

Council Chambers
July 21, 2008 7:00 p.m.

A meeting of Guelph City Council.

Present: Mayor Farbridge, Councillors Beard, Bell, Billings, Burcher, Farrelly, Findlay, Hofland, Kovach, Piper, Salisbury and Wettstein

Absent: Councillor Laidlaw

Staff Present: Ms. L.E. Payne, Assistant CAO; Dr. J. Laird, Director of Environmental Services; Ms. M. Neubauer, Director of Finance; Mr. S. Hannah, Manager of Development and Parks Planning; Ms. T. Agnello, Deputy City Clerk; and Ms. D. Black, Assistant Council Committee Co-ordinator

DECLARATIONS UNDER MUNICIPAL CONFLICT OF INTEREST ACT

There was no declaration of pecuniary interest.

1. Moved by Councillor Piper
Seconded by Councillor Findlay

Mr. J. Riddell

WHEREAS a motion to approve an application by 6 & 7 Developments Limited for a zoning by-law amendment for their lands at the northwest corner of Woodlawn Road and Woolwich Street, did not pass at the Guelph City Council meeting on July 7, 2008;

AND WHEREAS the City's Official Plan designates this property as a "mixed use node" to provide a wide range of retail, service, entertainment and recreational commercial uses as well as other complementary uses;

AND WHEREAS many concerns related to this application were identified at the meeting including:

- Rainwater collection
- LEED Certification
- 2nd Storey Development
- Compliance with Places to Grow

AND WHEREAS the City received a number of requests from the public for a deferral of the application;

NOW THEREFORE BE IT RESOLVED THAT the application by 6 & 7 Developments Limited be deferred in order to allow staff to pursue the concerns identified by Council and members of the public with respect to the application, and to bring forward a report to City Council at a special meeting to be held on September 15, 2008, at which time delegations can be heard by Council on how these matters of concern may be addressed.

VOTING IN FAVOUR: Councillors Beard, Bell, Billings, Burcher, Farrelly, Findlay, Hofland, Piper, Salisbury, Wettstein and Mayor Farbridge (11)

VOTING AGAINST: Councillor Kovach (1)

Carried

PRESENTATIONS

Mr. Art Stokman, President of Guelph Hydro Electric Systems Inc. advised that Mr. Bob Dolan, Chair of Horizon Utilities and Ms. Marjorie Richards, Vice-President of Corporate Services of Horizon utilities were present to answer questions if necessary. He described the history of Guelph Hydro and explained why they are considering the merge with Horizon at this time. He then outlined the community benefits and the employee benefits they believe will result from the merger.

Mr. Ian Miles, Vice-President of Business Development and Chief Financial Officer of Guelph Hydro Inc. advised that 20 key principles were established to assist with the development of the business plan that they believe will benefit both customers and shareholders. He believes that a merge with Horizon involves the right parties, contains the right strategy and is occurring at the right time.

2. Moved by Councillor Beard
Seconded by Councillor Farrelly

THAT persons wishing to address Council be permitted to do so at this time.

Carried

DELEGATIONS

Proposed Hydro Merger With Horizon Utilities

Mr. Patrick Vlanich on behalf of the International Brotherhood of Electrical workers, Local Union 636 advised that one quarter of staff would be required to relocate to other communities and was concerned about the effect this would have on the families forced to relocate. He would like to see minimal staff relocation. He expressed concerns regarding job security and employee relations, especially in light of the recent labour dispute at Horizon Utilities.

Mr. David Bauer, a resident of ward 3 and a former public utility worker of 30 years, stated he does not believe this merger proposal is a good fit. He advised that Hamilton and Guelph do not appear to share the same vision. He believes that Guelph Hydro, as a public trust, must be protected.

Mr. David Birtwistle stated he believes that Guelph Hydro is a home-grown, well-managed entity and does not need a partnership or merger. He advised that the merger is starting out on a false premise and did not understand why discussions were occurring when it was previously stated that if a strike occurred with Horizon, then there would be no deal. He stated that the City should keep control of Guelph Hydro and not become only three of thirteen votes.

Ms. Cynthia Bragg was concerned about loss of control over Guelph Hydro and potentially higher rates. She encouraged Council to consider how the merger would affect the City's Community Energy Plan and would like assurances that conservation would be a priority. She suggested that larger does not always mean more efficient and Council should review all opportunities available. She stated that Horizon has a good credit rating and there could be opportunities, however, Guelph has invested and kept a strong utility without them. She urged Guelph to get guarantees that service will not suffer and put mechanisms in place to provide Guelphites with the assurances they deserve.

