

**ST. MARY RIVER IRRIGATION DISTRICT  
ANNUAL GENERAL MEETING  
WEDNESDAY, APRIL 3, 2024**

The Annual General Meeting of St. Mary River Irrigation District was held at the Lethbridge Agri-Food Hub and Trade Centre, commencing at 1:40 p.m. There were approximately 200+ guests in attendance.

**Welcoming and Opening Remarks**

G. Lohues introduced himself and welcomed everyone to the meeting. He took time to recognize the dignitaries that were in attendance including MLA Grant Hunter; Irrigation Secretariat Jennifer Nitschelm; Irrigation Council members Willemijn Appels, Mark Miyanaga and Brian Brewin; Deanna Klassen from AFSC; Margo Redelback from AIDA and John McKee from RID. George introduced the SMRID Board of Directors members that were in attendance.

George Lohues shared his thoughts about growing up on a farm. He grew up seeing several disasters. He said things would get very quiet. They had a huge investment in their farm. They loved farming and they loved their crops. He grew up seeing some disappointments, but they carried on and started making new plans. Right now, a lot is being made of the drought. We know that bad things happen. Some years it will be drought and other years we will be drowned out. Too much and not enough water has been going on for a long time. George Lohues showed the graph of the drought/flood years. The graph shows a 900-year period and was developed using the growth rings on trees. The cycles we are currently in are nothing new. The silver lining is that it has increased the awareness of the need for more storage. Please know that we are doing our best to plan and prepare for the challenges we face.

**Additions to Agenda**

There were no additions to the agenda.

Cory Nelson moved, and Grant Henderson seconded the approval of the agenda.

CARRIED

**Minutes of the April 5, 2023, SMRID Annual Meeting**

The Minutes of the prior AGM that was held on April 5, 2023, were distributed at the meeting.

John Bareman moved, and LeRon Torrie seconded adoption of the minutes of April 5, 2023, as presented.

CARRIED

### **Business Arising from the Minutes**

The situation mentioned in the minutes as John Bareman's has not been resolved. We have met with the MD of Taber on site regarding the matter. The area is part of a larger drainage plan. With the upcoming highway twinning in the area, there may be some changes to the area. We need to formulate a plan with the MD. We are hoping to address the issue in the upcoming year. Mark Ross said he hopes his area of concern will be part of that same resolution.

### **Returning Officer's Report**

David Westwood advised that we had Electoral Divisions 3, 6 and 8 open for nominations. Division 3 had George Lohues acclaimed for another term. Division 8 had Kyle Gouw acclaimed for another term. Division 6 had Gerard Oosterhuis completing 4 terms with 12 years of service, replaced by Robert Van Roessel by acclamation. No election was held.

### **Board of Directors Chairman's Report – George Lohues, Chairman**

George Lohues referred to his Chairman's Report printed on page 1 & 2 of the 2023 of the Annual Report. We plan for drought, and we hope for rain. As farmers, where would we be without hope? We do hope but we also need to plan as well. George said he is happy to talk to farmers. Their attitude is fantastic. They are planning for many different crops. There is a plan for each individual farm. We don't love the present situation, but we will deal with it.

George explained allocation. 2023 was a year that was very dry and hot. The initial allocation was 15", then we cut to 14", and finally had to go to 13". We also tried to manage post harvest irrigation. In September we had to limit water to 1 in 4. We ended the season early on September 22. Crops were surprisingly good. For the upcoming season, we want to be conservative to enable our water to last to the end of the season. We must be realistic, and for 2024 we will be taking a more conservative approach. With the current low reservoir levels starting out, we will need to communicate more effectively. If we get substantial rain, we will adjust allocation accordingly. We are working on a collaborative agreement for sharing water.

We have entered into a new agreement with Raymond Irrigation District. It will replace the Main Canal Agreement. The agreement will share storage and the costs to maintain the Main Canal. It gives both districts stability. George Lohues thanked John McKee and the RID Board of Directors for the excellent relationship that we have. This cooperation is good for our area.

Irrican continues to perform well. It had the second largest revenue year at \$13.5M despite the challenges that we faced this year. It is good to be producing green energy. We are proud to be part of the strategies to help mitigate some of the challenges of the transition to renewable energy with the Teric Battery project that has been approved for Irrican. It will help to bring stability to the grid and shows excellent projected revenue. This will provide income for SMRID and RID to assist with the rising costs of maintaining our districts. We are committed to having a strong organization now and into the future.

