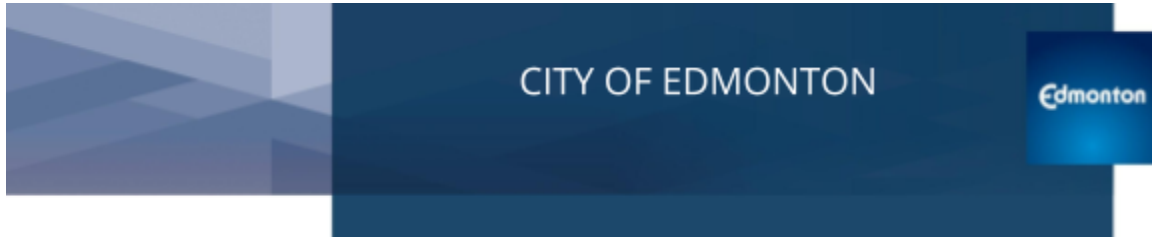


**SSSF Committee Terms of Reference**



City of Edmonton

# **Sanitary Servicing Strategy Fund Committee Terms of Reference**

Updated: September, 2020

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# 1 Introduction

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## 1.1 SSSF Background

### *Sanitary Servicing Strategy*

The Sanitary Servicing Strategy (herein the “SSS”) is a long-range servicing plan and funding strategy to provide sanitary servicing for the City of Edmonton (herein “the City”) over the next 75-years.

Approved by City Council on July 21<sup>st</sup>, 1998 through the Sewers Bylaw No. 9425, the overall purpose of the SSS is to provide a long-term sanitary servicing vision that primarily supports growth in new areas (herein “developing areas”). This ensures the City invests efficiently to serve anticipated growth across the city in alignment with the Council’s Strategic goals and the City Plan objectives.

### *Sanitary Servicing Strategy Program*

At the time of SSS development, ongoing developments had utilized most of the available capacity in the existing sewers within the city and surrounding areas. A financial mechanism was established in 1999 to fund the construction of new major sanitary trunks to service the overall system needs to support growth through bypassing the sewage flow from the developing area while also creating capacity within the existing system in support of growth through redevelopment.

This financial component of the SSS is the Sanitary Servicing Strategy Fund Program (herein “SSSF” or the “Fund Program”) and is based on the guiding principle of “user pay”. As the up-front costs for any major sanitary trunk projects are too large for the City or any individual developer to finance independently, the SSSF acts as a funding mechanism that pools the resources of all “users” to build required trunk sewers. The current definition of “users” includes the City, the building industry, the development industry, and the asset maintainer and owner (EPCOR), as these are the key parties that impact and/or contribute towards the SSSF Program.

To meet the SSS objective of developing the sanitary serving network, the SSSF selects sanitary trunk projects to be funded. As this is a substantial undertaking with significant cost implications, all “users” are involved in this decision-making process of the Program, creating the need for a governing body for the SSSF. The unique and complex nature of the Program requires enabling perspective based decision making, ensuring that the objectives, expertise and interests of the users are considered and valued. This approach allows for better and representative decisions to be made while recognizing that, as the steward of the fund, the ultimate decision making authority lies with the City.

The SSSF includes a financial model to guide the Fund Program’s decision-making processes. A key objective of the financial model is to maintain a positive cash balance in the SSSF. To align with this objective, the SSSF has historically utilized a “just-in-time” servicing model for new developments.

Prior to January 2019, the SSSF Program was executed by a Program Management team within the City and was governed by two committees with stakeholder representation; the Management Committee and Operational Committee. The Program Management team helped perform day-to-day functions and assisted the governing committees in delivering against the overall needs of the Program.

### **Document Purpose**

The purpose of the Terms of Reference is to outline the accountabilities, roles and responsibilities of the governing bodies that manage the SSSF. This document also provides additional context on the functions, structure, membership, and operational processes of the Committees. Outstanding questions regarding member responsibilities or duties should be directed to the respective Committee Chair for clarification.

## **1.2 SSSF Operating Principles**

The following Fund Program operating principles are intended to guide overall Fund Program decision-making, operations and processes for the governing bodies that manage the SSSF and should be used as a reference guide for the decisions and actions of all Committee members.

### **Fund Program Operating Principles:**

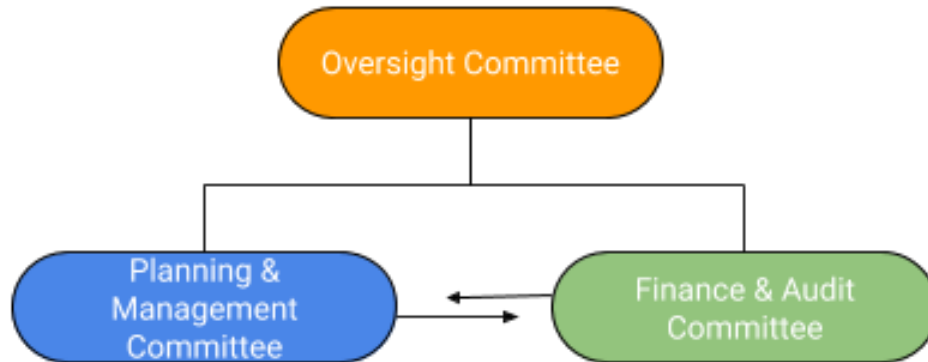
- Transparency – Decisions are clearly articulated, understood and observed by all key stakeholders
- Accountability – Decisions and operations are appropriately stewarded, documented, auditable and defensible for both internal and external stakeholders
- Sustainability – Decisions and operations ensure the long-term sustainability of the Fund Program and overall sanitary servicing system
- Efficiency – Resources are deployed in an effective and efficient manner
- Collaboration – Appropriate stakeholders are engaged in operations and decisions of the SSSF, and all voices are heard
- Alignment with Council's strategic goals – Operations and decisions consider the broader City strategies (and other "user" strategies as appropriate)

