



**CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION
WATER LINE INFRASTRUCTURE FAILURE RESERVE FUND POLICY 2021- 005**

POLICY:

The purpose of this policy is to manage and mitigate the Water Line Infrastructure Reserve Fund effectively to support the financial cost implications of undertaking the necessary repairs.

BACKGROUND:

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 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 funded \$50,000 annually from the Operating Budget and will be capped at \$1,000,000.

Date Approved: September 27, 2021.

Resolution # 2021.09.27.09