

DATE July 21, 2008 at 7:00 p.m.

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

**O Canada
Silent Prayer
Disclosure of Pecuniary Interest**

6 & 7 Developments Limited Application for Zoning By-law Amendment

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.

PROPOSED HYDRO MERGER WITH HORIZON UTILITIES

PRESENTATION

- a) Art Stokman, President, GHESI
- b) Ian Miles, CFO, GHI

DELEGATIONS (*Councillor Beard*)

"*THAT* persons desiring to address Council be permitted to do so at this time."
(limited to a maximum of five minutes)

- a) Patrick Vlanich on behalf of the International Brotherhood of Electrical Workers, Local Union 636 (Tracy O'Meara also available to answer questions)
- b) David Bauer
- c) David Birtwistle
- d) Cynthia Bragg
- e) Magee McGuire
- f) Lloyd Longfield on behalf of the Guelph Chamber of Commerce
- g) Richard Chaloner
- h) Milton Burns
- i) David Graham
- j) Cynthia Folzer

Correspondence:

- a) Colleen Pearse
- b) Stephen Rodd
- c) Magee McGuire
- d) Julie Evans
- e) Lloyd Longfield on behalf of Hydro Merger Advocacy Group
- f) Frances Widdows

QUESTIONS

MAYOR'S ANNOUNCEMENTS

Please provide any announcements, to the Mayor in writing, by 12 noon on the day of the Council meeting.

NOTICE OF MOTION

ADJOURNMENT

COUNCIL REPORT



TO **Guelph City Council**

SERVICE AREA Office of the Chief Administrative Officer
DATE July 21, 2008

SUBJECT 6 & 7 Developments Limited Application for Zoning By-law Amendment

REPORT NUMBER

RECOMMENDATION

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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
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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.

BACKGROUND

At its July 7th, 2008 meeting, Council considered the application by 6 & 7 Developments Limited for a zoning by-law amendment for their lands located at the northwest corner of Woodlawn Road and Woolwich Street. A motion to approve the application was defeated with a majority of members of Council voting contrary. No subsequent resolution was passed in the affirmative by Council that formally dealt with the application. In essence, the motion to approve failed, but this was not a formal refusal of the application.

REPORT

As a matter of procedure, any time a motion is defeated, it is preferable to have a follow up motion that is passed by Council, which forms part of the formal record of the proceedings of Council at a meeting. At the July 7th, 2008 meeting, consideration of the application by 6 & 7 Developments Limited was a fairly lengthy process, with presentations by City staff, the developer, and many members of the public. At the conclusion of Council's deliberations on this application, there was still a further application to be heard, including public delegations who had been waiting for close to 5 hours for their matter to be heard. Due to the lateness of the hour, and Council's desire to hear the remaining application, this logical next procedural step did not occur.

At the meeting, a number of delegations asked that Council defer this application in order to allow time for more discussions and review of the development application. In addition, there has since been considerable community feedback that the defeat of the approval motion has not brought closure to the matter.

In light of the above, as well as the concerns that were raised by members of Council at the meeting, I would recommend 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. If this deferral motion does not move forward, Council remains in a "no decision" position with respect to the development application. The outcome of a deferral motion could be the avoidance of a long and costly Ontario Municipal Board process.

CORPORATE STRATEGIC PLAN

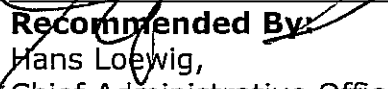
This recommendation supports the strategic goal to be an attractive, well-functioning and sustainable city.

FINANCIAL IMPLICATIONS

N/A

DEPARTMENTAL CONSULTATION

Community Design & Development Services
Corporate Services
Information Services


Recommended By:
Hans Loewig,
Chief Administrative Officer.

Dear Mayor and Council Members,

I am writing as a 17 year Employee of Guelph Hydro Electric Systems. I spent the first 25 years of my life in Guelph and still reside within Wellington County. I have many, many misgivings about the proposed merger of your local utility with Horizon Utilities.

Currently, we are a mid-sized local distribution company. We have been in the business of serving Guelph for over one hundred years. We are 91 highly skilled individuals who work with pride and integrity. We are honoured that our community thinks highly of our company as was demonstrated in the results of our most recent customer survey. Our distribution system is top notch and our customer service is excellent. The technology we utilize is more advanced than what many larger utilities in the province use.