Ms. Magee McGuire believes a change should be directed at the vision not the management of Guelph Hydro. She encouraged the City to pursue continuous quality changes and consider other models. She would renewable resources, geothermal, solar and wind energy delivery considered. She raised concerns about costs for changing the administration of the utility and potential affects on our spring water. She inquired about the response capabilities in case of a disaster. She suggested a public stakeholder committee be created to establish a vision for Guelph Hydro and put the merger with Horizon on hold.

Mr. Lloyd Longfield, on behalf of the Guelph Chamber of Commerce provided a comparison of the utility asset sizes, utility customer base, the net income, distribution rates and efficiencies. He advised that Horizon appears to be positioned well in terms of customer base and a merge with them would position Guelph within the top utilities in Ontario in terms of combined customer base, asset size and income. He suggested that the combined ROE projections and rate structures need to be investigated. He stated that Guelph Hydro has comparatively high distribution and administrative costs and Horizon is more competitive across the range for distribution, as well as being competitive in both administration and operations and maintenance costs. He believes that Guelph Hydro's geographic positioning provides a strategic advantage to future Horizon merger discussion within the area. He then provided comments with respect to:

- Service and rates
- Local employment impacts
- Engineering support
- Conservation and demand management
- Long term strategic plan; and
- Experience in mergers.

Mr. Richard Chaloner urged staff to consider several issues during the decision-making process. He addressed issues such as why other municipalities chose not to merge with Horizon, percentage of bad debt, employee relations, infrastructure needs, effects of future mergers, external debt of Horizon, and whether Hamilton is designated as a depressed area. He raised the question whether there were opportunities for strategic partnerships or studying Horizon and lowering our costs while remaining independent. He believes the merger will diminish the City's role and prevent meaningful input into its operation.

Mr. Milton Burns encouraged Council to consider what they have now, what they would be giving up and what they would end up getting when making their decision regarding the merger. He raised concerns with respect to Horizon's customer satisfaction rating in comparison to Guelph's. He believes Guelph would benefit more financially if they do not merge. He provided per customer comparisons and a comparison of selected expenses and distribution rates. He believes there are limited benefits to any merger and would not like this merger to happen.

Mr. David Graham expressed concern with the rush to complete the merger, whether bigger would be better and what exactly were the economies of scale. He suggested

that if the Province is indeed pushing for more mergers, then the City would be able to realize a tax exemption at a later date if the right merger proposition existed. He also wanted Council to consider whether a small local utility might better serve the community. He raised the question about the line between transactions requiring shareholder approval and ones that do not. He believes there are more questions than answers and urged Council to view Guelph Hydro as an essential service and consider it in terms of our community first and not to merge unless satisfactory answers are provided.

Ms. Cynthia Folzer stated she does not want Council to approve the merger with Horizon. She stated that the consultants said customer service and reliability would likely suffer under a merger and she believes the customer should be the bottom line, not dollars. She does not want profits to outweigh reliability and customer satisfaction. She expressed concern surrounding employee morale and the amount of information being kept confidential. She urged Council to wary of why Horizon is looking for more customers in order to qualify for significant loans and why they needed these loans. She suggested Council not accept the merger and keep our municipal ownership and control while moving forward with our Community Energy Plan. She stated that careful consideration be given to future appointments to the Guelph Hydro board and recommended the City look at joining Cornerstone Hydro Electric Concepts.

Mr. Stephen Rodd suggested that Guelph Hydro needs to analyze the natural environmental economics and the ecology of social systems and not just finances. He would like to see Hamilton and St. Catharines establish community energy plans before accepting a merger. He stated that the City needs assurances that Horizon has the same vision for the next 25 years regarding conservation and the future of energy systems. He advised that the ability to adapt and versatility will be key components to success and he does not believe a larger corporation would be able to respond as well as the smaller utility.

Mr. Dennis Galon stated that the City should examine the relation between cost and size before accepting the merger. He stated Council needs to identify the point where we keep the most control possible for the most effective dollar spent and then act accordingly. He said that larger numbers do not necessarily mean cheaper and provided a comparison of the various utility companies to make his point.

Mr. Stokman advised that Hamilton and St. Catharines are scheduled to vote on the merger either late in July or in August.

QUESTIONS

Councillor Kovach requested staff to investigate the status of grass cutting savings with respect to arrangements previously made with the school boards and report back to Council.

ADJOURNMENT

The meeting adjourned at 9:00 o'clock p.m.

Minutes read and confirmed July 28, 2008.

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Mayor

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Deputy Clerk