

December 5, 2023

Dear Mayor Linnsie Clark
Councillor McGrogan
Councillor Sharps
Councillor Hider
Councillor Hirsch
Councillor Van Dyke
Councillor Robbins
Councillor Dumanowski
Councillor Knodel

I am writing to you on behalf of the Medicine Hat Utilities Ratepayer Association. Our group is currently researching the MCAF - Municipal Consent Access Fee - which is a franchise fee that is charged to a third party utility service provider in other municipalities. This fee covers property and lands to which the service provider would have access to, essentially paying for the rights to use the municipality's distribution system, particularly electric and gas. In the City of Medicine Hat's case, it is a fee that is charging the City owned utility itself.. Hence a tax to the Medicine Hat Ratepayers.

Presently, the MCAF is charged at a rate of 15.25%, due to rise to 18% in 2024. Medicine Hat Ratepayers are all currently paying this fee. Redcliff and Cypress County Ratepayers do not pay this fee, as those municipalities do not charge CMH Utility or other service providers to access their jurisdictions.

When the MCAF was introduced to the Ratepayers in 2019, the previous Council, under Ted Clugston, voted to implement the fee to address the City's deficit, which was approximately \$16 million at the time. The FEE was to be discussed again in 2022, whether it should be decreased, etc. according to City Budget Planning, and eventually intended to be phased out in 2023.

Our question is: Why has our Council not discussed this FEE during City Budget Planning meetings? Councilors Hirsch and Dumanowski, who sat with the previous Council under Clugston's Administration, are certainly aware of this. Is the FEE still needed to operate our City, to make up the budget shortfall? If so, then Citizens need to be made aware and this needs to be communicated to the Ratepayers as such. A justification of the cost calculation and increase should also be provided to the Ratepayers.

Our Association would also like for Council to address why our City is unable to consider eliminating this FEE altogether. Its original purpose to close the budget gap has been mostly served, and with our huge record profits from Utilities these past 2 years (\$100 million plus), and additional utility forecasted profits for 2024 (to a tune of approximately \$84 million more) what is the justification to raise our property taxes 4% and in addition the FEE to 18% in 2024? Our current budget shortfall is approximately \$5 million. How is our City unable to make up this shortfall through our utility profits? The Citizens' money sitting in the bank and in Reserves (such as the Heritage Fund - \$159 million) should be there to benefit the Ratepayers at such a time when current economic conditions are not ideal, like right now. Council does not need to add more financial stress to already stretched households. None of this makes sense to the Citizens of Medicine Hat. I've attached links to the news articles pertaining to the MCAF discussion for Council to review, as we feel most Council members are unaware of what this fee was intended for initially and therefore should be re-evaluated now. We would greatly appreciate your response to our inquiries and hope to see our Council work with the Ratepayers to come to a compromise in terms of the property tax increase by eliminating the MCAF franchise fee altogether. If Council would like to set up a meeting with the Ratepayers Association to discuss further, that would be most welcome and beneficial as well.

We look forward to your response.

Kind Regards,

Sounantha Boss

On behalf of the Medicine Hat Utilities Ratepayer Association

<https://medicinehatnews.com/news/local-news/2020/11/17/utility-service-fees-expected-to-rise/>

<https://medicinehatnews.com/news/local-news/2018/08/17/county-mulls-utility-fee-like-the-citys/>

<https://medicinehatnews.com/news/local-news/2018/07/04/council-opts-small-utility-fee/>

July 4th article states Council in 2018: “City Councilors have voted to cut a proposed utility fee in half– and re-evaluate its existence in 2022– and use more money from projected energy dividends to balance the next four-year city budget.”

(Why haven’t our current council re-evaluated this fee and not use energy dividends to balance the city’s budget now?)

Further, the article quotes then Councillor Kris Samraj saying “the most honest and direct way” was to use the municipal tax revenue to fund the municipal budget. We completely agree with that statement as well.

Additionally, the below link from the AUC site states that under rule 29, contemplates that the FEE is negotiated between 2 arm's length parties. This is not the case in Medicine Hat.

<https://media.www.auc.ab.ca/prd-wp-uploads/2022/01/Rule029.pdf>