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GANGES SEWER LOCAL SERVICE COMMISSION
Notice of Meeting on **TUESDAY, AUGUST 18, 2015 at 10:00 am**
Salt Spring Public Library, 129 McPhillips Avenue, Salt Spring Island, BC

Wayne McIntyre John Sprague Louis Pepin Gary Utter Rod Scotvold

AGENDA

- 1. Approval of Agenda**
- 2. Approval of Minutes – June 12, 2015**
- 3. Chair and Director Reports**
- 4. Reports**
 - 4.1 Ganges Wastewater Infrastructure Renewal Project Update Referendum Results and Next Steps**

That the Ganges Sewer Local Service Commission:

 - A. Receive the results of the Referendum for information;
 - B. Direct staff to continue with advancing the project by:
 - i. Direct staff to prepare a project plan for the commission's approval at the September meeting;
 - ii. Utilize a design-bid-build procurement model to deliver the project works with consideration of design-build (i.e. pump stations); and
 - iii. Approve \$30,000 from Capital Reserves to fund staff time required to prepare an initial RFP and gather information required for design contracted services to be project ready;
 - C. Direct staff to wait until November 1, 2015 for potential announcements on the New Building Canada Fund – Small Communities Fund grant before conducting works eligible for grant funding.
- 5. New Business**
- 6. Outstanding Business**
- 7. Adjournment**



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**Minutes of the Regular Meeting of the Ganges Sewer Local Service Commission
Held June 12, 2015 at the Salt Spring Public Library, 129 McPhillips Avenue, Salt Spring
Island, BC**

DRAFT

PRESENT: **Commission Members:** Gary Utter (Chair), Kevin Bell, Louis Pepin, Rod Scotvold
 Staff: Karla Campbell, Senior Manager, Keith Wahlstrom, Engineer; Peter Sparanese, IWS Senior Manager; Craig Gottfred, Manager Distribution Engineering; Erin Jory, Recording Secretary
 Absent: Wayne McIntyre, CRD Director, John Sprague

Chair Utter called the meeting to order at 10:06 am.

1. Approval of Agenda

MOVED by Commissioner Bell, **SECONDED** by Commissioner Scotvold,
That the Ganges Sewer Local Service Commission agenda be approved by adding item
5.2 - Liquid Waste update.

CARRIED

2. Approval of Minutes March 30, 2015

MOVED by Commissioner Pepin, **SECONDED** by Commissioner Bell,
That the Ganges Sewer Local Service Commission minutes of March 30, 2015 be
approved.

CARRIED

3. Chair and Director Reports

No reports were presented.

4. Reports

4.1 Ganges Wastewater Infrastructure Renewal Project Referendum and Next steps

Staff reviewed the draft presentation to be made at the town hall meeting scheduled for June 23, 2015, and a general discussion followed. The Chair agreed to attend on the staff panel, and requested other Commission members attend the meeting to field questions.

5. New Business

5.1 Letter dated May 6, 2015, from Wolfe-Milner Land Surveying Inc., re: sewer inclusion request – 241 Fulford Ganges Road

Staff brought the letter to the Commission's attention for discussion purposes. The Commission discussed the merits of the request and staff advised further information on this request would be provided when available.

5.2 Liquid Waste update

- It was generally agreed that discussion on issues relating to the present status of the Salt Spring Island Liquid Waste Commission would not be considered by the Ganges Sewer Commission at this time.
- Commissioner Scotvold is still a member on the Salt Spring Island Liquid Waste Commission.
- Senior CRD staff, the Director and CRD Board Chair held a meeting and discussed the merits of attending on Salt Spring to interface with the community to resolve the liquid waste matter.

6. Outstanding Business

No items.

7. Adjournment

MOVED by Commissioner Scotvold, **SECONDED** by Commissioner Bell,
That the meeting be adjourned at 11:42 am.

CARRIED

CHAIR

SENIOR MANAGER



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**REPORT TO GANGES SEWER LOCAL SERVICE COMMISSION
MEETING OF TUESDAY, AUGUST 18, 2015**

**SUBJECT GANGES WASTEWATER INFRASTRUCTURE RENEWAL PROJECT UPDATE
REFERENDUM RESULTS AND NEXT STEPS**

ISSUE

To present the results of the referendum to the Ganges Sewer Local Service Commission (commission) regarding the wastewater infrastructure renewal project and next steps to advance the project.

BACKGROUND

On Saturday, July 25, 2015, the Capital Regional District (CRD) held a referendum seeking approval from the residents and property owners in the Ganges Sewer local service area to borrow up to \$3,900,000 for the purpose of administering, planning, designing, acquiring and constructing the capital replacement and upgrade of the Ganges Sewer Local Service system.

The official results of the referendum are as follows:

	<u>Yes</u>	<u>No</u>
Advance Polls	55	7
Mail-in Ballots	3	1
General Voting	44	3
Total	102 (90%)	11 (10%)

The results have been received by the CRD Board on August 12, 2015 for approval of Bylaw No. 4007 "Ganges Wastewater System Loan Authorization Bylaw No. 1, 2015".

