



Operators Workshop October 8, 2020

Charting New Waters

Agenda

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|------------------------------|--|---|
| 9:00 am – 9:20 am | Item #1: Introductions <ul style="list-style-type: none">• Participants and Presenter Introductions• Presentation of Agenda | Carl Yates, AFNWA interim CEO |
| 9:20 am – 10: 20am | Item #2: AFNWA Activities Update <ul style="list-style-type: none">• Governance• Operational Structure• Transition Implementation Plan• Asset Management Plan• SCADA Master Plan• Regulations | Carl Yates, AFNWA interim CEO |
| 10: 20 am – 10: 30 am | BREAK | |
| 10: 30 am – 11: 30 am | Item #3: Water Safety Plans | Dr. Graham Gagnon, Dr. Megan Fuller, Tiannie Paul. Dalhousie University |
| 11: 30 am – 12:00 pm | Item #4: Morning Debrief: Questions and Concerns | Group |
| 12:00 pm – 1:00 pm | LUNCH | |
| 1:00 pm – 2:00 pm | Item #5: Operator Compensation and Benefits | Carl Yates, AFNWA interim CEO |
| 2:00 pm – 3:00 pm | Item #6: Training and Certification | Carl Yates, AFNWA Interim CEO |
| 3:00 pm -3:30 pm | Next Steps | James MacKinnon, AFNWA interim COO |
| 3:30 pm – 4:00 pm | Afternoon Debrief and Closing | Group |