First, I am at a loss to understand why the City of Guelph would even consider giving up control of this local treasure. There have been wild promises of doubled dividends that will be realized by the shareholder, simply through economies of scale. Take a second to think about how great those economies of scale would have to be in order to double your 1.5 million dollar dividend to 3 million dollars. While considering this, keep in mind that Horizons distribution system needs considerable updating and upgrading just to reach the standard that we are at in Guelph now, let alone keep up with routine maintenance. Also, every utility in the province has to change every meter to meet upcoming new regulations in metering (time of use or smart metering). This will be done at considerable cost to every utility in the province. Dividends can only be paid based on "cash on hand", it is not a matter of assets but how much you have to give. To even propose that dividends can be doubled is a ridiculous statement to make.

Next, the reduction of customer rates is being announced as 20%. That possible 20% reduction is only on the distribution portion of the bill which currently accounts for about 20% of a customer's bill. Furthermore, that reduction is based on today's rates, although any savings wouldn't even begin until 2012 and would be accrued over a ten year period thereafter. 20% rate reduction on 20% of the bill sometime by 2022. And if the rates happen to go up? What happens to that 20% proposed reduction – then it's called rate mitigation. This means the rates will still go up, just maybe not as much. Maybe.

Also, special emphasis was placed on the fact that the Conservation and Demand Management department will be located in the Guelph facility. This entire department is currently five fulltime employees that are located in Horizon's Hamilton office. During the May 26th presentation to City Council it was stated that "Enhanced environmental stewardship and CEP support will be ensured through the establishment of a corporate-wide conservation and demand management function located in Guelph". Yes, this department may be located in Guelph but it will work for Horizon

Utilities. This department will be working to the corporate vision not Guelph's. Along this line consider the amount of employee displacement. About 25% of the employees of Guelph Hydro will be moved to either the Hamilton or Saint Catharine's locations. Also, about 17 Horizon employees will be relocated to Guelph. This puts almost 40 extra vehicles on the road. Let's assume that the people who are moved to Saint Catharine's move their families to that area. That will still leave about 32 more vehicles moving between Guelph and Hamilton on a daily basis. How does this fit in to Guelph's current environmental vision?

This leads me to my next concern. We have been given the impression that quite a battle was fought over representation on the Horizon Board within this newly merged company and that our Board would settle for nothing less than 3 of the 13 proposed Board members being from the Guelph area and representing Guelph interests. This is all based on basic math. If the merge does go through the City of Guelph will own about 24% percent of the company which coincidentally will be the same percentage of representation on the Board. What happens when Horizon continues to merge and acquire more territory in this province, as they have been quite vocal about? Well, then the City of Guelph's percentage of ownership will drop and correspondingly representation on the Board will drop. In the future it is quite probable that there won't be any specific person or persons on the Board to represent our community's interests. It is a Board made up to look after the corporate interests not the communities where the business satellites are run from.

Lastly, why Horizon Utilities? We have been told during our employee "Town Hall" meetings that this proposed merger is thought to be the best fit. In reality this is the only utility that the Guelph Hydro Board of Directors has even talked to. Why jump at this? Would it not be prudent to at least look into other opportunities before jumping at the first offer that knocks at our door? Is this the best way to conduct business?

It is my hope that City of Guelph Council will take a long hard look at this proposal. Test the numbers using real scenarios. Do not give up this local treasure without exhaustive research to ensure that you are absolutely without a doubt making the best decision on behalf of the city. Don't let hindsight be 20/20. Once your utility is gone, it's gone.

Yours very truly,

Colleen Pearse
Guelph Hydro Electric Systems Inc.

Dear Mayor Farbridge and Members of Council

In the last winter the proposal that Guelph Hydro merge with Horizon became public for discussion. Since that time I have given it considerable thought. One of the areas I studied at the post-graduate level was urban economics and it forms an adjunct to community planning.

On June 23 I shall not be in Guelph because of urgent family plans, and I will not be able to present my thoughts to Council. Therefore, I am sending my thoughts to you in this electronic form; unfortunately, it does not provide any opportunity for questions and answers. However, if a member of Council wishes to comment or ask for clarification I shall reply to you collectively. My statement is attached in pdf.

Thank you

Stephen Rodd

The Proposed Merger of Guelph Hydro Inc. with Horizon

by R. Stephen Rodd
revised 3 June 08

I find it very troubling to study the proposal for Guelph Hydro Inc. (GHI) to merge with the enlarged Horizon system based in Hamilton.

