



**Minutes of a Meeting of the Core Area Wastewater Treatment Project Board
Held Friday, April 12, 2019 in Room 652, 6th Floor, 625 Fisgard Street, Victoria, BC**

Members: D. Fairbairn (Chair); B. Eaton (Vice Chair); D. Hayden; R. Lapham; C. Smith; T. Stanley.

Regrets: D. Howe

CRD Staff: D. Clancy, Project Director, E. Scott, Deputy Project Director; Kristen Morley, General Manager, CRD Corporate Services, H. Currie (recorder)

Also in attendance: Brian Campbell, Ernst & Young; Jim Allman, Allman Safety Consulting Corp; Chris Johnston, Kerr Wood Leidal (KWL)

The meeting was called to order at 10:00 a.m.

1. Approval of Agenda and Statement of No Conflict

The members stated they had no conflict with the agenda items.

MOVED by T. Stanley, **SECONDED** by B. Eaton,
That the circulated agenda be approved.

CARRIED

2. Safety Moment

D. Clancy provided the safety minute "Certificate of Recognition Program" and noted all of the prime contractors currently working on the Project are COR certified. The program encourages contractors to create a safety program that not only meets but exceeds current legislative requirements.

3. Approval of the February 28, 2019 Meeting Minutes

MOVED by R. Lapham, **SECONDED** by B. Eaton,
That the minutes of the February 28, 2019 meeting be approved.

CARRIED

4. Report of the Chair

The Project Board Chair reported the following:

- condolences on the passing of Nils Jensen whose efforts for the Wastewater Treatment Project were significant;
- safety is the greatest value for the Project; and
- cost and schedule forecasts are well considered, and both the Project Team and Project Board have completed due diligence.

5. Presentations/Delegations:

There were no presentations or delegations.

6. Project Board Business

6.1. Staff Report for Information: Wastewater Treatment Project February 2019 Monthly Report

D. Clancy and E. Scott reviewed the February 2019 Monthly Report and provided information on the following:

- cost key performance indicator for both the conveyance system and the project overall were changed from orange to red, as a result of ongoing and increasing cost pressures (primarily as a result of escalation experienced on the conveyance

components of the Project) and the receipt in the reporting period of a refreshed estimate for the four conveyance components remaining to be procured;

- safety performance, including an overview of a lost time incident and corrective actions taken; and
- summary of contingency draws, key permits received, Project schedule, construction and communications activities.

MOVED by C. Smith, **SECONDED** by D. Hayden,

That the Staff Report, Wastewater Treatment Project Monthly Report – February 2019 be received for information and forwarded to the Core Area Liquid Waste Management Committee and CRD Board for information.

CARRIED

6.2. Report for Information: Wastewater Treatment Project Safety Management System Review

J. Allman summarized his review of safety including the following:

- the review included documentation and systems in place, how they are implemented and if the process is effective; and
- comments and recommendations in the areas of communication, hazard identification, traffic control, inspections, and due diligence.

Discussion ensued on the responsibility of the prime contractor, communications between the contractor and the Project team, and the Project Team's implementation of the recommendations.

MOVED by T. Stanley, **SECONDED** by B. Eaton, that the motion be amended to add, "That the Project Team implement the report's recommendations and report back to the Project Board on the implementation of the recommendations at the earliest opportunity."

CARRIED

MOVED by R. Lapham, **SECONDED** by T. Stanley on the amended motion,

That the report 'Wastewater Treatment Project Safety Management System Review' be received for information and forwarded to the Core Area Liquid Waste Management Committee and CRD Board for information, and

That the Project Team implement the report's recommendations and report back to the Project Board on the implementation of the recommendations at the earliest opportunity.

CARRIED

Break at 11:10am

Resumed again at 11:23am

6.3. Staff Report for Approval: Refinement of Project Scope

E. Scott provided an overview of the engagement of KWL to develop a system-wide study to update the computer model to allow the CRD to develop an updated model of the core

area's wastewater system in order to allow the CRD to make informed decisions regarding capital investments required to meet future demands.

C. Johnston summarized the report noting accurate data collection from monitoring stations contributed to the conclusion that three of four components are not needed and the only component required to meet regulatory requirements is the Trent Forcemain.

Discussion ensued on the following topics:

- climate change and inflow and infiltration;
- review of plant capacity;
- overflow frequencies; and
- federal and provincial funding

E. Scott noted KWL's capital cost estimate differential between the full and refined Project scopes is \$20 million, and that this estimate does not include ongoing cost savings for operations.