## **1.3 SSSF Governance Structure**

City Administration is authorized to manage and steward the SSS Fund Program via delegated authority to the City Manager authorized by Council. The SSSF is governed through a committee governance structure that makes a clear distinction between the management of the Fund Program and technical operations. Ensuring appropriate management of the Fund Program is the responsibility of the Oversight Committee which acts as a strategic decision-making body of the Fund Program. Sub-committees (Planning & Management Committee and Finance & Audit Committee) support the Oversight Committee with inputs and recommendations and manage aspects of day-to-day Fund Program activities through the delegation of appropriate authority from the Oversight Committee.

Each sub-committee reports to the Oversight Committee; each sub-committee Chair also serves as a member of the Oversight Committee. This connection between committees allows for information-sharing, coordination, and overall transparency for the Fund Program.

This Committee governance structure is supported by a Program Manager from the City that will conduct activities related to the daily tasks of project management, and assist the Oversight and sub-committees to deliver against the needs of the Program.

**Committee Governance Structure:**

The following sections outline the roles, responsibilities and accountabilities of each committee, and the escalation mechanism in case consensus cannot be reached. In the event of additional questions regarding any of the topics identified herein, individuals should refer to the Oversight Committee Chair for additional guidance and/or clarification.

## 2 Oversight Committee

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### 2.1 Purpose and Objectives

The purpose of the Oversight Committee is to carry out the strategic direction and define the long and short-term objectives of the Fund Program. The objectives of the Oversight Committee include being accountable for decisions with respect to the mandate of the Fund Program, project selection, system rates, annual reporting, and the overall long-term implementation of SSSF.

Additionally, the Oversight Committee is tasked with considering the perspective of all key stakeholders in its operations and decisions. The Committee will foster an environment where all stakeholders can provide input into Committee decisions in a fair and equal manner, in accordance with the SSSF Operating Principles.

### 2.2 Duties and Responsibilities

The Oversight Committee will perform the following duties:

#### 2.2.1 Rates

- Recommend Expansion Assessment (EA) and Sanitary Sewer Trunk Charge (SSTC) rates to City Council.

### **2.2.2 Project Delivery**

- Prioritize and approve proposed construction projects (e.g. scope, schedule and budget).
- Respond and/or provide directions to all the technical issues, governance related matters, technical studies and change orders escalated by the sub-committees as and when required.

### **2.2.3 System Planning**

- Update and/or amend the following:
  - a. Sanitary Servicing Strategy;
  - b. Long-term System Plan; and
  - c. SSSF Project Prioritization & Implementation Plan.
- Ensure that input from City Planning is appropriately reflected in SSSF System Planning.

### **2.2.4 Fund Program Management**

- Oversee the revenue generated by the Expansion Assessment fees, Sanitary Sewer Trunk Charges, utility contribution and interest income.
- Approve expenditure guidelines for the Fund Program.
- Authorize expenditures from the Fund Program.

### **2.2.5 Communication and Reporting**

- Provide regular and appropriate communication material to the City Council.
- Engage the public as per the *Public Engagement Charter for the Sanitary Servicing Strategy Fund (SSSF) Oversight Committee*.
- Review and approve the SSSF Annual Report which contains:
  - a. A list of projects constructed;
  - b. Status of projects under construction;
  - c. Schedule of projects to be constructed in future years;
  - d. Statement of current SSSF financial status; and
  - e. Projection of the Fund Program balance for future years.
- Meet sub-committees as and when required

### **2.2.6 Committee Governance**

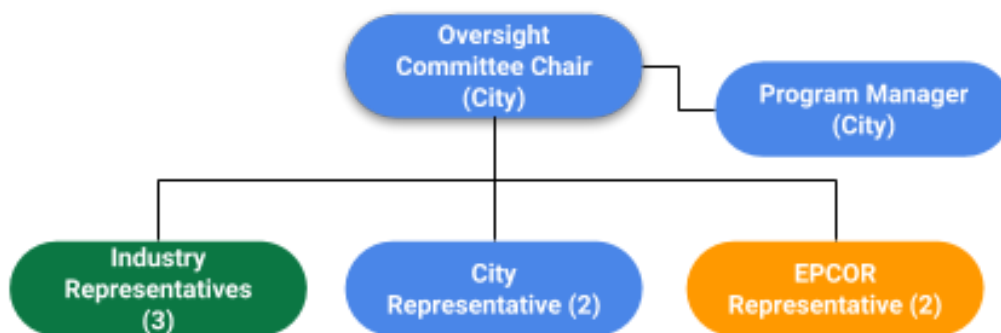
- Provide direction in response to escalated issues from the Planning & Management Committee and Finance & Audit Committee (as required).
- Delegate tasks to sub-committees and Program Manager requiring further analysis and clarity as and when required.
- Develop, monitor, and manage a risk assessment and mitigation strategy for the Fund Program.