We plan to host some open houses in the fall to explain the effects of inflation on both our operating costs and our AIM Projects. 2023 reinforced the need of more storage. Please take time to attend the open houses.

George Lohues thanked the staff for all their hard work with the additional workload. He also thanked David Westwood for elevating his game with all of the challenges and thanked him for his leadership.

George also wanted to recognize Gerard Oosterhuis for his time on the SMRID board. We have been fortunate to have the benefit of his great business mind. We will miss him.

Gerard took a few minutes to say a few words. He will miss being part of the fifteen feet of fury. He said that when he started on the board, water was the most important thing on his farm. He said it is still that way. We can't do anything without the water. He thanked George Lohues for being such an effective chairman and he thanked the rest of the board as well. He acknowledged LeRon Torrie who convinced him to be on the board. He mentioned the real asset that David Westwood is and how David has been able to see the vision of the board, which has allowed us to move ahead with that vision. He also thanked Joyce Lam for her accomplishment in maneuvering all the money. We have put a lot of pipe in the ground and the money was well spent on infrastructure. We have been trying to make the district better. The board has good working relationships. Gerard said he was glad to see the TID come onboard with us. He thanked the engineering staff for their guidance in trying to do what is best for the district. He thanked everyone for the opportunity to serve on the board.

George Lohues moved, and Cory Nelson seconded, adoption of the Board of Director's Chairman's Report.

CARRIED.

### **General Manager's Report – David Westwood**

David thanked George Lohues and Gerard Oosterhuis for their kind words.

The St. Mary River Irrigation District had a very busy and challenging year in 2023. We held our irrigation expansion lottery, completed a hectic construction season, and dealt with drought conditions for the entire irrigation season. Our team rallied together to ensure we stayed true to our Vision of supporting sustainable communities, environment, and agriculture with water.

In February we received 360 applications for 33,000 acres of new irrigation expansion that were entered into our Phase 1 irrigation expansion. 15,000 acres were selected by lottery to receive the first new acres since our most recent expansion which commenced in 2011. Our land team worked diligently with hopeful irrigators to meet the requirements of adding these new acres to our assessment roll. Approximately 1,100 new acres were added in 2023 with the remaining 13,900 acres expected to be added in 2024.

Seven Agriculture Irrigation Modernization (AIM) projects were completed in 2023 taking the total AIM Program to 16 of the 30 modernization projects completed.

We started the 2023 irrigation season with dry conditions in the western part of our district and ice and snow cover in the eastern portion from Bow Island to Sauder Reservoir. Crews worked around the clock on Easter weekend removing ice from the Main Canal to try and avoid overtopping of the canal. Due to low water supply resulting from a below average snowpack and the St. Mary Reservoir not starting at Full Supply Limit (FSL), we started the season with a 15-inch farm gate water allocation. The delayed start to the season quickly turned into unseasonably warm temperatures in late April and May. The early warm temperatures led to the snowpack melting over a month early and being depleted by the end of May. Strong irrigation demand resulting from the early heat and lack of precipitation, led to rapid reduction in water supply. This continued through the entire growing season. Due to dwindling water supply caused by the ongoing drought conditions, the Board made the difficult decision to drop the allocation from 15 inches to 14 inches and then finally to 13 inches per acre to the end of the season. We needed to end the irrigation season early on September 22, 2023. This was difficult for our irrigators but some timely rains in early October helped to complete harvest. Our total water use was 631,000 acre feet with 127,400 acre feet coming from our internal reservoir storage. We are very thankful that we had the storage. All the irrigation districts are lobbying for more storage to mitigate both drought and flood conditions. We need to store as much water as we can.

#### Irrican

Despite our water supply issues, Irrican ended with the second largest revenue year to date. After the record setting year of 2022. The operating season started with strong production but as water supply continued to decrease during the irrigation season, so did the power plant production. Power generation decreased to 83 million KWhs vs 124 million KWhs in 2022. Average 2023 power pool revenue was \$159 per KWh which was down from the remarkable \$189 per KWh set in 2022. These combined factors led to a total revenue of \$13.542 Million vs 2022's record breaking revenue of \$23.607 Million. This is a 43% decrease from 2022 and more in line with 2021 revenue of \$12.473 Million. Our earnings before interest, depreciation and amortization remained strong at \$11.961 Million.