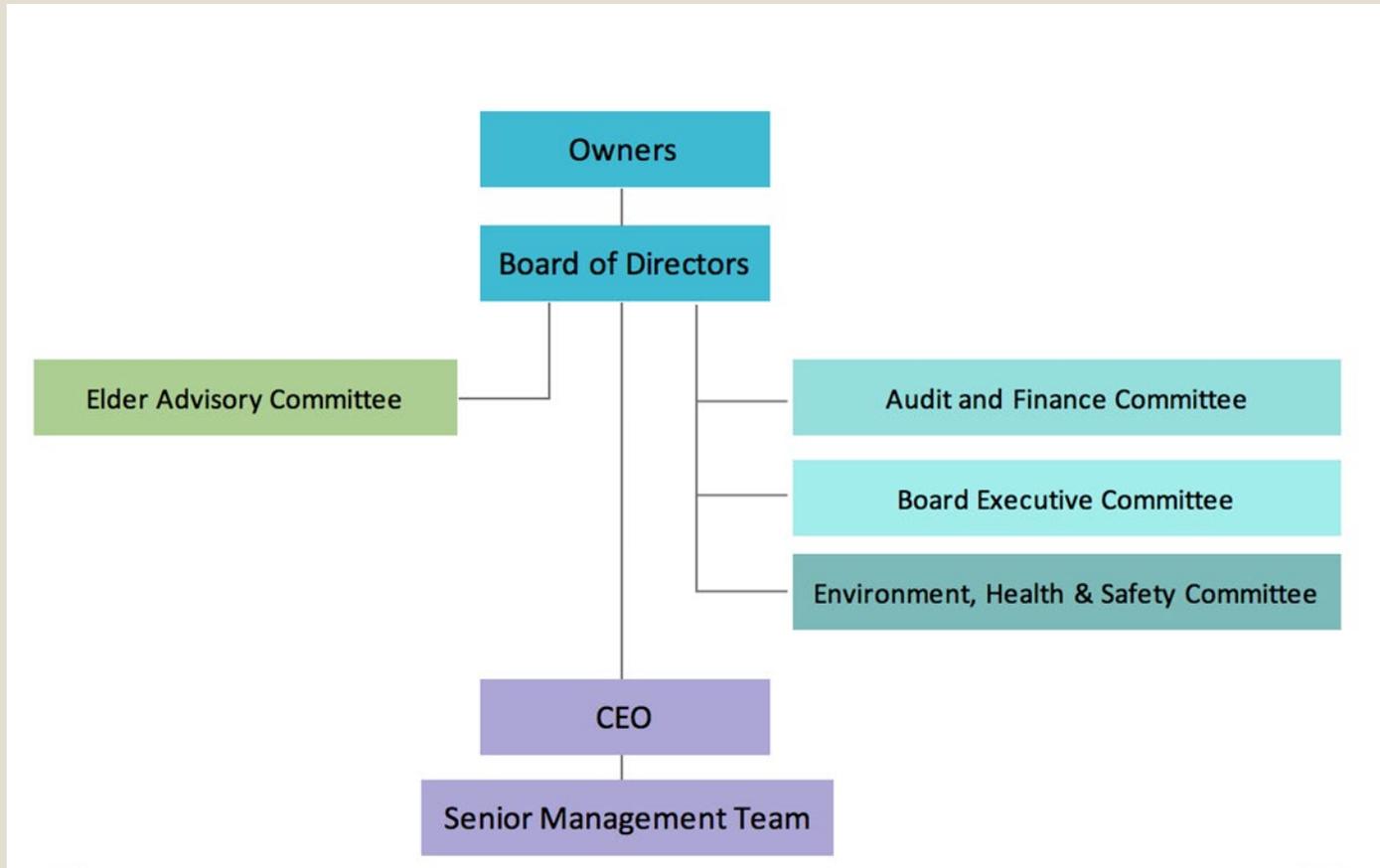
Governance

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- The Water Authority is a First Nation organization, owned and operated by First Nations. The Water Authority is not a political organization. It is a technical organization focused on the provision of water and wastewater services for member communities.
- The Water Authority is a legal corporation and is run as a not for profit business.
- It is governed by its member First Nations and it is be comprised of representatives from the participating communities.
- The Board consists of Chiefs Wilbert Marshall, Ross Perley, Roderick Gould Jr., Arren Sock, Terry Paul, Andrea Paul, Mike Sack

Governance

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The Difference a Water Authority Will Make

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- Capital upgrades will be completed based on a long-term capital plan;
- Water Authority would operate with a long term, 25-year time frame with increased resources.
- Consolidated funding for system management, operations and capital;
- Decision making will be with the Authority.
- AFNWA will have its own Engineering Department and staff.
- The AFNWA Operations Department, inclusive of community operators, will work closely with the Engineering Department to ensure the best public health and service outcomes for each community.
- As the owner of community Water and Wastewater systems, the AFNWA will assume the responsibility and liability for operations, maintenance and capital upgrades for infrastructure.

Municipal Type Agreements [MTAs]

How do they fit in?

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- Many Issues with multiple existing agreements
 - Contracts may be terminated with 30-90 days notice
 - Often no quality or quantity provisions in agreements
 - Agreements are often lumped in with other services e.g. garbage
 - Some agreements are between the Municipality and ISC and some are between the Municipality and the Band
 - Each MTA differs with respect to ownership and operation & maintenance of infrastructure
- MTA's with the Water Authority
 - Ability to negotiate agreements that protect the health and safety of communities
 - Allow transfer ownership, liability and O&M of distribution and collection systems to the Water Authority

