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**REPORT TO HIGHLAND WATER AND SEWER LOCAL SERVICES COMMITTEE AND  
FERNWOOD WATER LOCAL SERVICE COMMITTEE  
MEETING OF THURSDAY 14 JANUARY 2010**

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**SUBJECT      CAPITAL PROJECT UPDATE**

**PURPOSE**

To provide the Highland Water and Sewer Local Services Committee (HWSLSC) and the Fernwood Water Local Service Committee (FWLSC) a progress update on the capital upgrade project.

**BACKGROUND**

On 21 March 2009, the electors of the Highland and Fernwood water local service areas supported the borrowing of funds to construct a new shared water treatment plant and underwater pipeline to connect the two service areas, and to upgrade both existing distribution systems. The approved project will prepare the two services to merge for the purpose of operation and future capital upgrades. The debt required to complete the upgrade project will be repaid separately by the two existing service areas, which will continue to exist for that sole purpose.

A progress update was last presented in a staff report to the committees 17 July 2009. Since that date, the following progress has been achieved:

- Water treatment plant design is complete.
- Construction contract for the water treatment plant is open for tender, closing 18 February.
- Geotechnical (soils) investigation for the water treatment plant site has been completed, confirming acceptable conditions for conventional pad footings.
- Provincial approval has been secured for the underwater interconnecting pipeline. The pipeline contract has been awarded, and the pipe is expected to be laid on the lakebed in February. Shoreline work will be completed between August 15 and September 15 to minimize impacts on fish habitat. An archaeologist will be retained to observe shoreline work for evidence of potential cultural significance to First Nations.

**Financial Status**

As described in the 17 July staff report, the overall budget for the upgrade project is \$2,006,220. Project expense to date is \$347,968 (including Highland work completed before 2009, engineering design and project management, and referendum expenses), and a further \$243,750 is committed (including \$240,429 for DAF equipment, and \$3,321 for design consulting) for a current actual or committed expense of \$591,719. In addition to these, a contract is in place for the lakebed pipeline (\$222,997 including \$30,000 contingency), and an estimated consulting cost of approximately \$100,000 for the balance of design and construction project management. Thus, the remaining budget for construction and commissioning of the treatment plant, and distribution upgrades to both systems is approximately \$1.1 million.

**Highland Water and Sewer Local Services Committee and  
Fernwood Water Local Service Committee – 14 January 2010  
Capital Project Update  
Page 2**

**ALTERNATIVES**

1. That the Highland Water and Sewer Local Services Committee and the Fernwood Water Local Service Committee receive this report for information.
2. That the Highland Water and Sewer Local Services Committee and the Fernwood Water Local Service Committee refer the matter back to staff for more information.

**FINANCIAL IMPLICATIONS**

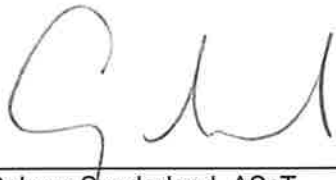
The financial condition of the project will be more clearly defined when tenders are received for treatment plant construction 18 February. If the tender exceeds \$650,000, the available remaining project budget for distribution upgrades will be impacted and reductions in scope of distribution work may need to be considered in order to complete the project within the overall budget.

**SUMMARY**

Work on the Highland / Fernwood water system upgrade project is progressing. Progress in the past six months includes completion of treatment plant design, tender opening for plant construction, and approval to proceed with interconnecting pipeline construction.

**RECOMMENDATION**

That the Highland Water and Sewer Local Services Committee and the Fernwood Water Local Service Committee receive this report for information.



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Colwyn Sunderland, ASCT  
Local Services Engineering Coordinator

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