyremore does not. Mr. Jacobson agreed with Mr. Johnson of the unlikelihood of any new dams being built on river, unless for Calgary flood mitigation, adding that millions could be spent and the dam never happen. Mr. Friesen also agreed, recognizing that the population of Calgary and billions in damage incurred will influence the government's decisions on infrastructure spending. While the Eyremore Dam is valued in this part of the province, the 3 proposed upstream dams which have had public consultations have dual purposes (flood and drought mitigation) and the Bow River districts support those proposed projects too.

George Murray V enquired if Snake Lake Reservoir is a good possibility. Mr. Friesen advised the project has definite potential. Currently the reservoir supports approximately 50,000 acres downstream but is limited in its support. The proposal is to expand the reservoir by 53,000 acre feet, enabling full reservoir support for the acres directly downstream of it and will indirectly support or reduce the risk of those remaining 100,000 acres being served directly off the river.

Wayne Slenders acknowledged that the Farm Improvement Program was started to encourage efficiencies in the District; the program approved over \$1.4 M last year, and he asked if information could be placed on the website showing what types of applications would qualify. Mr. Slenders also asked how this program works for the strategic plan of the District. Mr. Friesen informed that the policy is on the website (Information tab, Bylaws/Policy) and that the essence of the program is to provide efficiencies or further incentives to get efficient, as in flood to pivot conversions. Historically too, people that have provided efficiencies to the District, who haven't yet received a grant, may qualify on projects now to remain efficient.

The motion to adopt the report was carried.

6.03 Maintenance Report – Mr. Ivan Friesen, General Manager

Mr. Friesen presented the Maintenance of Irrigation Works Report, as summarized below:

- Maintenance costs for 2019 totalled \$2,730,922; on average over the last 5 years.

Moved by Ivan Friesen, Seconded by Leonard Parker that the 2019 Maintenance Report be accepted as presented.

Mr. George asked if there were any questions of the General Manager.

Don Jacobson asked what the District is allowed to do and what it does for chemical weed control on canal banks. Mr. Friesen and Jason Thompson, Occupational Health & Safety Coordinator and Environmental Technician responded that for the District, spraying is permitted up to 5 m from water's edge. Dicamba is used for broadleaf control and glyphosate (Roundup) for grass. Mr. George added the residues associated with Dicamba are identified in water monitoring of drains, so water users should be careful not to spill (or apply) close to water bodies or drains.

The motion to adopt the report was carried.

6.04 Rehabilitation Report – Mr. Ryan Gagley, Engineering Manager

Mr. Gagley reviewed the 2019 Irrigation Rehabilitation Report, displayed information on completed projects and advised of plans for future IRP and capital projects.

- In 2018/2019, \$14,794,100 of District funds were spent on Capital Construction, installing 3 pipeline projects (24.5 km) and rehabbing 1 canal (0.3 km). 54" diameter pipe was used for the first time without any issues; 750 m was installed on the 11-H West Bantry project.
- 2019/2020 capital construction will consist of 3 major projects as well as the continuation of the EID/County Drainage Program.
- In 2019, \$2,503,400 were spent on Irrigation Rehabilitation Program (IRP) projects rehabbing 6.0 km of canal. Plans for 2019/2020 are to install 9.0 km of pipeline. IRP funding is cost-shared 75:25 between the Province and the District.
- 6 major construction projects planned for 2020/2021 consist of: 01-C Springhill Pipeline, C Springhill Pipeline, 10-H West Bantry Pipeline, 16-H West Bantry Pipeline and West Bantry Canal – Reach 2. Work under the County/EID Joint Drainage Program will continue, first in the Bow City area then moving to Rosemary.

Moved by Ryan Gagley, Seconded by Martin Wiebe that the 2019 Rehabilitation Report be accepted as presented.

Mr. George asked if there were any questions of the Engineering Manager; none were raised.

The motion to adopt the report was carried.

6.05 Audited Financial Statements of the District – Mr. Kevin Bridges, Assist. GM, Corp. Services

Kevin Bridges, Assistant General Manager – Corporate Services, presented the independent auditor's report and the audited financial statements, highlighting the following:

Compared to 2018:

- Changes in assets:
 - Current assets decreased over the year by \$14.2 million. Cash, short term investments and current investments are down by \$14.5 million. During 2019, funds on hand for the Bassano Dam Spillway project decreased by \$10.1 million, funds on hand for IRP projects decreased by \$2.4 million and about \$1.1 million were moved from short term to long term investments, which explains \$13.6 million of the reduction. The remainder of the change is a function of our cash requirements planning and the timing of cash receipts and payments. Accounts receivable balances, both current and non-current, decreased primarily due to payments received on those accounts. Materials and supplies inventory increased by \$585,000. At times, we have difficulty obtaining timely delivery of certain materials so we increased the amount of those materials that we keep on hand. The change in Prepaid expenses is a normal fluctuation.
 - Non-current assets increased by \$1.2 million, which is primarily due to the increase of \$1.1 million in long-term investments.
 - Property and equipment assets, in total, increased by \$14.96 million net of amortization expense. Building changes include improvements to the main office and to one of the District's residences. The equipment changes involved the usual truck and equipment replacements. \$29.6 million were invested into irrigation works which was partially offset by an amortization expense of \$16.8 million. The investment in irrigation works includes \$9.9 million for the Bassano Dam Emergency Spillway project. \$2.2 million were invested to purchase land comprised of 164 acres

along the eastern shore of Lake Newell Reservoir and 104 acres of former railroad right of way that runs through the District's land west of Brooks.

- Accounts payable and accrued liabilities decreased by \$3.5 million, primarily due to two factors: (1) a reduction in construction holdbacks and accounts payable for the Bassano Dam Emergency Spillway project and (2) a reduction in the amount held as land sale deposits as a result of the sale of some of the former irrigated lease lands.
- Unearned revenues (current and non-current) in total are down \$1.2 million from 2018. Within the unearned category, unearned revenues from oil and gas are down \$995,600 (this reduction is due to Torxen's October rental payment having been received in September 2018 and not until October 2019 – just after the yearend), unearned revenues from land sales are down by \$187,200 and unearned revenues from rent are down \$10,300 and unearned revenues from powerlines are up \$5,500.
- In 2019, the District did not receive any funding from the Province under the IRP program. In 2019, \$6.2 million from IRP grant funds received in prior years and from the Bassano Dam Spillway grant funds were drawn into income. These transactions account for the \$6.2 million decrease from 2018.

Fund Balances:

- The Internally Restricted Pasture Development Fund started the year at \$163,504. \$2,850 were added during the year for a yearend balance of \$166,354.
- The Internally Restricted Fund for Future Irrigation Works started the year with a balance of \$85.2 million. As the District did not receive an IRP grant in 2019, the District did not transfer any money from this Fund to the Internally Restricted Fund – Province of Alberta. \$8.68 million were transferred to the Externally Restricted Fund – Bassano Dam Spillway to pay the District's share of the costs of that project. \$19.5 million were withdrawn to pay for land & building purchases and capital projects funded solely by the District. \$4.02 million were added to the fund from capital asset charges, gravel royalties and dirt sales, the gain on the sale of land, and from interest earnings. \$19.4 million was contributed from current year's operations. Over the year, the fund balance decreased by about \$4.7 million.
- The Bassano Dam Emergency Spillway fund started the year at \$2.1 million. \$8.68 million were added as the District's contribution. \$9.9 million were spent on the project and \$92,800 of interest income was added, for a yearend total of \$973,300.
- The Externally Restricted Fund – Province of Alberta holds a combination of grant money from the Province through the IRP grant program plus the District's 25% matching share. \$2.5 million were spent on eligible capital projects and \$114,800 of interest earnings were added to the Fund. Over the year, this Fund balance decreased by about \$2.4 million.

Statement of Operations & Changes in Fund Balances:

- Total 2019 water earnings were up from 2018 by \$205,400. This change is due primarily to a \$48,100 increase in water conveyance revenue and a \$155,100 increase in oil and gas drilling water revenue.
- Oil and gas well lease fees were up \$74,700 from 2018. Oil and gas right of entry fees and administration fees were down \$67,700 from 2018. The total of all oil and gas revenues in 2019 is virtually unchanged from 2018.
- Community grazing lease revenues decreased by \$45,700 in 2019 due primarily to a small reduction in the number of cattle pastured and a slightly shorter grazing season.
- Irrigated lease fees decreased in 2019, primarily due to there being fewer irrigated leases as a result of the sale of some of those parcels.