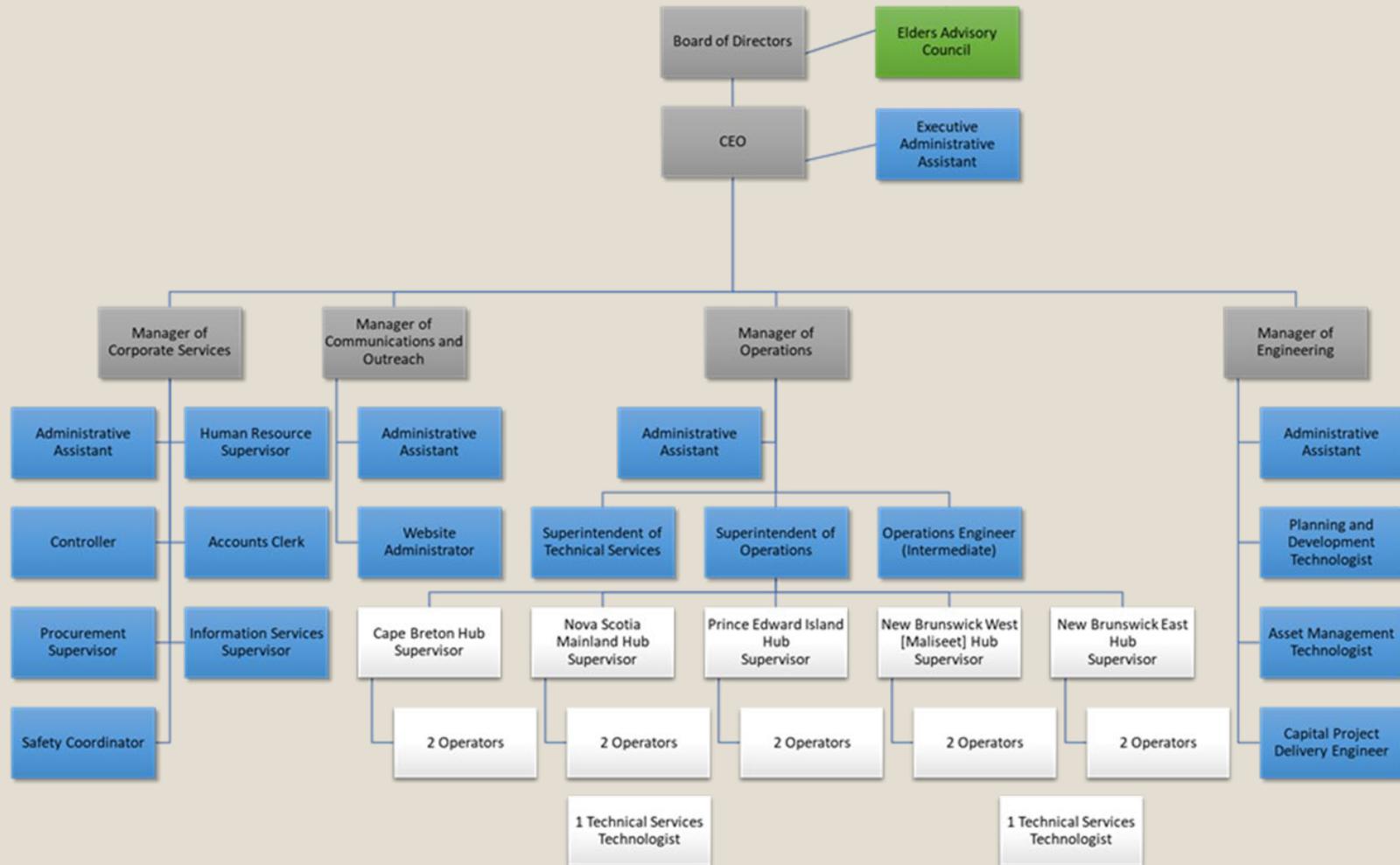
Water Authority has a Service Accountability that is Equitable and Based on Two-Eyed Seeing

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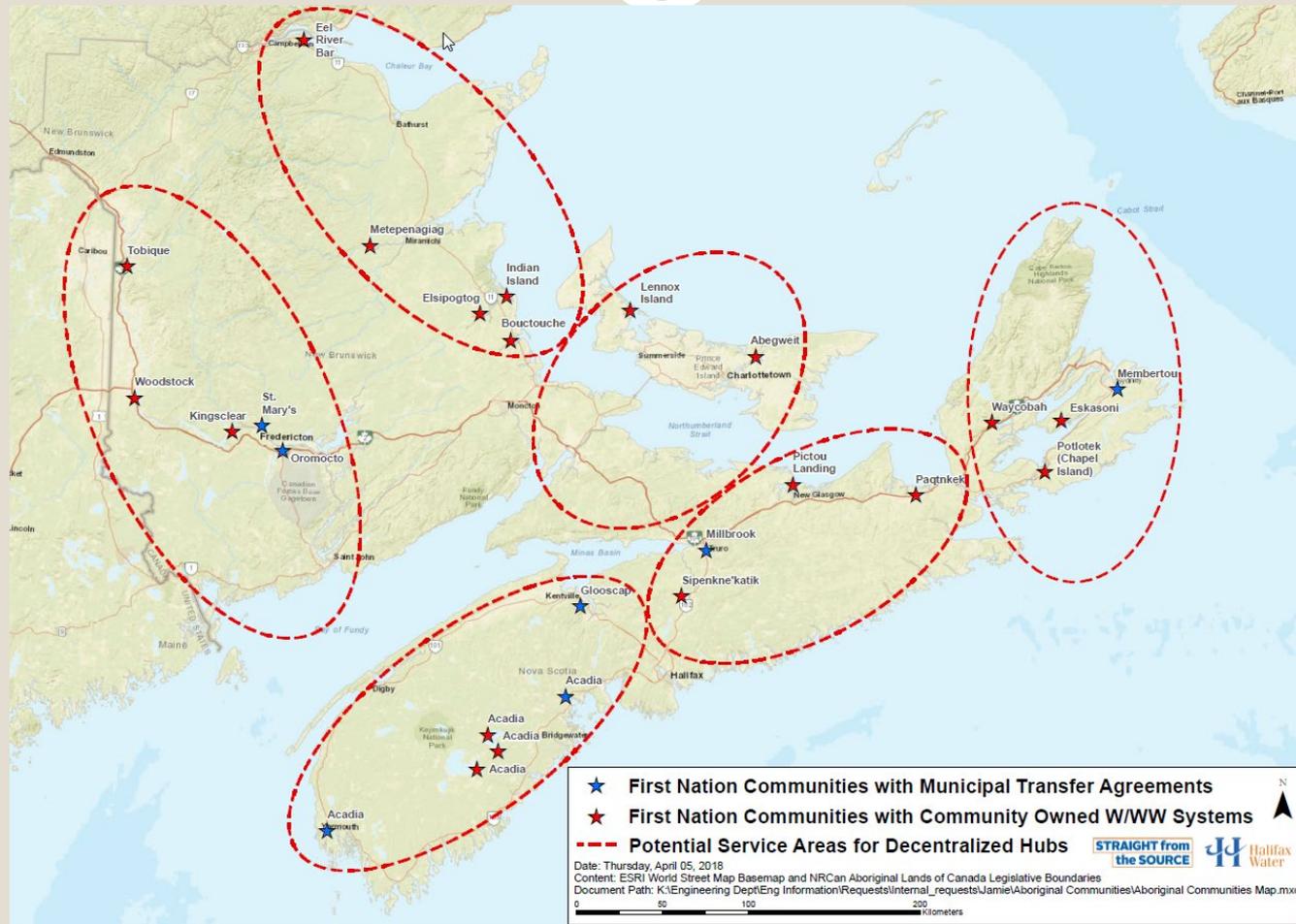
Organizational Structure of AFNWA Full Service – Decentralized [FSD]