The next steps in the process are presented in Table 1.

Table 1 PROGRESS - NEXT STEPS IN THE PROCESS

1. Ganges Commission - Approval of Option 1 (\$3,900,000)	Jan 8 Complete
2. CRD Board approval of 1st, 2nd & 3rd readings - Loan Authorization Bylaw.	Feb 11 Complete
3. Send Loan Authorization Bylaw to Inspector of Municipalities (4-6 weeks)	Feb 15 Complete
4. Submit New Building Canada – Small Communities Fund Grant Application	Feb 18 Complete
5. Confirm a loan amortization period (20 year selected)	Mar 30 Complete
6. Approval of Open house	Mar 30 Complete
7. Prepare draft Community Notice & FAQ	Mar 30 Complete
8. Ganges Commission Meeting	Mar 30 Complete
9. CRD Board to establish Referendum question, polls & Officer	May 13 Complete
10. Based Referendum date of Jul 25 – Approval of Inspector of Municipalities	May 21 Complete
11. Ganges Commission Meeting – Project Status	Jun 2 Complete

Table 1 **PROGRESS - NEXT STEPS IN THE PROCESS**

12. Mail-out Community Notice & FAQ	Jun 17 Complete
13. Town Hall meeting	Jun 23 Complete
14. Advertise official notices prior to Referendum	Jun – Jul Complete
15. Advance voting (Wednesday before vote)	Jul 15, 22 Complete
16. Referendum Voting Day	Jul 25 Complete
17. Board receives Referendum results and, if successful, adopts bylaws	Aug 12 Complete
18. Ganges Commission Meeting – Next Steps	Aug 18
19. 30-day quashing period ends	Sep 14
20. Apply for Certificate of Approval	Sep 14
21. Potential announcement of New Building Canada Fund Grant	Fall 2015
22. Secure initial short term borrowing through CRD	October 2015
23. Secure long term borrowing through MFA	Spring 2016

PROCUREMENT STRATEGY OPTIONS

In terms of advancing the project, there are several decisions required of the commission. One of the decisions is how to procure the project. The following procurement strategy options are commonly used for most projects:

- 1) Design-bid-build;
- 2) Construction management at risk; or
- 3) Design-build.

Each procurement strategy has strengths and weaknesses making them appropriate for certain types of projects. Appendix A – The table in Attachment 2 provides a high level comparison of the procurement strategies.

Based on the comparison, staff recommend that a combination of two procurement methods are utilized to deliver the project to provide the best opportunities for innovation and value. A majority of the equipment replacement work could be completed by design-bid-build based on the following reasons:

- Ability to control the timing of the project to suit system operating requirements;
- Potential to tender components of the work that may attract local contractors;
- Ability to explore and control decisions on alternative innovations/technology for sludge thickening/dewatering sludge;
- Ability to scale the treatment works to be compatible with the Burgoyne septic receiving facility; and
- Ability to specify equipment that meets operational requirements and provides best lifecycle costs.

Whereas the conveyance upgrades could be completed by design-build performance specifications to allow for innovation.

The ability to address performance issues with consultants and contractors will be included in both procurement options by including liquidated damages clauses.

DESIGN SERVICES OPTIONS

The other decision is whether the CRD does most of the design or use contracted services. To ensure that as much of the design services remain eligible for the grant, it is recommended that design is completed by contracted services. This will require that staff develop Request for Proposals (RFPs), and gather background information which are not eligible costs for the New Building Canada Fund – Small Communities Fund (NBCF-SCF) grant. The development of RFPs can begin immediately but the front-end will require funding of approximately \$30,000 for preparation by CRD staff which is ineligible for grants regardless of the procurement strategy.

PROJECT PLAN

The next decision is to establish a project plan for the project. A project plan will ensure the project is delivered within budget, on time and based on goals of the Ganges Sewer Local Service Commission. SSI staff will prepare a project plan for review and approval from the Ganges Local Service Commission at a subsequent meeting. A project plan is a document that formerly authorizes the project manager with the authority to review and identify resources to address project activities and includes the following key requirements:

- Outlines the Local Service's needs for the project;
- States the project budget;
- Provides a high level project scope;
- States a proposed timeline;
- States deliverables for the project;
- Provides a high level strategic plan for project execution;
- Outlines an organizational structure for the project;
- Outlines possible risks and mitigation measures; and
- Signoff from the project members.

ALTERNATIVES

Alternative 1

That the Ganges Sewer Local Service Commission:

- A. Receive the results of the Referendum for information;
- B. Direct staff to continue with advancing the project by:
 - i. Direct staff to prepare a project plan for the commission's approval at the September meeting;
 - ii. Utilize a design-bid-build procurement model to deliver the project works with consideration of design-build (i.e. Pump stations); and
 - iii. Approve \$30,000 from Capital Reserves to fund staff time required to prepare an initial RFP and gather information required for design contracted services to be project ready;

- C. Direct staff to wait until November 1, 2015 for potential announcements on the New Building Canada Fund – Small Communities Fund grant before conducting works eligible for grant funding.

