



**REPORT TO CORE AREA WASTEWATER TREATMENT PROGRAM COMMISSION
MEETING OF FRIDAY, SEPTEMBER 27, 2013**

SUBJECT 2014 CORE AREA WASTEWATER TREATMENT PROGRAM BUDGET

ISSUE

The establishment bylaw for the Core Area Wastewater Treatment Program requires the Core Area Wastewater Treatment Program Commission (the Commission) to submit a budget by September 30 of each year for approval by the Capital Regional District (CRD) Board.

BACKGROUND

2014 Budget Overview and Assumptions:

1. The Core Area Wastewater Treatment Program (CAWTP) capital budget is based on the original Engineer's estimates (2010 \$s) with the following updates:
 - a. The wastewater treatment plant estimate was updated in April, 2013
 - b. The conveyance budget reflects updated information for individual components, including the contract award amount for the Craigflower Pump Station and an increase in the estimates for the Macaulay and Clover Point Pump Stations.
2. The budget assumes the sites for facilities are as identified in the approved Liquid Waste Management Plan Amendment No. 8 namely:
 - a. Wastewater Treatment – McLoughlin Point
 - b. Biosolids Energy Centre – Hartland
3. Common costs include direct Program Management Office staff/consultants, and Commission costs.
4. Budgets for Program Advisors are included in the Component budgets.
5. The budget assumes Proponent financing of \$60,000,000 for the wastewater treatment plant. All funds financed by the proponent will be repaid to the contractor at expiration of the two year performance period.
6. The budget assumes Proponent financing of \$100,000,000 for the Biosolids Energy Centre Design-Build-Finance-Operate concession contract.
7. In accordance with the Financial Plan – Sources of Funding, the project costs to be funded by CRD debt in 2018, after receipt of grants from Canada and British Columbia and from funds requisitioned by the CRD starting in 2013 is \$59,286,000.
8. For interim financing cost projections, CRD short term interest rates are assumed to increase from less than 2% to 6% in 2018.
9. Program contingencies are included at approximately 6% of budgeted costs.
10. Timing of construction expenditures is based on the scheduled start date and related projections.

11. The financial plan assumes all construction will be completed by December 2017.

IMPLICATIONS

The proposed budget is:

- in accordance with Section 13 of Bylaw No. 3851 (a bylaw for the establishment of a Capital Regional District Commission to Administer the Core Area Wastewater Treatment Program);
- in a form approved by the Chief Financial Officer of the CRD;
- does not create a deficit or unauthorized debt.

The budget must be approved by the CRD Board.

The proposed budget for the Core Area Wastewater Treatment Program is attached (Appendix A - D), and is based on the assumptions and principles noted above.

Planned expenditures for 2014 are \$62,159,194. The significant cost components for 2014 are the start of construction of the McLoughlin Wastewater Treatment Plant (WTP), completion of the Craigflower Pump Station, start of construction of the Arbutus Road Attenuation Tank and Clover Pump Station. Other planned activities in 2014 include completion of the indicative design for the biosolids digestion facility, evaluation of the Request for Qualifications, shortlisting of the proponents and issuance of the biosolids Request for Proposals and planning for other conveyance projects.

SUMMARY

The proposed 2014 budget of \$62,159,194 is in accordance with Section 13 of Bylaw 3851 and provides for the necessary budget for planned activities in 2014. The overall Program budget of \$782,686,000 is unchanged from the 2013 budget approved by the CRD Board.

RECOMMENDATION

That the Core Area Wastewater Treatment Program Commission approve the Core Area Wastewater Treatment Program budget in the amount of \$782,686,000 and forward the budget to the Capital Regional District Board for approval.

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Core Area Wastewater Treatment Program

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Core Area Wastewater Treatment Program

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Concurrence

RH:HR

Attachments: Appendix A: CAWTP Financial Plan
Appendix B: CAWTP Financial Plan with Commitments
Appendix C: CAWTP Program Management Financial Plan
Appendix D: CAWTP Commission Financial Plan

**Program Summary Report
Month Ending 31-August-13**

	<u>Budget</u>	<u>Cost to Date</u>	<u>Commitments Unpaid</u>	<u>Total CTD + CU</u>	<u>Forecast to Complete</u>	<u>Forecast at Completion</u>	<u>Variance</u>	<u>Variance from Last Report</u>
WASTEWATER TREATMENT - MCLOUGHLIN	283,653,000	8,962,048	1,429,429	10,391,477	273,261,523	283,653,000	0	0
CONVEYANCING	124,425,000	7,695,358	11,585,849	19,281,207	105,143,793	124,425,000	0	0
BIOSOLIDS/ENERGY CENTRE	255,005,000	115,784	4,671,543	4,787,327	250,217,673	255,005,000	0	0
COMMON COSTS	48,393,000	3,317,792	2,362,853	5,680,645	42,712,355	48,393,000	0	0
INTERIM FINANCING	27,750,000	0	0	0	27,750,000	27,750,000	0	0
PROGRAM CONTINGENCY	43,460,000	0	0	0	43,460,000	43,460,000	0	0
TOTAL	<u>782,686,000</u>	<u>20,090,982</u>	<u>20,049,674</u>	<u>40,140,656</u>	<u>742,545,344</u>	<u>782,686,000</u>	<u>0</u>	<u>0</u>