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First Nation Communities & Proposed Service Regions for FSD

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Full Service – Decentralized [FSD]

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- Optimizes response time for operations and maintenance activities through service hubs.
- Focused relationship with community.
- The FSD model ensures a higher level of service.
- FSD model focuses on an in-house staffing approach which is considered more desirable by industry and First Nation representatives.

Framework Agreement

- The AFNWA and ISC have signed a Framework Agreement. Its purpose is to:
 - Promote efficient and effective progress towards an Agreement-In-Principle and subsequent Transfer Agreement.
 - Identify topics to be set out in the Agreement-in-Principle and subsequent Transfer Agreement (Transfer Process Plan)
 - Agree on a process that, in accordance with section 7(b) of the *Department of Indigenous Services Act*, will lead to the transfer to the AFNWA of all responsibility that the Minister of Indigenous Services has for the development, provision, and funding of Water and Wastewater Services.
 - Agree on a process that will provide for a long-term funding agreement with the AFNWA to provide water and wastewater services to Participating First Nation communities.
 - Agree on a process that will set out how funding levels to the AFNWA are to be determined.

Transition Implementation Plan

- AFNWA will be funded directly to cover the 2-year transition period to full operations.
- The funding is for our 3-phase implementation plan:
 - **Phase 1: Approval & Funding:** is an enabling phase which includes tasks which must be complete to allow the AFNWA to take on additional operational responsibility in 2020.
 - **Phase 2: Operational Initiation:** comprises establishing the AFNWA management team in a staged manner to prepare for the ownership and operation of the participating First Nations water and wastewater assets.
 - **Phase 3: AFNWA Formation:** comprises the formalization of the AFNWA Business Plan and consolidates into a Funding Model. The funding requirements will be subject to negotiation with ISC with the understanding that the level of funding will be in line with the order of cost identified in the AFNWA business case developed in 2019.

Phase 1 – Approval and Funding

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- **Step 1: Operational Funding - Complete**
 - Funding Commitment by Government of Canada to provide long term funding to AFNWA in line with the order of cost identified in the Business Case.
 - Long term funding will come with final negotiation at the end of this two-year transition. Execution of the Transitional Funding Agreement and signature of the Framework Agreement will signify commitment to this objective.
- **Step 2: Planning and establish governance - Underway**
 - Establishment of the organization, development of internal AFNWA policies, establish financial and accounting policies and frameworks, complete elements of board governance, develop document management strategy, communications strategy, and define the ISC approval process

Phase 1 – Approval and Funding

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- **Step 3a: Band Council Resolutions**
 - The commitment to GOC funding will allow Band Council Resolutions (BCR) to be completed with participating First Nations Bands. Once signed, this will allow license and asset transfer agreements to be developed.