Alternative 2

That the Ganges Sewer Local Service Commission:

- A. Receive the results of the Referendum for information;
- B. Direct staff to wait until November 1, 2015 for potential announcements on the New Building Canada Fund – Small Communities Fund grant announcements before advancing the project.

IMPLICATIONS

Alternative 1 – CRD staff time for preparation of initial RFP, and gathering design information are ineligible costs for the NBCF-SCF grant. Preparing this information in advance of the grant announcements will advance the equipment replacement component of the project and reduce the risk of delaying construction and potential equipment failure.

The current funds in Capital Reserves is \$74,020, requisitioning the \$30,000 to fund staff time to advance the project will reduce the Capital Reserves to \$44,020. The requested \$30,000 is included as part of the \$3,900,000 project budget and this amount will be placed back into reserve.

Details on project timelines and execution will be provided with the development of the project plan. Key issues such as evaluation of options for screening, membrane bioreactor replacement and sludge thickening/dewatering as they are inter-related will be explicitly called out in the project plan.

Alternative 2 – The Ganges Sewer Local Services Commission may or may not receive a grant under the NBCF-SCF for partial funding. Postponing development of the RFP will further delay design and construction and increase the risk of equipment failure resulting in non-compliance and environmental impacts.

CONCLUSION

The referendum to borrow up to \$3,900,000 for the Wastewater Infrastructure Replacement project was approved by the customers of the service area. The next steps in the process is to decide on the procurement strategies, prepare a project plan and advance the project. A procurement strategy that will retain the maximum grant eligibility while allowing the flexibility to innovate and schedule works in a constructible manner with little to no impact on the community is key to the success of the project.

RECOMMENDATION

That the Ganges Sewer Local Service Commission:

- A. Receive the results of the Referendum for information;
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Dale Puskas, P.Eng.
Acting Manager, Wastewater Engineering
and Planning



Keith Wahlstrom, P.Eng.
Manager, SSI Engineering



Karla Campbell
Senior Manager, SSI Administration
Concurrence



Peter Sparanese, P.Eng.
Senior Manager, Infrastructure
Engineering and Operations
Concurrence



Ted Robbins, B.Sc., C.Tech.
General Manager, Integrated Water
Services
Concurrence

DP:ls

Attachments: 1: Appendix A: Procurement Strategy Comparison



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Procurement Strategy Comparison

	Design-Bid-Build	Construction Management at Risk	Design-Build
Most suitable employers	Client wants control over design and quality; able to provide time to make decisions, manage change, provide instructions; wants independent advisers.	Experienced client with existing teams of advisers and good processes for decision-making.	Experienced client able to evaluate tenders on design, buildability & quality (lack of independent advice). Client needs single-point responsibility & minimal involvement.
Most suitable projects	Full tender documentation available before contract.	Complex, large-scale projects requiring additional management expertise & good planning.	Tender requirements clear (changes afterwards expensive).
Time for design & construction phases	Total project time longest time – complete design required before contract award.	Shortest total project time as early start on site, multiple elements proceed in parallel. Contractor flexibility during works.	Reduced time period over traditional as design & construction proceed in parallel. Longer pre-tender phase.
Scope for competition on cost	Separate competitions for design services & works. Detailed brief enables effective evaluation of construction tenders.	Most effective competition for design, works & subcontract packages. Value engineering key element. Direct benefit to client.	Competition for post-award services & works. Tender evaluation on price & product. No direct client benefit from subcontract competition.
Management & control of quality standards	Designers set & monitor quality & functionality for client. Contractor responsible for achievement.	Highest levels of buildability as contractor involved before commitment to invest. Increased specialisation of supply chain.	Higher levels of buildability as contractor completes design. Client has no direct control over quality & functionality.
Flexibility to change specification	Client retains flexibility for design changes after commitment to construct.	Client retains flexibility for design changes at any time until works packages completed.	Limited without cost penalties once the contract is signed. Flexibility in developing details or making substitutions is to the contractor's advantage.
Certainty of price	No cost certainty during design phase. Cost certainty after commitment to construct. Cost monitoring at all stages.	No firm price at commitment to construct. Contractor not responsible for managing cost of works.	Best for price certainty, but higher overall cost if transfer of design risk to contractor. Cost of changes can be high.
Clarity of remedies for design	Design team responsible for design & monitoring contractor for workmanship.	Complicated contractual framework with limited remedies.	Contractor responsible for design and workmanship. Client may have independent monitoring.
Separation of design and management	Clear lines of accountability. Clear division of design & management.	Clear separation of design and management.	Integration of design and management. Largely self-policed by contractor.
Degree of client involvement	Low as delegated to contract administrator.	Variable but high preferable as more risk taken by client & needs hand-on control.	Medium as contract administrator has lesser role.
Summary	Better for cost and quality	Better for time and quality	Better for time and cost