

STAFF REPORT



TO: Council

FROM: George Vadeboncoeur, CAO
Jenny Legget, Communications and Special Projects Coordinator

SUBJECT: Public Consultation Process and Proposed Public Information Session Pertaining to the Review of Wasaga Distribution Inc.

DATE: March 28, 2017

RECOMMENDATION

THAT Council approves hosting a Public Information Session regarding the review of Wasaga Distribution Inc. to be held at the Wasaga Beach RecPlex on Wednesday, April 26, 2017 from 6:30 p.m. to 9:30 p.m.;

AND FURTHER THAT Council approve a budget of up to a maximum of \$45,000.00 for costs associated with the Public Information Session, including undertaking a public opinion survey utilizing a consulting research firm, expenses related to experts in the field of local distribution companies providing information at the Public Information Session and advice from a consulting legal firm;

AND FURTHER THAT Council approve an exemption to the Procurement Policy and authorize staff to single-source the services of Mr. Mark Rodger from Borden Lander Gervais LLP to assist staff in organizing the Public Information Session and providing expert advice in the area of local distribution companies, and Mr. Greg Lyle from Innovative Research Group to undertake a statistically reliable public opinion survey.

BACKGROUND

At the November 1, 2016 Committee of the Whole of Council meeting, Committee approved a public consultation process regarding potential options for the future of Wasaga Distribution Inc. (WDI.) To date, the following measures have been taken regarding the public consultation:

1. development of a dedicated webpage on the Town's website that includes: background information regarding WDI, public presentations that have been made regarding WDI, general information and reports regarding hydro distribution in Ontario, media releases pertaining to the Town's review of WDI and staff reports pertaining to the review of WDI;
2. development of a list of frequently asked questions has been prepared and posted on the Town's website as well as the Town's corporate social media pages (Facebook and Twitter); and
3. an e-mail address dedicated to the review of WDI has been created to allow residents and business owners to send e-mail comments to the Town. It is important to note that this e-mail address has not been activated yet due to timing of the proposed Public Information Session.

The areas of the public consultation process that remain outstanding are:

1. hosting a Public Information Session at the Wasaga Beach RecPlex for the purpose of providing information regarding hydro distribution in Ontario and potential options for WDI to residents and business owners of Wasaga Beach; and
2. undertaking a public opinion survey.

DISCUSSION

Following Council's direction and in order to fulfill the commitment of a thorough public consultation process, the writers are recommending that Council move forward with a Public Information Session and undertake a public opinion survey. To provide assistance with organizing these two items, staff reached out to Mr. Mark Rogers, an acknowledged expert in the field of local distribution companies to assist with providing contact names of other experts from various disciplines including an individual knowledgeable about the Ontario Energy Board and how rates are set.

Proposed Format for Public Information Session

In order to provide residents and business owners with accurate and current information regarding hydro distribution in Ontario and potential options for WDI, it is recommended that a panel of speakers who are experts in the hydro distribution industry be formed. To complement these speakers, it is also recommended that representatives from communities who have undertaken a review of their local distribution companies be included on the panel to speak to the benefits and challenges associated with the three potential options for WDI (retaining and growing the utility in its current form, merging the utility, and selling the utility.)

In the interest of time and making a respectful assumption that Council will want to proceed with a Public Information Session, the following speakers have been tentatively confirmed for the meeting:

1. Mr. Gordon Kaiser, former Vice-Chair of the Ontario Energy Board;
2. Mr. Tom Adams, independent Energy Consultant;
3. Mr. Chris Litschko, CEO of Lakeland Holdings. Mr. Litschko will speak to a local distribution company (LDC) merger;
4. Mr. Dennis Travale, former Mayor of Norfolk County. Mr. Travale will speak to the sale of a LDC;
5. Dr. Lawrence Murphy, Henley International Inc. Dr. Lawrence will speak to the economic valuation of LDC's;
6. Mr. Murray Elston, former Senior Cabinet Minister to former Premier David Peterson. Mr. Elston has recently written a paper on consolidation of LDC's; and
7. Mr. Mark Rodger, Borden Lander Gervais LLP. Mr. Rodger's has vast experience and knowledge surrounding the business of hydro distribution in Ontario and will be able to answer general questions from meeting attendees.

In order to ensure a balanced panel pertaining to the three potential options regarding the future of WDI, Mr. Paul Ferguson from Newmarket-Tay Power Distribution Ltd. has been asked to join the panel but has not yet confirmed his attendance. If Mr. Ferguson agrees to join the speaker's panel, he will speak to a LDC that decided not to sell.

Additionally, it is appropriate to have a member of the Board of Directors of Wasaga Distribution Inc. on the speaker panel for the purpose of answering questions specific to the operations of WDI.