MOVED by C. Smith, **SECONDED** by D. Hayden, that

1. *The Project's scope, as defined in the business case (Appendix 1 to the Project Board's September 7, 2016 report entitled 'Final Report'), be refined to remove the following components from it:*
 - (a) *Upgrades to the Currie Pump Station;*
 - (b) *Twinning of the Currie Forcemain; and*
 - (c) *Twinning of the East Coast Interceptor.*

That the report 'Refinement of Project Scope' be forwarded to the Core Area Liquid Waste Management Committee and CRD Board for information.

CARRIED

6.4. Staff Report for Approval: CRD Board Approval to Increase the Project's Budget

D. Clancy provided an update on the increasing budget pressures and that the Project Team have updated the forecast to complete the Project based on KWL's refreshed estimate for the remaining scope. Based on the refined Project scope the Project Team forecast that the Project will cost \$775 million.

D. Clancy noted that confidence in the forecast is high as there is only one contract remaining to be procured and foundation work is advancing on all components under construction. The Project Team will continue to look for opportunities to mitigate costs.

Discussion ensued on the budget and sufficiency of the contingency, and the cause of the budget pressures. D. Clancy noted that the budget pressures are primarily due to escalation in the construction market, and other factors have contributed including design and implementation of stakeholder input, geotechnical considerations and schedule constraints.

MOVED by R. Lapham, **SECONDED** by T. Stanley that the item be tabled to receive additional information through agenda item 6.5.

CARRIED

Moved to agenda item 6.5.

6.5. Report for Information: Independent Review of Execution of the Wastewater Treatment Project

B. Campbell summarized the report including key findings, cost drivers and recommendations. The review included an analysis of contingency, cost drivers, contract risk transfer, project management plans and processes

Discussion ensued on the capacity of the Project staff resources and the timeline for the Project Team to review and implement the recommendations.

MOVED by T. Stanley, **SECONDED** by B. Eaton, that the motion be amended to add, "That the Project Team implement the report recommendations and report back to the Project Board to confirm implementation."

CARRIED

MOVED by R. Lapham, **SECONDED** by T. Stanley on the amended motion,

That the report 'Independent Review of Execution of the Wastewater Treatment Project' be received for information and forwarded to the Core Area Liquid Waste Management Committee and CRD Board for information, and

That the Project Team implement the report recommendations and report back to the Project Board to confirm implementation.

CARRIED

7. Correspondence

E. Scott noted that the Project Team have also responded to K. Kersten and offered to arrange a meeting with Project staff.

MOVED by R. Lapham, **SECONDED** by T. Stanley, that the following correspondence be received for information:

- 7.1. March 6, 2019 - Email from K. Kersten to the Wastewater Treatment Project Board
- 7.2. March 8, 2019 – Email to K. Kersten from D. Fairbairn, Chair of the Wastewater Treatment Project Board

CARRIED

8. New Business

8.1. Confirmation of upcoming Meeting Dates:

- Next Project Board Meeting: Friday, April 26, 2019
- Next Core Area Liquid Waste Management Committee Meeting: Wednesday, April 17, 2019

MOVED by R. Lapham, **SECONDED** by T. Stanley that the meeting be closed pursuant to section 90 (1)(g) to receive additional information pertaining to item 6.4 on the open agenda.

CARRIED

Meeting closed at 1:08pm.

Resumed open meeting at 1.58pm

Motion to take item 6.4 from the Table

MOVED by D. Howe, **SECONDED** by D. Hayden

CARRIED

MOVED by B. Eaton, **SECONDED** by T. Stanley to approve Resolution 1

RESOLUTION 1:

RESOLVED that:

1. *The Project Board seek the CRD Board's approval to increase the capital budget for the Wastewater Treatment Project from \$765M (as set out in original business case for the Project), to \$775M.*
2. *This report be forwarded to the Core Area Liquid Waste Management Committee for information.*
3. *This report be forwarded to the CRD Board seeking their approval of the following resolution:*

RESOLVED that:

The Board of the Capital Regional District approve an increase to the Wastewater Treatment Project's budget from \$765M (as set out in the original business case for the Project) to \$775M.

CARRIED

Motion to close

MOVED by R. Lapham, **SECONDED** by T. Stanley

That the Core Area Wastewater Treatment Project Board meeting be closed in accordance with the Community Charter: **Part 4, Division 3 Section 90(1)(m)** a matter that, under another enactment, is such that the public may be excluded from the meeting.

CARRIED

9. Adjournment

The Project Board moved to closed session at 2:04 p.m.

CHAIR

RECORDER