



**WHITE ROCK**  
*My City by the Sea!*

# WATER UTILITY INFORMATION MEETING

TUESDAY, JUNE 16, 2015

# BACKGROUND INFORMATION

- Water services in White Rock have been **owned and operated by private operators before and since incorporation of the City. Private operators provide the service.**
- Terms and conditions are outlined in three agreements dated
  - September 1922
  - April 1966
  - May 1966
- The current operator of the water service is Epcor White Rock Water Inc., a subsidiary of Epcor Utilities.
- Epcor Utilities is 100% owned by the City of Edmonton, and acquired control of the water service in May 2005.

# WATER SYSTEM

- Epcor serves approx. 20,000 people - in White Rock, certain adjacent areas in Surrey and the Semiahmoo First Nation
- **Sunnyside Uplands aquifer - White Rock's water supply**
- The water distribution system is comprised of two pressure zones, three water storage reservoirs, three pressure reducing valve stations, a booster station, 76.6 km of pipes, approximately 335 hydrants, and 1180 valves (as of 2013)
- All services are metered

# EPCOR OPERATING PERMIT CONDITIONS

- Due to contamination incident in 2010, Fraser Health advised that as a condition of its operating permit, Epcor **must implement permanent chlorination by June 30, 2016**
- Other operating permit conditions:
  - Should arsenic levels move above Health Canada's Guidelines for Canadian Drinking Water Quality (GCDWQ), or should the GCDWQ deem manganese a health criteria, a treatment system must be operational on or before December 31, 2018

# TOTAL WATER QUALITY MANAGEMENT PROJECT

- Epcor started implementation of the TWQM Project
- **Epcor estimates that the capital cost of this project is \$11.5m**
- **Included: chlorination treatment and upgrade critical system infrastructure**
- Epcor will continue to monitor arsenic and manganese trends and if required will undertake further improvements to treat the water for this, on or before deadline
- A preliminary engineering estimate for arsenic and manganese treatment is \$9.5m

# EPCOR WATER RATE SETTING

- As a private utility, the rates that Epcor may charge for White Rock water utility services are regulated by the Comptroller of Water Rights for British Columbia
- The rates reflect the cost of operating the water utility plus an annual profit
- Based on information available in Epcor's last two rate applications, **this profit represents approximately a 10% return on equity**

# EPCOR WATER RATE SETTING (CONT.)

- Based on their 2014 to 2017 Rate Application to the Comptroller, Epcor projected this profit, to be:
  - \$428,000 in 2015; and
  - \$878,000 in 2017
- If the City purchases the utility, it is not permitted to make a profit



# ADVANTAGES TO ACQUIRING THE UTILITY

- Ensures water utility rates paid stay within the community
- If City owns water utility, rates will be similar as in addition to the work, the City would buy the water utility
- Long term benefits
- Once City's debt from acquiring the water utility is paid, water rates would be lower than with Epcor as the City will not charge taxpayers for a profit

# ADVANTAGES TO ACQUIRING THE UTILITY

- Estimate substantial savings for the community
- Anticipate further savings from loans, as the City can borrow money at interest rates well below the private sector
- The City is eligible for provincial and federal infrastructure grants not available to Epcor
- The City is responsible for operating the water utility and would have control over decision related to water quality and any change to water source

# ADVANTAGES TO ACQUIRING THE UTILITY

- Administrative costs related to dealing with the Comptroller would not be applicable to the City
- Council would determine water rates by Bylaw, similar to sewer and drainage rates
- Having to deal with one organization, rather than two, more efficient for property owners, developers
- More efficiency is expected for the City when replacing underground services
- The City would be in line with majority of other BC municipalities on owning water assets

# DISADVANTAGES TO ACQUIRING THE UTILITY

- The City will be responsible to operate the water utility including any risks related to water supply and distribution
- City will be responsible to address water quality issues and residential concerns
- City staffing levels may require adjustment depending on operating arrangements
- The City will be borrowing the entire purchase price
- Any further external borrowing could require a referendum or counter petition process.
- The City will have to be prepared to take on a significant infrastructure review

# STATUS OF NEGOTIATIONS

- Negotiations have been underway for more than two years
- Progress has been very slow
- The public's feedback is requested on options to move forward with this potential acquisition

# STATUS OF OPTIONS

- Continue negotiations
  - Lengthy process
  - No guarantee it will be successful
- Contractual Right under the 1922 Agreement / Arbitration
  - Lengthy process
- Expropriation
  - City's statutory right
  - Price is unknown