

December 2, 2019

Attention: Mayor Cathy Heron, Councillors Jacquie Hansen, Ray Watkins, Ken Mackay, Sheena Hughes, Natalie Joly and Wes Brodhead

The Board of Directors, on behalf of the St. Albert and District Chamber of Commerce, welcomes the opportunity to make a presentation at the Public Hearing regarding the decision to create a Municipal Utility Corporation.

We appreciate that representatives of the Chamber were invited and participated, on November 19, in a joint meeting with the City's Economic Sustainability Advisory Board (ESAB) and members of the Administration, led by Mr. Kevin Scoble.

We also appreciated the opportunity arranged by the city to facilitate a Q&A session on November 29th with the former CEO of Aquatera, Grande Prairie's Regional MUC.

We commend the city for being proactive and recognizing the need to create additional sources of revenue for the future success and viability of our city. While we concur and support, in principle, this need, we have questions and concerns about whether a Municipal Utility Corporation is the answer.

We further recognize that the residents of our City need to fully understand, in detail, based on the report of Grant Thornton, what steps will be taken and by whom to maximize the prospects of success and manage the risks.

In the time afforded the Chamber, we set out for discussion and answers to the following questions:

1. Why was there no attempt by the consultant to verify the information provided? Their report opens up many questions and concerns.

2. The report mentions three levels of risks including “one certain financial risk” and “two very likely financial risks” and yet these risks have not been shared publicly. Why has this information not been made public? Why would revealing the risks identified in the report hurt our competitive advantage? If taxpayers are being asked to commit millions of dollars, don’t they have the right to know the risks?
 - a. If Council is not prepared to make these risks public, it must make explicit assurances that plans exist to manage risk and mitigate negative impacts including no additional taxes on residents and businesses to cover any such risks should they arise.
 - b. Should Council commit to proceeding, the Chamber encourages Council to establish clear project way-gates and off-ramps at each identified risk point to ensure the City is able to alter its strategies or cancel the MUC should risks not be manageable. This is standard practice in most new ventures and should be committed to as part of Council’s fiduciary responsibility.
3. We have heard that there are other municipalities in the region that are also looking at forming an MUC. Is the City considering partnering with others and looking at a regional initiative? Is a St. Albert MUC projected to be profitable if its customers are limited to one municipality?
4. The report mentions “New Customers”. Has the city secured and confirmed new customers?
5. We look at other MUC’s in the province and the ones that have succeeded all have one thing in common -- natural resources. Grande Prairie has water; Medicine Hat has gas. St. Albert doesn’t have either of those. So, will we not be then purchasing and re-selling? How can that be cheaper for consumers?
6. Why is an MUC required for what Council is looking to do to raise revenue? This is not at all clear from the documents released to date.

One of the challenges for other municipalities is that by creating their MUC and offering services they have competed directly with the private sector. This council passed a non-competing public utilities bylaw in August which will virtually stop any private business coming into St. Albert to offer similar services whether it be garbage removal or recycling services. This is of great concern to the Chamber and our business members.

The decision of this Council to proceed must be done in a collaborative manner, securing the informed support of our Community. At this stage, it is very difficult for any citizen or organization to take an

informed stance. We also encourage this Council be more transparent with information prior to proceeding as there are many more questions that need to be answered.

The matter of a Municipal Utility Corporation is a significant and critical decision for all, and the Chamber would be pleased to continue to work with the city through open roundtables with both the business community and our residents. Should Council vote to create an MUC, we recommend that a professional board and small independent management team be assembled promptly to develop a robust business plan that places financial sustainability, risk management, and communication as key priorities. The City is encouraged to be very cautious in investing financial resources in this new entity until it is clear that risks are manageable, and a clear path to profitability exists.

Sincerely,

Mark Stoneleigh
Chair, Board of Directors
St. Albert and District Chamber of Commerce

cc: Kevin Scoble, CAO City of St. Albert
Chamber of Commerce Board of Directors