It is recommended that the e-mail address dedicated to the review of WDI be activated approximately one month prior to the Public Information Session in order to allow residents and business owners to submit questions. Depending on the number of questions that are pre-submitted prior to the Public Information Session, it is the intention to answer questions either during the Public Information Session or on an individual basis. It is important to note that at this time, it is difficult to estimate the number of questions that will be submitted. Regardless of the most appropriate format for answering questions, it is recommended that all questions and answers be made available to the public by way

of an additional list of frequently asked questions to be posted on the Town's website and corporate social media pages (Facebook and Twitter.) Additionally, there will be a dedicated question and answer period following speaker presentations.

In order to ensure that all residents and business owners of Wasaga Beach have the ability to view the Public Information Session regardless of whether or not they are able to attend in person, the session will be filmed by Rogers Television and made available on the local Rogers television network and the Town's website for future viewing.

The current list of frequently asked questions will be made available at the session. It is also recommended that Council members be in attendance to listen to comments.

Public Opinion Survey

Taking into consideration the importance of the future of WDI and potential impact to residents and business owners in Wasaga Beach, it is recommended that a professional third party firm undertake a telephone survey of the community. The primary reason a telephone survey has been suggested is due to the fact that using this method alleviates the potential of compromising an on-line survey which could result in skewed results. Staff have had initial discussions with Mr. Lyle from Innovative Research Group regarding a survey sample size which would be a valid representation of a community the size of Wasaga Beach. Mr. Lyle has indicated that a sample size of between 200 and 300 is a statistically solid and valid representation. Mr. Lyle has also agreed to attend a future Committee of the Whole of Council meeting to explain in detail the statistical data and research to quantify the survey sample size. Considering that Town staff do not have expertise in the area of statistical data, if Council determines that they would like to proceed with a public opinion survey, staff are recommending that Mr. Lyle provide a presentation to Council in order to explain the mechanics of the research and sample size.

It is recommended that the survey component of the public consultation process commence following the Public Information Session. This approach will address three important factors:

1. individuals who are contacted and willing to participate in the survey will have been provided with an opportunity to seek background knowledge if they attended the Public Information Session in person or watched it on Rogers television or on-line;
2. conducting the survey after the Public Information Session will allow Council additional time to determine if this component of the public consultation process is necessary; and
3. public notices that a survey is being undertaken can be published in a variety of formats to make the public aware of the survey.

In addition to the formal public opinion survey, Council may wish to consider undertaking an on-line public feedback survey utilizing Survey Monkey.

Financial Considerations

In order to ensure the public consultation process is transparent and thorough, there are necessary costs associated with this initiative. If Council agrees to single-sourcing the professional services of Mr. Rodger and Mr. Lyle, the break-down of fees are as follows:

1. Mr. Rodger – up to a maximum of \$25,000.00 for fees associated with preparation and assistance for the Public Information Session, assistance with the preparation of the list of frequently asked questions, providing answers to questions from the public (where appropriate), providing necessary expertise to Town staff regarding the business of hydro distribution and attendance at the Public Information session. It is important to note that based on the discussions staff have had with Mr. Rodger, it does not appear that the maximum

budget will be necessary. In order to get to this stage of the public consultation process, some costs have already been occurred.

2. Mr. Lyle – up to a maximum of \$17,000.00 to undertake a public opinion survey. Depending on the agreed upon number of questions to be asked based on a sample size of 200, this budget may be reduced.
3. Other associated expenses – approximately \$3,000.00 to cover the cost of travel and meals for members of the speaker panel associated with the Public Information Session. It will likely be necessary to cover accommodation costs for one or two members of the speaker panel. Speakers will not be charging a fee to participate in the panel discussion. Finally, advertising costs to ensure the session is appropriately advertised.

Council budgeted \$150,000.00 for corporate initiatives. It is proposed that the \$45,000.00 cost of this public consultation be funded out of this budget allocation.

CONCLUSION

Staff fully support providing members of Council, Wasaga Beach residents and business owners the opportunity to learn about the electricity industry in Ontario from professionals in the field, and the opportunity to ask questions and express their comments regarding the future of Wasaga Distribution Inc. In order to ensure that the public are made aware of the Public Information Session and potential public opinion survey, information will be advertised using every media outlet available in Wasaga Beach including: the Town page in the Wasaga Sun, the Town's corporate social media platforms (Facebook and Twitter), a comprehensive radio campaign on 97.7 the Beach, Beach Booster Radio/Beach Booster publication, digital information boards at the Wasaga Stars Arena and RecPlex and the Town's website. Additionally, direction will be provided to the public on how to send comments through written correspondence to the Town.

Staff are confident that through this process, the information presented will allow Council to make a more informed decision on the future of Wasaga Distribution Inc.

Respectfully Submitted,

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Chief Administrative Officer

Jenny Legget
Communications and Special Projects Coordinator