There are two quite distinct aspects to this idea. The first facet is one which I admit is beyond my expertise. I am not an accountant or a financial management economist and of course I do not have access to the information which has been examined by Hydro experts to search for savings and efficiencies.

I do have two observations to make on this side, however. In my opinion, the public consensus appears to be that amalgamation rarely provides the savings which were hypothesized at first. The actual experience, whether it is the idea of combining two university departments, two municipalities, two Ministries, or two companies is that when the two groups have to live together, often with job losses, is that the unit does not get along as well together as they had before. The lost positions turn out to have had unrealized advantages that had been overlooked. One unit will feel that it has been mistreated or undervalued and seek to be compensated for the losses.

My other comment on the financial accountant's side of the proposal is when two partners are unequal in size, they have to negotiate with each other, in an unequal relationship and the minority side does not fair well. The accounting analysis looks at each matter as if all dollars are equal, but pride, prestige and loyalties are involved. One side will end up with hurt feelings and their staff members will feel they have been treated as mediocre or treated unfairly. A large factor in labour productivity is the matter of morale and loyalty; all of that will be disturbed and this subtle factor will show up in balance sheets.

In Community planning we must teach students about the need to be familiar with many tools to meet the variety of situations when helping to make a healthier community. One saying is that if the only tool you have is a hammer, very quickly everything begins to look like a nail. I often feel that accountants may have the same problem, because their main tool, speaking as a non-accountant, is to add, subtract and multiply dollars. Everything is evaluated in terms of dollars. Nothing else is visible on a spreadsheet. However, Guelph has embarked on a Community Energy Plan that is based on diverse goals that are beyond the accountant's spreadsheet.

In Ontario public utilities for more than the last one hundred years we have had local public ownership of and accountability of the management of the utilities. The merger with Horizon may weaken this product of the reform movement for urban government.

A century ago the urban reform movement in municipal government found that enormous gains in efficiency and improved service were realized when the Province put pressure and incentives to get rid of private companies which had abused the community with their monopoly power. Sir Adam Beck made a great contribution by his pioneering use of utility commissions.

In my mind, the greatest possible reason to back off this proposal is that the City of Guelph has launched the Community Energy Plan, as a pioneer in Ontario and Canada. The Plan is extraordinary as a community plan. It is based not only on dollar savings for our local community by becoming more efficient in energy use but also the beneficial impact on the environmental and ecological systems of the world. No other local utility in Canada has taken on this challenge and our successful implementation will make Guelph a model in energy use and ethical behaviour to be followed elsewhere. It is essential that the merger be structured in a way to ensure that the Guelph community will not be handicapped or held back by other partners who do not have the same environmental commitments which are ethical commitments essentially.

With GHI in a minority situation, the enlarged merged company would almost certainly sacrifice this ethical commitment by Guelph. This loss is something our world cannot afford. In the proposal, thus far, I see no commitment, promise or will to guarantee that the Community Energy Plan will be protected for Guelph or enlarged to include Hamilton. There is no evidence that those cities have undertaken the costs and adjustments in their cities to adopt this Plan.

Hamilton and St. Catharines (Horizon) must leave us alone to do our pilot study with the Community Energy Plan, OR they must walk in our shoes by formulating their own Energy Plans.

Magee McGuire
Guelph

May 26, 2008

Re: Proposed Hydro Merger

Dear Mayor Farbridge,

I am writing this to you because I have just read about the meeting regarding the proposed Hydro merger tomorrow evening. Unfortunately, I have a board meeting and can not attend. I hope this note will give you some indication of my concerns briefly. I was pleased to read that you plan on having community open houses.

First of all, I don't know if a small hydro company like ours could experience a hostile takeover, but I do believe that a bigger company would be very attractive. I should consider this in my discernment. It's considered fashionable to merge. To me, it might reflect a lack of innovation and leadership ability.

Next, I am not clear about the role of Hydro in issuing our water bill. Is there some convoluted way that the next chess player could spin the direction of a merged company? Would it separate hydro from water as two utilities? Guess what...another bill for everyone..(just like the union gas split with rental and maintenance services doubling in cost to the consumer in less than ten years). It is old school that one never gives up ownership of rail, jail, water or Hydro utilities to be sustainable. The corollary is that one can gain wealth and stability by acquiring all of these commodities.

These are just some instant questions that I would appreciate a balanced perspective on.