- Private grazing lease fees increased by \$27,000 due to some rate increases and an increase in the amount of land subject to private grazing leases.
- Investment income was lower by \$237,600 due to lower investment rates and less money being invested, primarily due to the funds on hand for the Bassano Dam Spillway project being spent and no new IRP grant money being received.
- The gain on the sale of land, equipment and buildings is made up of:
 - a loss of \$46,400 from the usual disposal of various pieces of equipment. The overall loss is primarily attributable to the disposal of a 350 excavator at a loss of \$62,000 and a \$16,500 write off that resulted from updating our assets register for a number of small items that were no longer in our assets inventory. Those losses were partially offset by a gain of \$32,000 from the sale of the light trucks.
 - a gain on the sale of land of \$1.9 million from the sale of road widening lands to the County of Newell (49 acres), 2 small parcels of dry land (10 acres), the K300 mortgage principal and interest payments and the sale of five former irrigated lease parcels.
- The capital assets charges revenue is made up of \$947,900 from issuing irrigation acres plus \$10,750 from new acreage agreements.
- In 2019, the District received \$721,400 from the Province as an operational grant.
- The District received \$148,100 from dirt sales which was partially offset by net gravel pit expenses of \$48,300.
- In 2019, total operating and administration costs of \$14.24 million were incurred compared to \$14.49 million in 2018. Of the \$14.24 million, \$5.86 million were recovered from or charged to capital construction projects leaving net 2019 operating costs of \$8.38 million, which is \$434,800 less than 2018. The decrease is primarily attributable to higher recoveries from capital projects combined with lower expenses for materials, supplies and irrigation pumps, which were partially offset by higher equipment expenses.
- Community grazing expenses increased by \$295,000 due to increases in expenses for fences, amortization, water, property taxes, fire guards and irrigated pastures.
- The net cost of Special Projects decreased in 2019 by \$342,200. Special Project costs increased for the Campgrounds, Aquatic Invasive Species programs, New Development Infrastructure Grant program, HALO Air Ambulance donation, Engineering Feasibility Studies, Aerial Photos, Soil Testing and Public Signs. Special Project costs decreased for the Farm Improvement Grant program, Dam Safety Inspections, remediation of the old truck shop property, Rural Water Initiative and the Class 5 soils management guidelines project.
- In 2019, EIDNet's revenues exceeded its expenses by \$189,800 due to an increase in revenues of \$85,700 and a decrease in expenses of \$117,400. Costs for customer installations and for amortization decreased while costs for wages, operating costs, telecommunications and bandwidth increased.

Mr. Bridges confirmed that IRP funding was received in February and conveyed the District's appreciation for the Province's financial support.

Moved by Kevin Bridges, Seconded by Carl Chomistek that the 2019 Independent Auditor's Report and Financial Statements be accepted as presented.

Mr. George asked if there were any questions of the Assistant General Manager – Corporate Services.

Stephen Anderson enquired whether the ongoing expenses of reseeding and waterline projects were all on community pasture or on some private grazing leases. Mr. Bridges confirmed that the expenditures were solely for waterline projects for community pastures and that no reseeding was done in 2019.

Carl Chomistek asked how much IRP funding dropped this year and what it looks like in the next 2 years. Mr. Bridges summarized that the Irrigation Rehabilitation Fund for all 13 districts in recent years used to be \$19 M, dropped to \$14 M and then will drop to \$10 M this year, however the government has advised of a 3 year plan that will bring this fund back up to \$12 M.

John DeJong commented on the facilities built in the last 30 years and money spent on ads and promotions, asking if the EID ever considers spending more money to promote the area. Mr. DeJong was thanked for his comment and his question was noted by the Board.

Wayne Slenders stated that the District is charging \$0/acre for delivering water, but the actual cost was \$26/acre, comparing other districts' water conveyance charges and asking what would account for the difference between those districts and the EID. Mr. Bridges clarified that \$26/acre is the actual cost to the EID and the rates quoted of other districts is their water rate (presumably not their actual cost), adding that besides the difference in the amount of infrastructure he could not comment as to district comparisons.

Wayne Slenders asked if the total for EIDNet Customer Installation Expenses was solely derived from the \$300 installation fee charged to customers. Mr. Bridges advised that this line does not exclusively include new installations, but also equipment upgrades. Mr. Slenders further stated that if EIDNet becomes a substantial investment with capital and operating costs to maintain the client base, the Board and Management need to be sure of their decisions since EIDNet is not a monopoly and is subject to a lot of competition. Mr. Bridges assured that conversations have been held for about 2 years on the fibre project and that the Board is well informed.

Referencing Property and Equipment – Land, Don Jacobson asked what land was purchased for \$4 M. Mr. Bridges advised that amount is an historical total cost of investments in land that the District has made over all the years in existence, with some noteworthy ones of late being development costs at Silver Sage (joint project with the City, County and EID) and recently purchasing 164 acres along the shore of Lake Newell. Mr. Jacobson further asked what the \$2 M increase was for since the previous year and Mr. Bridges responded that it was largely for the land along Lake Newell shoreline and for former railway ROW (within other District lands).

Mr. Friesen, circling back to Mr. Slenders' question, added that one uniqueness of the EID when comparing to other districts, is that the EID owns and operates its own headworks; other district headworks are owned by Alberta Environment. Another significant difference is that the EID has a vast drainage network, of which other districts do not have to near the same extent.