David Westwood thanked all the staff for their dedication and execution this past year. We achieved remarkable accomplishments. He thanked the senior leadership team. We ask a lot of them and they in turn ask a lot from their teams to help us achieve the goals that we set for ourselves. We have never been busier, and we are seeing great results for the district.

David Westwood moved, and Brian Ober seconded, adoption of the General Manager's Report.  
CARRIED

#### **Water Supply Situation/Maintenance Report – George Bohner**

George Bohner gave a presentation on the water supply. He did a recap of last year. He recognized the team at Alberta Agriculture and Irrigation. They work with us to manage the water. Warm weather this winter has increased the level in Waterton Reservoir. St. Mary Reservoir has significantly less water than it had in 2023. Ridge Reservoir ended the season very low, but water was moved this

fall to increase the level. Chin Reservoir is less than half of where it was at this time last year. Stafford Reservoir is below last year as well. Horsefly Reservoir is a small reservoir, and it is down slightly. Taber Lake is up a bit from last year. The forecast is relatively the same as last year. Fincastle Reservoir is relatively the same. Grassy Lake is a little lower than last year and Forty Mile Reservoir is less than half of where it was in 2023. We pumped a lot of water out of Forty Mile near the end of the season. Sauder is at about half of last year's level and Murray is bit lower as well. We will be starting this water season with less water in storage. George went through the acre feet from previous years. In 2021 we had district storage of 155,000 acre feet to start. In 2023 we had 246,500 acre feet and in 2024 we have right now 145,500 acre feet. This means that we will be starting from behind this year. Recent snowfall throughout the district has resulted in better soil moisture. Graphs of the snow pillows were shown. The snowpack has fluctuated a bit this year as we have had some early melt. We are not in as good of position as we were last year, but we are better than 2001. Akamina is well below the level it was in 2001. Flattop has shown steady gains of late and is above where it was in 2001. Many Glacier was very low but has had significant gains lately. And is now similar to what it was in 2001. The information is supplied to us by Alberta Agriculture and Irrigation. It is very important information. George also showed the precipitation maps. We have not received very much precipitation during the winter months. We have had much better precipitation in March in our area. We did not get the precipitation last year that we needed. George asked the irrigators to make sure that they make their water orders in advance. This will enable the Water Coordinators the ability to manage the water more effectively. Once the water is past your turnout, it is no longer available. The Water Coordinators will let you know when water is available to you.

There was a question from the floor about the gates at Waterton. The gates are operated by Alberta Agriculture and Irrigation. The gates are not designed for ice load. They are limited to how early they can operate the gates. There has been a small diversion to the Belly right now, but some water has gone to St. Mary Reservoir as well. We communicate regularly regarding the operation of the upper headworks.

George showed the operations reports from West, Central and East. They are available in pages 14 through 24 of the annual report. Photos of the areas where work has been completed were shown. We are very happy with how the crews are working together and all the cooperation.

George Bohner moved, and Roland Kappel seconded, adoption of the Water Supply and Maintenance Report.

CARRIED

George Lohues added some comments:

- Allocation is a process and the board needs direction. We get that direction with the information supplied by Alberta Agriculture and Irrigation.
- There is nothing new that we can relay for another couple of weeks until we receive the next report.
- We have decided to stay with the allocation of 8" to start the season.
- We hope that all our farmers have made plans for the current situation.
- If we receive meaningful precipitation, we will revisit the allocation.

- We expect some more precipitation in the next few days. We hope that there will be more precipitation that falls in the mountains as well. It is excellent to start the year with moisture in the fields. This precipitation is also great for the dryland farmers.
- We are planning startup. We want to go back to a more traditional startup date. We are trying to conserve as much water as we can. Early water is important for germination. We currently are not ready to set startup date, but it will not be earlier than normal.
- We currently do not see a need for any watering restrictions but are advising people to be aware of the lower allocation.
- We are very aware of the need for water at the end of the season for harvesting root crops.
- We intend to have better communication this year. There were lots of rumors last year. We need to communicate more frequently even if nothing has changed.

