



Town of Hinton
STANDING COMMITTEE MEETING
Agenda
JANUARY 8, 2013 - 11:30 AM
Committee Room, Hinton Government Centre

TOWN COUNCIL MISSION
*Council serves the interests of our citizens
to enable our community to reach full potential.*

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ORDER

1. Call to Order

ADOPTION OF AGENDA

1. Standing Committee Agenda - January 8, 2013

ACTION ITEMS

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1. Future of Potable Water Treatment Responsibility in the Town of Hinton

ADDITIONAL INFORMATION

1. Urgent Matters from Council and Town Manager
2. Executive Assistant Logistics Information

IN CAMERA (if necessary)

ADJOURNMENT

1. Adjournment

FUTURE OF POTABLE WATER TREATMENT RESPONSIBILITY IN THE TOWN OF HINTON

TOWN ASK: That West Fraser Board accept a Town proposal which would see WF continue after 2018-20 to produce all Town municipal water requirements; with the Town providing suitable third party insurance (firewall style) against claims and losses to West Fraser acting reasonably.

A. Members and Principles West Fraser Board and Senior Management:

Henry H. Ketcham, Chairperson and CEO	Clark S. Binkley
J. Duncan Gibson	Samuel W. Ketcham
Gerald J. Miller	Harald H. Ludwig
Robert L. Phillips	Janice G. Rennie

West Fraser Board governance says: "This Code is intended to provide general guidelines that will:

- Ensure compliance with laws and regulations which govern West Fraser's business activities;
- Foster a standard of conduct which reflects positively on West Fraser and its employees;
- Protect West Fraser from financial loss; and
- Preserve a corporate climate in which the integrity and dignity of each individual is not compromised."

B. Interests of West Fraser Board and Mgmt re: Treating Town Water and Town Responses

	West Fraser concern/interest	Town of Hinton response.
1	Legal and financial risk if treated water fails and water consumers are harmed.	Town prepared and appears able to insure a third party against this loss, and prepared to do so at it's cost.
2	Public relations risk if treated water fails and water consumers are harmed.	This is a real concern that is hard to mitigate against—the Victoria Secret campaign is an example and we understand that anti-WF folks would play up the loss, not the benefits over time.
3	To be a responsive corporate citizen in communities they operate in like Hinton.	The tradition since 1957 of this pulp mill treating both water and sewer for the community is highly regarded and appreciated and is seen as a valued part of WF's contribution to community.
4	A political supporter of P3 methods of doing business and government cost-effectively	This approach preserves water costs at lower levels . The P3 partnership has been one of the longest serving in Alberta (since 1957) and it would be disappointing to many to alter it.
5	The overall stakeholder relationship. WF considers important the broader relationships , with shareholders, the general public of Canada etc.	Hinton has tried to be responsive to WF interests and in this situation and is seeking a reciprocal approach on this matter; as this benefits all residents of Hinton including all local employees/familys of WF and it's contractors.
6.	Operational challenges maintaining qualified water treatment staff	This is a concern in many places, alternate models including contracting out/remote water treatment monitoring are becoming more prevalent.

C. Other Considerations:

Probability of success: --The Town has no strong relationships with anyone on the board.

The Town's consequence of failure is that water will continue to be treated on the WF site, by Town or Town's contractor at it's expense, and the pre-polished water would still be supplied by WF. Effective date of this change would be sometime between 2018- 2020 (checking legal notice records.)

Local management has advised they do not see other implications for the Town appearing before the board. They see no cause for concern on our overall Town:WF relationship and on other future matters? i.e. Corporate contributions for major community initiatives, shared political support etc.

D. Current Options Available to Town:

1. Ask West Fraser to treat water and sewer as in the past. (They've only given us notice to move away from water treatment responsibility)
2. Town treats water on their site. (Capital cost effective, but increased operational costs and complexities). There is West Fraser commitment to undertake this option failing Board support for Option 1 or something close to that.
3. Town treats water on a new site (Capital cost and operation costs would both be more long-term, least advisable alternative financially).

E. Next Steps Proposed After Meeting Jan. 3 with Senior West Fraser Local Management:

1. Prepare more specific framework involving lawyer and insurance for establishing contractual firewall.
2. Meet with West Fraser VP's Larry (former corporate Council) and Ted. (by mid March)
3. Probably request attendance at June West Fraser Board meeting in Vancouver, depending on step2. Will require political presence and presentation.

Prepared by Bernie Kreiner-January 4, 2013
AS BACKGROUND INFORMATION to UPDATE COUNCIL



Town of Hinton News Release

ISSUED: February 28, 2007

WATER TREATMENT IN TOWN OF HINTON

Town of Hinton, Alberta: West Fraser Mills Ltd. advised Town officials last week that they will be withdrawing from their contracted role of treating potable water for the Town of Hinton within the next 11- 13 years. Company officials said the primary reason for this decision was that treating potable water was not a core part of their business moving forward.

West Fraser has advised that they would support continuing to treat potable water for 10 years following the required license renewal to meet the latest Provincial drinking water standard. It is estimated that this could take the current arrangement until 2020. The Town has been working with West Fraser on an upgrade to the water treatment plant since early 2006. West Fraser has advised that they were open to continuing joint meetings with the Town to help plan for new effective future water treatment approaches, including possible component synergies.

In responding to this West Fraser decision, Mayor Glenn Taylor reflected the feeling of Town Council as follows: "At a time when the Province is actively promoting private:public partnerships, we're very disappointed with West Fraser Mills decision to end this unique, beneficial water treatment partnership. This arrangement has operated very successfully since 1956 under the various owners of the pulp mill and is one of the oldest, if not the oldest, 3P partnerships in Alberta. While being disappointed, we acknowledge the local West Fraser officials have left the door open to discussions which could lessen negative impacts this decision will have on the cost of water for our customers. We want to assure Town residents and businesses that Hinton will continue to receive high quality potable water into the long-term."

The West Fraser decision does not affect their ongoing role of treating the Town's sanitary sewer. For further questions on this issue, please contact Mayor Glenn Taylor at 817-8950 or Bernie Kreiner at 865-6003.

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West Fraser-Hinton Pulp Division. (Dean L., Joanne V. and Gary P.)

Prepared by: Bernie Kreiner

Approved by : Mayor Taylor

Date: February 28, 2007