

**Subject: Municipal Public Utilities Bylaw No. 14/035****APPROVALS:**

Kevin Scoble, Executive Director  
Marcel Ulliac, Interim Chief Administrative Officer

**Administrative Recommendation:**

THAT Bylaw No. 14/035, being the Municipal Public Utilities Bylaw, be read a first time.

**Summary:**

The purpose of the Municipal Public Utilities Bylaw is to prohibit any person from supplying a utility service to the public within the Municipality that is the same as or similar to a Municipal utility service provided by the Municipality or a subsidiary of the Municipality as stated in Section 33 of the *Municipal Government Act* without consultation with, and the approval of, the Municipality. This permits the Municipality to have input in the provision of public utility services to ensure equity for all stakeholders.

Courtesy notifications have been made to affected utility service providers. Administration has developed a communication plan to effectively communicate the Bylaw's implementation, if approved by Council, and to provide additional clarity to potentially affected businesses, unaffected businesses, and residents.

**Background:**

The Municipality has recently commissioned significant infrastructure to meet service demands and growth within the region. Additional environmental services infrastructure, as approved in the 2014 and prior Capital Budgets, is planned or is under construction and further infrastructure, as outlined in the 2015-2019 Capital Plan, is being contemplated.

Potentially impacted environmental services infrastructure throughout the region includes:

1. Water treatment infrastructure,
2. Wastewater treatment infrastructure, and
3. Solid waste infrastructure.

Planning and design of existing and new infrastructure considers individual assets as components of an optimized regional system to achieve economies of scale to reduce costs and considers revenue generation from commercial (i.e. work camps and industrial plants) bulk water and septage sales in the business cases to maintain/subsidize rates for residential and small business customers and enhance services or provide new services to those customers.

**Alternatives:**

1. Increasing residential and commercial utility rates.
2. Re-evaluating planned infrastructure to provide less efficient infrastructure at higher unit cost per customer, both urban and rural.
3. Vertically integrating the Environmental Services value chain to facilitate demand for services.

**Rationale for Recommendation:**

Recently, significant growth has occurred in alternative third party wastewater treatment facilities operating in conjunction with work camps. This current situation impacts the Municipality with both decreases in existing and new revenue and increases in operating costs associated with the difficulty in treating concentrate from these facilities. Additionally, capital upgrades are required to continue to treat this concentrate to meet more stringent regulatory requirements coming into effect in 2015.

Administration has identified private businesses pursuing design and construction of commercial water and wastewater treatment facilities within the region. These facilities have potential to negatively impact sales from existing and future municipal infrastructure and may require Administration to re-consider the design plans of approved and future capital infrastructure technology and capacity downgrades if operational efficiencies are impacted. These private facilities also have the potential for the Municipality to incur sunk costs for existing infrastructure.

Environmental Services operates in a deficit position: revenues do not cover costs and the difference is subsidized through the property tax base. Historically, a significant portion of this deficit, if not all of it, has been made up through bulk water and septage receiving sales. Full cost recovery, approved by Council in 2006, has not been fully implemented with no rate increases since 2010. Administration estimates a 10% decline in commercial revenue requires a 26% increase in residential rates to offset the revenue shortfall.

Comparable bylaws have been enacted in Edmonton, Calgary, Red Deer, Lethbridge, Medicine Hat and Grande Prairie. The Bylaw, as proposed, would not prohibit third parties from providing public utilities services in the region, but instead permits the Municipality to have input to such activities to ensure equity for all stakeholders. This provides a balance to ensure viable business development without subsidization by taxpayers or ratepayers and without impact to their access to economic and comprehensive service levels.

**Attachments:**

1. Municipal Public Utilities Bylaw No. 14/035