



Legislation Text

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Bylaw 24/2019 Municipal Public Utilities (1st Reading)

Presented by: David Leflar, Director, Legal & Legislative Services

RECOMMENDATION(S)

1. That Bylaw 24/2019, the Municipal Public Utilities Bylaw, be read a first time
2. That Bylaw 24/2019 be referred to the Governance, Priorities and Finance Committee meeting of August 12, 2019 for further discussion before being scheduled for second and third readings by Council.

PURPOSE OF REPORT

To recommend that Council give first reading only to Bylaw 24/2019 in order to provide an opportunity for public input and full discussion at the Governance, Priorities and Finance Committee of the objectives of the Bylaw in the context of the City's strategy to develop additional revenue sources through non-traditional utility services.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

N/A

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

Bylaw 24/2019 will not have an immediate or direct impact on service levels but will be an important foundational piece to assist in maintaining and enhancing service levels related to utilities, in the future.

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

N/A

BACKGROUND AND DISCUSSION

The *Municipal Government Act* has for many years contained a section that allows a council to pass a bylaw prohibiting any person from providing the same or similar utility services as those provided by the municipality or by a subsidiary corporation of the municipality. Historically, municipalities whose utility services consisted only of traditional potable water supply, wastewater collection/treatment, stormwater management and garbage disposal, have not often taken advantage of this statutory power. This is because the financial and regulatory barriers to entry, and the "natural

monopoly” nature of such utilities services, made it very unlikely that any private sector corporation would emerge to challenge the exclusivity of municipalities in this economic space. So there was no compelling need until recently for many municipalities to legally protect their monopoly position in utilities.

But things are quickly changing, both in the utilities sector and in municipal government where the continual need to fund both new growth and repair, maintenance & replacement of assets is on a collision course with our dwindling ability to access traditional property tax and grant revenues, thereby putting municipalities into an ever-tightening financial vice grip. It has therefore become more urgent for the City both to safeguard its traditional sources of utility revenues, and to pursue new non-traditional revenue sources based on providing new utility services or providing traditional services in new and innovative and environmentally responsible ways.

Bylaw 24/2019 will not solve all our problems, but it does represent an important foundational piece in addressing these future revenue and funding challenges. Section 5 of the bylaw establishes as a baseline that neither the City itself nor its potential future utility corporation would have to face competition in their utilities business within the municipal boundaries of St. Albert. But Section 5 is only half of what Bylaw 24/2019 seeks to achieve. Section 6 is equally important because it provides a legal foundation for strategic partnerships with other governments and/or the private sector, to leverage the whole range of emerging technologies in the utility sector in a way that could reduce costs and/or tap into new revenue sources; not only within St. Albert but potentially beyond our municipal boundaries. From this perspective Bylaw 24/2019 is key to our future success in forging ahead with alternative utility service delivery models and their associated business opportunities.

Passing Bylaw 24/2019 would not cause any immediate changes. It would, however, change the way the City does its utilities business in a way that could have significant future implications. For this reason Administration is recommending that the bylaw be given only first reading at this time, and be further discussed at the GPFC meeting on August 12, 2019 before any decisions are made on when to move it forward for consideration of subsequent readings.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

The Communications Department will be tasked with ensuring that the introduction of this bylaw for first reading, and the proposed further discussion of it on August 12, are made known in the community in ways that will reach a broad range of interested parties.

IMPLICATIONS OF RECOMMENDATION(S)

If passed, Bylaw 24/2019 would solidify the City’s exclusive right to provide utility services within our municipal boundaries, and at the same time position the City to enter into beneficial strategic relationships with other governments and/or private companies, in order to leverage our position.

Financial:

None at this time but potential for significant future enhanced utility net revenues.

Legal / Risk:

No significant legal risk, since the *Municipal Government Act* does authorize a council to pass such a bylaw.

Environmental risks (including the risk of not significantly reducing our environmental footprint) are more likely to go down than increase, since this Bylaw would pave the way for new and more environmentally friendly methods of delivering utility services.

Program or Service:

N/A

Organizational:

The Bylaw itself would have no immediate organizational impact. Such impacts would arise if Council gives future approval to create a corporation owned by the City, through which utility services are delivered.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

If Council does not wish to support the recommendation, the alternative is to maintain the *status quo*, under which there is a risk that our most promising alternative utility service initiatives could be adversely impacted by competition instead of being augmented and strengthened by strategic partnerships.

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