



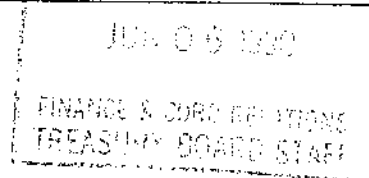
Province of
British Columbia

Ministry of
Transportation
and Highways

Parliament Buildings
Victoria
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OFFICE OF THE MINISTER



Honourable Mel Couvelier
Chairman, Treasury Board
Parliament Buildings
Victoria, British Columbia

Request No: 8/91

Vote: 68 Transportation Capital

Date: June 1, 1990

Amount: Nil

Re: Highway Construction – Public Utility Relocation

REQUEST

The Ministry requests approval for a policy change that assigns the full cost of underground water, sanitary sewer and irrigation line relocations, necessitated by a highway construction project initiated by the Province, to be the responsibility of this Ministry.

JUSTIFICATION

By current policy, where a permit was issued for the installation of water, sewer and irrigation lines within highway right-of-way, the utility owner has been responsible for the cost of relocation resulting from a highway improvement project. This policy was seldom followed due to the high costs of the relocations and the limited financial capability of the utility owners to respond to Ministry initiatives. In many cases the Ministry and utility owners shared the relocation costs equally. In some situations this Ministry funded the full relocation costs. Negotiating and administering these cost sharing agreements often caused significant delays to much needed highway improvement projects.

The majority of Ministry projects do not involve water, sewer, or irrigation line relocations. For projects requiring these utility relocations, the costs very rarely exceed five percent of the total project costs. Due to variations from the policy, payments from the utility owners to Provincial General Revenue total about \$100,000 per year. This sum is approximately one fortieth of one percent of the Ministry's capital construction budget.

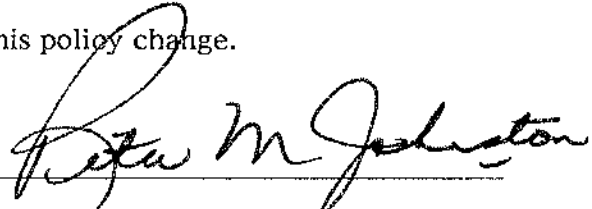
Above ground utilities and major underground utilities such as B.C. Hydro and Power Authorities, Westcoast Energy Ltd., and Trans Mountain Pipe Line Ltd. will not be affected by this proposed policy change. For highway construction projects initiated by municipalities or the utility owners, the costs for utility relocation will remain as established by the utility permit.

The current policy is inconsistently applied. If strictly followed, it would result in significant opposition and hardship for small municipalities and other minor utility agencies, as well as delays and potential cancellation of important highway improvement projects. The UBCM has passed a resolution urging this Ministry to accept the full cost of underground utility relocations.

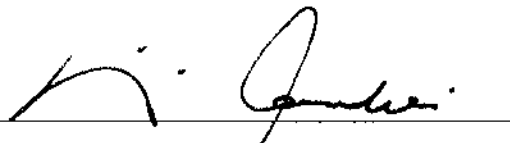
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The recommended policy will remove a major cause of project delay and local opposition and will significantly assist those municipalities and small utility agencies that cannot finance the implications of provincial road improvement initiatives.

No additional funding will be required by this policy change.


Minister of Transportation and Highways

Contact:
Bruce McKeown
Assistant Deputy Minister
Planning and Major Projects
Telephone: 387-6742


Chairman, Treasury Board

Approved: 

Date: Aug 20/90

Copy to: D. Emerson
Secretary, Treasury Board

TREASURY BOARD BRIEFING NOTE

- I. Prepared for discussion at Treasury Board.
- II. Ministry of Transportation and Highways; Request No. 8/91; Freedom to Move Special Account; Amount: n/a.

Subject: Public Utility Relocation Policy

The ministry requests approval to alter its policy on the funding of the location of public utilities necessitated by highway construction projects.

III. Background:

In April 1989, Treasury Board expressed concern that the province was bearing the cost of relocating water and sewer lines, owned by the City of Vancouver, in the Cassiar Connector Project. The ministry was directed to submit its utility relocation guidelines to Cabinet by July, 1989. The ministry did not do so but has reviewed those guidelines over the past year. It now wishes to alter them.

Numerous utilities are located on or under provincial highways: power and telephone lines, gas pipelines and municipal water and sewer lines. Utility owners require a permit from the ministry which outlines the following responsibilities for the movement of utilities in a highway project:

1. large energy and communications corporations pay all costs above certain base rates on projects initiated by the ministry;
2. municipalities pay all costs on projects initiated by the ministry; and
3. all utility owners pay all costs on projects initiated by them.

The ministry proposes to waive the second condition. The Union of British Columbia Municipalities passed a resolution in September 1989 in support of this change.

IV. Discussion:

The requirement for municipalities to pay all relocation costs on projects initiated by the ministry is rarely applied. Many municipalities cannot afford those costs. At present, the ministry negotiates the municipal contribution on a case-by-case basis. This can cause significant delays to the construction start of highway projects.

About 10 per cent of the ministry's projects include municipal utility relocation. Under the proposed change, the ministry will assume formal responsibility for about \$2 million per year of municipal utility relocations. The ministry paid for all such relocations in 1989/90 and collected about \$100,000 in negotiated contributions.

Formally relieving municipalities of responsibility for utility relocation costs may be a precedent for the energy and communications corporations to demand the same relief. The annual cost of corporate utility relocation on ministry-initiated projects is about \$1.3 million, of which the ministry is responsible for about \$125,000.

Relocation of utilities is a direct benefit to the municipalities to the extent that replacement costs exceed the depreciated value of utilities. However, municipalities do not often accept the ministry's valuation of the older lines. Also, many smaller municipalities cannot afford any significant portion of the relocation costs.

V. Options:

1. Approve as requested.
2. Do not approve.

VI. Recommendation:

Option 2.

July 10, 1990