Next, I have had experience with the Hamilton community. Their councils have a history of making poor decisions and repeating their mistakes with public-private partnerships because they did not pre-establish indicators and outcome measures to reflect on. In this case it was a waterworks management decision. It's now costing the taxpayers dearly due to lack of foresight.. Communication with adhoc community groups has not been fruitful for the community(eg: Red River Valley decision). I perceive a partnership as requiring a very good communication and building capacity through mutual collaboration. There is no evidence for nurturing these skills in their leadership. Another example of their values is the great Gage Park. It provides a canopy of green in a cement city and is always in some state of neglect. Planning "green" is not an obvious priority.

St. Catherines is making changes without community consultation in its health care decisions. I have been down there assisting when the community has attempted to bring important issues to public awareness. The people for the most part are very comfortable financially (think Niagra-on-the Lake) and prefer not to get involved. This is hard on any group trying to bring an issue to council with substantial support. It's an uphill battle. It has been with the help of outsiders that decisions have been postponed. Guelph has fared far better in its community management of health services than St. Catherines in that context.

This proposed merger is like a marriage...we need to have a lot in common. Show me the evidence of our mutualities and especially how Guelph benefits better from an agreement like this. What barriers will it create for Guelph's vision, values and interests?

It's off topic, but I'd prefer to build up a city of alternative electricity technologies and create an excess to load to our grid to sell to others. Guelph's community is more co-operative and could meet such a challenge. I don't believe the other communities can organize this way. Their characters are different. Maybe we could share our knowledge with them..to inspire proactive collaboration. To reduce energy consumption takes a whole community to believe it is needed. There is no community forum that engages its citizens for that in those cities.

I look forward to the open houses. Please share this with your council as you see fit.

Warm regards,

Magee McGuire

May 24, 2008

Madame Mayor:

Hydro is an expense that is a requirement for life today. In my estimation, the Guelph Hydro has always been a successful, well run operation. Why ruin a good thing? I do not believe there would be any advantage joining with St. Catharines & Hamilton - Horizon Hydro.

On a 13 man committee, we have only 3 individuals which is a minority, losing a lot of control over our future interests.

If Horizon Hydro is such a great organization why hasn't Kitchener, Waterloo, Cambridge or Burlington joined the group.

I have a cousin who lives in Burlington who says it is common knowledge Hamilton Hydro rates are always higher than Burlington's.

Please think twice about selling out Guelph Hydro. Once we have been relegated to a minority shareholder in the group, we have very little control

regarding future rates.
Thank you for
your attention.

Sincerely
Ted &
Julie Evans
Ouelph, Ont

Advocacy Position: Guelph Hydro/Horizon Merger

Issue:

Guelph Hydro has made application to the City Council to approve their plans to merge with Horizon Utilities Hamilton and St Catharine's.

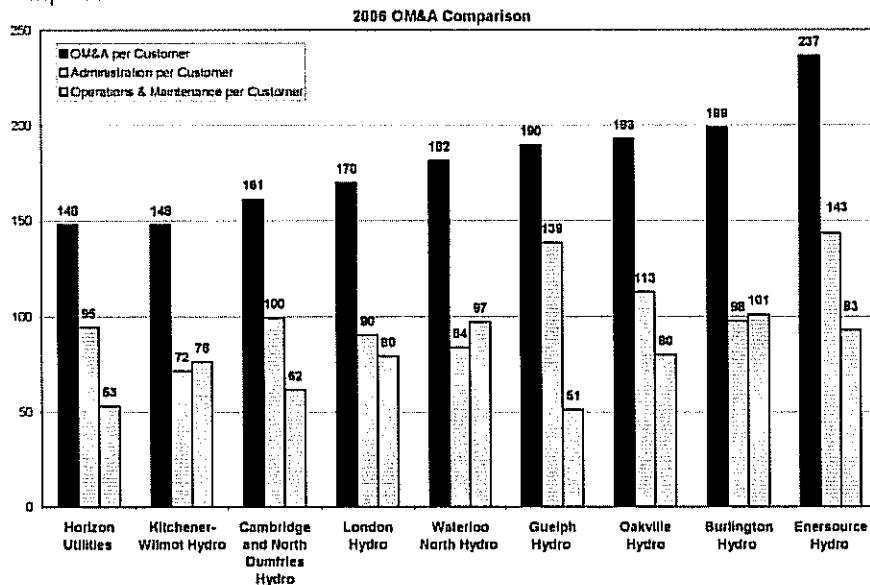
Background:

Guelph Hydro is proposing a merge with Horizon Utilities, to become a 24% shareholder in a combined regional utility with Hamilton and St Catherine's. Hamilton would hold 60% shares, and St. Catharine's would hold 16% shares in the new utility.

