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**REPORT TO ELECTORAL AREA SERVICES COMMITTEE
WEDNESDAY 01 SEPTEMBER 2010**

SUBJECT **PHASE 2 FEASIBILITY ASSESSMENTS FOR MOUNT BELCHER AND VILLAGE POINT IMPROVEMENT DISTRICTS**

ISSUE

Infrastructure grants have been awarded to the Capital Regional District (CRD) for capital improvements to the Mount Belcher and Village Point Improvement Districts, on the condition that they are converted to CRD local services. Existing feasibility studies do not adequately define the project parameters for public approval processes to convert the services.

BACKGROUND

The Mount Belcher Improvement District (MBID) operates a drinking water system on Salt Spring Island serving 46 residences, and the Village Point Improvement District (VPID) operates a drinking water system serving 218 residences and a sewer system serving 70 residences on Mayne Island. Both districts have requested that the CRD complete feasibility studies for conversion to local services of the CRD, and that the CRD apply for infrastructure grants to offset the costs of upgrades that would be required for conversion to proceed.

The CRD completed a feasibility study for the MBID in 2005, recommending capital improvements to the infrastructure with an estimated cost of \$150,000. The study cost of \$8,000 was recovered through a \$6,500 provincial Infrastructure planning grant and \$1,500 from the MBID. Since that time, incremental improvements to the infrastructure have been made by the MBID and construction costs have inflated considerably. An infrastructure grant of \$158,688 for the MBID water system was awarded to the CRD under the Building Canada Fund – Communities Component (BCF-CC) in November 2009, reflecting 67% of the original scope of work at an updated total estimated cost of \$238,033.

The CRD completed feasibility studies for the VPID water and sewer systems in 2009, recommending capital improvements to the water and sewer systems of \$1,085,000 and \$5,000,000, respectively. The overall study cost of \$20,000 was recovered from infrastructure planning grants of \$10,000 and \$5,000, and the balance of \$5,000 from the VPID. An infrastructure grant of \$3,029,584 for the VPID water and sewer systems was awarded to the CRD under the Building Canada Fund – Communities Component (BCF-CC) in November 2009, reflecting 50% of the total estimated cost of upgrades of \$6,085,000.

Both the MBID and VPID Boards of Directors have expressed a desire to engage a consulting engineer in order to confirm the findings of the feasibility studies and to verify estimated costs for the purpose of establishing the conditions for conversion of the services.

ALTERNATIVES

1. That the Electoral Area Services Committee:
 - a) Authorize the expenditure of \$7,500 from the Feasibility Study Reserve Fund for a Phase 2 Feasibility Assessment of the Mount Belcher Improvement District water system; and
 - b) Authorize the expenditure of \$15,000 from the Feasibility Study Reserve Fund for a Phase 2 Feasibility Assessment of the Village Point Improvement District water and sewer systems.

2. That the Electoral Area Services Committee receive this report and request further information from staff.

IMPLICATIONS

The proposed Phase 2 Feasibility Assessments are intended to clearly define the scope of capital upgrades, associated costs and appropriate contingencies for conversion of a service. Proposed scope and deliverables for each assessment are provided in Attachment 1. This information will enable sound budgeting for the purpose of loan authorization, operation and debt servicing and strategic asset management planning. Participants in each service will receive reasonable assurance that a decision to convert the service and undertake capital upgrades will be appropriately funded.

To cover consulting fees and staff time, budgets for Phase 2 Feasibility Assessments are proposed as follows:

Service area	ID Funding (Reserves)	CRD Funding (Feasibility Reserve)	Total Budget
MBID Water, SSI EA	\$7,500	\$7,500	\$15,000
VPID (Water), SGI EA	\$5,000	\$5,000	\$10,000
VPID (Sewer), SGI EA	\$10,000	\$10,000	\$20,000

Should conversion of either service proceed, funds would be recovered from the new service area to reimburse the Feasibility Study Reserve Fund. As of 29 July 2010 the Feasibility Study Reserve Fund included unallocated budgets of \$16,450 and \$32,100 for the Salt Spring Island and Southern Gulf Islands Electoral Areas, respectively.

CONCLUSION

In order to establish the technical and financial parameters for conversion of the MBID and VPID water and sewer systems to CRD services, the services of a qualified engineering consultant are required.