- Review and assess all identified risks and mitigation strategies for proposed projects to be approved by the Fund Program.
- Review delegation of authority to sub-committees annually.
- Review the composition, membership, and chair role and responsibilities of the sub-committee annually.
- Review the adequacy of the Committee's Terms of Reference on an annual basis (more frequently if required), including the competency matrix.
- Approve internal controls, processes, and procedures.
- Engage with other external stakeholders as and when required including Alberta Capital Region Wastewater Commission (ACRWC).

## 2.3 Composition and Membership

- The Oversight Committee shall be composed of eight advising members, with representation from each key stakeholder group.



- The Oversight Committee members include:
  - Oversight Committee Chair (City of Edmonton);
  - Planning & Management Committee Chair (City of Edmonton);
  - One representative with Finance background (City of Edmonton);
  - Finance & Audit Committee Chair (Development Industry);
  - Two additional representatives from Development Industry;
  - Two representatives from EPCOR; and
  - In addition to the eight advising members, there will also be an ex officio member that will hold the role of Program Manager. The Program Manager will serve on all sub-committees to facilitate the meetings and provide a technical and program management perspective.

- Each Oversight Committee member is required to be a senior leader from their respective organization and have the authority to make binding decisions on behalf of their organization.
- Committee members will be nominated by their respective organizations based on the competencies required. The required competencies for Committee members are summarized in Section 2.5.
- Committee members will serve in a volunteer capacity and will not have a defined term limit; however, every two years (at a minimum), each Committee member will be assessed against the competency requirements as outlined in Section 2.5 to ensure Fund Program needs are being met.

## 2.4 Member Responsibilities

Membership	Description of Committee Role	Responsibilities
Oversight Committee Chair	Provide oversight and guidance to Oversight Committee	<ul style="list-style-type: none"> <li>• Chair Committee meetings</li> <li>• Sign-off and authorize financial transactions on behalf of the Oversight Committee</li> <li>• Review Committee membership against competency requirements</li> </ul>
Sub-Committee Chair, Planning & Management and Finance & Audit	Represent the respective sub-committees by sharing updates, data gathered, and key decisions made	<ul style="list-style-type: none"> <li>• Manage the technical requirements of system planning and project management through the sub-committee</li> <li>• Share relevant and pertinent information with the Oversight Committee, including areas of concerns brought up by respective committee members while giving recommendations.</li> <li>• Planning &amp; Management Chair will serve as vice-chair for the Committee.</li> </ul>
Committee Members	Represent the respective stakeholder groups with the appropriate decision-making authority to be able to act on behalf of their organization	<ul style="list-style-type: none"> <li>• Represent stakeholders and strategic interests in decision-making</li> <li>• Ensure stakeholder alignment to decisions</li> <li>• Review any pre-read material sent in advance of Committee meetings</li> </ul>
Program Manager SSSF, City of Edmonton (Non Voting Member)	Assist with the overall coordination of meetings including the pre-work and	<ul style="list-style-type: none"> <li>• Compile and distribute meeting agendas and minutes (including voting records)</li> </ul>

	post-work on behalf of the Committee	<ul style="list-style-type: none"> <li>• Prepare and consolidate meeting materials and distribute to members in advance of meetings</li> <li>• Review of all technical material related to scope changes, any changes to the long term plan proposed by EPCOR, schedule changes, etc. before being brought forwarded to the committee for approval</li> <li>• Communicate pertinent information and updates between the Oversight Committee and all sub-committees</li> <li>• Prepare SSSF Annual Report for Committee review and circulate the approved Report to stakeholders</li> <li>• Coordinate all meeting logistics (e.g. room bookings) prior to each meeting</li> <li>• Maintain list of named Committee delegates</li> <li>• Compile and circulate all supporting information and prepare motions to be presented for approval</li> <li>• Follow up on any outstanding action-items as required</li> </ul>
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## 2.5 Member Competencies

Each member of the Committee is required to demonstrate the necessary skills, abilities and knowledge to fulfill the identified duties and responsibilities. The required competencies for Oversight Committee members are summarized below. A description of the competencies is provided in the Glossary section of this terms of reference.

Competency	Oversight Committee Chair	Planning & Management Committee Chair	Finance & Audit Committee Chair	Committee Member (City)	Committee Members (Industry)	Committee Members (Epcor)	Program Manager (City)
City Policy	✓	✓		✓			✓
Drainage Planning						✓	✓
Finance		✓	✓	✓		✓	
Building/ Development Industry Knowledge					✓	✓	
Respective Stakeholder Group/ Board Perspective	✓	✓	✓	✓	✓	✓	

Risk Management	✓	✓	✓	✓	✓	✓	✓
Leadership/ Governance	✓	✓	✓	✓			
Conflict Resolution	✓	✓	✓	✓			
Strategic Planning	✓	✓	✓	✓	✓	✓	✓
Management Best Practices	✓	✓	✓	✓			✓

*\*Competency definitions are included as part of the glossary*

## 2.6 Committee Operations and Decision-Making

### 2.6.1 Decision-Making Authority

The Oversight Committee will make key decisions based on their Committee duties above which include:

- Recommend rates to Council.
- Approve annual report.
- Oversee system planning including long-term strategy for the Fund Program.
- Manage overall Fund Program expenditures.
- Oversee Program project delivery including schedule, method, and management.