**Core Area Wastewater Treatment Program
Financial Plan
With Commitments**

APPENDIX B

	Estimated Costs to Date Dec 2013	Estimated Commitments Unpaid Dec 2013	Budget 2014	Budget 2015	Budget 2016	Budget 2017	Budget 2018	Budget Total
WASTERWATER TREATMENT - MCLOUGHLIN	10,890,964	1,000,000	25,756,932	94,460,286	130,694,018	21,850,800	0	283,653,000
CONVEYANCING	6,648,111	11,000,000	20,991,344	52,540,095	37,297,662	6,902,789	45,000	124,425,000
BIOSOLIDS/ENERGY CENTRE	5,195,519	2,000,000	3,340,000	31,030,000	167,183,750	48,136,250	119,481	255,005,000
COMMON COSTS	6,237,864	500,000	7,284,118	9,103,247	9,460,491	8,612,512	7,694,768	48,393,000
INTERIM FINANCING	86,000		1,702,000	3,970,000	8,108,000	11,797,000	2,087,000	27,750,000
PROGRAM CONTINGENCY	0		3,084,800	11,665,000	22,553,900	5,856,300	300,000	43,460,000
TOTAL	29,058,458	14,500,000	62,159,194	202,768,628	375,297,821	103,155,651	10,246,249	782,686,000

* Note: 2013 Commitments expenditure forecast

	14,500,000	0	0	0	0	14,500,000
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**Core Area Wastewater Treatment Program
Program Management
Financial Plan**

	2013 BOARD BUDGET	2013 ESTIMATED ACTUAL	2014 TOTAL	2015 TOTAL	2016 TOTAL	2017 TOTAL	2018 TOTAL
CAPITALIZED COSTS:							
Salaries and Wages	1,046,000	1,058,000	1,900,000	2,117,000	2,181,000	2,246,000	2,313,000
Consultants	3,370,000	3,167,000	4,154,000	5,860,000	6,136,000	5,201,000	4,255,000
Allocations - IT	32,000	50,000	50,000	52,000	53,000	55,000	56,000
Allocations - Finance	22,000	22,000	34,000	44,000	57,000	76,000	82,000
Allocations - Executive & HR Services	57,000	57,000	57,000	58,000	59,000	60,000	61,000
Allocations - First Nations	20,000	20,000	20,000	21,000			
Allocations - Outreach	12,000	12,000	12,000	12,000			
Allocations - Other	38,000	38,000	17,000	18,000	20,000	21,000	22,000
Rentals and Leases	227,000	226,000	248,000	256,000	264,000	271,000	280,000
Operating - Other Costs	199,000	281,000	447,000	311,000	327,000	326,000	269,000
TOTAL COSTS	5,023,000	4,931,000	6,939,000	8,749,000	9,097,000	8,256,000	7,338,000
Funded by Capital Fund and Grants	5,023,000	4,931,000	6,939,000	8,749,000	9,097,000	8,256,000	7,338,000
PARTICIPANTS:							
AUTHORIZED POSITIONS:							
Salaried	6.00	6.00	13.00	14.00	14.00	14.00	14.00
Hourly	0.80	0.80	0.25	0.25	0.25	0.25	0.25

Note : Consultants include comprehensive services from Stantec (including program management and technical services), communications, and other.
Other consultants such as procurement advisors are included in the capital budgets for Treatment, Conveyancing and Biosolids.

**Core Area Wastewater Treatment Program
Commission
Financial Plan**

	2013 BOARD BUDGET	2013 ESTIMATED ACTUAL	2014 TOTAL	2015 TOTAL	2016 TOTAL	2017 TOTAL	2018 TOTAL
<u>CAPITALIZED COSTS:</u>							
Honoraria	174,000	174,000	243,000	249,000	256,000	263,000	270,000
Allocations			0	0	0	0	0
Travel	27,000	36,000	40,000	41,000	42,000	44,000	45,000
Operating - Other Costs	83,000	87,000	62,000	64,000	66,000	50,000	41,000
TOTAL COSTS	284,000	297,000	345,000	354,000	364,000	357,000	356,000
Funded by Capital Fund and Grants	284,000	297,000	345,000	354,000	364,000	357,000	356,000
PARTICIPANTS:							
AUTHORIZED POSITIONS:							
Honoraria	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Hourly	0.00	0.00	0.00	0.00	0.00	0.00	0.00