

May 27, 2019

Dear City of Chestermere Council,

On September 4, 2018 City Council passed a resolution that *“Council, having heard overwhelming concerns from the residents of Chestermere and having met on various occasions with representatives of Chestermere Utilities Incorporated (CUI) regarding the operations and governance of the City-owned utility company, have determined that the status quo is no longer desirable and that a change in the governance and operations of CUI is required.”*

On November 8, 2018, Council then requested that *“Administration provide additional details and implementation options pertaining to the KPMG Review of Restructuring Options for CUI, detailed in their October 22, 2018 report specifically to Municipalization with, and without, the outsourcing considerations; Retaining CUI as a shell corporation solely for the purposes of holding existing CUI debt separately from the municipality, and with the provision that the shell CUI company would not be able to incur additional or new debt and that the company would be fully dissolved once the debt is retired; and that the full operations of CUI would be folded into the municipality with all outsourcing options considered; (and) Partnership opportunities with the City.”*

In November, you appointed a Transition Team to work with the CUI Board on a thorough review of CUI services.

The Board met on Tuesday, May 21, 2019 to review the Transition Team’s documentation which included submissions from third parties and advice from legal counsel.

Following an extensive review and analysis of the options, and recognizing Council’s direction to reduce utility rates and improve efficiencies while maintaining safe and reliable utility services, the recommendations below are proposed by the CUI Board.

Please note, the financial figures that contributed to these recommendations are based on request for proposal submissions and proprietary information offered by third party companies. They are provided to you confidentially in camera and are not included in the public report. They do form, in large part, the basis for the Board’s recommendations for your consideration on June 11 at the Special Meeting of Council.

Service	Current Structure	Proposed Future Structure Recommended by CUI Board
Water	CUI handles customer inquiries about water services and coordinates connections. CUI manages the contract with EPCOR (the service provider).	The City will handle customer inquiries about water services. The City will manage the O&M contract with EPCOR for water utilities.
Wastewater	CUI handles customer inquiries about wastewater services and coordinates connections. CUI also looks after coordinating any maintenance or upgrades to lift	The City will handle customer inquiries about wastewater services and wastewater infrastructure upgrades.



	stations (that pump sewage back to Calgary for treatment). CUI manages the contract with EPCOR (the service provider).	The City will manage the O&M contract with EPCOR for wastewater utilities.
Stormwater	CUI looks after ensuring the storm drains are properly collecting stormwater runoff and ensures that storm ponds are working properly. They also manage projects to improve stormwater management and plan for future stormwater collection in new developments.	The City will oversee and manage the stormwater collection and treatment system, including all customer inquiries.
Curbside Garbage, Recycling, Organics Pickup	CUI provides waste collection services for garbage, recycling and organics.	The City will oversee and manage the solid waste collection and processing service for all three waste streams (garbage, recycling and organics); including all customer inquiries.
Recycle Depot	CUI provides staff to oversee and manage the recycle depot, remove items when full, and assist residents with questions.	The City will be taking over operation and management of the recycling depot.
Infrastructure Management	CUI manages large scale utility projects that include upgrading old utility lines, making improvements to storm pond structures, helping review utility plans for new developments and ensuring lift stations are operational.	The City will be assuming responsibility for all engineering support functions associated with CUI including the Utility Master Plan.
Utility Billing & Customer Service	CUI currently issues bills for water, wastewater, stormwater and curbside collection services. They also have staff to answer questions about bills and assist new residents in getting connected to utility services.	The City will provide utility billing and collection services for water, wastewater, stormwater and solid waste services; including all customer inquiries.

On behalf of the CUI Board,

Marshall Chalmers
CUI Board Chair