### 2.6.2 Advising

- Each Oversight Committee Member will have the ability to provide recommendations through a voting mechanism.
- Decision items at the Oversight Committee will be made in consideration of the recommendations of the Members.
- In the event of disagreement, ultimate decision making will lie with the Chair of the Committee who may choose to seek direction and advice from the City's senior management..
- The Committee Program Manager will be responsible for recording the results of each decision.

### 2.6.3 Attendance & Representation

- Minimum of four advising Committee members, with at least one (1) from each key stakeholder (City, EPCOR, & Development Industry) must be in attendance in order to pass a motion at a Committee meeting.
- In case the minimum representation is not complete, the decision will be deferred, and a special decision-meeting will be called by the Chair at the earliest convenience.
- In predetermined and/or special circumstances, an email system may be utilized by the Committee as needed to receive recommendations, which would aid in decision-making. Such

circumstances will be decided by the Committee Chair with a minimum one-week period. All email efforts will be led by the Program Manager.

#### 2.6.4 Meetings

- The Oversight Committee will, at a minimum, meet twice per year in coordination with a meeting schedule created by the Program Manager which considers member availability. *Note: See Section 5 – Committee Meetings & Reporting Schedule for a complete schedule for all committees.*
- Special decision-meetings are to be called at the Committee Chair's discretion.
- Meeting agendas will be drafted by the Program Manager and approved by the Committee Chair.
- The agenda will be made available to members at least one calendar week in advance of the meeting.

#### 2.6.5 Guests

- Guest members may be invited to Committee meetings, as required, based on the specific nature of a meeting / agenda item.
- Requests for guest attendance should be submitted to the Program Manager no less than three business days before a Committee meeting and must be approved by the Oversight Committee Chair.

#### 2.6.6 Reporting

- Within one week following each meeting, the Program Manager will draft and circulate meeting minutes to all Committee members for review and distribution to all sub-committees for information.

## 3 Planning & Management Committee

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### 3.1 Purpose and Objectives

The purpose of the Planning & Management Committee is to manage the technical requirements of system planning and project management for the Fund Program. This includes managing change order requests, system assessment studies and general day-to-day technical oversight of new and existing projects as delegated by the Oversight Committee.

The Planning & Management Committee will operate to improve Fund Program decision-making by creating accountability and transparency in the system planning and project management functions of the SSSF. It will also act as a technical sounding board for Oversight Committee decisions.

### 3.2 Duties and Responsibilities

The Planning & Management Committee will perform the following duties:

### **3.2.1 Existing System Capacity Planning & Assessment**

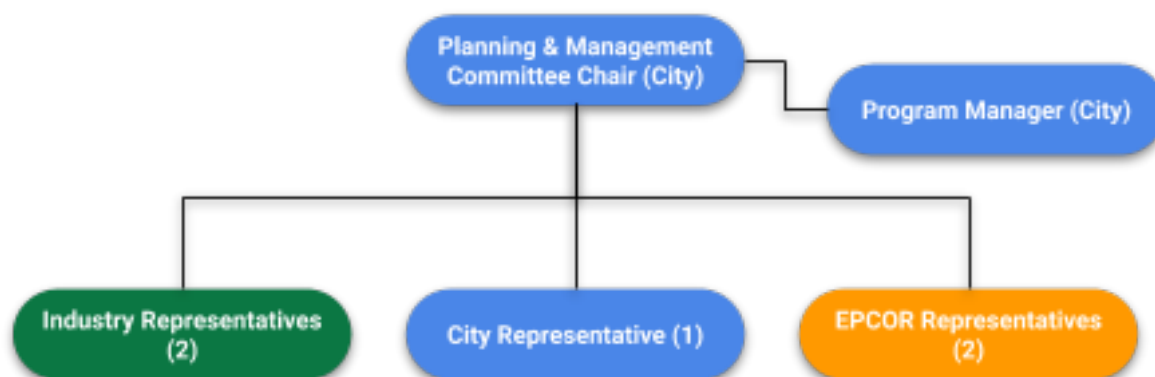
- Monitor system capacity projections of existing facilities including:
  - a. Flows (average and peak; wet and dry);
  - b. Impact of new flows on the downstream system; and
  - c. Storage used and number of house connections.
- Anticipate when capacity in existing facilities will be allocated (requiring future facilities).

### **3.2.2 Project Planning & Policy Recommendations**

- Review data on population projections for new development areas.
- Review new construction project cost estimates.
- Recommend Project selection criteria for new Projects.
- Review & recommend segment timing, associated budgets, and recommend overall Program budgets.
- Review the updated cost estimates for future projects (e.g. engineering, overheads) as necessary.
- Propose a schedule for future project construction and expenditures, taking into account interest, inflation, and construction price index values.
- Review project scope, budget and schedule changes (if any) and make recommendations to Oversight Committee for further decision making
- Analyze other growth related and miscellaneous policy issues and escalate to Oversight Committee for decision making

## **3.3 Composition and Membership**

- The Planning & Management Committee shall be comprised of six members, with equal representation from each stakeholder group.



