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**REPORT TO BEDDIS WATER SERVICE COMMITTEE
MEETING OF TUESDAY, 18 MARCH 2008**

SUBJECT UPDATE ON CAPITAL WORKS PROJECT

PURPOSE

To present for the consideration of the Beddis Water Service committee (BWSC) details of expenditures for the Beddis water system upgrade program and to clarify additional works necessary for project completion.

BACKGROUND

The Capital Regional District (CRD) has been undertaking programmed works to complete the Beddis water system capital project by 31 March 2008 in accordance with the requirements of the Canada BC Infrastructure program grant received for the works. It was reported to the committee in November of 2007 that the overall budget for the project was inadequate for the original works proposed to be undertaken. It was also reported that the focus was to ensure all funds under the infrastructure grant be expended prior to 31 March 2008, the deadline for submission of costs under the program. Recently CRD staff were offered the opportunity to apply for a one year extension for completion date and submitted such an application to the province however as the end of the month is closing in and no word has been received from the province, staff are continuing with the project to ensure expenditures needed for a final claim by 31 March are in hand.

Project engineers have been tracking weekly costs for the construction, mechanical and electrical trades and are now indicating concern that there will be a shortage of funds to complete the water plant project over that initially projected back in 2000. As was suggested to the committee in the past, reserve funds will be needed to make up a shortfall in the overall project. While it was envisioned that these funds would be primarily available to complete works in the upper portion of the system, to enable Sky Valley tank to be taken out of service, it now appears that some of these discretionary funds will be needed to complete the water plant project.

Cost Projections

Project expenditures and commitments as of 14 March, 2008 amounted to the following:

| EXPENDITURE | BUDGET AMOUNT | ACTUAL AMOUNT |
|-------------------------------|----------------------|----------------------|
| Grant eligible expenditures | \$760,340 | \$696,248 |
| Grant ineligible expenditures | \$122,000 | \$46,636 |
| Total | \$882,340 | \$742,884 |
| | | |
| Net funds available | | \$139,456 |
| Funds committed at this time | | \$84,337 |
| Funds available | | \$55,119 |

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Project expenditures to complete the water plant project, but leave Upper Sky Valley tank in service:

| CONTRACT | NOTES | PROJECTED COMPLETION |
|---------------------------------|---------------------------------------|-----------------------------|
| Supply DAF Tankage | Tanks for DAF float, backwash | \$20,000 |
| Pipework plant site | Interconnect, pump station to DAF | \$30,000 |
| Pumps, equipment | Mechanical installation included | \$50,000 |
| Electrical, Emery | Complete new service, elec., controls | \$60,000 |
| | | |
| Plant completion | | \$160,000 |
| Funds unexpended at 14 March, | | (\$55,119) |
| Net funds needed for completion | | \$104,881 |

To complete the project to take Sky Valley upper tank out of service, install the main between Lautman and the new tank and to construct a PRV station will require additional funds over and above the funds needed to complete the water plant project. It is recommended these additional works not proceed until the plant is operational and final plant construction costs are accounted for.

Funding Project Completion

It is evident that subject to reconciling the final costs for the various work items, there will need to be additional funding for the capital project. As a consequence funds will need to be made available from the Capital Reserve Fund, in which there are currently \$166, 469. It is recommended that the expenditures approved at this time be limited to completing the water plant portion of the project.

ALTERNATIVES

1. That the Beddis Water Service committee approve the transfer of up to \$105,000 from the Capital Reserve fund to the capital project to fund the completion of the water treatment plant portion of the project.
2. That the Beddis Water Service committee identify an alternate source of funding for the plant completion expenditures which are estimated to be \$105,000.

FINANCIAL IMPLICATIONS

Based on present unit rates for the various trades, the Beddis water treatment plant project will require additional funds to complete. Completion of the remaining components of the project necessary to take the Sky Valley upper tank out of service will require additional funds. The additional expenditures for the treatment plant work can be funded from the Beddis Capital Reserve fund however there may not be sufficient funds remaining in the reserve to also complete the other works identified in the original upgrade plan. Staff are recommending that the committee approve the expenditure of funds from the reserve to complete the water plant works at this time. On completion of this work, staff will return to the committee with options to complete the remaining works. There is currently \$166,469 in the reserve fund.

SUMMARY/CONCLUSIONS

The Beddis water project is entering its last phase for construction. Estimates to complete all work items in the original project suggest that the expenditures will exceed both the present capital project amount and the available discretionary funds of the committee held in reserve. In this regard the focus is at the present time, to complete all works on the water treatment plant such that water quality to the residents may be improved by this summer which will require funding of these works from the Capital Reserve fund.

To maximize savings on the project, engineers are revisiting all aspects of the design to identify where available funds should be best expended.

RECOMMENDATION

That the Beddis Water Service committee:

1. Approve the transfer of up to \$105,000 from the Capital Reserve fund to the capital project to fund the completion of the water treatment plant portion of the project; and
2. Direct staff to prepare for committee review, on completion of the water plant, a summary report detailing the final water plant costs, a list of works outstanding on the project and options to fund completion of the outstanding works.



Gary Hendren, ASCT
Local Services Engineering Coordinator

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