

Summary of Feedback about CUI Options:

Participation:

- 22 residents attended the Special Meeting on June 11.
 - 6 spoke in person. Some had questions, some provided opinions.
 - 6 participated in the live poll at the meeting. All 6 voted for Option B (insourced).
- The City posted the information the following day on the City's Facebook page and asked residents to vote on the two options presented. The poll was open from Wednesday, June 12 until Monday, June 17.
 - The post reached 4180 people and had 941 engagements.
 - The poll had 301 votes with 228 (76%) in favour of Option B (insourced) and 73 24% in favour of Option A (outsourced).
 - The post had 15 comments. 2 were questions.
- Since last Tuesday's meeting, the City received 5 emails from residents to the main email account. 1 included a question, the rest expressed opinions on the options.
- The Mayor has reported receiving 4 emails from residents. 2 included questions.

Questions asked by residents include:

- Where can we see the backup financial information on the presentation?
 - o If residents are interested in going through more detail about the financials, our City Finance staff would be happy to meet with them.
- Why can't we just tell CUI not to make any more money?
 - o Council wanted to fully understand the implications of their decisions before making any sweeping changes. After months of detailed analysis on various options, proposals are now being presented to them for a decision.
- Can you re-examine the billing structure so those who use more water pay more?
 - o Yes, this is something we can look at in the next rate review with a soft target date being January 2021.
- What will happen to the debt load? If we cut rates this year, will we just have to increase them in future years?
 - o The presentation outlines clearly what will happen with the debt load for either option (slides 23 and 24). Whichever option is decided upon, the City will need to re-evaluate its proposed projects to ensure we meet our municipal requirements.
- Do we not have an existing contract with EPCOR that continues for a few more years?
 - o Regardless of which option is decided upon, we are looking at maintaining a relationship with EPCOR. EPCOR's Operations & Maintenance contract is a 20-year agreement commencing October 15, 2007.
- The Facebook poll makes it look like Option A has no "pros" at all... any benefits to Option A?
 - o A more detailed analysis of each option was presented at the meeting on Tuesday night. It's pretty extensive to include [on Facebook] so we invite you to take a look through the slides or watch the presentation - available at www.chestermere.ca/agendas under 'Past Meetings > Special Meeting'.
- Where did all the debt come from that CUI has? What happened to the money?
 - o The debt has multiple sources including infrastructure projects and assets. Many companies have some type of debt to help offset costs for major capital projects.

Prior to September, CUI was operating on a business model that would continue to incur more debt. If the company was to continue operating in this way, combining the City's debt and CUI's debt puts us over that legislated limit and we need the Province's approval to do that. In addition, if the City was to take on CUI's debt, it would hinder the City's ability to pursue other municipal projects. As well, the City is in discussion with the Province regarding debt limits. The *Municipal Government Act* and its regulations play a big role in helping to determine how we can dissolve the company and how we manage their debt. As a municipality we have a maximum borrowing limit of 1.5 times our annual revenues as prescribed by law.

- Is there going to be a forensic investigation into what happened?
 - o There have been regular audits of the company as prescribed by the Municipal Government Act. You can read all the audited statements at cuinc.ca and other reports have been posted to chestermere.ca/cui. If you are interested in more details, we would be happy to speak with you.
- Is CUI going to be fully taken over by the city and completely closed down?
 - o That is one of the questions being explored at the moment.
- How can there be retained earnings with the massive debt that is in place?
 - o Debt represents what CUI owes and is used to pay for multi-year projects. Retained earnings represent the total of all prior year's profits and losses added together. Just like an individual, a company can have income (earnings) in a year, but it doesn't mean you are always able to pay off your debts at once, (e.g. if you have a mortgage).
- Do the existing City staff understand the complexity and operational requirements to appropriately manage [CUI] projects?
 - o We have many professionals on staff who can help manage CUI projects. In addition, some of the current staff at CUI may become municipal employees if the City requires their expertise to help oversee the delivery of utility services. Where additional resources are needed, we will look to supplement our staff with sub-contractors.
- What will be different about how things are run by the City?
 - o If Council chooses 'hybrid' as the legal structure, the CUI hybrid model will own all the utility assets and related debt until dissolution.
 - o If Council chooses 'municipalization' as the legal structure then the City will own all of the utility assets and its related debts. As mentioned above this could become an issue with the Debt Limits as legislated in the MGA and regulated in the Debt Limit Regulation.
 - o If Council chooses the City as the service provider (in-source), the City will provide utility operations for Chestermere. That means they will have control over services.
- How will the debt get paid down?
 - o This is a two-part question – part of the debt is related to existing assets and the remaining (large majority) of the debt is related to growth assets. The debt, being both principle and interest payments, for existing assets are included in the utility rates. The debt for growth assets will be repaid by the development community through Off-site Levies as development occurs.

- If the shell company will only save \$292,000 how is it sustainable given the mounting debt?
 - o The mounting debt is a comment about future activity and is related to big capital asset projects, which will occur only as growth occurs. The [presentation from June 11](#) indicates the increasing debt is from the “green” colored section of the bars, which represents the City, whereas the “blue” colored section of the bars only decreases. The other part of this comment about having a shell company means that the company would only exist so long as it takes to pay off the debt. It would not be allowed to incur any additional debt.

Please note that questions were paraphrased for clarity and brevity.