- The Committee members include:
  - Planning & Management Committee Chair (City of Edmonton);
  - One additional representative from the City of Edmonton;
  - Two representatives from Development Industry;
  - Two representatives from EPCOR; and
  - In addition to the six members, there will also be an ex officio member that will hold the role of Program Manager. The Program Manager will serve on all committees to facilitate the meetings and provide technical and program management perspective
- All Committee members are required to have the technical and management expertise to identify, interpret and make binding decisions upon information that fulfills the Committee's objectives.
- Committee members will be nominated by their respective organizations based on the competencies required and approved by the Oversight Committee. The required competencies for Committee members are summarized in Section 3.5.
- Committee members will serve in a volunteer capacity and will not have a defined term limit; however, every two years (at a minimum), each Committee member will be assessed against the competencies requirements as outlined in Section 3.5 to ensure Program needs are being met.

### 3.4 Member Responsibilities

Membership	Description of Planning & Management Committee Role	Responsibilities
Planning & Management Committee Chair	Provide oversight and guidance to the Planning & Management Committee and make decisions as	<ul style="list-style-type: none"> <li>• Chair Committee meetings</li> <li>• Provide approval on decisions and recommendations on behalf of the</li> </ul>

	they relate to the system planning and project management	<p>Planning &amp; Management Committee and submit to Oversight Committee Chair for sign-off</p> <ul style="list-style-type: none"> <li>• Review Committee membership against skill requirements</li> <li>• Serve as vice-chair for the Oversight Committee.</li> </ul>
Committee Member, EPCOR #1	Represent the respective stakeholder groups with the required technical skills and delegated decision-making authority	<ul style="list-style-type: none"> <li>• Provide updates on the progress of projects currently under construction and/or design</li> <li>• Identify construction costs for new segments</li> <li>• Highlight financials of projects underway including costs to date and projected costs</li> <li>• Review any pre-read material sent in advance of Committee meetings</li> </ul>
Committee Member, EPCOR #2	Represent the respective stakeholder groups with the required technical skills and delegated decision-making authority	<ul style="list-style-type: none"> <li>• Provide recommendations for relevant planning studies</li> <li>• Summarize operations of existing facilities flow and requirements</li> <li>• Contribute to 4 and 10 Year Capital Plans</li> <li>• Review any pre-read material sent in advance of Committee meetings</li> </ul>
Committee Member, City of Edmonton	Represent the respective stakeholder groups with the required technical skills and delegated decision-making authority	<ul style="list-style-type: none"> <li>• Provide City growth perspective, population and development projections</li> <li>• Provide drainage planning perspective in relation to developments application reviews and servicing needs.</li> <li>• Review any pre-read material sent in advance of Committee meetings</li> </ul>
Utility Representatives, Development Industry	Represent the respective stakeholder groups with the required technical skills and delegated decision-making authority	<ul style="list-style-type: none"> <li>• Represent and highlight development industry requirements for sanitary servicing</li> <li>• Identify construction forecasts, along with development and growth projections</li> <li>• Review any pre-read material sent in advance of Committee meetings</li> </ul>



Program Manager, City of Edmonton	Assist with the overall coordination of meetings including the pre-work and post-work on behalf of the Committee. Provide technical expertise related to drainage planning and program management.	<ul style="list-style-type: none"> <li>• Present decision-items to the Committee (e.g. system assessment studies, scope change requests)</li> <li>• Review of all technical material before being brought forwarded to the committee for discussion</li> <li>• Compile and distribute meeting agendas and minutes</li> <li>• Communicate pertinent information and updates between the Planning &amp; Management Committee, Oversight Committee and Finance &amp; Audit Committee</li> <li>• Coordination with other internal and external stakeholders</li> <li>• Prepare and consolidate meeting materials and distribute to members in advance of meetings (e.g. technical assessments)</li> <li>• Coordinate all meeting logistics (e.g. room bookings) prior to each meeting</li> <li>• Follow up on any outstanding action-items as required</li> </ul>
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### 3.5 Member Competencies

Each member of the Committee is required to demonstrate the necessary technical skills, abilities and knowledge to fulfill the identified duties and responsibilities. The required competencies for the Planning & Management Committee members are summarized below. A description of the competencies is provided in the Glossary section of this terms of reference.

Competency Required	Planning & Management Committee Chair (City)	Committee Member (City)	Committee Member (Development Industry)	Committee Member Development Industry)	Committee Members (Epcor)	Committee Members (Epcor)	Program Manager (City)
City Policy	✓	✓					✓
Drainage Planning					✓	✓	✓
Development Industry Knowledge			✓	✓	✓	✓	
Construction Management		✓	✓	✓	✓	✓	
Project & Program Management	✓	✓	✓	✓	✓	✓	✓
System Planning	✓	✓	✓		✓	✓	✓

Technical Knowledge	✓	✓	✓	✓	✓	✓	✓
Strategic Planning	✓	✓	✓	✓	✓	✓	✓
Financial Analysis	✓	✓	✓	✓	✓	✓	✓

*\*Competency definitions are included as part of the glossary*

## 3.6 Committee Operations and Decision-Making Authority

### 3.6.1 Decision-Making Authority

- The Planning & Management Committee will provide agreed-upon recommendations based on their job duties and responsibilities to the Oversight Committee.
- The Planning & Management Committee will make key decisions within the Committee's authority up to \$250,000. This approval authority is associated with the following items:
  - a. Change orders under the delegated authority amount; and
  - b. Additional Studies and /or system assessments required under the delegated amount.
- If an identified decision item exceeds the financial threshold of the Planning & Management Committee or there is a delay in the project schedule, the decision will be escalated with a recommendation to the Oversight Committee.

