



TOWN OF GIBSONS

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June 8, 2020

File No: 5500-07-005

Dear [Owner]:

Re: Gibsons District Energy Utility (GDEU) Decommissioning

Thank you for your patience regarding the decommissioning plan for the GDEU. I know this has been a frustrating and stressful experience for many residents living in Parkland so I appreciate the constructive feedback and responses I have received from many of you.

On May 26th, Council met in camera to review Urban Systems' (i.e. the Town's consultant) final report; to discuss staffs' findings on feedback received from residents; to discuss financial implications of different decommissioning approaches (both to Parkland residents and to the rest of the community); and to reach agreement on a final plan.

After considerable thought and debate, Council made two adjustments to the previous proposal sent to you. The two parameters that have changed from our previous communication with you, are:

1. Residents will not be charged for the portion of GDEU services used during the billing period that they disconnect, and;
2. The estimated service life of the heating units has been increased from 15 years to 20 years. This increases the compensation you will receive for your heat pump.

Here are the details:

1. The Town will keep the GDEU operational until September 30, 2023. After that, all properties will need to be disconnected from the GDEU.
2. Property owners may choose to disconnect from the GDEU prior to the final disconnection deadline of September 30, 2023. If you choose to do so, we require that you notify the Town of the date that you will no longer be reliant on the GDEU. In order to avoid billing charges for the period in which you disconnect, the disconnection date must be at least 30 days prior to the beginning of the next billing period. Please refer to the following chart to see the relevant dates.

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"Nature is our most valuable asset"

Effective dates for disconnection will coincide with the utility billing periods and will be as follows:

To avoid GDEU billing for this period:		You Must Disconnect by:
April 1, 2020	to September 30, 2020	September 1, 2020
October 1, 2020	to March 31, 2021	March 2, 2021
April 1, 2021	to September 30, 2021	September 1, 2021
October 1, 2021	to March 31, 2022	March 2, 2022
April 1, 2022	to September 30, 2022	September 1, 2022
October 1, 2022	to March 31, 2023	March 2, 2023
April 1, 2023	to September 30, 2023	September 1, 2023

GDEU customers will be responsible for the payment of the GDEU service for the billing period prior to the billing period when the date of disconnection occurs. For example, if you disconnect from the GDEU on March 2, 2021, you will be responsible for payment for the billing period from April 1, 2020 to September 30, 2020. You will not be charged for GDEU services used from October 1, 2020 to March 2, 2021.

3. The Town will compensate owners for the remaining life of their heat pumps as of 2023, based on an average life span of 20 years. For example, if your heat pump is five years old at the end of 2023, the Town will compensate you for the 15 years of life remaining.

The life span has been increased to 20 years, from the previously proposed lifespan of 15 years. This change was made in response to constructive feedback received from Parkland residents and reflects a more accurate lifespan of a geo heating system.

4. The Town will compensate owners based on a 2023 estimated replacement cost of \$6367 for forced air heating systems and \$7959 for in-floor heating systems. This calculation is based on quotes we received from local service providers (without air conditioning systems or taxes included) with a 2% annual inflation rate per year to 2023.
5. Compensation will be paid by the Town upon disconnection from the GDEU. Please see the attached "*Calculation of Compensation for Heating System*", which shows the amount you will receive from the Town after you are disconnected from the GDEU system.
6. Each owner is responsible for arranging for the installation of their own replacement heating systems. Council discussed providing recommendations on service providers but ultimately felt uncomfortable doing so, as we are not familiar enough with the work quality of each service provider. I can say, as mentioned in my previous letter, that Thomas Heating installed the majority of the systems in Parkland. I would also recommend talking to your neighbors to exchange ideas and learn from each other's experience with different service providers.
7. Owners who have already disconnected from the GDEU must follow the same notification process as detailed above.

Moving Forward

As we move into the next phase of this undertaking and begin to decommission the GDEU, we ask that residents please refrain from engaging with Town staff about this issue, and instead direct any comments and concerns about the process to Mayor and Council, either by writing a letter to Town Hall, or by emailing MayorAndCouncil@gibsons.ca.

Please also note that we have included the Consultant's report with this letter; this document should help answer any questions you may have about the options that were explored in relation to the GDEU.

And finally, I would like to apologize to the individuals that were hoping for compensation for the air conditioning component of their forced air heating system. Council discussed the cost of compensating residents for their air conditioning systems but felt the cost to the rest of the community was simply too high. As it is, the current decommissioning plan will cost the community \$239,000; including air conditioning would increase the total cost to \$384,000.

Again, we thank you for your patience, cooperation and respectful manner throughout this process. We recognize this has been challenging for all concerned.

Sincerely,



Aleria Ladwig, Deputy Mayor
Town of Gibsons

cc: Mayor and Council
Emanuel Machado, Chief Administrative Officer
Dave Newman, Director of Infrastructure Services
Lorraine Coughlin, Director of Finance
Daniel Tardif, Manager of Maintenance and Operations

