

## Timing of Key Utility Items in 2010

### Recommendation:

That the January 26, 2010, Asset Management and Public Works Department report 2010PW5771rev be received for information.

### Report Summary

This report provides information to support Council's discussion of various options surrounding governance of the utilities.

### Previous Council/Committee Action

At the January 20, 2010, City Council meeting, the following motion was passed:

- That the January 12, 2010, Asset Management and Public Works Department report 2010PW5771 be referred back to Administration to return, with an updated report, to the February 3, 2010, City Council meeting.

Prior to that, at the October 14, 2009 City Council meeting, the following motion was passed:

- That Administration provide a report to the first Special City Council meeting in 2010, outlining the anticipated timing of key utility items, including the recommendation of any additional dates that may be required, and providing further opportunity to discuss the options outlined in the September 30, 2009, Asset Management and Public Works Department report 2009PW6577.

### Report

- Attachment 1 of this report is the Asset Management and Public Works Department report 2009PW6577 on Utility Governance Options which was presented to Council on October 14, 2009. Administration's recommendation, as outlined in this earlier report, is to better utilize existing Council and Committee structure for utility governance through the use of the Transportation and Public Works Committee (TPW).
- Given the Council Committee Review occurring in 2010, and the possibility of changes to the overall committee structure, Administration felt it was appropriate to recommend the continued use of TPW at this time. This would ensure that any changes to the actual governance structure of the utilities are made within the context of the broader review. Use of TPW still allows for the involvement of external experts in decision making, if Council so chooses.
- In the Utility Governance Options report, Administration recommended the use of a regular audit cycle for the utilities. Since this earlier report first went forward to Council, a City Utilities Audit has been included in the City Auditor's Annual Work Plan.
- In addition to internal audits; something which the utilities are already subject to, Council may wish to pursue a standing order consulting services agreement for an independent expert or experts to provide advice directly to TPW or Council. This option is further outlined in Attachment 1. Administration is supportive of any option that increases transparency

- and accountability in Council decision making processes.
- For Council's consideration, the Utility Governance Options report also identifies options for more wholesale change in utility governance, including a new Utilities Standing Committee of Council, use of a civic agency, and/or use of external experts as voting members of a committee.
  - Attachment 2 of this report contains a work plan that outlines the major items requiring TPW and Council consideration in 2010. The work plan also identifies information reports and a workshop that would be specifically targeted at increasing Council and Committee's understanding of various aspects of the utilities.
  - Based on feedback from Council throughout 2009, Administration believes that a key area for Council's consideration is an understanding of utility budgets and rates, both on an annual and on a long term basis. This would require discussion on how rates are set, how corporate charges are applied, how debt is managed, and how reserves are utilized.
  - The development of new or updated fiscal policies is a major decision for Council in 2010 that will serve to clarify the longer term approach to utility finances.
  - Utility operations and strategies for new facilities, external partnerships, services to residential and commercial customers, and environmental protection would be presented to Committee and Council through business plans and budgets, information reports, and the workshop.
- 2010 would be an unusual year in terms of Administration requesting time for education and fiscal policy development. On an ongoing basis, or at least until the next policy update, the only additional time requested on an annual basis, would be for budget and planning which could be accommodated through the regular TPW meeting schedule.
  - If Council supports the continued use of TPW for utility items, this report can be received for information.
  - If Council decides to pursue a standing order consulting services agreement or a new structure for utility governance, the work plan would need to be amended accordingly. In order to engage external experts on retainer, and/or set up a new committee, there would be a delay in bringing forward most items in 2010. This anticipated delay is reflected in Attachment 3.

### **Policy**

Utilities Fiscal Policy (C304B)

Waste Management Policy (C527)

### **Focus Area**

This report responds to Council's priority to Ensure Edmonton's Financial Stability and the Condition of Success of Effective Communication outlined in Council's Strategic Plan: The Way Ahead.