The motion to adopt the report was carried.

In reference to his upcoming retirement, Mr. Bridges expressed his appreciation for working with the EID and thanked the Board of Directors, co-workers and colleagues.

7.0 Capital Assets Charges – Mr. Ivan Friesen, General Manager

Mr. Friesen presented an update to the Capital Assets Charges Bylaw, for the remaining approximate 3,500 – 3,700 irrigation acres:

- The charge to convert from terminable acres to irrigation acres was raised from \$100/acre to \$250/acre.
- The charge to purchase infill or efficiency acres, up to a maximum of 50 irrigation acres per parcel, was raised from \$300/acre to \$750/acre.
- For infill or efficiency acres in excess of 50 irrigation acres per parcel, or for irrigation acres added to a parcel previously assessed as dry as of December 31, 2019, the charge was raised from \$750/acre to \$1,750/acre.

Stephen Anderson asked if the moratorium for purchasing irrigation acres has been lifted. Mr. Friesen responded that only efficiency or infill acres may be purchased at this point; the moratorium remains on new parcel irrigation acres.

Wayne Slenders queried whether this bylaw is approved, and if so why a normal procedure for other institutions such as 21 days notification and passing the bylaw at an AGM is not observed. Mr. Friesen advised that the bylaw was approved, given 2nd and 3rd readings at the March 9th Board Meeting, and that the Board is given the authority to make bylaws. Jennifer Nitschelm, Director – Irrigation Secretariat, confirmed that there is no requirement for the Board to give notice and pass their bylaws at an AGM.

Leonard Parker questioned, for people who have applied for irrigation acres before, whether it is the previous or current rate. Mr. Friesen informed that those who applied prior to January 29, 2020, whose applications have been legitimized through the Lands department, will be approved under the old rates.

Harold Brauer stated that when he had asked about purchasing acres, he was told there weren't any available because they would be off-river and yet because of the general assessment survey he was sold an acre. He would like another 4 acres, does not understand why they are not available, and now, if the acres become available, would have to pay the increased amount with not seeing any improvements in the area. Mr. Friesen responded that at the time of the 2003 expansion the District had a moratorium on all off-river acres. Approximately 5 years ago, due to the cumulative efficiencies of pipelining and water user conversions, it was felt that more water could be allotted to those areas and 500 acres/year were granted. Perhaps the request for acres was before this time or after the acres were gone. Furthermore, from Board discussions regarding the general assessment, it was agreed that some acres could be granted to clean up assessments on parcels where otherwise ineligible for additional acres. Mr. Friesen concluded that the next presentation on Irrigation Expansion will explain acre availability and that capital assets charges were adjusted to reflect market changes, which affect everyone.

Keith Jones asked the Board for the rationale in adding a 150% increase to the Capital Assets Charges. Mr. Owen responded that the current land prices were compared to the land and capital assets values the last time the bylaw was adjusted and were set accordingly.

Leonard Parker requested an explanation of why capital assets charges would be tied to land prices; stating that the EID exists to deliver water, and income and expense should determine what it costs to deliver the water. Mr. Brummelhuis cited an example from the SMRID where

4,000 acres were sold at \$1,800/acre on a first-come first served basis. The acres were sold by 8:00 a.m. the day following the announcement; with many more wanting to purchase than getting the opportunity. In retrospect, it was conveyed to the EID Board that perhaps their board did not do their due diligence in assessing and setting an appropriate rate and sale parameters, both for distribution of acres to water users and in reflection of asking the government for funding (IRP grants). Mr. Brummelhuis also added that for the EID there are water users that are being asked to take on additional risk if passing a plebiscite to increase the expansion limit, who do not have land to expand on, so the payoff to them should be capital assets revenue that could be applied to a reservoir fund. Mr. Owen added that there is a finite amount of land and water, so should the District not save for a reservoir? As well, the 29,000 acre increase being proposed was generated from efficiencies, asking what is the payoff to the water users who made those efficiencies?

John Ketchmark asked what the benefit is to those water users not buying additional irrigation acres. Mr. Owen responded that the capital assets revenue could be earmarked for reservoir support. Mr. Ketchmark asked if that is going to happen. Mr. Owen responded that it hasn't been confirmed yet, but he is fully supportive doing that to enable an increased expansion limit is no more of a risk and possibly a benefit to those water users.

Richard Hiebert countered that water users under Crawling Valley Reservoir have no risk to water supply and so should assume their capital assets rates be cheaper. Floyd George commented that he would prefer the 29,000 acres be added to the District to help pay for District expenses. Mr. Brummelhuis responded that it is a good situation for water users below Crawling Valley, but those not below reservoirs feel like second class citizens, so the District is working hard on more reservoir support.

