



People for Public Infrastructure

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

RESPONSE TO CITY PLANS TO PRIVATIZE WATER AND SEWER, FORMING A “MUNICIPALITY-CONTROLLED CORPORATION” AND PARTNERING WITH A PRIVATE COMPANY

FOR IMMEDIATE RELEASE

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The City of Prince Rupert released information on Nov. 18, 2022 about the city's plans for its public water and sewer system. The information was released as part of the city council agenda packet for its Nov. 21, 2022 Committee of the Whole meeting. People for Public Infrastructure will give a presentation to the recently sworn-in mayor and council at that meeting.

“The Memorandum to Council mentions a directive made by the city council earlier in the year. Council directed staff to move forward on plans for a municipality-controlled corporation to take over and run the city's public water system, and possibly its public sewer system, in partnership with a private company,” said Tom Kertes, volunteer organizer of People for Public Infrastructure. “This directive is news to most city residents and businesses. The release of this news leads to many questions about what the city has in mind for our public water and sewer system.”

“The big question that residents and businesses should be asking is this a plan for the full privatization of our water and sewer system? Or does this plan only lead to a partial privatization of the system? The answer will be in the details, especially in the details of the municipality-controlled corporation mentioned in today's Memorandum to Council. Residents and businesses need to know first if this structure is really needed and what are the risks and alternatives to it. Second, residents and businesses need to know if, at some future date – perhaps under a different Mayor and Council with different intentions – the corporation could be wholly sold to an entirely private company. The plan proposes a major shift in structure and requires scrutiny and public oversight,” said Kertes.

The Memorandum to Council is available at the city's website.

People for Public Infrastructure raises the following questions about the city's plans:

1. WHEN WAS A DIRECTIVE DECIDED?

When did city council approve its directive 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?

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2. **WHO WAS THE LAST TO KNOW?**
What was in the original proposals provided to city council and who developed (or helped develop) these? What was the internal process and who was involved in this process? Was the current mayor involved? Were all the current councilors involved? Consultants? City staff? Community members? Other levels of government? Who was the last to know about this proposal and the directive to move forward on it?
3. **IS THERE A BUSINESS PLAN?**
What details has the city already decided on in terms of the composition for and oversight of a municipality-controlled corporation? Is there a business plan? If so, what is it?
4. **WHAT ARE THE FINANCING DETAILS?**
How much debt does the city plan to finance through a new (or existing) municipality-controlled corporation and how will this debt be financed? Who will provide the financing? What ultimate controls will funders have over rates and operation of the water and sewer system? What would happen if the corporation did not set rates at the levels agreed to by the corporation?
5. **HOW MUCH WILL LOCAL OR OTHER GOVERNMENTS PAY?**
Have the details for the levels of public sector grants and/or City money or contributions in kind been worked out? Have any commitments been made already?
6. **WHAT STAGE IS THE CITY AT RIGHT NOW?**
At what stage is the “planning and execution” of partner procurement?
7. **WHY FORM A MUNICIPALITY-CONTROLLED CORPORATION?**
If the city will own the assets, raw/treated water, and benefit of ownership, then why form a municipality-controlled corporation? Will the municipality-controlled corporation have the same level of oversight and transparency as required of a local government?
8. **WHAT ARE THE ALTERNATIVES?**
Why not ensure “best value” through early collaboration with contractors and Northern Health while retaining a system that is directly financed, operated, maintained, and controlled (i.e. public) water and sewer system?
9. **CAN THE MUNICIPALITY-CONTROLLED CORPORATION BE SOLD?**
What assurances do residents and businesses have the once the municipality-controlled corporation is formed that it will not be sold in whole (or part) at a future date?
10. **WHAT IS THE FULL SCOPE OF THE PLAN?**
What does “fill resource gaps in the entire system” mean? What is the full scope for this plan?
11. **WHY NOT AN ACTUAL PUBLIC UTILITY?**
If the municipality-controlled corporation is “*effectively* structured” as a public utility provider, then why not simply structure the city’s water and sewer system as a public utility? What can a municipality-controlled corporation do that a city public utility

cannot do?

12. IS THERE ALREADY A DRAFT PARTNERSHIP AGREEMENT?

A “partnership agreement” is mentioned. Is there an agreement in place already? Is a draft agreement in place already? What are the specifics? Will residents and businesses be privy to the specifics of what could lead to a complete transfer of the entire city water and sewer system to a new entity?

13. WHO WILL ACTUALLY CONTROL THE RATES?

A “rate-setting *recommendation*” is mentioned. If the municipality-controlled corporation, or its partners, do not agree to the city’s *recommendation* for rates, what would happen under this proposal?

14. WHY NOT HAVE THE CITY PROVIDE THE SERVICE TO ITSELF?

The city would own the infrastructure and the raw/treated water. The municipality-controlled corporation would be a service provider. So, what would the municipality-controlled corporation own? In terms of financing, what would the financing provide? Would it just be to pay for the costs associated with setting up a service provider? Or would it be for the costs of the infrastructure?

15. HOW WILL PROFITS BE CALCULATED AND PAID FOR?

If the municipality-controlled corporation forms a partnership with a private company, then how will its profits be calculated and paid for?

16. WILL THE MUNICIPALITY-CONTROLLED CORPORATION MAKE A PROFIT?

Will the municipality-controlled corporation make a profit? If so, why? And will it be legally *allowed* to make a profit, even if there is not an intention for it be profitable? (*Can* it make a profit?)