### **Attachments**

1. Asset Management and Public Works report 2009PW6577
2. Timing of Key Utility Items in 2010 using TPW Committee
3. Revised Timing of Key Utility Items in 2010 if Experts were Engaged or a

New Committee Structure was Put in Place

### **Others Approving this Report**

- C. Warnock, Chief Financial Officer and Treasurer

### **Others Reviewing this Report**

- D. H. Edey, General Manager, Corporate Services Department

## Timing of Key Utility Items in 2010 using TPW Committee

Timing		Transportation and Public Works Committee*	City Council Meetings (dates expected to be accommodated within the approved 2010 Council and Committee Schedule)
January			
February			<u>Timing of Key Utility Items in 2010</u> , including earlier report on Utility Governance Options (information report)
March	Early	<u>Education on Key Aspects of the Drainage and Waste Management Utilities</u> (facilitated workshop) – <b>1 full day</b>	
	Late	<u>Fiscal Policy Review</u> (action report) – <b>within TPW regular agenda</b> <ul style="list-style-type: none"> <li>• Waste Management Utility</li> <li>• Sanitary Utility</li> <li>• Land Drainage Utility</li> </ul>	
April	Early		<u>Fiscal Policy Approval</u> (action report recommended by Committee) <ul style="list-style-type: none"> <li>• Waste Management Utility</li> <li>• Sanitary Utility</li> <li>• Land Drainage Utility</li> </ul>
	Late	<u>2009 Results Review</u> (information report) – <b>within TPW regular agenda</b> <ul style="list-style-type: none"> <li>• Financial and Operational Results</li> <li>• Progress Against Council's Strategic Plan</li> </ul>	
May			
June	Early	<u>2011 Business Plan Considerations and Capital Implications</u> (report) – <b>within TPW regular agenda</b> <ul style="list-style-type: none"> <li>• Waste Management Utility</li> <li>• Sanitary Utility</li> <li>• Land Drainage Utility</li> </ul>	
	Late		<u>2011 EPCOR Gold Bar** Rate Approval for Wastewater Treatment</u> (action report)
July			
August			

Timing		Transportation and Public Works Committee*	City Council Meetings (dates expected to be accommodated within the approved 2010 Council and Committee Schedule)
September	Early		
	Late		
October			
November	Early		<u>2011 Business Plan and Operating and Capital Budget Approval</u> (action report recommended by Committee) <ul style="list-style-type: none"> <li>• Waste Management Utility</li> <li>• Sanitary Utility</li> <li>• Land Drainage Utility</li> </ul>
	Late		<u>2011 Utility Rate Approval</u> (action report) <ul style="list-style-type: none"> <li>• Waste Management Utility</li> <li>• Sanitary Utility</li> <li>• Land Drainage Utility</li> </ul>
December			

\*In 2010, all regular reports from AMPW, including those relating to the Utilities will continue to come to TPW Committee. This includes items such as the Quarterly Updates on Trenchless Construction, new contracts, and contract change orders.

\*\*Timing of Council's review and approval of the EPCOR Gold Bar piece of the Sanitary Utility budget has not been confirmed with EPCOR.

### Revised Timing of Key Utility Items in 2010 if Experts were Engaged or a New Committee Structure was Put in Place

Timing		TPW with Experts on Retainer OR Utilities Committee*	City Council Meetings (dates expected to be accommodated within the approved 2010 Council and Committee Schedule)
January			
February			<u>Timing of Key Utility Items in 2010</u> , including earlier report on Utility Governance Options (information report)
March			
April	Early		
	Late	<u>Education on Key Aspects of the Drainage and Waste Management Utilities</u> (facilitated workshop) – <b>1 full day</b>	
May	Early	<u>Fiscal Policy Review</u> (action report) <ul style="list-style-type: none"> <li>• Waste Management Utility</li> <li>• Sanitary Utility</li> <li>• Land Drainage Utility</li> </ul>	
	Late		<u>Fiscal Policy Approval</u> (action report recommended by Committee) <ul style="list-style-type: none"> <li>• Waste Management Utility</li> <li>• Sanitary Utility</li> <li>• Land Drainage Utility</li> </ul>
June	Early	<u>2009 Results Review</u> (information report) <ul style="list-style-type: none"> <li>• Financial and Operational Results</li> <li>• Progress Against Council's Strategic Plan</li> </ul>	
	Late	<u>2011 Business Plan Considerations and Capital Implications</u> (report) <ul style="list-style-type: none"> <li>• Waste Management Utility</li> <li>• Sanitary Utility</li> <li>• Land Drainage Utility</li> </ul>	<u>2011 EPCOR Gold Bar** Rate Approval for Wastewater Treatment</u> (action report)
<b>No Change Expected for the Second 6 Months of the Year – see Attachment 2</b>			

\*The schedule identified would apply if Council decided to pursue a Standing Order Consulting Services Agreement or a Utilities Committee at the February 3, 2010 City Council Meeting.