Mike Hale expressed a feeling of 2 classes of water users – those in the north wanting to develop and those in the south that have already developed; stating that they want the opportunity to develop their lands. Mr. Hale also asked why the Board isn't being a leader in getting processors to come to the area and to the north. Mr. Brummelhuis responded that there are the same risks and opportunities for all water users.

Harold Brauer commented that he would prefer paying a nominal water rate than the increased capital assets charges. He further stated the \$26/acre cost to deliver water if charged over 311,000 acres would bring in more than \$8 M to work with; stating that the District should consider that instead of fictitious values on land.

Tom Parker cited the WID which set a limit and 6 month timeframe for distribution of extra irrigation acres which gave people an opportunity to consider. The water users that applied prior to the rate increase are fortunate but asked about the others. He stressed that Board and management are to represent the water users, that he felt the majority of water users do not want an increase and further asked Jason Hale to comment on meetings that he held. Mr. Hale informed that he held meetings in Gem and Bassano with water users and the sentiment was to increase the capital assets charges a little but not to what has been suggested. He added that his area has to truck further and a lot of producers grow forage so to add a higher capital assets rate adds an extra burden and is especially difficult to get younger people involved in the industry. Mr. Peltzer stated that expansion is totally based on efficiency and advised that his meeting in

Rosemary showed 4 opposing an increase to rates but he also received phone calls and comments after the meeting for support of \$3,000/acre.

Wayne Slenders noted that the strategy of the Farm Improvement Program to improve efficiencies is admirable but using a method based on equity/land values for setting capital assets charges, given north vs south differences, is a can of worms.

Mike Hale asked what the urgency was to raise capital assets rates and why the District didn't send a mailout asking for people's opinions. Mr. Brummelhuis advised that increasing the rate was not an easy thing to do but when talking about a plebiscite the Board wanted the water users to include this information in their decision making. Mr. Owen remarked that an important question to ask yourself is "What are your water acres worth?"; further stating that if anyone is willing to sell their acres for \$1,750 then he's interested.

Mike Hale questioned why the Board didn't initiate gradual increases to the rate rather than a big jump. Stephen Anderson noted that Brian Schmidt suggested using an incremental percentage cost of infrastructure as you go, maybe 4 or 5%, to avoid picking numbers; encouraging to develop a strategy for a formula rather than the controversy of north vs south land values, which would also help if land values drop. Mr. Wilson cautioned using the model of cost of infrastructure to set capital assets as it has not been realized in any other irrigation project, and if doing so in the EID, the rate could be as high as \$5,000/acre.

8.0 Irrigation Expansion – Mr. Earl Wilson, Special Projects Manager

Mr. Wilson presented the Irrigation Expansion Update, with comment summarized as follows:

- Alberta Agriculture completed a study of on-farm irrigation efficiency (amount of water used by plant ÷ water delivered to farm) of the various methods of irrigation. Based on this study, the District adopted a conservative estimate of on-farm efficiencies for the 2003 expansion.
- The 2003 25,000 acre expansion plan had 10,000 acres being developed below Crawling Valley and Lake Newell, 3,000 acres being developed off return flow channels and 12,000 acres from efficiencies gained by converting 71,500 acres to a more efficient method of irrigating. The average on-farm efficiency was estimated to go from 69.5% to 74%.
- Since 2003, 1,800 acres were developed on return flow channels, 112,000 acres converted to more efficient methods of irrigating and the average on-farm efficiency went from 69.5% in 2003 to 79.5% in 2019.
- The years 2000 and 2019 were dry years with almost exactly the same precipitation. The farm gate demand was 453,000 acre feet for 286,000 acres in 2000. Using the conservative conversion numbers used in 2003, the plan estimated a farm gate demand of 430,000 acre feet (1.4 feet/acre) in 2019, but the actual demand was 339,000 acre feet (1.1 feet/acre).
- Reasons for the difference in demand are: a 22% reduction in high water use crops, not as many heat units in the late summer of 2019 vs 2000, too conservative a conversion factor and pivots today are more efficient than in 2003.
- Going forward, if the District adds 11,000 acres from efficiencies already made, adds the 10,000 acres below Crawling Valley and Lake Newell and adds 8,000 acres from the conversion of a further 43,000 acres, it will put the District back at a slightly lower risk than the 2003 plan. With 20% more high water use crops back in, it estimates a farm gate demand of 430,000 acre feet (1.26 feet/acre), and in an extremely dry year 20% more could be supplied under our license, bringing delivery to the farm gate up to 1.5 feet/acre.

