



Concept of Change: Utilities Governance

September 16th, 2024

Previous Direction

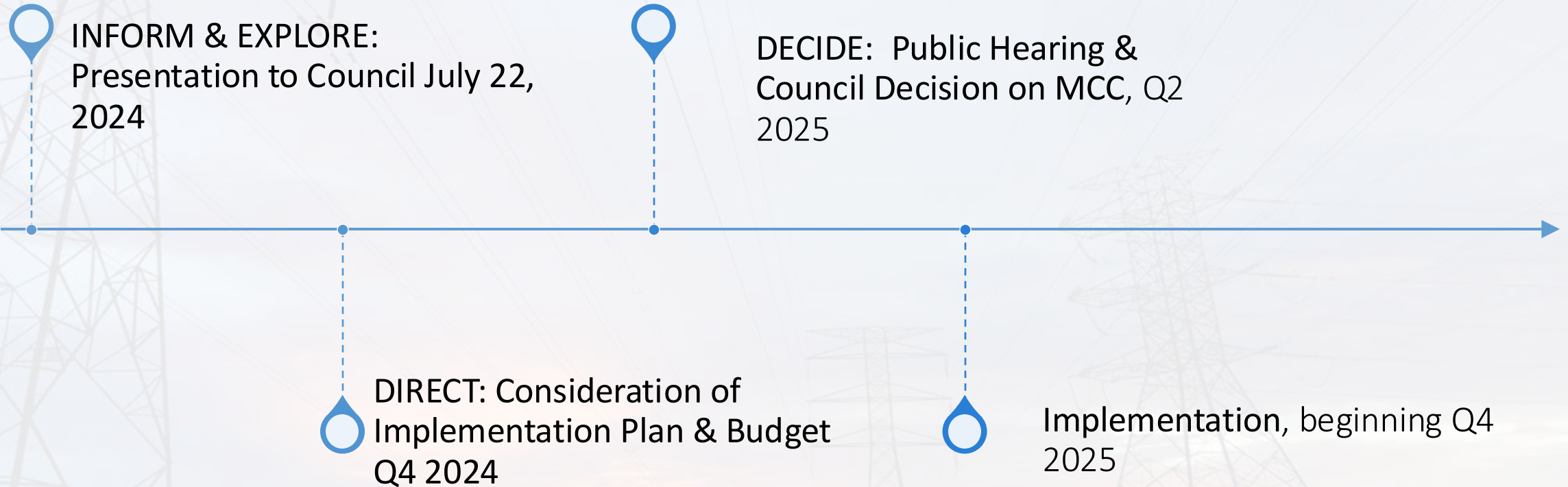
July 22nd: Presented current state, governance model options, and considerations of each.

Council directs Administration to create a transition plan and necessary supporting budget requirements for the establishment of a Municipally Controlled Corporation as a means of further exploring modernization of The City's utility governance models to be presented to Council before the end of 2024.

Today's Decision

Resolved that The Council of The City of Red Deer receives the report from Utilities and Community Services Business Excellence dated September 16, 2024, re: Utility Governance Review Update for information and directs Administration to include investigation of a modernized governance structure and the formation of an MCC in the 2025 budget.

The Process So Far



A Municipally Controlled Corporation

A Municipally Controlled Corporation is a corporation in which and municipality is the sole or majority shareholder. The MGA provides guidance for the creation and operation of and MCC.

An MCC must:

- ✓ Conduct its operations 'to provide services, facilities, or other things that, in the opinion of council, are necessary or desirable for all or part of a municipality'
- ✓ Provide services to the benefit of residents and the profits and dividends provide a direct benefit to the residents

What's Next?