### 3.6.2 Advising

- Each Committee Member will have the ability to provide recommendations through a voting mechanism.
- Decision items appearing in front of the Planning & Management Committee will be made by unanimous consent.
- In the event a unanimous consent cannot be reached, it will be the responsibility of the Planning & Management Committee Chair to escalate the issue to the Oversight Committee.

### 3.6.3 Attendance & Representation

- Minimum of four Committee members, at least one (1) from each key stakeholder must be in attendance in order to pass a motion at a Committee meeting.
- In case representation is not complete, the decision will be deferred, and a special decision-meeting will be called by the Chair at the earliest convenience.
- If required, an email system may be utilized by the Committee to receive recommendations to aid in decision-making. Such circumstances will be decided by the Committee Chair with a minimum one-week period. All coordination efforts will be led by the Program Manager.

### 3.6.4 Meetings

- The Planning & Management Committee will meet six times per year, in coordination with a meeting schedule created by the Program Manager which considers member availability. *Note:*

*See Section 5: Committee Meetings & Reporting Schedule for a complete schedule for all committees.*

- Special decision-meetings are to be called at the Committee Chair's discretion.
- Meeting agendas will be drafted by the Program Manager and approved by the Committee Chair.
- The agenda will be made available to members at least one calendar week in advance of the meeting.

#### **3.6.5 Guests**

- Guest members may be invited to Committee meetings, as required, based on the specific nature of a meeting / agenda item.
- Requests for guest attendance can be submitted to the Program Manager no less than three business days before a Committee meeting and must be approved by Planning & Management Committee Chair

#### **3.6.6 Reporting**

- Within one week following each meeting, the Program Manager will draft and circulate meeting minutes to all Committee members for review and distribution to all other SSSF committees for information.

## **4 Finance & Audit Committee**

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### **4.1 Purpose and Objectives**

The purpose of the Finance & Audit Committee is to provide oversight and transparency to the financial management of the Fund Program in alignment with the SSSF Reserve Policy and support rate development. This is accomplished by assisting the Oversight Committee and Planning & Management Committee in producing effective and transparent financial reporting, internal controls and financial risk management.

### **4.2 Duties and Responsibilities**

The Finance & Audit Committee will perform the following duties:

#### **4.2.1 Rates**

- Provide recommendations to the Oversight Committee on Expansion Assessment (EA) and Sanitary Sewer Trunk Charge (SSTC) rates.

#### **4.2.2 Financial Reporting**

- Support the Oversight Committee and Planning & Management Committee in meeting its financial reporting requirements.
- Review quarterly aggregate expenditures by the Fund Program and financial forecasts.

- Review the forecast-to-completion for all Fund Program projects.
- Ensure the adequacy and effectiveness of financial reporting for the Fund Program.
- Review and submit the quarterly financial statements for approval.
- Provide a report on the results of its review at the Oversight Committee meetings.
- Present Fund Program data on performance and future projections.
- Review and submit the annual financial statements of the Fund Program.
- Assist the Oversight Committee in reviewing the financial reporting elements of the Annual Report.

#### **4.2.3 Fund Program Financial Model**

- Monitor the Fund's Program's financial performance and provide recommendations to the Oversight Committee to ensure long-term financial viability.
- Review the forecasts, revenue reports, reserves, financial policies and process and accounting policies and processes annually for accuracy and fairness.

#### **4.2.4 Fund Program Expenditure**

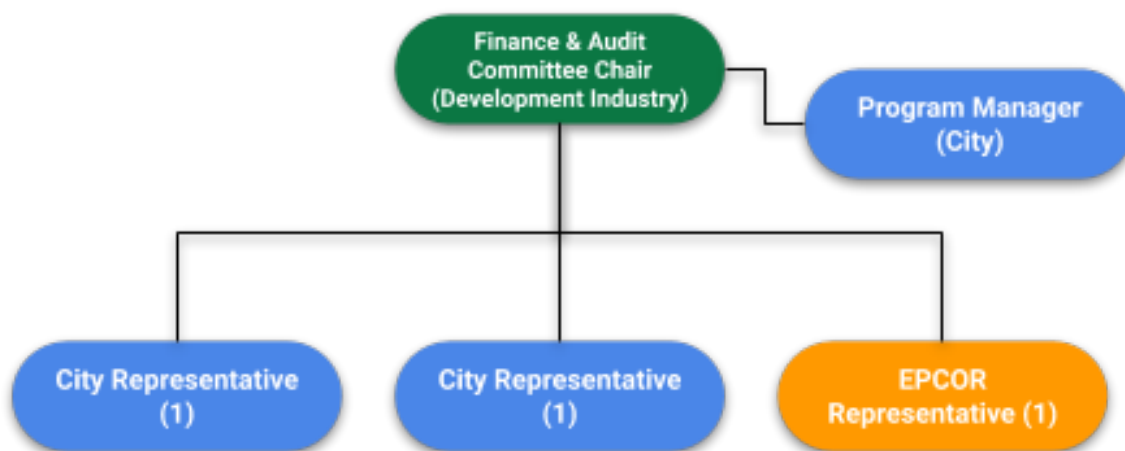
- Develop and recommend Program expenditures guidelines.