- Alberta Agriculture and Alberta Environment completed computer model runs for an expansion to 340,000 acres with an increase of 20% in high water use crops and the consideration of the BRID expansion in place.
- For the years 1928 – 2001 modelling shows no shortage below Crawling Valley Reservoir, 4 years with a shortage of less than 1" below Lake Newell Reservoir, and 2 years (1936 and 2001) with a shortage between 1" and 2" below Lake Newell Reservoir. The unsupported areas had 6 years with less than a 1" shortage, 1 year with 1" – 2" shortage, 1 year with 2" – 3" shortage and 2 years with 3" – 4" shortage.
- A shortage of less than 2" is negligible as the demand model is based on the plant's total potential use and farmers do not irrigate to that level.
- It is planned for 12,000 acres of the 29,000 to be reserved for infill.
- A maximum of 2,500 acres are to be added in any year, of which a minimum of 1,000 acres are to be reserved for infill and a maximum of 1,000 acres are to be from unsupported areas.
- Applications will be rated using the District's Irrigation Acres Bylaw, which gives priority to infill parcels and new parcels using transferred efficiency acres and/or having reservoir support.

Stephen Anderson enquired what crops were included under the high water use category and why the category was increased 20%. Mr. Wilson responded that alfalfa, corn, irrigated pasture, sugar beets and potatoes would be included, not cereals; and as the EID has a high water use in general it was a conservative approach to not plan for the same amount of cereals, nor plan for a decrease.

Max Tateson remarked that if applications are not received for 1,000 acres of infill in a year development would be restricted, stating that infill and new development shouldn't be connected nor one restrict the other. Mr. Wilson answered that yes, infill is restricting new development; the restrictions are to give water users plenty of time to plan.

John Ketchmark noted that some systems were designed for a certain number of pivots and can't handle anymore infill, which eliminates opportunity; as well, they've made flood to pivot conversions in the past without getting District grants. Mr. Ketchmark asked if there would be consideration for either of these matters; furthermore, asking about the 40 acre/parcel restriction. Mr. Wilson advised that many conversions happened in the 1970's and 1980's (prior to the Farm Improvement Program); the best development applications will receive water; and when engineering pipeline projects it is a balancing act of the cost of pipe vs increasing the capacity. The 40 acre minimum/parcel has been in place since before his time.

Wade Tobler questioned if the historical data shows that 1,000 cfs can be diverted from the river when needed. Mr. Wilson advised that, yes, the modelling shows that 1,000 cfs can be diverted. In 2001, the District was only shorted the 1,000 cfs by a small amount on a couple days and diverted the full license by December.

Mentioning the Government's support for value-added agricultural industry and economic diversification in the Province as an important part of their strategy, Keith Jones commended the District on the proposal to add 29,000 new irrigation acres. However, he questioned whether the 2,500 acres/year maximum would see a lot of investment going to other irrigation districts since it would be over 10 years to develop the 29,000 acres; moreover asking if the EID is pro-development or does it want to restrict development of irrigation in southern Alberta, contrary to

how the BRID distributed acres. Mr. Wilson confirmed that the Board is pro-development, and this same approach was used in 2003. There may be more demand at first but this pace matched the applications quite well, so it was agreed to keep the same procedure. Mr. Wilson noted that the BRID sold all their acres but doesn't require the acres to be developed, as does the EID.

Recognizing a finite amount of future irrigation acres from the river, Blaine Johnson asked if the 29,000 acres are not used up by the EID in the proposed timeframe, will they be re-allocated to somewhere else, further asking if this is the final opportunity for expansion. Mr. Wilson observed that Mr. Johnson was referring to the "use it or lose it" concept for licenses on the Bow River, that the EID has the largest license on the Bow and that there is always an apparent risk that the government could claw back. The EID expansion plans are based on risk; some water users are used to more risk, such as in the southern districts, but in the EID they are not. Lastly, there are not a lot of undeveloped irrigable acres left in the EID; 29,000 acres will cover those acres majorly.

Max Tateson commented that he would think the government would find it harder to claw back water from individual water users than the District, but it isn't the farmers that hold the license. He supported expansion and the use of efficiency acres, but not to the degree of rationing water every 3 years. Mr. Wilson agreed that expansion could occur with no higher risk than in 2003, noting that information mailouts, public meetings and a plebiscite is part of the procedure, but asked for a straw vote on the matter. Far more voted in favour than opposed.

Max Tateson reiterated that if development is seen as a good thing then more acres are available to pay, or not pay, for an annual water rate; he encouraged the District to work towards it and not deal with the details first. Mr. Wilson acknowledged that the availability of water can be proved, that the parameters of selling acres should be set and there would be more benefit of paying expenses with an increased capital assets charge.

