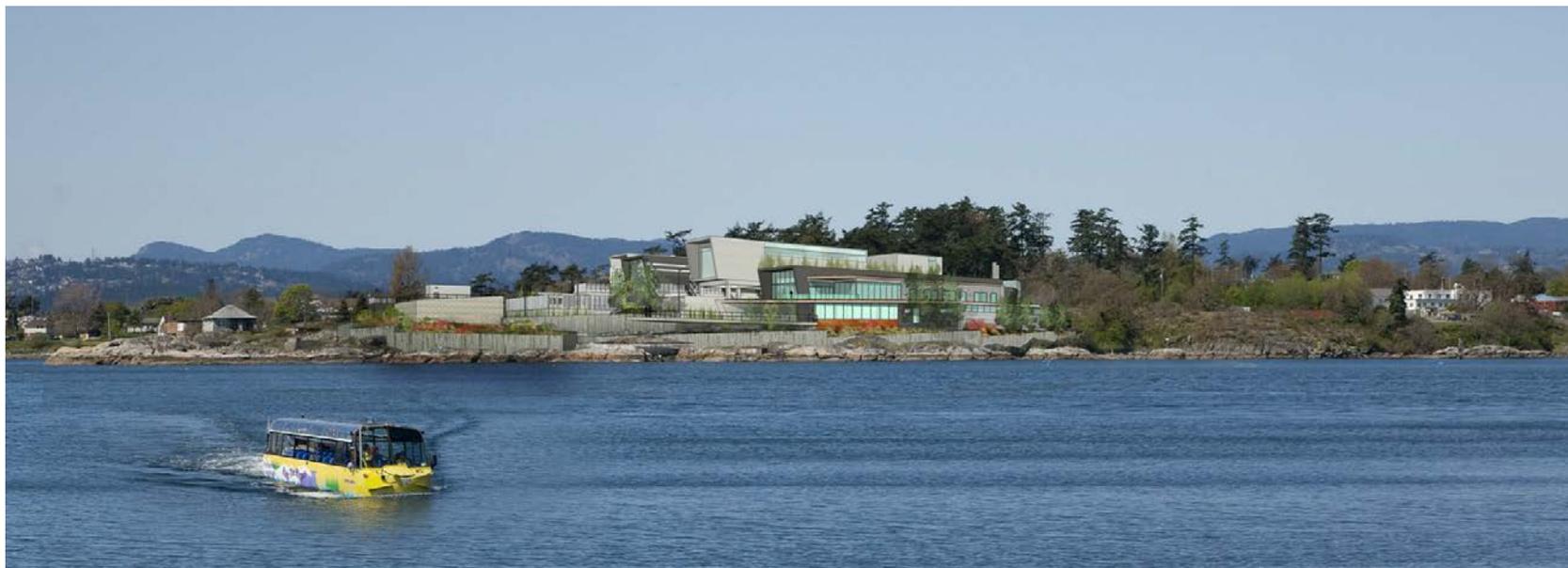


Core Area Wastewater Treatment Project Board



Quarterly Report – Reporting Period: July to September 2017

October 26, 2017

Quarterly Report - Summary

Overall the Project is progressing as planned.

- The construction of **McLoughlin Point Wastewater Treatment Plant (WWTP)** has progressed in accordance with the overall schedule, with Harbour Resource Partners (“HRP”) furthering design while materials and equipment were mobilized, construction sites were prepared, at Ogden Point casing installation was completed and horizontal directional drilling commenced, and at McLoughlin Point blasting and soil excavation commenced.
- The Request for Proposals for the **Residuals Treatment Facility (RTF)** is progressing as planned with technical submissions from the three shortlisted proponents received in September 2017. The financial submission due date was extended to November 2017 (from October), not expected to impact the overall schedule.
- The Procurement of the two design-build **Conveyance System** contracts progressed over the reporting period:
 - The RFP for the Clover Point Pump Station closed on August 16, 2017. Evaluations were completed in September, and a Preferred Proponent was selected.

Quarterly Report – Summary (cont.)

- The RFQ for the Macaulay Point Pump Station and Forcemain closed on July 5, 2017. The submissions were evaluated during August and three short-listed proponents were selected to participate in the Request for Proposals (RFP) process. The RFP was issued on August 24, 2017, and is scheduled to close in November.
- The five design-bid-build **Conveyance System** contracts are in the engineering phase. Stantec (as the owner’s engineer) progressed the indicative design over the reporting period.
- For each of the design-bid-build contracts the Project Team will procure design consultant services (including the “Engineer of Record” role). Progress on these procurements was made over the reporting period:
 - Kerr Wood Leidal (KWL) was awarded the design consultant contract for the Clover Forcemain; they are currently providing Second Engineering Firm services for the review of Stantec’s indicative design before progressing with completion of the detail design;
 - KWL was re-engaged as the design consultant for the Arbutus Attenuation Tank; and
 - Proposals were received for design consultant services for the Residual Solids Conveyance Line, and are currently being evaluated.