The move is proposed to give Guelph Hydro the benefits of efficiency gains from being a part of a larger utility. The consolidation is estimating \$4m in annual savings that would be passed on via rate reductions of 20% to local users upon rate harmonization in 2011/2012. Comparisons of typical distribution rates of other municipalities are shown below indicating five typical customer sizes for comparison and 2008 OEB Tariff of Rates and Charges. The Guelph Rates are those that have been applied to the OEB for 2008.

Customer Cost – 2008 Rate Orders: \$/month – distribution only – with riders*	Residential 1,000 kWh	Small Commercial 13,000 kWh	Light Manufacturing 350 kW, 40,000 kWh	Manufacturing 3,500 kW, 2,000,000 kWh	Heavy Industry 8500 kW, 4,800,000 kWh
Guelph Hydro**	\$32.16	\$238.15	\$1,331.77	\$8,453.68	\$21,611.88
Horizon Utilities**	\$27.81	\$127.07	\$873.88	\$6,316.76	\$20,062.85
Burlington Hydro	\$27.94	\$212.54	\$973.28	\$9,137.45	N/A
Cambridge N. Dumfries Hydro	\$23.45	\$183.10	\$1,276.36	\$10,770.85	\$19,976.20
Enersource Hydro Mississauga	\$23.31	\$168.50	\$1,390.84	\$8,125.18	\$36,329.15
Kitchener-Wilmot Hydro	\$22.36	\$142.67	\$1,464.05	\$12,543.23	\$26,342.75
London Hydro	\$25.27	\$159.97	\$689.56	\$4,756.84	\$25,732.70
Oakville Hydro	\$29.23	\$159.97	\$876.60	\$9,196.78	\$54,995.17
Waterloo North Hydro	\$28.70	\$170.72	\$1,460.08	\$12,886.70	\$30,383.60

The efficiency gains are shown below, noting particularly the higher administration costs for Guelph Hydro versus Horizon and versus Kitchener Waterloo. Operations and maintenance costs for Guelph are very competitive.



Discussions with the Hamilton and St Catharine's Chambers of Commerce indicate the delivery of service has been excellent following similar mergers in their areas. The Horizon cost and rate projections have met the projections presented prior to merger. St Catharine's now promotes their electrical utility as the lowest in Niagara. Thorold still being on Hydro 1 makes businesses from there less competitive, which is discussed between members at Chamber of Commerce meetings since they both fall under St. Catharine's Chamber of Commerce.

Contract talks need to focus on the support of local contractors currently doing civil and other work for Guelph Hydro. Local businesses need to be given opportunities to compete for business based on their local expertise and value.

The Guelph Chamber of Commerce does not see a problem with negotiations so far, and looks forward to the financial return comparison from BDC for further information on comparing sale versus merger and other options.

Having additional demand management team members will assist Guelph Chamber of Commerce members to take part in cost savings opportunities. Having additional regulatory staff will also help our members to identify cost savings programs requiring additional application and monitoring available via the larger administrative staff at Horizon.

Guelph becoming the environmental champion for Horizon is the result of our work on the Community Energy Plan, and will offer additional innovation possibilities for our area, as well as research possibilities to make Guelph a centre for excellence of conservation and demand management.

Longer term strategic positioning will give Guelph a competitive negotiation advantage when other utilities in our area look at merging with larger utilities. The additional mass of the merged entity will offer higher returns on equity and financial stability for the City of Guelph and at the same time help to stabilize our utility rates for making local businesses more competitive.



FRANCES R WIDDOWS

14 JULY, 2008

To City Council
City Hall
Guelph, ON

RE: MERGER GUELPH HYDRO
AND
HORIZON UTILITY CORPORATION.

I WOULD LIKE TO REGISTER MY VOTE
AGAINST MERRING GUELPH HYDRO AND HORIZON.

OUR PRESENT SET-UP IS MOST ADEQUATE AND FAIL

WHY "FIX SOMETHING THAT AIN'T BROKE"?

SUCCESS - BUT TRUE.

Frances R. Widdows