



**AMM President Chris Goertzen
Speaking Notes – January 5, 2018**

Public Utilities Board – Manitoba Hydro Rate Increases

On behalf of the Association of Manitoba Municipalities (AMM), I would like to thank you for the opportunity to present municipal concerns related to Manitoba Hydro's 2017/18 and 2018/19 General Rate Application.

I will begin my presentation today by providing a brief overview of the AMM, then describe how unprecedented Manitoba Hydro rate increases, if approved, will negatively impact municipalities, particularly the operation of public recreation infrastructure.

The AMM was formed in 1999 as a result of a merger between the Union of Manitoba Municipalities (UMM) and the Manitoba Association of Urban Municipalities (MAUM).

Our organization is independent and non-partisan, and our mission is to identify and address the needs and concerns of our members in order to achieve strong and effective municipal government.

Our membership consists of all of Manitoba's 137 incorporated municipalities, including the City of Winnipeg.



As you are aware, recreation centres are important assets for quality of life and healthy living. They also play a vital role in attracting newcomers and retaining families in local communities.

However, the financial sustainability of many public recreation facilities throughout Manitoba is cause for concern due to ever-increasing operating costs, which include rising insurance premiums as well as hydro and gas costs. As public recreation facilities have limited means of raising additional revenue to offset these costs, the AMM has encouraged the Province of Manitoba to further enhance and develop new energy-saving programs that decrease operating costs for community-owned public recreation facilities.

Meanwhile, AMM members have brought forward several resolutions over the years regarding the effects of Manitoba Hydro rate increases on the operation of recreation infrastructure. For instance, in June 2017, the AMM held its annual Western District Meeting, where a resolution pertaining to Manitoba Hydro's proposed 7.9% rate increases was sponsored by the RM of Pipestone.

This resolution was forwarded to our annual Convention in November, where more than 800 mayors, reeves and councillors as well as municipal administrators from around the province overwhelmingly voted in favour of its intent. A copy of AMM Resolution #01-2017 can be found in our informational package.



During the resolution's debate, AMM delegates voiced serious concerns with Manitoba Hydro's proposal of 7.9% annual rate increases. If approved, such increases would have dramatic and negative effects on municipal operating budgets, particularly for recreational infrastructure.

For example, the City of Portage la Prairie has authored a discussion paper which outlines the impact of proposed Manitoba Hydro increases on local recreation infrastructure. In 2017, total electricity costs for the Portage Regional Recreation Authority (PRRA) was approximately \$270,000. If Manitoba Hydro's request is approved, electricity costs will increase to approximately \$340,000 by 2019 and \$395,000 by the year 2021 – or 46%.

The impact of these increases will be felt immediately by the PRRA. It is expected that such rate increases would lead to increased user fees, reduced attendance at public facilities, and additional pressures on the City's overall operating budget.

In the RM of Pipestone, the proposed rate increases will not only affect rinks, but also homes, businesses, and municipal services. For the rink located in Reston, costs are projected to increase more than \$21,000 – again by 46% – by 2022. This increase will translate into increased fees and potentially decreased hours of operation. Capital projects, equipment replacement and building maintenance will likely be the first items to be cut. For other facilities such as the theatre and library, ratepayers will be negatively affected through increased user fees, decreased services, and reduced hours.



It is important to note that these additional costs will be placed on all municipalities across the province. In the Municipality of Glenboro-South Cypress, facility user fees will likely have to increase while the Municipality of Killarney-Turtle Mountain is projecting costs for its local recreation facility will soar from \$95,000 to \$145,000 by the year 2022.

In closing, the AMM Board of Directors has reviewed AMM Resolution #01-2017, and it encourages the Public Utilities Board to examine how these unprecedented proposed rate increases will negatively impact municipalities and ratepayers as well as quality of life in local communities throughout Manitoba.

I would like to remind you that municipal operating funding has been frozen at 2016 levels by the Province of Manitoba and municipalities are not allowed to budget for a deficit. In light of these restraints, Manitoba Hydro's proposed rate increases would severely strain municipal budgets and may force local governments to reduce services or potentially close public recreation facilities.

The AMM strongly urges the PUB to not approve Manitoba Hydro's proposed rate increases of 7.9% for 2017/18 and 2018/19.

Thank you for the opportunity to provide these comments.

If you have any questions for me, I would be happy to answer them.