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AGENDA

- 1** History and Current Context
- 2** Rationale for Proposal
- 3** Business Plan and Agreements
- 4** Frequently Asked Questions
- 5** Next Steps
- 6** Open Discussion



History and Current Context

The Beaver Municipal Solutions Story

From small county landfill to waste management leader.

Since 1992 the **Beaver Regional Waste Management Services Commission**, also known as Beaver Municipal Solutions, has been providing waste management services to the residents and businesses of its member municipalities which include Beaver County, the Village of Holden, the Village of Ryley, the Town of Tofield and the Town of Viking, as well as customers located outside of Beaver County.

Over time, Beaver Municipal Solutions has grown from a small county landfill dependent on municipal members for support to a waste management leader that provides tangible revenues and economic opportunities back to the region.



The Beaver Municipal Solutions Story

From small county landfill to waste management leader.

For many years, Beaver Municipal Solutions was supported by taxpayer-funded requisitions from municipal members.

Beginning in 2014, rather than being supported by municipal taxpayers, Beaver Municipal Solutions began providing a dividend back to municipalities to support local priorities and regional residents.

Unlike a typical municipal service, like road construction, operations are not funded by taxpayers and Beaver Municipal Solutions provides community benefits back through dividends, subsidized services and community grants.



The Beaver Municipal Solutions Story

A growing commitment to support the Beaver County region.

As the size and complexity of operations have grown so have the benefits to the municipal members and community residents. Since 2014, Beaver Municipal Solutions has provided over \$12.3 million in municipal dividends to the communities of Beaver County, the Village of Holden, the Village of Ryley, the Town of Tofield and the Town of Viking.

2018 Municipal Dividends

| | |
|-------------------|-----------|
| Beaver County | \$928,459 |
| Town of Tofield | \$413,546 |
| Town of Viking | \$279,162 |
| Village of Ryley | \$198,371 |
| Village of Holden | \$180,462 |

This is equivalent to a benefit per resident of \$202 in 2018.



The Beaver Municipal Solutions Story

A growing commitment to support the Beaver County region.

In addition to \$2 million provided to municipal members in 2018, Beaver Municipal Solutions distributed \$86,000 to 49 local community groups and organizations.

These funds provided financial support to local community groups including Family and Community Support Services, the Royal Canadian Legion, the Holden Seniors Club, Viking Agriculture Society, Tofield and Area Health Service Foundation among many others.

Annual grants in lieu of taxes totalling \$136,000 were paid to Beaver County and Viking in 2018. Good neighbor grants were given to Ryley at \$73,000 and Beaver County at \$37,000 in 2018.



The Beaver Municipal Solutions Story

A growing commitment to support the Beaver County region.

Beaver Municipal Solutions provides residents and businesses with below-cost garbage pick-up and waste services that are 66% less than market rate.

Beaver Municipal Solutions is also in the planning phase for a new community park outside of Ryley that we can use to host local events and festivals.



The Beaver Municipal Solutions Story

An ongoing commitment to environment stewardship and fiscal responsibility.

Beaver Municipal Solutions operations are based on environmentally-sound practices and is committed to the safe disposal of waste.

Landfill closure and post-closure obligations are fully-funded.

Beaver Municipal Solutions further operates with no debt to service any capital or operational costs.



The Beaver Municipal Solutions Story

A commitment to continuous operational improvements.

Beaver Municipal Solutions is committed to being a responsive community partner and to making ongoing operational improvements.

Areas of ongoing improvement include:

- Bird and Gull control
- Litter
- Odor containment
- Mud on roads and transportation issues



Current Context



NEW OPPORTUNITIES

Municipally controlled corporations are enabled to seek out new revenue-generating opportunities and to share profits to their municipal members without government approval.



MUNICIPAL FUNDING

Provincial transfers that support municipal infrastructure and services like policing are expected to decline in the near future.

GOVERNMENT REGULATIONS

Current regulations for regional services commissions means that Beaver Municipal Solutions must receive government approval to share its profits with the municipal members or to pursue revenue generating activities outside existing boundaries.



Current Context

Beaver Municipal Solutions has outgrown the regional services commission model.

