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**REPORT TO FULFORD WATER SERVICE COMMITTEE
MEETING OF MONDAY, 25 FEBRUARY 2008**

SUBJECT UPDATE ON CAPITAL WORKS PROJECT

PURPOSE

To present for the consideration of the Fulford Water Service committee (FWSC) details of expenditures for the Fulford water system upgrade program and to clarify additional works necessary for project completion.

BACKGROUND

The Capital Regional District (CRD) has been undertaking programmed works to complete the Fulford water system capital program by 31 March 2008 in accordance with the requirements of the Canada BC Infrastructure program grant received for the works. It was reported to the committee in November of 2007 that the overall budget for the project looked adequate for the works to be undertaken. It was also reported that the focus was to ensure all funds under the infrastructure grant be expended prior to 31 March 2008, the deadline for submission of costs under the program. This past week, CRD staff were offered the opportunity to apply for a one year extension for completion date and submitted such an application to the province. If approved, the completion date for the Fulford project would be extended to 31 March 2009 which would take off considerable pressure to complete certain portions of the project which may be accomplished in a more cost competitive manner.

As the request for extension may not be supported, contractors are continuing to push for completion of the project by March of this year. Project engineers however have been tracking weekly costs for the construction, mechanical and electrical trades and are now indicating concern that there will be a shortage of funds to complete the works within the original budget amount.

Cost Projections

The following is a summary of the works which have been awarded and will be completed within the present water grant funding

CONTRACT	CONTRACT AMOUNT REMAINING	PROJECT COMPLETION
Bulloch Baur	\$8,105	\$8,105
Stanco Tanks	\$4,825	\$0.00
Corrix DAF	\$24,787	\$24,080
G& E Bldg	\$11,987	\$1,997
NSSW PRV	\$10,148	\$10,148
Emery Electrical	\$30,373	\$30,373
NSSW Water plant	\$11,366	\$11,366
Summary Awarded, required		\$86,069
Funds Remaining, Grant		(\$122,400)
Net Available for New works		(\$36,330)

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The following are estimates to complete the project. These are new works not issued.

CONTRACT	NOTES	PROJECTED COMPLETION
Supply DAF Tankage	Tanks for DAF float, backwash	\$20,000
Spencer, Services, U Ground	Service connections, Sunnyside	\$20,000
Road Crossing, paving	MOT requirement	\$20,000
Meters	(G&E contract terminated) CRD install or delay program	\$30,000
NSSW Interconnect	Tahouney, Southridge	\$30,000
Emery Electrical	Complete all electrical, control works	\$60,000
Hilltop Booster	New pumps, new electrical kiosk	\$30,000
Reservoir, fence, site	Commitment under right of way	\$30,000
Plant pipework,	Interconnect raw, final water lines	\$40,000
Total, Final works		\$280,000
Net available from current phase		(\$36,330)
Projected increase in budget		\$243,670

Funding Project Completion

It is evident that subject to reconciling the final costs for the various work items, there will need to be significant additional funding for the capital project. The committee had previously increased the total budget by some \$69,000 for installation of meters with the increase coming from the reserve fund. As this work has been frozen at this time no funds from the reserve have been transferred. As a consequence funds available from the reserve amount to \$206,405 against potential expenditures of \$243,670. The purpose of the projection is to draw attention to the potential need to draw down the current capital reserve fund significantly to complete all items for the project. Staff will continue to monitor expenditures and report back to the committee again at month-end in March.

ALTERNATIVES

1. That the FWSC accept this report for information and direct staff to continue to manage project expenditures and report back to committee at the end of March 2008 with new estimates for completion of the project.
2. That the FWSC direct staff to delete certain items from the project list at this time to reduce the total anticipated expenditures for the project.

FINANCIAL IMPLICATIONS

Based on present unit rates for the various trades, the Fulford project will take considerable additional funds to complete all intended work items. If the estimates prove to be high, it is possible that the additional expenditures may be funded from the Fulford Capital Reserve fund. If the estimates prove to be correct, it is evident that some work items may need to be removed from the list. Staff are working on options to reduce the overall costs should this become necessary.

SUMMARY/CONCLUSIONS

The Fulford water project is entering its last phase for construction. Estimates to complete all work items in the project, including meters, suggest that the expenditures will exceed the present capital project amount and the available discretionary funds of the committee held in reserve. Staff will continue to track expenditures during the next six weeks of the project to be in a better position to advise the committee what the final project cost will amount to and will report to the committee at the end of March of the status at that time. CRD has applied for an extension to the completion date for the infrastructure grant to March of 2009 which, if approved, would provide some opportunities to review how to complete the remaining tasks in a more cost competitive way.

RECOMMENDATION

That the Fulford Water Service committee receive this report for information and direct staff to report back to the committee by the end of March 2008.



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