





## Why a public water utility makes sense

Across North America, cities have improved service and saved money by creating independent, publicly-owned utilities for water, which are run by engineers, governed by an independent board, owned by the public, and regulated to protect consumers.

**It works in Edmonton:** Their utility, EPCOR, delivers clean water, with less leakage and no water main failures.

**It worked with ENMAX:** Calgary already owns a successful utility: ENMAX. It borrows responsibly, reinvests profits, and returns dividends to the City. ENMAX also maintains service reliability ratings in the top quartile and small slips in standards are dealt with immediately.

**We're falling behind:** Calgary's current water system is losing almost 22% of treated water volume to leaks. That's wasteful, costly, and unsustainable in a growing city drawing water from two rivers.

**Let experts lead:** Instead of elected politicians pushing problems down the road, a publicly-owned utility allows engineers to plan ahead, invest strategically, and prevent breakdowns before they happen.

It's smart financing: A public utility could be self-financing and pay dividends to the city. Large and expensive infrastructure assets should be amortized over their lifetime. Currently, we pay for new water infrastructure with development charges, which get added to new homebuyers mortgage costs. Utilities finance their own infrastructure by issuing bonds at lower rates than you can get on your mortgage. They pay for the bonds with service charges over multi-decadal asset lifetimes.



## Making new housing more affordable

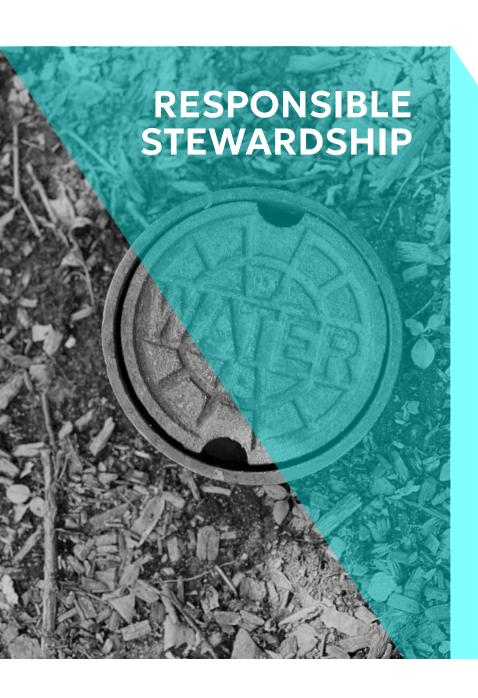
Every new home in Calgary comes with a hidden water tax that averages \$12,204 for a new greenfield home. This gets added to the purchase price and tacked onto your mortgage. These site levies drive up housing costs. In Ontario, politicians have sent these charges through the roof - in some communities the fees exceed \$200,000 per home. Calgary council has been raising site levies and is considering raising them more.

Switching to the utility model for water and wastewater infrastructure would cover nearly half of the development charges and spread the costs over of paying for new pipes over the lifespan of the asset time. This is fair to everyone and will be cheaper for homeowners since the utility can borrow money at lower costs than consumer mortgage rates.

Lower purchase prices for new homes means a smaller down payment, less debt, and lower mortgage payments. That is real help for first-time home buyers.







## **Accountability for reliability and costs**

The Bearspaw South Feeder Main failure was a predictable disaster. The break was caused by age-related corrosion of the pipe which was exacerbated by aggressive soil conditions. The problem wasn't a design flaw, it was a failure of preventative maintenance and monitoring programs. These long-term programs are not top of mind for city councillors focused on day to day issues and four year election cycles.

Regulated utilities like ENMAX and EPCOR are responsible for ensuring reliability and controlling costs. They are overseen by regulators who approve their spending by applying cost benefit tests to ensure that consumers are getting good value for money and that the overall system is being maintained. When there are service failures, the utility is held accountable. This leads to more reliable and cost-effective service.

Regulated utilities present multi-year capital plans to the regulatory authority and are benchmarked on performance against other utilities. The full cost of consumer water services appears on their bills - none of it is hidden in property taxes or site levies. The regulator and the public know what is being spent and how the utility is performing and can hold them to account.