#### **4.2.5 Audit**

- Conduct periodic audits of SSSF projects at the discretion of the Finance & Audit Committee to ensure competitiveness and efficiency of the Fund Program's procurement practices, project management and strategic alignment.
- Review and report on the state of the Fund Program's internal control systems including, but not limited to, the adequacy of those internal control systems addressing the legal, ethical, regulatory and financial reporting requirements of the Fund Program.

### **4.3 Composition & Membership**

- The Finance & Audit Committee shall be comprised of four members.



- The Committee members include:
  - Finance & Audit Committee Chair (Development Industry)
  - Two representatives from the City of Edmonton
  - One representative from EPCOR
  - In addition to the four members, there will also be an ex officio member that will hold the role of Program Manager. The Program Manager will serve on all committees to facilitate the meetings and provide technical and program management perspective
- All Committee members should hold finance and/or accounting related positions within their organizations and/or have a strong financial acumen/aptitude and must be able to contribute to the fulfillment of the Committee's objectives.
- The Committee members will be nominated by their respective organizations based on the competency required and approved by the Oversight Committee. The required competencies for the Committee members are summarized in Section 4.5.
- Committee members will serve in a volunteer capacity and will not have a defined term limit; however, every two years (at a minimum), each Committee member will be assessed against the competency requirements as outlined in Section 4.5 to ensure Program needs are being met.

#### 4.4 Member Responsibilities

Membership	Description of Finance & Audit Committee Role	Responsibilities
Finance & Audit Committee Chair	Provide oversight and guidance to the Finance & Audit Committee and make recommendations as they relate to the financial system planning and project management	<ul style="list-style-type: none"> <li>• Chair Committee meetings</li> <li>• Gather recommendations on behalf of the Finance &amp; Audit Committee and present to Oversight Committee for approval</li> <li>• Present Fund Program data on performance and future projections</li> </ul>

		<ul style="list-style-type: none"> <li>• Select projects for competitiveness studies</li> <li>• Review Committee membership against competency requirements</li> </ul>
Finance Representative, EPCOR	Represent the respective sub-committees by sharing updates, data gathered, and key recommendations made	<ul style="list-style-type: none"> <li>• Provide updates on the budget status of projects currently under construction and/or design</li> <li>• Highlight financials of projects underway including costs to date and projected costs</li> <li>• Present construction costs for new segments</li> <li>• Review any pre-read material sent in advance of Committee meetings</li> </ul>
Finance Representatives, City of Edmonton	Represent the respective stakeholder group with the required financial and audit skills	<ul style="list-style-type: none"> <li>• Assist with gathering data on up-to-date Fund Program financials</li> <li>• Provide input into the Financial Model and analysis</li> <li>• Act as a subject-matter-expert on general City of Edmonton finance protocols and practices</li> <li>• Review any pre-read material sent in advance of Committee meetings</li> <li>• Review the governance of the SSSF reserve funds to ensure the funds are used properly with designated purpose</li> <li>• Provide perspectives on the program's internal control systems addressing the legal, ethical, regulatory and financial reporting requirements of the Program</li> </ul>
Program Manager, City of Edmonton	Assist with the overall coordination of meetings including the pre-work and post-work on behalf of the Committee	<ul style="list-style-type: none"> <li>• Compile and distribute meeting agendas and minutes</li> <li>• Prepare and consolidate meeting materials and distribute to members in advance of meetings (e.g. financial reports)</li> <li>• Communicate pertinent information and updates between the Finance &amp; Audit Committee, Oversight Committee and Planning &amp; Management Committee</li> </ul>

		<ul style="list-style-type: none"> <li>• Coordinate all meeting logistics (e.g. room bookings) prior to each meeting</li> <li>• Follow up on any outstanding action-items as required</li> </ul>
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## 4.5 Member Competencies

All members of the Committee will be financially literate, with each member having accounting or related financial expertise. Members will be authorities in finance and/or financial controls and have the authority to provide recommendations on behalf of the organization they represent. The required competencies for the Finance & Audit Committee members are summarized below. A description of the competencies is provided in the Glossary section of this terms of reference.

Competency	Finance & Audit Committee Chair (Development Industry)	Committee Member (City)	Committee Member (City)	Committee Members (Epcor)	Program Manager (City)
City Policy		✓	✓		✓
Financial Analysis and Budgeting	✓	✓	✓	✓	
Accounting and Audit	✓	✓	✓	✓	
Investment	✓			✓	
Governance / Controls	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓

*\*Competency definitions are included as part of the glossary*

## 4.6 Committee Operations and Decision-Making Authority

### 4.6.1 Decision-Making Authority

- The Finance & Audit Committee is advising through a voting mechanism on recommendations to be made to the Oversight and Planning & Management Committee based on their Committee duties.
- No official decision-making authority is maintained by this Committee as it is an advisory based Committee.

### 4.6.2 Advising

- The Finance & Audit Committee will only act in an advisory capacity to both the Oversight Committee and the Planning & Management Committee, supporting the achievement of responsibilities and duties assigned to each Committee.
- The Finance & Audit Committee does not have any rights to make any decisions on behalf of the Fund Program.

- Advising on recommendations to the Oversight and Planning & Management Committee (e.g. rates) will be accommodated via a voting mechanism. In the event a unanimous consent cannot be reached, the matter be escalated to the Oversight Committee.

#### 4.6.3 Attendance & Representation

- Minimum of three Committee members, with at least one (1) from each key stakeholder
- If a named Committee member cannot attend a meeting where a decision item is present, the decision will be deferred, and a special decision-meeting will be called by the Chair at the earliest convenience.