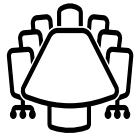
RFP to build Business Plan



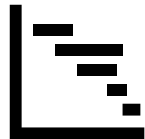
Hold a Public Hearing



Resolution Passes



Create USA and Bylaws



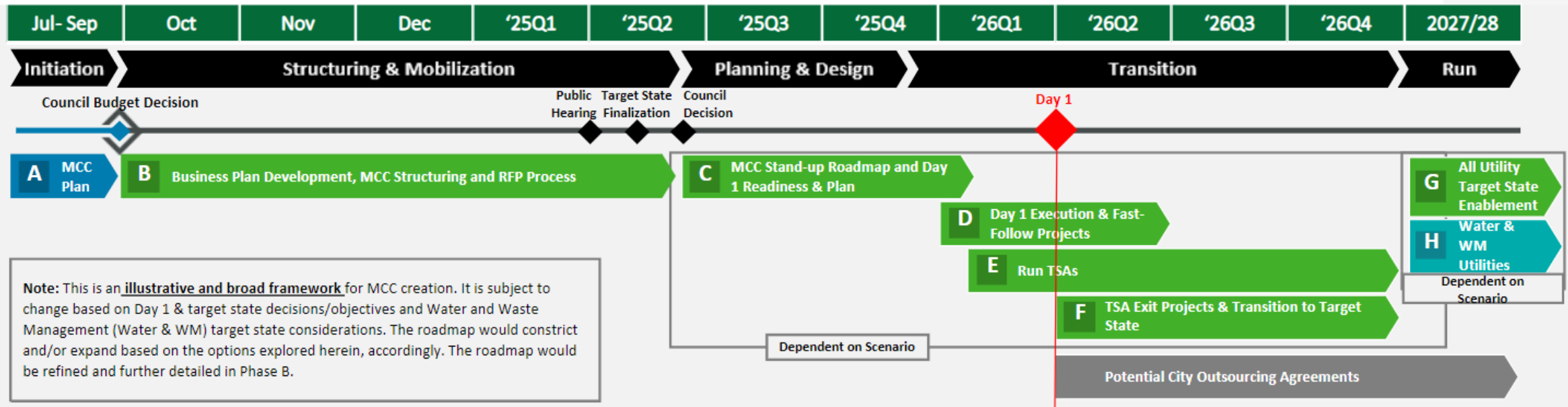
Transitioning Process



Day 1- Take Off!

Timeline for the Process

Potential MCC Execution Framework



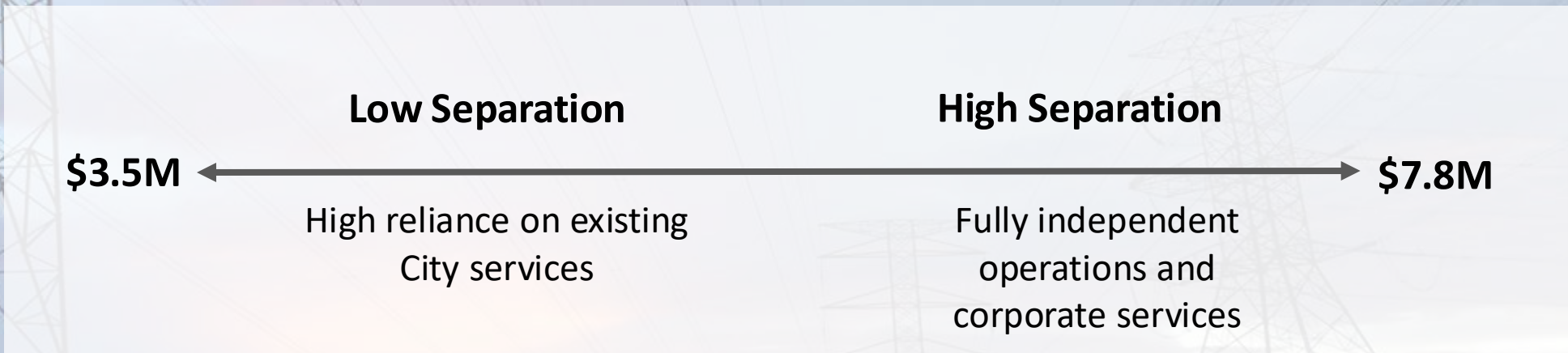
Transition Decisions to be Made

The transition process itself will include making and enacting business decisions around:

- Potential Structure, Board Composition and Criteria
 - All Council, some Council and some independent, all independent
 - Criteria for independent members
- Degree of Separation
 - Different functions (IT, HR, etc) can be separated to a different degree
- Reliance on 3rd Party Services and Transition Service Agreements
 - Decisions on which services to outsource to City through TSAs or other providers
- Pace of Transition and Inclusion of Other Utilities
 - Accelerated stand up, or include and wait on other utilities?

What will this cost?

- There is a range for the potential cost of \$3.5M to \$7.8M which will be influenced by decisions made through the transition process
- Degree of separation refers to the level of reliance on The City once the MCC is formed; will impact transition budget



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