

**CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION**

**WATER LINE INFRASTRUCTURE FAILURE RESERVE FUND**

**POLICY:** That the Capital Region Northeast Water Services Commission maintain a Water Line Infrastructure Reserve Fund to support the financial cost implications of undertaking the necessary repairs.

**BACKGROUND/PHILOSOPHY:**

The Commission wishes to ensure that it has an appropriate amount of funds on hand to contribute towards water line infrastructure failures without impacting the annual operating budget. The Commission water line infrastructure has operated historically without experiencing annual water line failures. Over the last 5 -7 years we have experienced 3 water line infrastructure failures which required an amendment to a Capital reserve funding request or was managed within the Operating budget. With the majority of the Commission's water lines now being located in close proximity to the oil and gas industry pipelines the cost of undertaking the repairs has significantly escalated due to the safety procedures now being implemented.

Larger diameter water line repairs (concrete cylinder pipe) could easily be in the \$1,000,000 (2017 cost) range to undertake repair/replacement, specifically if there is an oil & gas pipeline, site access restrictions or disruption of traffic on a roadway /highway. Smaller diameter lines are not as costly but again these costs are not annually budgeted in the Operational budget.

**SOURCE OF FUNDS**

This reserve will be initially funded \$150,000 from the 2018 Operating Budget. The Commission will then annually budget \$50,000 in the Operating budget to be transferred to this Water Line Infrastructure Failure Reserve. This Reserve will be Capped at \$1,000,000.

Date Approved: Nov 13/2017