

**REPORT TO THE ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY, 05 OCTOBER, 2011**

**SUBJECT FUNDING FOR THE HIGHLAND AND FERNWOOD WATER TREATMENT PLANT
UPGRADE**

ISSUE

Highland and Fernwood Water Treatment Plant Upgrade project funding shortfall

BACKGROUND

The Highland and Fernwood water service areas have undertaken a project to construct a new water treatment facility and associated works, including an underwater pipeline to interconnect the Highland and Fernwood water systems. The project was initiated in 2006 and is being funded through a BC Community Water Improvement Program (BCCWIP) grant and a loan from the Municipal Finance Authority (MFA). Tenders to construct the project were received in August 2011. With the lowest tender amount, the total estimated cost to complete the project exceeds the current available budget; therefore, additional funding in the amount of \$160,000 is required to ensure there are sufficient resources to award the tender.

At the request of the Salt Spring Island (SSI) Electoral Area Director, the allocation of \$160,000 in Community Works Funds (CWF) to cover the funding shortfall is being proposed.

ALTERNATIVES

1. That the CRD Board authorize a contribution of \$160,000 from the SSI Electoral Area's CWF to the Highland and Fernwood Water Treatment Plant Upgrade project.
2. That other sources of funding be sought to cover the project's funding shortfall.

IMPLICATIONS

Financial Implications

The SSI portion of the CWF can provide the funding of \$ 160,000 to cover the project budget shortfall. This allocation is considered eligible for Federal Gas Tax Agreement (GTA) under the water and wastewater category. As of September 23, 2011, SSI has allocated approximately \$ 1.2 million in CWF to projects and has approximately \$ 324,000 available for allocation to the end of 2011.

Without this funding, the project funding shortfall will need to be recovered through taxes and fees subject to committee approval, or by increased borrowing subject to electorate approval. Either way, the current tender would be cancelled.

CONCLUSION

Tenders to construct the Highland Fernwood water treatment plant upgrade project were received in August 2011. With the lowest tender amount, the total estimated cost to complete the project exceeds the current available budget; therefore, additional funding in the amount of \$160,000 is required to ensure there are sufficient resources to award the tender.

Funding from SSI's CWF can be allocated to cover this shortfall.

RECOMMENDATION

That the Electoral Area Services Committee recommend to the CRD Board:

1. That the CRD Board authorize a contribution of \$160,000 from the SSI Electoral Area's CWF to the Highland and Fernwood Water Treatment Plant Upgrade project.

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