



People for Public Infrastructure

Supporting lower costs and local control for Prince Rupert's water and sewer system.

REMARKS TO CITY COUNCIL NOV. 21, 2022

My name is Tom Kertes. I am here tonight as a resident of Prince Rupert and as a homeowner. I am speaking to city council for two reasons. First, as a homeowner, I want my utility rates to be as low as possible. Second, the way to keep rates low is with a public system, not a private one. (A public utility system is one governed directly by a city, within the municipality itself.)

The governance structure of the system matters because I want you – our elected representatives – to have direct control over my rates and over the delivery of service because you are as close to my needs as I am. Of all the alternatives, it is you as my elected representatives that I trust the most when it comes to governing the system, within the municipality itself.

I had originally planned to go over a slide presentation that was focused what the process for deciding how to structure and model our city utilities should be like – but reading over the memorandum to council it seems that I am too late for that (as it seems a decision has already been made). I will therefore skip most of the slide presentation and will first address the two questions that the memorandum to council asks. Then I will share some questions that the memorandum to council raises.

The memorandum to council asks: “who will pay for it?” --- “who will run it?”

First, who will pay for it? The answer is that we will pay for it. Regardless of the structure or the model used, it is us – city residents, businesses, property owners – who will pay for our utilities. We will pay for it. So, a better question is “how much will we pay for it?”

The directive by city council to senior city staff, which was mentioned in the memorandum to council, suggests that we will pay more for our utility services for two reasons. First, the plan will make the structure of the utilities more complex, adding a new layer in the form of a city-owned company to function as a service provider for the city. Second, the plan invites a private company into the equation. Unlike a municipality, which cannot make a profit, the job of a company is to make a profit.

That profit will be paid for out of our pockets – because we will pay for it. The new structure on its own does nothing to contain costs but it will make it harder for residents and businesses to have a voice in how rates are set. Complex structures pull decision making away from those

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affected most. Having an outside company run the system moves some of those decisions even further out of the community, while also adding profit to the equation.

Higher rates. Less local control.

The second question asked in the memorandum to council: “who will run it?”

Let me be honest about this question, which is that I don’t know. My guess is that very few residents and business owners in Prince Rupert know the ins and outs of running a utility system. But I would like to know more, which is why in the original power point we included our recommendations for a process of community engagement on the issue, including that alternatives be researched and considered and that the public have a chance to learn about these alternatives together.

On a side note, one thing that I liked about the booklet that our presentation was based on, which is here (on the last slide) is that it did not say “NO” or “YES” to privatizing utilities or keeping them public, but instead it said, “consider all the options and do so in way that lets lots of voices in.”

On a related note, just like we know that we will pay for it, we also know who will run it. That is because no matter the structure or model used, in the end it is the city, and the City Council, who are ultimately responsible for how the system is run. You will run it because you are responsible for how it is run.

Local control and direct governance matter in this sense because the more layers added and the more complicated the structure the harder it is to exercise responsibility. Making the system complex also adds to costs and it also takes away control. A public utility system is one governed directly by a city, within the municipality itself. City council governs the municipality and is responsible for city outcomes. This is a good system, because you are the people we elected as our leaders, and we trust you in this role. Keeping utilities directly in the municipality increases local control over the system, which is how we can ensure that we get good service for the lowest price possible.

We need to look at alternatives rather than creating a new structure for the utility system or to privatizing it with a private company running at least part of our utility system. These alternatives can save us money and help keep control of the system here.

Now, for the questions raised by the memorandum to council:

1. When did city council direct senior staff to move forward on using a municipality-controlled corporation to run the city’s public water and, possibly, public sewer system – in partnership with a private company?

2. Who was involved in developing plans to set up a municipality-controlled corporation, working with a private company, to run (including finance and operate) our water and, possibly, sewer system?
3. Is there a business plan and can we see it?
4. How much debt does the city plan to finance through a municipality-controlled corporation? The initial rumour was \$230 million dollars. Is this true?
5. What assurances do residents and businesses have the once a municipality-controlled corporation is formed that it will not be sold in whole (or part) at a future date?
6. What are the alternatives and have these been considered by city council already?
7. What can a municipality-controlled corporation do that a public (within the municipality) utility cannot do?
8. If the municipality-controlled corporation forms a partnership with a private company, then how will its profits be calculated and paid for?
9. Will the municipality-controlled corporation be able to make a profit? If so, why?
10. Finally, is the decision already made? Or is there still a process for the public to share its concerns and to have input into how our public utility system is structured, run, and financed?

Thank you for your time. I look forward to hearing your answers to these questions and to hearing more details about the city's privatization plans for our water and sewer system.

For more information, please visit <https://PeopleForPublicInfrastructure.org>.

People for Public Infrastructure is a grassroots community group of Prince Rupert residents working together to ensure that the city's public water and sewer system remain publicly-owned, publicly-controlled, publicly-operated, publicly-maintained, and publicly-financed. This ensures local control over our infrastructure, reduces the cost of operating our water and sewer system, and results in lower fees for residents and businesses.

Our goals are to:

1. Ensure that residents and businesses have a voice in the process of deciding how the city will structure our public utilities.
2. Ensure that alternatives to privatization are considered and that this be an open process.
3. Keep utility prices as low as possible and ensure that local governance and control is maintained over the public utility system.

A public utility system is one governed directly by the city, within the municipality itself. This puts our city's elected representatives in direct control and oversight of the system.