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**TO:** Committee of the Whole                      **MEETING:** November 20, 2018

**FROM:** Murray Walters                      **FILE:** 2240-20-EPCOR  
Manager, Water Services

**SUBJECT:** EPCOR Hydrant Maintenance Contract Approval

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### **RECOMMENDATION**

That the Board enter into a contract with EPCOR Water (West) Inc. to provide hydrant maintenance services in French Creek for the period January 1, 2018 to December 31, 2020 at a total cumulative cost of approximately \$300,000.

### **SUMMARY**

EPCOR Water (West) Inc. (EPCOR) provides fire hydrant maintenance services within their water service area (French Creek) under a contract with the Regional District of Nanaimo (RDN). EPCOR has recently received provincial approval for their 2018-2020 Revenue Requirements and Water Rates, and has prepared a proposed "FIRE PROTECTION SERVICES AGREEMENT" (a.k.a. Hydrant Maintenance Contract). Under this contract, EPCOR is responsible for maintaining and testing the hydrants and standpipes in that area for the years 2018 to 2020. This contract term matches the term of EPCOR's rate agreement with the Province.

### **BACKGROUND**

The RDN budgets for and has paid EPCOR for these services for many years. The provincial Comptroller of Water Rights approved the cost and level of services provided by EPCOR, including RDN hydrant maintenance, in the third quarter of 2018. Preparation of this contract was delayed until EPCOR received approval of their proposed rates.

In 2017 there were a total of 167 hydrants and standpipes, and the total cost for these services was \$107,093.93. The estimated number of units and the specified unit charges for the term of the contract (2018-2020) are shown below in Table 1, along with the 2017 figures for comparison. The unit costs have decreased about 10% in EPCOR's new rate agreement with the Comptroller due to a reduction in their expected overall expenses in the next three year period. The exact final value of the contract is not known at this time as EPCOR is required to add 3 hydrants in each year of their agreement with the province, and they have not consistently met that requirement in the past.

The Hydrant Maintenance Contract and the work described in it remains consistent with the RDN's standards for hydrant maintenance.

The contract has been reviewed by the RDN's legal advisors.

**Table 1 – Number of Hydrants and Unit Costs**

	2017 (ref)	2018	2019	2020
<i>Number of Hydrants (estimated)</i>	163	166	170	173
<i>\$ per hydrant, net of rate riders</i>	650.63	568.71	590.31	582.84
<i>Number of Standpipes</i>	4	4	4	4
<i>\$ per standpipe, net of rate riders</i>	260.31	227.49	236.13	233.14
<i>Total yearly cost (estimated)</i>	\$107,094	\$95,316	\$101,297	\$101,764

## **ALTERNATIVES**

1. Direct staff to execute the contract with EPCOR for hydrant maintenance for a three year period at a total cumulative cost of approximately \$300,000.
2. Provide alternate direction to RDN staff regarding the contract.

## **FINANCIAL IMPLICATIONS**

These expenditures are included in the fire protection budget for French Creek. No other financial implications are anticipated as a result of approving this contract.

## **STRATEGIC PLAN IMPLICATIONS**

Focus On Service And Organizational Excellence - We View Our Emergency Services As Core Elements Of Community Safety



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October 15, 2018

Reviewed by:

- S. De Pol, Director, Water and Waste Water Services
- R. Alexander, General Manager, Regional and Community Utilities
- P. Carlyle, Chief Administrative Officer

Attachments

1. EPCOR WATER (WEST) FIRE PROTECTION SERVICES AGREEMENT