



Making a difference...together

FULFORD WATER SERVICES COMMISSION
Notice of Meeting on **Tuesday, July 31, 2018 at 3:00 PM**
Creekside Meeting Room, #108 121 McPhillips Ave., Salt Spring Island, BC

Wayne McIntyre

Anthony Maude

Carol Eyles

Gord Singbell

Alan Martin

(r) regrets

AGENDA

1. Approval of Agenda

2. Director, Chair and Commissioner Reports

3. New Business

3.1 Transfer From Capital Reserve to Fulford Water Main Replacement Project

That the Fulford Water Service Commission recommends that the Capital Regional District Board amend the Five Year Financial Plan to include additional funding for the Fulford Water Main Replacement project and that \$51,130 be allocated from the Capital Reserve Fund in 2018 to fund the project.

4. Outstanding Business

5. Adjournment

To ensure quorum, advise Tracey Shaver 250 537 4448 if you cannot attend.



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**REPORT TO FULFORD WATER SERVICE COMMISSION
MEETING OF TUESDAY, JULY 31, 2018**

SUBJECT TRANSFER FROM CAPITAL RESERVE TO FULFORD WATER MAIN REPLACEMENT PROJECT

ISSUE

To consider transferring sufficient funds from the Capital Reserve Fund to the project budget for the Fulford Water Main Replacement project.

BACKGROUND

The Fulford Water Utility is a semi-rural residential community located on Salt Spring Island. The Fulford Water Utility is comprised of 102 parcels of land with 91 of those parcels connected. Within those 91 parcels, there are 95 single family equivalents (SFE) as the use on some parcels represent more than one dwelling. The Fulford water system is comprised of a water treatment plant (WTP), water reservoir, pump station, various ancillary equipment, and distribution water mains.

One of these water mains is located along Morningside Rd, and crosses under Weston Creek. This water main is 4" diameter asbestos cement pipe. Unfortunately the section of pipe that crosses the creek has become exposed (no longer covered by fill material). This leaves the water main vulnerable to an increased chance of failure, and potentially to tampering/vandalism.

A design was completed to remove a 10 meter section of the water main (including the exposed section), and to install a new section of pipe deeper in the ground and sufficiently bedded. An Invitation to Tender (ITT) procurement process was completed for construction services, and two bids were received. Both bids were compliant with the ITT requirements, and are summarized below:

Company	Bid Total
Ecklundson Construction Ltd.	\$53,100
Leuco Construction Inc.	\$54,930

It is the intent of the CRD to award this contract to Ecklundson Construction Ltd., as they are the lowest bidder and they also have a good working relationship with the CRD on Salt Spring Island. Ecklundson Construction is also the company who completed the Burgoyne Bay Septage receiving station installation for the CRD, and they are currently working on the Ganges Wastewater Treatment Plant upgrades. Since they are on the island already, there will be some savings realized in mobilization and overhead costs.

Existing project budget and expenditures/commitments to date are as per below:

Budget Line Item	Budget	Spent/Committed to Date	Remaining
Project Management	\$15,500.00	\$24,060	-\$8,560
Design	\$4,500.00	\$7,380	-\$2,880
Construction	\$12,000.00	\$0	\$12,000
Project Totals	\$32,000.00	\$31,440	\$560

Project budget overruns for Project Management and Design can be attributed to unforeseen complexities around permitting and regulatory requirements. These regulatory requirements further complicated design and project administration, compounding the budget shortfall. Regulatory agencies involved in this project include Vancouver Island Health Authority, Ministry of Transportation and Infrastructure, and Ministry of Forests Lands and Natural Resources. The above mentioned unforeseen complexities resulted from the combination of complicating factors: cutting/removing an asbestos cement pipe, which happens to be a water main, in a stream bed, on Ministry of Transportation right of way.

Construction bids were higher than originally budgeted for in 2016. This is due again, to the unforeseen complexities around permitting and regulatory requirements, which have translated into more onerous construction practice requirements. Additionally, an incredibly busy construction market has driven costs for materials and labour much higher than originally anticipated.

However; the fact that the two independent bids received are within approximately 3% of each other, suggests that these prices are fair and competitive for the work, given the current state of the construction market.

The estimated costs to complete construction (and the project) are as follows:

Contracted services	\$53,100
Admin and engineering (20%)	\$10,620
Contingency (15%)	\$7,970
Minus Remaining Available Project Funds	-\$560
Total	\$71,130

To support this work staff will make an application for additional funding. The Electoral Area Director has proposed a contribution of \$20,000 from the Community Works Fund to cover the

costs of the water main replacement project. The proposed contribution meets the CWF Agreement terms.

The remaining amount of \$51,130 will come from the service’s Capital Reserve Fund. Currently there are sufficient funds in the Capital Reserve to apply toward the above works without impacting the current 5-year Capital Expenditure Plan.

The total estimated project costs for completion of these works are below:

Design and Admin	\$31,440
Construction	\$71,130
Project Total	\$102,570

ALTERNATIVES

Alternative 1

That the Fulford Water Service Commission recommends that the Capital Regional District Board amend the Five Year Financial Plan to include additional funding for the Fulford Water Main Replacement project and that \$51,130 be allocated from the Capital Reserve Fund in 2018 to fund the project.

Alternative 2

That the Fulford Water Service Commission recommends that the Construction of the Fulford Water Main Replacement project be referred back to staff.

IMPLICATIONS

Alternative 1:

By completing the work now, within the existing permitted work window, and while the contractor is already on island for the Ganges WWTP, we are seeing some savings on mobilization and overhead costs.

Alternative 2:

Some of the permits that were secured for construction of this work are set to expire at the end of the permitted work window (Sept 15th, 2018), and so further effort may have to be expended to get these permits renewed or re-issued, if the project is delayed.

CONCLUSION

The Fulford Water Distribution system includes a water main that is located on Morningside Rd, and runs under a creek. This water main is currently exposed, leaving it vulnerable to increased risk of failure, or tampering/vandalism. A design, and subsequent ITT procurement process for construction services were completed. Construction costs will exceed current available project budget. The Capital Reserve currently has adequate resources to fund the project budget shortfall.

RECOMMENDATION

That the Fulford Water Service Commission recommends that the Capital Regional District Board amend the Five Year Financial Plan to include additional funding for the Fulford Water Main Replacement project and that \$51,130 be allocated from the Capital Reserve Fund in 2018 to fund the project.

Submitted by	Karla Campbell, Senior Manager, Salt Spring Island Electoral Area
	Chris Davidson, P.Eng., Manager of Engineering, Salt Spring Island Electoral Area
Concurrence	Matthew McCrank, MSc., P.Eng., Senior Manager, Infrastructure Operations
Concurrence	Peggy Dayton, BCom, CPA, CA, Senior Financial Advisor
Concurrence	Robert Lapham, MCIP, RPP, Chief Administrative Officer

CD:ts