The legal framework of a regional services commission no longer serves the interests of the municipal shareholders or residents in the community. These legal limitations are restrictive and do not ensure that member municipalities and the wider community can access income and benefits from the operations of Beaver Municipal Solutions.

Under the proposal to transition to a municipally controlled corporation, the need for government approval to share profits is eliminated, local oversight is strengthened, and member municipalities' right to access profits from Claystone Waste would be ensured.



Current Context

New opportunities can mean more revenue to support local priorities.

The regional services commission regulations restrict Beaver Municipal Solutions from pursuing new opportunities. Municipally controlled corporations however are for-profit entities, owned by a municipality or group of municipalities, designed to provide dividends back to member communities.

Municipally controlled corporations are common in Alberta. EPCOR owned by the City of Edmonton, ENMAX owned by the City of Calgary, and Aquatera owned by the City of Grande Prairie, County of Grand Prairie, Town of Sexsmith and Town of Wembley are all examples of municipally controlled corporations.



Current Context

New opportunities can mean more revenue to support local priorities.



\$171 million provided to the City of Edmonton in 2018.



\$50 million provided to the City of Calgary in 2018.



\$4.3 million provided to the Grande Prairie region in 2018.

Current Context

Reduced municipal funding will put pressure on municipalities in the Beaver County region.

The Alberta government is entering a period of fiscal restraint in order to bring the provincial budget back into balance and eliminate the provincial debt.

Municipalities have been cautioned to expect reductions in provincial support for local infrastructure and for services such as policing. Reductions in municipal funding from the province will put pressure on municipal budgets in the Beaver County region.

Transitioning Beaver Municipal Solutions to Claystone Waste can increase municipal dividends and help communities through this period of fiscal restraint.



Rationale for Proposal

Why transition Beaver Municipal Solutions
to Claystone Waste



What is a municipally-controlled corporation? How is it different from a regional services commission?

Municipally-Controlled Corporation

Municipally controlled corporations are a for-profit entity that is owned by a municipality or group of municipalities designed to provide dividends back to member communities.

Municipally-controlled corporations are permitted to engage in business opportunities outside their municipal and provincial boundaries to increase revenues and dividends back to their municipal shareholders.

Regional Services Commission

Regional Services Commissions allow Alberta municipalities to work collaboratively to deliver municipal services on a cost-recovery model.

Financial surpluses from commission operations are not permitted to be transferred to member municipalities as earnings (unless authorized by the Minister of Municipal Affairs) and commissions are not enabled to seek new for-profit ventures outside of Alberta.

Key Differences

The Alberta government has more authority over regional services commissions, while municipalities have greater control of municipally-controlled corporations.

Municipally controlled corporations are designed to provide dividends back to member municipalities while regional services commissions are not.

Municipally-controlled corporations are permitted to engage in business opportunities outside their municipal and provincial boundaries while regional services commissions are not.

Rationale for Proposal

Why transition Beaver Municipal Solutions to Claystone Waste Ltd.?

ELIMINATE LEGAL RISK

Beaver Municipal Solutions has outgrown the regional services commission model, and risks that being ruled noncompliant with provincial regulations.

ADDRESS REVENUE RISK

Beaver Municipal Solutions relies heavily on one single customer (the City of Edmonton). The ability to seek out new opportunities can allow revenue streams to be diversified which could protect existing dividends and residential benefits like subsidized residential collection.



MUNICIPAL SUSTAINABILITY

The proposal to transition Beaver Municipal Solutions to Claystone Waste is not only meant to protect the dividends that flow to member municipalities, but to grow them, providing more revenue to support local priorities.

COMMUNITY BENEFITS & ECONOMIC DEVELOPMENT

Greater flexibility to pursue new business opportunities through a municipally-controlled corporation will enable Claystone Waste to further economic development in the region and give back to the community.

Legal Risk

Because Beaver Municipal Solutions has outgrown the regional services commission model, there is a risk that current operations could be ruled noncompliant with provincial regulations. There are several potential impacts should that ever occur including loss of growth potential and market share, reduced revenues and profits, reduced transfers to member municipalities, among other negative effects.

A transition to a municipally controlled corporation is a solution to this risk and would ensure that member municipality dividends are protected and could grow, and that community benefits could increase in the future.



