



**REPORT TO CORE AREA LIQUID WASTE MANAGEMENT COMMITTEE
MEETING OF WEDNESDAY 24 MARCH 2010**

SUBJECT **BUSINESS CASE IN SUPPORT OF FEDERAL FUNDING – WESTSHORE COMPONENTS – CORE AREA WASTEWATER TREATMENT PROGRAM**

PURPOSE

To amend the business case in support of federal funding for the Core Area Wastewater Treatment Program to include the revised Westshore components.

BACKGROUND

The business case in support of the application for federal funding of the Core Area and Westshore Wastewater Treatment Program was submitted 10 December 2009 to the Honourable John Baird, Minister of Transport, Infrastructure and Communities.

At the time of this submission, the location of the proposed Westshore treatment plant had not yet been determined. The site selection process has been completed and the Westshore wastewater treatment strategy was presented to the Core Area Liquid Waste Management Committee (CALWMC) on 10 February 2010. A report on the public consultation in support of this strategy was also presented at that meeting.

It is now proposed to provide the federal Ministry of Transport, Infrastructure and Communities with updated information on the selected location of the Westshore treatment plant and related cost changes. This information from the business case in support of federal funding document is included in the revised key plan (Appendix A) and the revised tables B.1, B.2, B.3 and B.4 (Appendix B).

ALTERNATIVES

1. That the CALWMC recommend to the Board that the business case in support of federal funding be amended to include the Westshore plant location and cost estimates, and that the amended plan be submitted to the Minister of Infrastructure for federal funding consideration.
2. That the CALWMC not amend the business case in support of federal funding until the business case for provincial funding is completed.

FINANCIAL IMPLICATIONS

The Option 1A approved by the CALWMC on 02 June 2009 had a total capital cost of \$967.5 million. This option assumed a 14 million litres per day (ML/d) plant was to be constructed immediately. The option selected by the Westshore subcommittee and approved by the CALWMC on 10 February 2010 will see a 7 ML/d plant constructed with an additional 7 ML/d to be treated at the McLoughlin plant. The 7 ML/d plant will have the capability to be expanded to 14 ML/d in the future. This treatment strategy will result in a slight reduction in cost for both the core area and the Westshore for a total project cost of \$960,777 million.

SUMMARY

As the Westshore has now selected a treatment plant location, a revision is required to the business plan submitted to the Government of Canada on 10 December 2009.

RECOMMENDATIONS

That the Core Area Liquid Waste Management Committee recommend to the Board that:

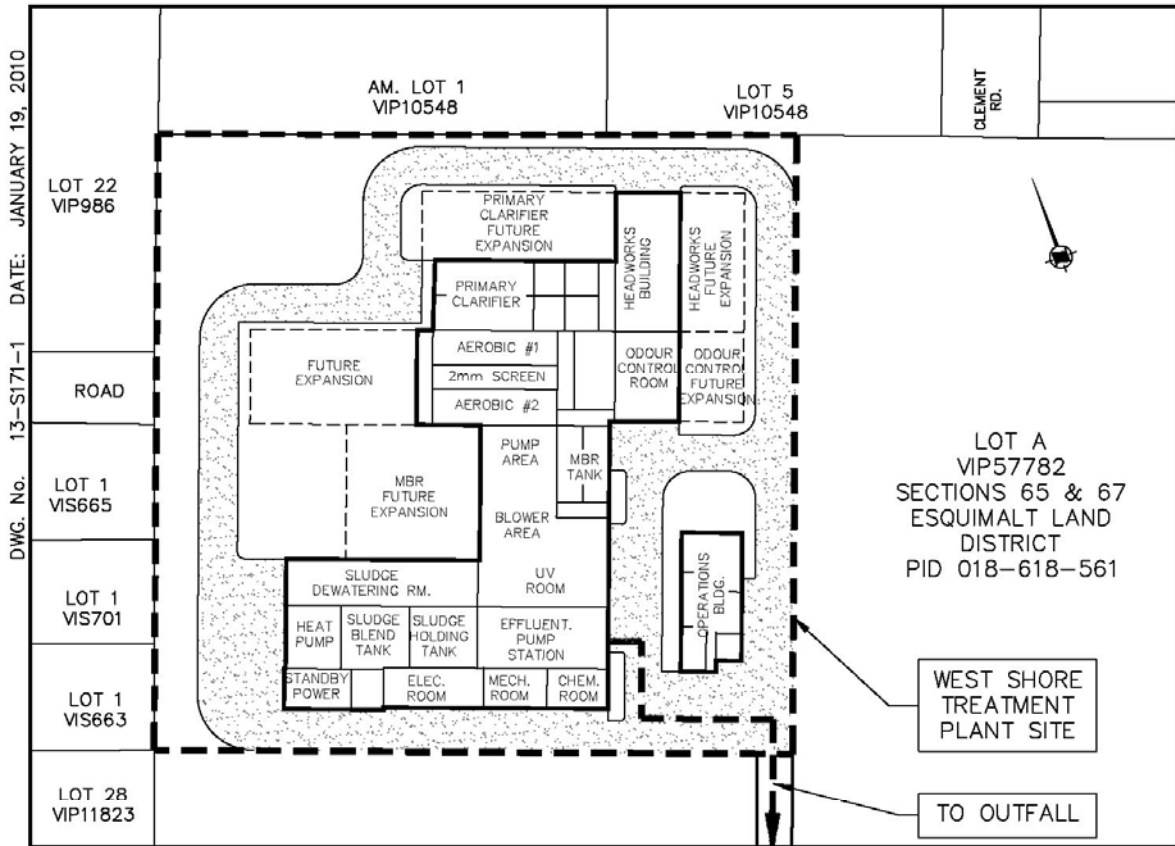
1. the business case in support of federal funding submitted 10 December 2009 be amended to include the Westshore plant location and cost estimates as outlined in Appendices A and B; and
2. that the amended plan be submitted to the Minister of Infrastructure for federal funding consideration.

Dwayne Kalynchuk, PEng
Project Director, Core Area Wastewater Treatment

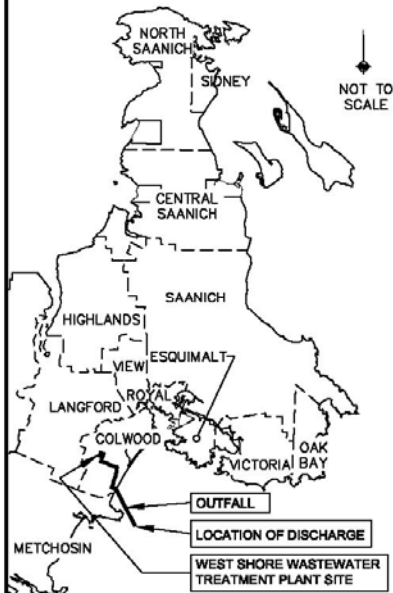
Kelly Daniels
CAO Concurrence

COMMENTS

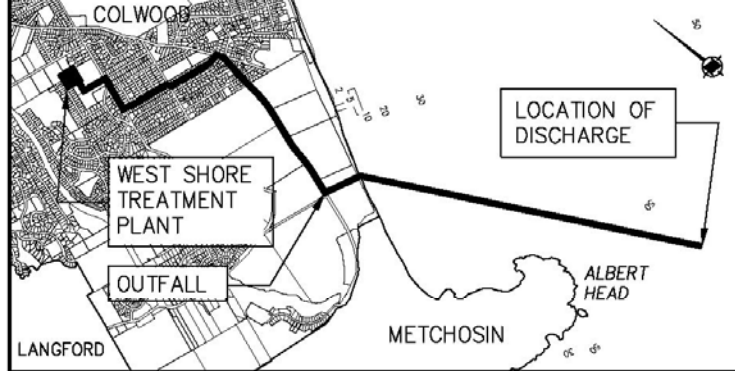
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Attachments: 2