Leonard Parker commented that the EID water users are fortunate for not having to pay for the delivery of water yet there is only a certain amount of Oil & Gas surface lease revenue to offset this cost. He then asked if 29,000 acres were added and the Oil & Gas revenue was stagnant, would the associated costs to support new acres then require a water rate or would the new acres help lower the rate. Mr. Wilson advised that the water rate is a separate decision from expansion. The District has been fortunate to receive Oil & Gas revenue for as long as it has but this revenue cannot be banked on. The 29,000 new acres would contribute approximately 10% additional revenue from water, at little extra cost.

Mr. George thanked Mr. Wilson for his report.

9.0 EIDNet Proposed Upgrades – Mr. Kevin Bridges, Assistant GM, Corporate Services

Mr. Bridges presented the EIDNet Proposed Upgrades, with comment summarized as follows:

- Demand for bandwidth from EIDNet customers has increased 30-35% per year; or, stated another way, in just 3 years the volume of traffic in the network has more than doubled. To meet this growth, an 8 year plan is being proposed to connect 14 EIDNet towers to a fibre network.
- Fibre can accommodate the increased and future bandwidth requirements for new technologies, monitoring capabilities, automation, control and streaming services.

- The sector radios (customer to/from tower) already have the capability for higher speed connections however the backhaul radios (tower to tower) are limited by the lack of available spectrum from Industry Canada. The backhaul throughput limit has been reached on the Duchess and Rosemary towers, therefore, the District has temporarily placed a moratorium on new customers or upgrades on those towers.
- Local and industry growth forecasts, options for long term solutions, independent consultant advice and fibre layout plans were examined to formulate an efficient and sustainable upgrade plan, with capabilities of serving forecasted future growth.
- EIDNet statistics are similar to network statistics across North America, and the rate of growth is expected to increase considerably beyond 2020.
- The EID also uses remote monitoring and control technology to improve water delivery operations, each year increasing the number of automation sites monitored through the EIDNet network. This is an integral part of the District's conveyance system, alerting water operators of potential issues and allowing efficient off-site management of the system, including monitoring river flows and adjusting gates at the Bassano Dam.
- Currently, there are 18 towers, each serving customers in an approximate 10 km radius, which allows EIDNet to provide service throughout most of the rurally populated areas.
- 8 phases of fibre connection, in order of area urgency, between 14 of the towers is being proposed for a total project cost of \$15 M. The capital investment will be recovered as an amortized expense over 25 years. As each phase is completed, higher speed services will be delivered within that tower's coverage area. The project is being constructed so that in the future, the capability will be available for "direct fibre network to customer connections", rather than the current "tower to customer" connections.
- The first phase from the Brooks tower to the One Tree, Duchess and Rosemary towers has been approved, at a project cost of \$3 M. EID staff will be handling the engineering design, land access, construction and implementation; contractors will be used where required for specialized portions of the project. It is planned to be operational by late 2020.
- A new 50Mb/10Mb account service is being offered for customers served by the Brooks tower. As each phase of the fibre project is completed this service will be offered in those areas as well.

Max Tateson questioned whether this proposal makes sense as it gets the District away from its basic mandate of delivering water. Mr. Bridges confirmed that he supported the project and that he or his staff could speak directly to any concerns.

Holly Johnson queried why the District didn't tie into the same fibre optic system as what all the local rural schools are using, also commenting on agricultural machinery guidance technology being developed and past recommended technology, asking if Wi-Fi is really the best way. Mr. Bridges advised that the District and the independent consultant who evaluated the system believes it is. Satellite technology is around and getting better. Agricultural machinery will still be required to have a connection to a satellite, tower or fibre; and phasing the project over 8 years allows for some adaptation to the plan if needed. Alberta SuperNet was examined; however, it was more expensive to tie into that system and pay lease fees than to build a separate system.

Wayne Slenders stated that with last year's profit of \$200,000 the fibre project would take 75 years to pay back. Mr. Bridges advised that amortization expenses are removed prior to reporting the net profit, therefore, the District's 25 year pay-back is valid. Mr. Slenders disclosed that he is a sitting board member of CCI Wireless (a competing Alberta internet service provider), informing

that there are multiple solutions to internet problems with latency and backhaul issues, such as high speed microwave and multi-levels of usage to increase speeds. Mr. Slenders further advised that addressing the 50/10 recommendation from CRTC, capabilities of existing equipment and towers, ongoing costs, competition from Telus and Rogers, reinvestment of gross capital every 4 years and bandwidth problems, it cannot just be fibre that will solve the issues. He applauded the Board in getting this project started as data consumption projections are correct but very much cautioned on being sure of the forthcoming decisions as the cost is not an immaterial amount. Mr. Bridges acknowledged that the project is not immaterial; the plan has been examined and discussed for 2 years, investment models projecting out 40 years have been studied, and the analysis shows a fibre buildout to be cheaper than continuing with backhaul radios. The buildout is planned for 8 years, in 8 phases, and it does show the project paying for itself in 25 years. Mr. Bridges further recognized that EIDNet is different than CCI, thanking Mr. Slenders for disclosing his affiliation with CCI, advising that EIDNet was initiated because no company at that time would provide internet in particular to rural residents, and that is still the case today. The District wished to provide internet at a competitive price, and although it is not the core mandate for the EID, it helps farmers get information, be more successful and stay on the farm, which is all important to the EID. EIDNet is an allied service to the District's water operation.