**The meeting broke for a coffee break.**

**Refreshments were supplied to the meeting by ATB Financial.**

### **2023 Auditors' Report MNP– Tanya Bell**

Tanya Bell, MNP, presented the Auditor's opinion of the Auditor's Report and referenced the Financial Statements printed on pages 25-48 of the 2023 Annual Report. Tanya commented that there was a clean audit report. They use standard auditing processes to ensure that the statements are represented fairly. The audit provides a high level of review but not a guarantee. The auditors look at internal controls to make sure that appropriate accounting policy is followed and express an opinion. The management and the board have responsibility in preparing the Financial Statements. The statements were issued February 28, 2024.

### **2023 Financial Statement – Joyce Lam**

J. Lam referred to the Consolidated Statement of Financial Position General Operations and Irrigation Works for the Year Ended October 31, 2023. She touched on the highlights. Increase in Cash is higher due to funds received in October due to the discount deadline and funds due with respect to expansion. Assets related to inventory, work in progress and irrigation works have increased overall, the majority due to increased work in AIM projects. Investments had an overall decrease as funds were moved from investments to cash to support payments for AIM projects. Capital assets in the year purchased included both heavy and light duty equipment, electronics, etc. Increases across the board for the liabilities are directly related to AIM projects with respect to pipe purchases near the end of the year, debt to CIB and deferred revenue in relation to expansion revenues not yet realized. Revenue increased as result of the rate increase from 2022 to 2023, \$23.00/acre to \$25.00/acre respectively. Operating expenses increased in due to additional maintenance work, inflationary pressures and larger than normal pumping costs for Forty Mile Reservoir.

There was a question brought forth about the remaining loan time for the Drops 4,5&6 loan for Irrican. There is five years remaining. Irrican has paid down other debts due to the increased revenue of the past two years. There is \$2 million dollars in reserve for upgrades.

Joyce Lam moved, and LeRon Torrie seconded the adoption of the Auditors Report and the Financial Report.

CARRIED

**District Engineer's AIM & IRP Report – Trevor Helwig**

T. Helwig presented his 2022-2023 AIM and IRP reports printed on pages 8-13 of the 2023 Annual Report.

We have been working hard to complete the AIM program projects. We have four AIM projects under construction this year for a total of \$43.4 million. We have completed \$137 million over three years. We have 12 projects left to complete. The timeline for all the AIM projects to be completed stretches to the 2027/2028 construction season.

The IRP program funding is being used for the Chin Chute rehabilitation projects. That project will stretch to the 2025/2026 season.

Work continues for the Chin Reservoir Expansion project. We are working on the design for the east dam and doing design for the work on the west dam at Chin as well.

The Chin Chute IRP project has the funding pooled over three years for a total cost of over \$20 million. Trevor showed photos of chute failures in other places. We will not run the Chin Chute to failure. The total budget for the Chin Chute project is \$24.5 million with RID cost sharing their IRP funds for this project at 10%.

With the current water savings from efficiency, we can water more area with less water. 15,000 acres are being added under the expansion. We have had tremendous efficiency gains. The parcels added have been vetted by the engineering department to assure that there are no capacity issues.

We are also working on the Highway 3 Twinning project. Ledcor is doing the construction. We have eight crossings in the east bound lanes.

Staff time is also being used on the Horsefly Spillway project. The project benefits the entire area by doing flood mitigation and protecting our works.

It has been a very aggressive year for capital works projects. We have taken on \$60 million in major capital projects along with approximately \$2 million for internal projects. Trevor thanked the province for the AIM and IRP funding for projects and thanked the farmers for their cooperation.

Trevor Helwig moved, and Roland Kappel seconded, the adoption of the District Engineer's IRP Report. CARRIED

**Expansion Update – Alberta Financial Services Corporation (AFSC) – Crop insurance update – Deanna Klassen**

Deanna Klassen gave an update on AFSC's position on the lower allocation. The farmers will be asked to track the water used on their fields. It was important that the allocation was not announced before April 1<sup>st</sup>. The farmer must use at least 50% of the set allocation on the crop for the coverage to qualify. The claim must be made due to drought. If you do not plan to use 50% of your water allocation on the crop, then you should report the crop as a dryland crop. AFSC will accept the farmer's recording of the irrigation. It is not up to the irrigation district to track this. They will take into consideration any lower commodity pricing as well. Deanna said that 2024 is a good year for each farmer to review their stability goals. The deadline is April 30<sup>th</sup>. AFSC will take the landowner water allocation once the water is released. Keep that in mind. Feel free to consider different scenarios. Marilyn is an Agri-stability coach. She can answer the questions that you may have.