SITE PLAN 'A'
1:1000



LOCATION PLAN



KEY PLAN
1:50000

**Operational Certificate : ME-
Date:**

R. Alexander
 for Director, *Environmental Management Act*
 Vancouver Island Region

B. SUMMARY OF ELIGIBLE AND INELIGIBLE COSTS

The Section B "Summary of Eligible and Ineligible Costs" submitted with the business case in support of funding, dated December 9, 2009, is replaced with the following. The revised section incorporates the proposed Westshore treatment plant at the Colwood City Hall site.

The CRD's engineering advisors, Stantec Consulting Ltd., have prepared cost estimates for the Combined Program. The cost estimates are deemed to be at the Class "C" level and include contingences which will be clarified in coming weeks and months as due diligence continues on the Programs.

B.1 TOTAL COMBINED PROGRAM ELIGIBLE COSTS

Description	Core Area Program Costs	Westshore WWTP	Total Combined Programs
Design/Engineering & Construction	\$687,859,100	\$89,030,600	\$776,889,700
Administration, Program Mgmt. & Misc.	\$47,851,100	\$6,193,500	\$54,044,600
Preliminary Inflation Estimate	\$73,571,000	\$9,522,400	\$83,093,400
Total Eligible Costs	\$809,281,200	\$104,746,500	\$914,027,700
Land Purchase	\$10,512,000	\$3,000,000	\$13,512,000
Interim Financing Estimate	\$29,428,400	\$3,809,000	\$33,291,400
Total Ineligible Costs	\$39,940,400	\$6,809,000	\$46,749,400
TOTAL COSTS (Eligible & Ineligible)	\$849,221,600	\$111,555,500	\$960,777,100

*Costs exclude impact of HST which may add a further 1.75% (non-refunding component) or +/- \$16 million

B.2 ASSUMED FUNDING SOURCES

This table summarizes the requested funding contribution from the BCF-MIC. CRD assumes two-thirds of Eligible Costs will be funded by the Province of BC and Government of Canada, with the CRD funding the remaining one-third Eligible Costs plus all Ineligible Costs. Ineligible Costs included in this calculation include interim financing costs during construction plus land acquisitions.

	Core Area Program Costs	Westshore Program	Total Combine Programs
CRD Contribution (1/3 Eligible Costs + Ineligible Costs)	\$309,700,800	\$41,724,500	\$351,425,300
Provincial Contribution (1/3 Eligible Costs)	\$269,760,400	\$34,915,500	\$304,675,900
Government of Canada Contribution (1/3 Eligible Costs)	\$269,760,400	\$34,915,500	\$304,675,900
Total Contributions	\$849,221,600	\$111,555,500	\$960,777,100

B.3 ANNUAL FUNDING REQUIREMENTS & CONTRIBUTIONS

This table illustrates preliminary estimates of annual spending on each major component of the Combined Programs. For the purposes of this Business Case, it is assumed all funding contributions will occur during the construction phase of the Combined Program.

