

Notes for a presentation to the Board of the Capital Regional District on Procurement of Sewage Treatment

March 31, 2010

Thank you for the opportunity to address you this afternoon.

This Board – and your Core Area Liquid Waste Management Committee – has heard much from the public about sewage treatment procurement over the last few months. The overwhelming consensus from the local construction industry, from unions like ours and from a wide cross-section of the general public, has been in favour of public operation, management and financing of this important project.

The motion in front of you today largely reflects that community consensus.

The Capital Regional District deserves congratulations for a Business Case review process that has been transparent and which has engaged citizens. Far more information was released to the taxpaying public about this Business Case than is usually the case when P3s are being considered. Your willingness to trust the public with important details such as comparative cash flow information sets an important standard against which future procurement processes will be measured in BC

Throughout the process, CUPE has shared information with you which we hope has been helpful.

We have summarized a number of real world examples of problems with P3s, ranging from lack of accountability, to poor risk transfer, to higher costs. We have noted too that the vast majority of sewage treatment systems in Canada are publicly operated and managed.

We have provided the Core Area Committee with examples of several North American jurisdictions which operate innovative resource recovery in-house...communities ranging from Whistler, to Los Angeles, from Vancouver to Boulder which successfully derives resources from wastewater through public operation.

We have provided you with a legal opinion from one of Canada's most respected trade lawyers which advises that the best way to meet your local economic development goals within the constraints of the Canada/U.S. Procurement Agreement is to avoid P3 procurement.

And we have provided you with a report from BC's foremost forensic accountant which analyzed the Ernst and Young Business Case and found that this region could save at least \$100 million if it chooses public, rather than P3, procurement.

We are pleased that last week's amendment and the motion in front of you today still allows for the option of public operation of both the Westshore plant and the resource recovery facility, but remain very concerned at the prospect that one or both of those facilities may yet become P3s. The Business Case report did not adequately justify why either of those facilities should be privately operated through multi-decade contracts. We are concerned too that effective system integration may be compromised if key parts of the system (like the Westshore plant) are operated privately and with different imperatives than the rest of the system. As you move to your final decisions about the Westshore and the resource recovery facility, we will join with others in the community to make the case that public operation and management of both is your least cost option.

Your decision on procurement today is vital for ratepayers, the local construction industry and the environment. We hope you make a decision which reflects the overwhelming weight of public opinion and the objective evidence that has been put before you. Like almost every other city in Canada, we hope you go with public operation and management.

Congratulations again on being so transparent, open and responsive throughout this process.