Monthly Project Status (Sept 2017)

The dashboard below indicates the high level status of each project component with regards to the six Key Project Indicators (“KPI”) that were defined within the Project Charter.

Key Performance Indicators		WTP Project Overall	WWTP	RTF	Conveyance System
Safety	Deliver the Project safely with zero fatalities and a total recordable incident frequency (TRIF) of no more than 1.				
Environment	Protect the environment by meeting all legislated environmental requirements and optimizing opportunities for resource recovery and greenhouse gas reduction.				
Regulatory Requirements	Deliver the Project such that the Core Area complies with provincial and federal wastewater regulations.				
Stakeholders	Continue to build and maintain positive relationships with First Nations, local governments, communities, and other stakeholders.				
Schedule	Deliver the Project by December 31, 2020.				
Cost	Deliver the Project within the Control Budget (\$765 million).				

Quarterly Project Dashboard

- The Project expenditures for the reporting period were as expected.
- The main Project expenditures incurred over the reporting period were associated with: WWTP construction activities; third-party commitments; communications and engagement activities and PMO-related costs.
- We have adjusted the status of the Cost item in the KPI Dashboard from green to yellow. Yellow indicates that the KPI is at risk however corrective action has been identified/is being implemented. While our confidence level is still high that we will be able to deliver the project with the approved Control Budget cost pressures identified as a result of two risks that materialised over the reporting period need to be accounted for. The two items are:
 - contaminated materials at McLoughlin Point; and
 - proposal price greater than budget for Clover Point Pump Station, expected to be on account of escalation.
- In order to address these pressures the Project team in concert with Stantec are reviewing the scope and construction cost estimates for the remainder of the contracts and identifying opportunities where savings could be realized.

Stakeholder Engagement - Summary

- Construction was underway through the Quarter in three areas: McLoughlin Point, Ogden Point, and geophysical and geotechnical work along the proposed route of the Residual Solids Conveyance Line;
- Key communications tools were used to keep the community aware of construction activities:
 - construction notices,
 - website updates,
 - 24-7 phone line,
 - community meetings.
- In July two (2) Briefing Notes were distributed to the Project Board, City of Victoria and the public providing detailed information on the status of the casing installation at Ogden Point;
- Over the period five (5) construction notices were emailed to stakeholders and uploaded onto the Project website.
- The weekly McLoughlin Point blasting schedules were posted to the website to ensure the public was aware of what to expect in the upcoming week.
- Project Update #3 was developed, posted on the website and distributed to 34,000 households;
- One media release was issued in August: “Macaulay Point Pump Station and Forcemain Proponents Shortlisted.”
- The Project Team held meetings with the following community groups and representatives, and municipality representatives:
 - Township of Esquimalt Liaison Committee;
 - District of Saanich & Saanich Technical Working Group;
 - Township of Esquimalt Technical Working Group; and
 - City of Victoria.
 - James Bay Neighborhood Association;
 - Fairfield Gonzales Community Association Land Use Committee;
 - Saanich Community Association Network;
 - MLA Andrew Weaver, Oak Bay – Gordon Head;
 - MLA Adam Olsen, Saanich North and the Islands;
 - Hon. Lana Popham, Saanich South;
- Members of the Project Team also staffed information booths at a Canada 150 Celebration event in Esquimalt and the Fall Fairfield Festival.

Green Shores Certificate

Project Board received a resolution from the Core Area Liquid Waste Management Committee requesting that Green Shores Certification for the Clover Point Pumping Station be explored