Fiscal years ending March 31

	2010	2011	2012	2013	2014	2015	2016	2017*	TOTALS
Construction & Engineering									
Saanich East WWTP		\$12,961,950	\$67,898,732	\$40,867,618					\$121,728,300
Clover Point Pump Stations & Primary WWTP		\$5,500,250				\$5,442,005	\$45,004,275	\$305,570	\$56,252,100
McLoughlin Point WWTP & Biosolids Facility		\$24,932,539	\$31,583,418	\$54,901,058	\$172,399,920	\$172,399,920	\$52,684,099	\$977,746	\$509,878,700
Westshore WWTP		\$5,212,517	\$3,475,012		\$9,432,948	\$51,200,114	\$19,446,750	\$263,259	\$89,030,600
Administration, Project Mgmt, Misc.		\$10,359,326	\$10,359,326	\$9,594,955	\$7,301,844	\$7,301,844	\$7,301,844	\$1,825,461	\$54,044,600
Inflation Estimates		\$1,615,928	\$12,446,064	\$16,812,490	\$14,787,678	\$17,719,969	\$19,711,271		\$83,093,400
TOTAL ELIGIBLE COSTS		\$60,582,510	\$125,762,522	\$122,176,121	\$203,922,390	\$254,063,852	\$144,148,239	\$3,372,036	\$914,027,700
Land	\$6,512,000	\$7,000,000							\$13,512,000
Interest Costs		\$646,379	\$4,978,451	\$6,725,010	\$5,915,068	\$7,087,986	\$7,884,506		\$33,237,400
SUB-TOTAL INELIGIBLE COSTS	\$6,512,000	\$7,646,379	\$4,978,451	\$6,725,010	\$5,915,068	\$7,087,986	\$7,884,506		\$46,749,400
TOTAL COSTS	\$6,512,000	\$68,228,889	\$130,741,003	\$128,901,131	\$209,837,458	\$261,151,838	\$152,032,745	\$3,372,036	\$960,777,100

Annual Contributions

	2010	2011	2012	2013	2014	2015	2016	2017*	TOTALS
CRD share	\$6,512,000	\$27,840,549	\$46,899,302	\$47,450,384	\$73,899,198	\$91,775,936	\$55,933,919	\$1,124,012	\$351,425,300
Province of BC share		\$20,194,170	\$41,920,851	\$40,725,374	\$67,974,130	\$84,687,950	\$48,049,413	\$1,124,012	\$304,675,900
Government of Canada share		\$20,194,170	\$41,920,851	\$40,725,374	\$67,974,130	\$84,687,950	\$48,049,413	\$1,124,012	\$304,675,900
TOTAL									\$960,777,100

*Some start-up and commissioning costs in 2017 are under review for acceleration 2016. Source: Stantec Consulting Ltd.

B.4 COST OF EACH MAJOR COMPONENT OF THE COMBINED PROGRAM

This table illustrates the cost of each wastewater treatment plant (WWTP) and the biosolids facility, as well as the cost sharing assumed for each major component.

Description	East Saanich WWTP	Clover Point Wet Weather WWTP	McLoughlin-Macaulay Point WWTP	Biosolids Facility (incl. Struvite)	CORE AREA PROGRAM COSTS	Westshore WWTP	TOTAL COMBINED PROGRAMS
Design/Engineering & Construction	\$121,728,300	\$56,252,100	\$284,090,294	\$225,788,406	\$687,859,100	\$89,030,600	\$776,889,700
Administration, Program Mgmt. & Misc.	\$8,468,000	\$3,913,200	\$19,762,846	\$15,707,054	\$47,851,100	\$6,193,500	\$54,044,600
Preliminary Inflation Estimates	\$13,019,600	\$6,016,500	\$30,385,336	\$24,149,564	\$73,571,000	\$9,522,400	\$83,093,400
TOTAL ELIGIBLE COSTS	\$143,215,900	\$66,181,800	\$334,238,476	\$265,645,024	\$809,281,200	\$104,746,500	\$914,027,700
Land Purchase	\$6,512,900	-----	\$2,000,000	\$2,000,000	\$10,512,000	\$3,000,000	\$13,512,000
Interim Financing Estimates	\$5,207,900	\$2,406,600	\$12,154,101	\$9,659,799	\$29,428,400	\$3,809,000	\$33,291,400
Total Ineligible Costs	\$11,719,900	\$2,406,600	\$14,154,101	\$11,659,799	\$39,940,400	\$6,809,000	\$46,749,400
TOTAL COSTS (Eligible & Ineligible)	\$154,935,800	\$68,588,400	\$348,392,577	\$277,304,823	\$849,221,600	\$111,555,500	\$960,777,100

*Costs exclude impact of HST which may add a further 1.75% (non-refunding component) or +/- \$16 million.