Revenue Risk

Because Beaver Municipal Solutions relies heavily on one single customer, there is a risk that revenues could decline. Declining revenues would have the potential to affect dividends to member municipalities and existing subsidies for residents.

Diversifying revenue streams through a municipally-controlled corporation could protect and grow existing dividends and residential benefits like subsidized collection.



Municipal Sustainability

Reduced municipal funding from the province will put pressure on municipal budgets in the Beaver County region.

The proposal to transition Beaver Municipal Solutions to Claystone Waste will not only protect current dividends received by member municipalities, but is planned to grow them, providing more revenue to support local priorities.

The Claystone Waste business plan proposes to grow municipal dividends by over 40% by 2022 to \$3.5 million. These additional revenues can help ensure member municipalities have the funding they need to build infrastructure, deliver services, and help weather anticipated funding reductions from the province.



Community Benefits & Economic Development

Claystone Waste will retain the commitment of Beaver Municipal Solutions to provide local employment and be an economic driver within the Beaver County region.

Because the corporate reorganization from Beaver Municipal Solutions to Claystone Waste will enable future waste management operations to be conducted in a more flexible manner, revenues from the municipally controlled corporation are expected to grow which can translate to additional employment and investment in the region.

Larger municipal dividends support local infrastructure and more community amenities such as the proposed Claystone Park make the region a more desirable place to live and work which can enhance community vitality and attract newcomers.



Rationale for Proposal

What the proposal does NOT include

- No changes to the rates charged to residents and local businesses
- No negative changes to service levels (improvements will be explored)
- No change to the commitment to provide local employment and further regional economic development
- No change to the mandate of sound environmental stewardship or to the classification of the landfill site

What the proposal DOES include

- Elimination of legal risk
- Ability to diversify revenue streams
- Potential to grow dividends and further municipal sustainability
- Potential to use additional revenues to support improved residential and local business services

A white Ford F150 pickup truck is the central focus, parked on a gravel lot. The truck has a silver toolbox in the bed. On the driver's side door, there is a logo for "Beaver Municipal Solutions" which includes a stylized green beaver head. The text "F150" is visible on the front fender. A white rectangular box with a thin black border is superimposed over the center of the image, containing the main title text.

Business Plan & Agreements

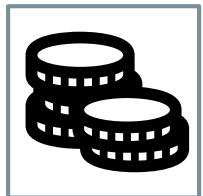
Business Plan – Contents

Read it at: claystonewaste.com



Business Overview

Provides a comprehensive overview of the state of operations, description of waste management markets and competition.



Sales & Marketing Plan

Describes near-term and longer-term sales objectives and discusses potential future marketing needs.



Operating Plan

Describes current landfill operations and logistics, environmental compliance, and servicing commitments for residents of municipal shareholders.



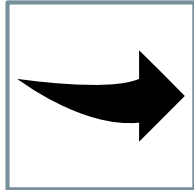
Human Resources Plan

Provides information on organizational leadership, operating procedures and policies, and training and development in support of safety initiatives.



Action Plan

Provides a summary of key goals related to business continuity, development, diversification, and support to member municipality shareholders.



Agreements

Read them at: claystonewaste.com



Municipal Shareholders

Beaver County
Town of Tofield
Town of Viking
Village of Holden
Village of Ryley

Municipal Member Service Charter

Describes the servicing agreement between the proposed municipally controlled corporation and its shareholding municipalities. The Charter guarantees service levels and rate structures for residents and local businesses, and commits Claystone Waste to the mandate of providing economic benefits back to the people of the member municipalities.



Unanimous Shareholder Agreement

Claystone Waste Ltd. is accountable to its municipal shareholders through its corporate structure and operating agreements.

The Unanimous Shareholder Agreement between all member municipalities outlines shareholder rights and helps to govern the operations of Claystone Waste.

Public Accountability and Transparency

The regional services commission structure is regulated by the provincial government, while the municipally controlled corporation structure is subject to greater municipal oversight and accountability.

Claystone Waste is proposed to be accountable to its municipal members and residents through its corporate structure and operating agreements.