George Lohues said that we are grateful for crop insurance. It is good to have this program available to us. He thanked Deanna for coming to present at our meeting.

**New Business**

David Westwood wanted to clarify the answers to some questions that he has been receiving. Is it possible to move allocation within SMRID or between blocks? There can be capacity issues so people will need to contact the office. In most cases it should not be an issue. You need to clearly communicate your intention to the Water Coordinator. They need to know where the allocation is coming from and where it is going to. If the transfer of allocation is not all in one area, you need to talk to the Water Coordinators on both sides of the transfer.

Are we going to facilitate the sale of water allocation? We have added a section to the marketplace on our website to connect people that want to sell allocation and/or people that want to purchase allocation. If you provide us that information we will post it for you. We do not get involved in the transaction. The website is just connecting the interested parties. We are happy to connect people. There is also a form that must be completed and signed by both parties for moving the allocation.

What is the process in years like this to move water from one Irrigation District to another Irrigation District. The process is not as easy as you want it to be. Each district operates under their license. The movement of the acres would have to be permanent and that may require a plebiscite. The other option would be under the Water Act. It would be a temporary allocation transfer but there are conditions under the act to make sure that people are not being shortchanged. Neither of these options would be quick fixes. It is not just a paper transfer between the two districts. If you truly want to move acres in this instance, you have to sell your acres in one district and then buy acres in the second district (should that district have acres available). The Irrigation Districts Act governs these types of issues. It seems that it is all the same water, but the Act deals with the water differently. The district will buy back acres in SMRID but purchasing acres in another district is a separate mechanism.

We were asked about the St. Mary diversion and if we will be upgrading that. We have brought the limitations of the diversion to the Government of Alberta (GoA). It is on their radar. The GoA is aware, and we will continue to look for increased capacity to move water to St. Mary Reservoir. The



gates at Waterton were also discussed. They recognized that limitation and have noted it as an issue as well.

The recent expansion acres were questioned. David Westwood said we are comfortable with the 15,000 expansion acres that have been released. They were released in Phase 1 Round 1. The board decided to release these acres and then take a pause. If the drought conditions remain that may prolong the timeline before more acres are released. We want to see how this water season plays out.

There was a comment about the \$3.00 increase in rates and that the percentage of the increase was sizeable. We have seen significant input costs increases due to inflation. For quite some time our cost structure was not covering our operating costs. We have been subsidizing those costs with money from Irrican. Beyond the infrastructure projects, we have ongoing infrastructure maintenance to do. The revenue from Irrican is not enough to cover all of it. We are a very large district, and we have lots of infrastructure to maintain. Do we increase rates in smaller increments, or do we be more aggressive? Input costs are up between 10-20%. Pipe pricing has increased. We have priced pipe from the United States and even if the price is lower, once the cost to ship it is added, the overall cost is not less. Our PVC pipe price is up about 50% from 2020. This issue is a worldwide issue. We are seeing inflation everywhere.

There was a question about solar watering troughs. We get them under a grant program. David Westwood said Paul Fontaine is the contact in our office for that program.

There was a question about allocation transfers between blocks. Temporary transfers are just being done for this year due to the lower allocation. We need to check capacity in some cases.

Don Johnson had some comments for the end of the meeting. He expressed that this was a good meeting. He appreciated the information presented. He said it was important to hope. He said we always need to hope and to be optimistic. Farmers figure out a way to move forward. He commended SMRID on what they have done. He thinks things have worked out well. Thanks for the good work.

**Door prize winner – Willie J. K. of Midland Colony. The door prize was donated by MNP.**

George Lohues thanked all those in attendance for coming to the meeting.

### **Adjournment**

Ellen Conrad motioned to adjourn.

Meeting adjourned 4:42 p.m.