10.0 New Business

10.01 General Matters Raised from the Floor

Mr. George asked if there were any questions from the floor.

Harold Brauer expressed a grievance he's had with the EID for quite a few years concerning the maintenance on a flume. In 1994, a pipeline was installed, and Mr. Brauer had signed an agreement but wanted a ditch to run on the west side of the quarter, which was an EID spill and irrigation ditch. Mr. Brauer further stated that he signed off on the top pipeline but would not agree to where the domestic turnout was proposed to be placed, advising that Board members and staff have been provided with information but he has been continually refused an audience with the Board. He added that 4 Board members have come and spoken with him and he feels he may have an agreement but things change once it is discussed back in the boardroom, further stating that letters from the Farmers' Advocate office and Alberta Environment should convince the EID to live up to their responsibilities. Mr. Friesen confirmed that a number of Board members went directly to Mr. Brauer's yard and quarter to view the matter first-hand, stated that the District is living up to what's required and that an offer was made which wasn't accepted.

Mr. Brauer countered that at first an offer wasn't made, then he had indicated to staff where he wanted the check and would allow the trees to be removed and deposited on his place, so thought he had an agreement. The latest letter received states that the offer to knock down the trees and remove them to his pit, but not haul in fill or install a 6" line, has expired and that no further offers and audience of the Board would be made, but it has taken him more than a year to get letters from Farmers' Advocate and Alberta Environment. Mr. Chrumka responded that this matter has been dealt with for a very long time, an offer with a deadline was made which was refused and that a lot of details are not being disclosed. After each review by the Board the same conclusion is made.

Mr. Brauer asked if the EID can abandon a ditch and then it's the farmer's responsibility to clean it up; further stating that his request for a 6" pipeline has never changed and is stunned that the District's method of reclaiming a ditch doesn't include hauling in dirt. He disagreed with the District's interpretation of the letters received, said there were problems with the Board and could see this matter getting legal. Mr. Chrumka stated that an offer was made but Mr. Brauer wanted more; the District is meeting its obligations and a number of entities agree. The matter has been reviewed several times with the same outcome.

John Brummelhuis enquired as to the status of Quagga mussels. Mr. Friesen advised that so far everything is testing negative in the Bow Basin. Inspections at the Coutts and Dunmore borders totalled over 4,300 watercraft of which over 2,100 were deemed high risk. Total Provincial inspections surpassed 10,000, with 19 mussel fouled watercraft being found. The District continues to educate the public, monitor boat launches and enforce the AIS Prevention Program.

Commenting that the minutes water users see are edited, Wyatt Gutfriend requested that the meetings be voice recorded like the County, making the following motion.

Moved by Wyatt Gutfriend that the EID monthly Board of Director Meetings be voice recorded and posted un-edited to the District website, so the public can hear the full discussions of the meetings.

Tom Parker seconded the motion.

F. George called for discussion and a vote on the motion. A portion of the audience voted on the matter, with 26 in favour and 13 opposed.

Referencing the act of direction from the floor, Tom Parker questioned whether comments concerning the increase in capital assets charges do any good or has the Board already made their minds up. Mr. George observed that any motions from the floor are recommendations to the Board; the Board is not bound by these motions.

Leonard Parker suggested on the motion just passed that reviewing the audio recording could be far too cumbersome and recommended to keep recording and posting minutes in print as has been the practice.

10.02 Report on Scheduled Elections – Mr. Ivan Friesen, Returning Officer

Mr. Friesen reported that the term of the members of the Board of Directors for Division 1 Gem/Bassano and Division 5 Scandia/Rainier has been completed and therefore nominations are being accepted for these divisions. The nomination period will close Wednesday, March 11, 2020, at 5:00 p.m. Nomination forms can be obtained from the District Office.

11.0 Adjournment

Mr. George asked if there was any further business. Being none, Mr. George called for a motion to adjourn the meeting.

Moved by Lammert Lyzenga that the annual meeting be adjourned at 5:00 p.m. CARRIED