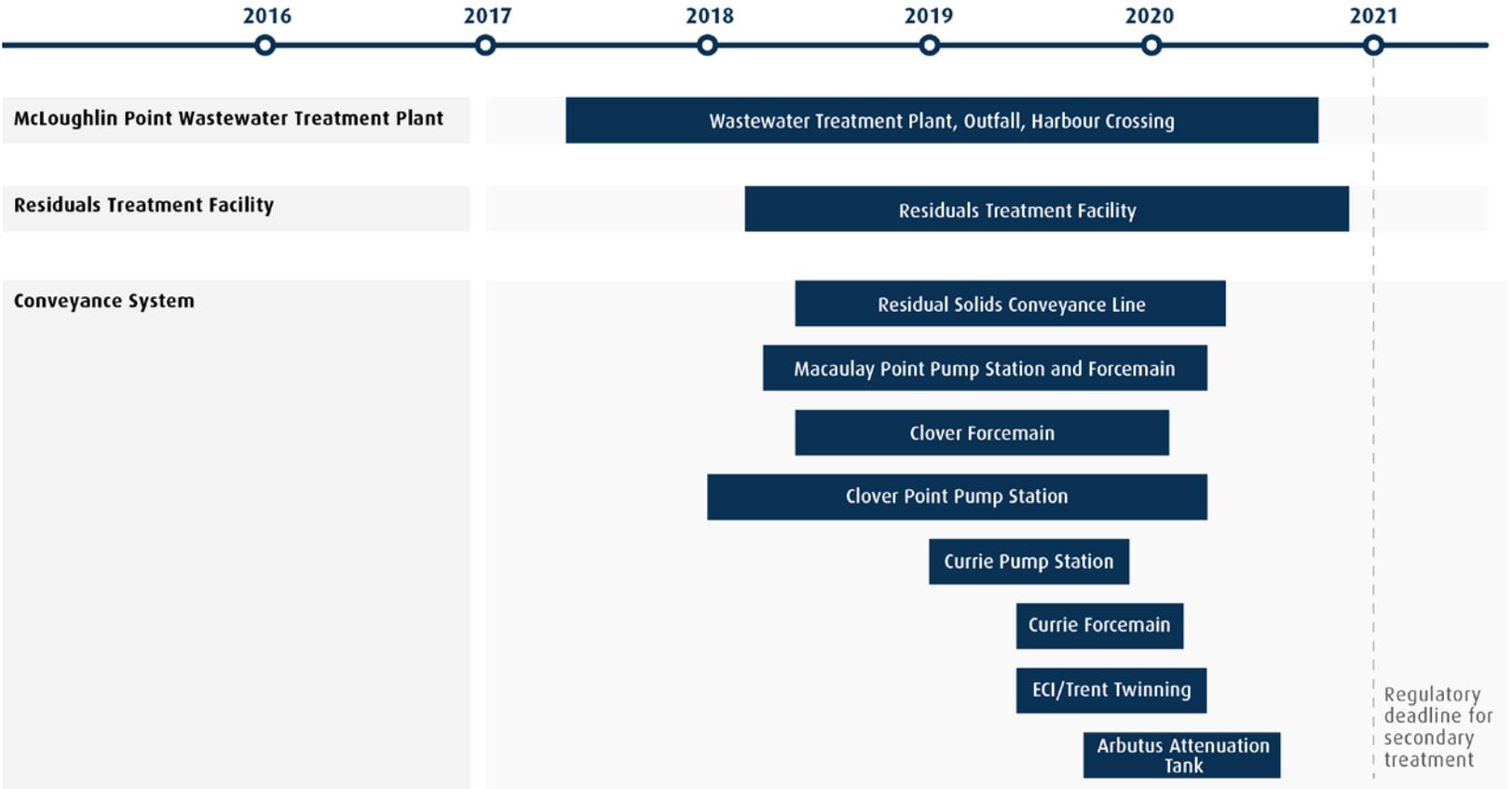
- The Project Team, in consultation with Stantec assessed the eligibility for the Clover Point Pump Station to achieve Green Shores Certification,
- Guiding principles of the program is to; preserve, maintain a healthy shoreline and to prevent and avoid potential impacts,
- Application process normally begins in the early stages of the facility planning, siting and design effort
- The assessment concluded that there are concerns that the scope of the project limits the number of available credits/points there by making the project ineligible for certification.
- Regardless of the projects ability to achieve the overall certification, a number of the Green Shores points are similar to the LEED certification requirements, which are already incorporated into the design,
- Given that the project is now in the implementation stage, the uncertainty in obtaining a certification, and considering that a number of the requirements needed to obtain Green Shores certification are already incorporated into the design the Project Team recommends that Green Shores certification not be pursued.



Schedule Updates

Wastewater Treatment Project Schedule*

Construction + Commissioning



* Schedule subject to updates as project planning progresses.

Re-engagement of KWL

- **November 2013** – Kerr Wood Leidal (KWL) is selected through a competitive process to provide design consultant services for the Arbutus Attenuation Tank,
- **Scope of Services included** – project management, preliminary and detailed design, tender support services, construction administration and post construction services
- **Original Budget** - \$724,108
- **Two Change Orders** – Piling System - \$103,406 and Tank Siting Revision - \$38,700
- **Authorized Budget** \$879,628
- **August 2015** – KWL contract terminate,
- **Status** – detailed design complete, tender ready set of documents and 95% complete drawing and specs provided
- **Costs expended to termination** - \$681,733
- **Remaining Budget** - \$197,895
- **June 2017** – KWL confirms willingness to complete project, 2013 rate structure with 2% escalation factor
- **Scope of Service** – update design to meet current codes, provide tender, construction and post construction services
- **KWL Cost to Complete** - \$233,433