#### 4.6.4 Meetings

- The Finance & Audit Committee will meet four times per year, in coordination with member availability, with special decision-meetings to be called at the Chair's discretion. *Note: See Section 5: Committee Meetings & Reporting Schedule for a complete schedule for all committees.*
- Meeting agendas will be drafted by the Program Manager and approved by the Committee Chair.
- The agenda will be made available to members at least one calendar week in advance of the meeting.

#### 4.6.5 Guests

- Guest members may be invited to Committee meetings, as required, based on the specific nature of a meeting / agenda item.
- Requests for guest attendance can be submitted no less than three business days before a Committee meeting to the Program Manager and must be approved by the Finance & Audit Committee Chair.

#### 4.6.6 Reporting

- Within one week following each meeting, the Program Manager will draft and circulate meeting minutes to all Committee members for review and distribution to key stakeholders.

## 5 Committee Meetings & Reporting Schedule

The Committee meeting & reporting schedule will be published and maintained annually by the Program Manager. The meeting schedule below will be used as a guideline to achieve key Fund Program milestones.

This would be the typical schedule and that scheduling changes would be communicated by the Program Manager.



Committee Schedule												
	January	February	March	April	May	June	July	August	September	October	November	December
Oversight Committee				■				■				
Project & Planning Committee		▲		▲	▲		▲		▲		▲	
Finance & Audit Committee				●		●			●			●
Reporting												
Project Management Reports	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
Progress Reports	*			*			*			*		

- Oversight Committee Meetings
- ▲ Project & Planning Committee Meetings
- Finance & Audit Committee

### 5.1.1 Oversight Committee

Meetings for the Oversight Committee will be scheduled biannually to address the following:

Approve annual report, five-year construction forecast, updates to long-term system plan, new / annual construction schedule for the following year, escalated change orders / system assessment studies, review and approve rates to provide to the City Council, review current year construction schedule, review financial adjustments, escalated change orders / system assessment studies, etc.

Decision meetings will be scheduled as required (e.g. critical decision/escalation from sub-committees).

### 5.1.2 Planning & Management Committee

Meetings for the Planning & Management Committee will be scheduled every two months, which will include a joint meeting with the Finance & Audit committee in Q2 to identify rate assumptions and a meeting in Q3 to update the current year construction schedule. Decision meetings will be scheduled as required (e.g. critical decisions/escalation).

### 5.1.3 Finance & Audit Committee

Meetings for the Finance & Audit Committee will be scheduled quarterly. Decision meetings will be scheduled as required (e.g. critical escalations).

## 6 Glossary

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Change Order	Any modification in original scope, cost and/or time of a work
City	City of Edmonton
City's Senior Management	Members of Executive Leadership Team
Users	Includes the City as the fund owner, the building industry, the development industry, and the asset maintainer and owner
Expansion Assessment	Sanitary charges collected from new developments in greenfield developments at the time of service agreement.
External Stakeholders	Includes regional planning authority such as the Edmonton Capital Region Board and the public
Financial Statement	A report provides the details of revenue, expenses and balance
Fund	Sanitary Servicing Strategy Fund (SSSF)
Internal Control System	Procedural measures adopted to ensure the funds drawn from the SSSF are used efficiently and effectively to advance the objectives of the Sanitary Servicing Strategy, the long term system plan, and City policy.
Just-in-Time	Provide service on the time when it is really required
Key Stakeholders	It includes City, EPCOR and Urban Development Institute (UDI)
Program	Sanitary Servicing Strategy Fund Program
Program Management Office	A City of Edmonton's team assist in managing the program
Sanitary Sewer Trunk Charge	Charges collected at the time of development/building permit
Segment	A part of sanitary trunk
Sub-Committees	It includes Planning & Management and Finance & Audit committees
System Assessment Studies	Technical studies conducted to refine the planning and design of various segments

Competency Area	Description of Competency
City Policy	Awareness and understanding of City of Edmonton's policies and directives as they relate to sanitary servicing and City Council's goals
Drainage Planning	Technical skills and experience associated with the planning of sanitary servicing systems.
Financial Analysis & Budgeting	Qualifications and expertise in the area of accounting and finance
Building/ Development Industry	Member of the building and/or development industry with broad knowledge of industry perspective, needs as it relates to partnering with the City
Respective Stakeholder Group/ Board Perspective	Communication champion with ability to analyze each stakeholder's perspective and contribute positively to mutual progress
Risk Management	Knowledge and understanding of how risk is managed, categorized and mitigation strategies associated with it
Leadership/ Governance	Good understanding of the overall governing body, structure, roles and responsibilities
Conflict Resolution	Ability to understand, analyze and resolve issues under difficult circumstances, using tact diplomacy
Strategic Planning	Experience and expertise in visionary thinking
Management Best Practices	Knowledge and understanding of program and project management skills
Construction Management	Extensive knowledge, experience and understanding of how capital projects are executed successfully.
Project & Program Management	Experience and knowledge of how projects are managed as per stakeholder expectation.
Systems Planning	Knowledge and experience in developing or contributing to projects involving systems or networks related to drainage.
Technical Knowledge	Well grounded understanding and comprehension of how decisions are made on technical aspects. .
Accounting, Audit & Investment	Experience and knowledge in the fields of accounting and audits with good understanding of how the Program's funds are managed, reported and invested.