In addition, municipal councils must approve a Strategic Plan for the municipally controlled corporation which addresses:

- Operating and capital budgets for Claystone Waste
- Any new proposed services to be provided
- Establishment and approval of any rates for services to be charged to residents of the five municipalities
- Approval of any operating, financial, human resources or other policies governing the corporation





Frequently Asked Questions

Frequently Asked Questions

1 Why rebrand to Beaver Municipal Solutions to Claystone Waste?

Beaver Municipal Solutions is often confused as a direct service of Beaver County but it is a separate entity owned by and providing services to all the towns and villages in the region.

Rebranding to Claystone Waste will reduce confusion and signifies that a new chapter is beginning for the landfill.

Claystone was selected because of its tie to the geology of the landfill site which is comprised of clastic sedimentary rock commonly referred to as claystone.

Frequently Asked Questions

2 Will services be affected by this proposal?

No. Service levels will not be negatively affected by the proposed transition. In fact, Claystone would actively explore ways to improve services for residents.

Service continuity is guaranteed under the Municipal Member Service Charter.

3 Will residential charges change as a result this proposal?

There are no changes to rates planned under the proposal to transition to Claystone Waste for residential and local businesses.

Rate Stability is guaranteed under the Municipal Member Service Charter.

Frequently Asked Questions

4 How will Claystone Waste be accountable to residents?

Municipal members will each appoint 1 director to the Board of Directors of Claystone Waste and Unanimous Shareholder Agreement between all member municipalities will govern the operations of Claystone Waste. The Unanimous Shareholder Agreement dictates that in certain key matters, decisions will not be made by the Board of Directors, but rather will go back to each municipal council for approval, allowing direct resident input.

In addition, municipal councils must approve a Strategic Plan for the municipally controlled corporation.

Frequently Asked Questions

5 How will Claystone Waste be transparent?

Like Beaver Municipal Solutions, Claystone Waste will be a well-governed and transparent organization in its actions and in its reporting, and will adhere to the best in public authority governance practices.

Claystone Waste Ltd. will publish an annual budget, audited financial statements, strategic plan and quarterly interim financial statements for municipal members and residents to review.

Frequently Asked Questions

6 What types of new business ventures does Claystone plan to explore?

Many Alberta municipally controlled corporations have business interests in jurisdictions outside their municipal boundaries. For instance, EPCOR has assets and provides services in Manitoba and Arizona, while Aquatera operates in northwestern British Columbia.

Claystone Waste would explore business opportunities that support its mandate to generate income and economic benefit back to its municipal shareholders.

This could include new contracts with municipalities and companies both inside and outside Alberta. Additionally, income opportunities to develop and operate waste diversion facilities elsewhere in other provinces and across the United States could be pursued to support waste diversion in these jurisdictions.

Frequently Asked Questions

7 Are there any layoffs of employees associated with this proposal?

No, there will not be layoffs or any elimination of positions if the transition occurs.

Claystone Waste, like Beaver Municipal Solutions, would continue to be one of Alberta's Top 75 Employers that greatly values and respects the contributions employees make every day.

The proposal to transition Beaver Municipal Solutions to Claystone Waste will also not affect existing employment conditions or existing employee agreements.

Frequently Asked Questions

8 How long has this proposal been under consideration?

The Beaver Municipal Solutions Board of Directors and municipal councillors have been studying a transition from a regional services commission to a municipally controlled corporation since 2014.

9 What will happen if the proposed transition does not move forward?

There is a risk that current operations could be ruled noncompliant with provincial regulations and that revenue streams fail to diversify. There are several potential impacts should these events occur including loss of growth potential and market share, reduced revenues and profits, reduced transfers to member municipalities, among other negative effects.

Frequently Asked Questions

10 Is Beaver Municipal Solutions/Claystone Waste moving head offices to Edmonton?

No, Beaver Municipal Solutions / Claystone Waste is not moving administrative offices from its current location. In 2019, a new administrative building at the current site in Ryley will start construction. This new building will house employees, improve customer service and the day to day operations of the landfill site.

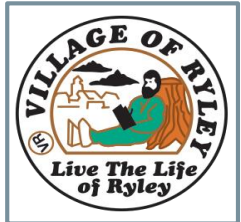
A satellite office will be housed in Edmonton but this will not displace employees from current headquarters outside of Ryley but is intended for use as a location to further business plan objectives that require frequent meetings in Edmonton.

Next Steps



Next Steps

Formal Hearings and Resolution Discussion at municipal councils



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Thank You.

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