Phase 1 – Approval and Funding

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- **Step 3b: Implement Human Resources Strategy**
 - The recruitment of the CEO and senior management team is key to delivering phase 2. Obtaining GOC commitment to funding allows the following activity to commence.
 - ✦ Contract with a professional search organization - **Complete**
 - ✦ Hire the CEO and senior managers – **Underway**
 - These manager positions will be selected in order of priority. For 2020-2021, the CEO and Manager of Engineering will be hired first followed by Manager of Communications and Outreach, Manager of Corporate Services and Manager of Operations

Phase 1 – Approval and Funding

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- **Step 4: Licence Agreements**
 - Finalizing BCRs will enable licensing/land access agreements to be drafted and completed with participating First Nations Bands. The AFNWA and its legal team will work directly with First Nations lands departments, ISC, the Department of Justice to create land access/license agreements that will both allow the AFNWA to enter communities, exclusively work on water and wastewater infrastructure, and indemnify Chiefs and Councils for liability.

Phase 2: Operational Initiation

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- **Step 5: Implementation of FSD operations model**
 - Hire all senior staff by April 1, 2021. The tasks of these managers will be to develop and adopt a formal training and development program for all staff. Furthermore, senior managers will develop Human Resource strategies that recognize the experience and knowledge of staff currently employed in water and wastewater system operation and take a consistent approach to salaries, benefits, training, and career development.
- **Step 6: Implement Transition Management**
 - AFNWA will appoint a dedicated transition management team. Develop an AFNWA transition management strategy and align the communications and transition management strategies to ensure effective engagement and support. This step will be maintained for the 2-year transition period and the first year of full operations.

Phase 2: Operational Initiation

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- **Step 7: Regulatory Oversight - **Underway****
 - AFNWA confirm regulatory Oversight Agencies with GOC. and develop a plan for implementing their requirements. As an interim step, the AFNWA and Dalhousie University will continue their work in developing a strategy for operating in an unregulated environment.
- **Step 8: Operational Planning:**
 - Senior Management team develop an operations plan that identifies AFNWA operational funding requirements including:
 - ✦ board and management costs,
 - ✦ operating and maintenance costs,
 - ✦ administration and accommodation costs.

Phase 2: Operational Initiation

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- **Step 9: Capital Planning:**
 - Senior Management to develop an asset management plan within 18 months of AFNWA operations and a draft 10-year capital program based on the asset management plan. This is a key requirement to obtain long term funding from ISC.

Phase 3: Detailed Business Case & Funding

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- **Step 10: Risk Assessment**
 - Prepare a detailed risk assessment as an input into the detailed financial model. This will be an ongoing practice within the AFNWA. The development of an enterprise risk management system will be a collaboration of the Board and senior management to identify risks along with the appropriate strategies to mitigate, eliminate, or accept the risk.
- **Step 11: Financial Model**
 - Develop a detailed financial model that incorporated inputs from the AMP, Operational plan, risk assessment and 10-year capital spending plan to identify the operational and capital funding required to operate the AFNWA. The model should be sufficiently detailed to consider scenarios and risks which might impact operations and service delivery. The model will be a vehicle for the funding agreement with GOC.

Phase 3: Detailed Business Case & Funding

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- **Step 12: Refine Detailed Budgets and Funding Model**
 - The intention of this step is to review the detailed financial model and risk assessment with ISC and Participating First Nations to develop/agree on a detailed funding model.
- **Step 13: Transfer Agreement**
 - Transfer Agreement will coincide with the date of AFNWA full autonomous operation. The Transfer agreement will include the agreed funding model and will address how changes such as future upgrades to regulations will be dealt with.

Asset Management Plan

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- Asset Management Plan for a consistent utility wide approach to be developed over the next 12 months
- Supporting Documents include CBCL Water and Wastewater Condition Assessment Reports completed in 2013 and updated in 2018
- The scope of work will also include the development of a ten year capital budget
- Needs the input of Operators

SCADA Master Plan

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- The AFNWA recognizes the need for a robust and standardized SCADA platform that will be adopted utility wide to capture data in support of operations and asset management.
- SCADA Master Plan to be developed over the next 12 months
- In general, this master plan will require a comprehensive review of the current SCADA systems in First Nations Communities and provide a detailed plan for migration to a fully coordinated and integrated system over a five-year period.
- We need Operators to participate in the Master Plan

Regulations

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- The AFNWA will have Regulatory Oversight for Drinking Water and Wastewater Effluent Quality
- Environment Canada will have oversight for wastewater with regulations entrenched in the Fisheries Act [WSER]
- Drinking Water to conform to Canadian Drinking Water Quality Guidelines; Regulator ? [TBD]
- Utility proposing to adopt a more proactive approach to Quality Assurance/Quality control with the adoption of water and sanitation safety plans

Wela'lin!

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Questions?