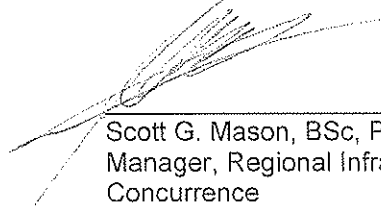
RECOMMENDATION

That the Electoral Area Services Committee:

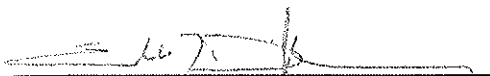
- a) Authorize the expenditure of \$7,500 from the Feasibility Study Reserve Fund for a Phase 2 Feasibility Assessment of the Mount Belcher Improvement District water system; and
- b) Authorize the expenditure of \$15,000 from the Feasibility Study Reserve Fund for a Phase 2 Feasibility Assessment of the Village Point Improvement District water and sewer systems.



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Engineering Study of Mount Belcher Water System

Proposed Scope and Deliverables of Consulting Services

The consultant will be expected to complete a comprehensive review of the Mount Belcher Improvement District (MBID) water system, located on Salt Spring Island. In doing so, the consultant will gather and review existing information (including the 2005 CRD Feasibility Study and the successful application for an infrastructure grant under the Building Canada Fund) and confirm or recommend modifications to refine the elements of work.

Scope of Work

- Evaluate the condition of water infrastructure based on site reconnaissance and review of available operation and maintenance records.
- Review, assess and confirm the scope of proposed upgrades to the water system and associated construction cost estimates, as set out in the Feasibility Study and grant application. The intent is for the Consultant to become familiar with all aspects of the project and to confirm or modify project details in order to achieve the best outcome for the service participants.
- Establish, in conjunction with the CRD and the MBID, the design standards and desired level of service for the design of the upgrades, if the Improvement District were to become a CRD Local Service.
- Complete preliminary design of upgrades in sufficient detail for cost estimates.
- Prepare construction cost estimates for the works recommended to be completed upon conversion of the service (including any optional works), including appropriate contingency amounts based on the level of uncertainty in cost estimates.
- Prepare preliminary asset replacement plan, including ballpark costs and funding alternatives.
- Confer with CRD and MBID at suitable intervals to present and discuss key findings, using telephone conferences, Internet and face-to-face meetings as appropriate.

Deliverable

Technical memorandum, including:

- Consultant's findings regarding asset condition evaluation
- Recommended design standards and level of service for a CRD Mount Belcher Water Service
- Confirmation or refinement of the elements of the project
- Construction cost estimates for the works required upon conversion
- Preliminary asset replacement plan

Engineering Study of Village Point Water and Sewer Systems

Proposed Scope and Deliverables of Consulting Services

The consultant will be expected to complete a comprehensive review of the Village Point water and sewer utilities, located on Mayne Island. In doing so, the consultant will gather existing information (including the CRD Village Point Water System Feasibility Study, the Village Point Sewer System Conversion Study, the successful application for an infrastructure grant under the Building Canada Fund) and confirm or recommend modifications to refine the elements of work.

Scope of Work

- Evaluate the condition of water and sewer infrastructure based on site reconnaissance and review of available operation and maintenance records.
- Review, assess and confirm the scope of proposed upgrades to the water and sewer systems, and associated construction cost estimates. The intent is for the Consultant to become familiar with all aspects of the project and to confirm or modify project details in order to achieve the best outcome for the service participants.
- Establish, in conjunction with the CRD and the VPID, the design standards and level of service for the design of the upgrades, should the VPID systems convert to CRD local services.
- Identify and evaluate alternative design concepts to achieve regulatory compliance and acceptable levels of service and operating costs within the grantable project budget. Consider the regulatory implications of each alternative (e.g. for sewer, whether an upgraded system would fall under the *Sewerage System Regulation* or the *Municipal Sewage Regulation*)
- In consultation with the CRD and VPID, select preferred alternatives to proceed with preliminary design.
- Complete preliminary design of upgrades in sufficient detail for cost estimates.
- Prepare construction cost estimates for the works recommended to be completed upon conversion of the service, including appropriate contingency amounts based on the level of uncertainty in cost estimates.
- Prepare preliminary asset replacement plan, including ballpark costs and funding alternatives.
- Confer with CRD and MBID at suitable intervals to present and discuss key findings.

Deliverable

Technical memorandum, including:

- Consultant's findings regarding asset condition evaluation
- Recommended design standards and level of service for CRD Village Point water and sewer services
- Confirmation or revision of elements of the project
- Class B construction cost estimates for the works required upon conversion
- Preliminary asset replacement plan