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**Minutes of a Meeting of the Lyall Harbour/Boot Cove Water Local Service Committee  
Held Tuesday, Wednesday, July 25, 2012 in the Lebbetter Board Room, Mary Winspear  
Centre, Sidney, BC**

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**PRESENT:** **Committee Members:** P. Carney (Chair), B. Bruce (Vice Chair), M. Harter, Director D. Howe, J. Money, I. Rowe  
**Staff:** J. Hull, General Manager, Integrated Water Services, S. Mason, Manager, Regional Infrastructure; T. Tanton, Senior Manager, Infrastructure Engineering; L. Siemens (recorder)

The meeting was called to order at 10 am.

**1. Approval of Agenda**

The following additions were made to the agenda, some to be covered in New Business and some to be covered under general discussion:

- Alternative proposal from members of the Lyall Harbour/Boot Cove Water Local Service Committee and CRD Response (B. Bruce)
- Status of Grant (P. Carney)
- Cost to Completion (J. Money)
- Project Timeline Review
- Date of AGM

Move New Business to follow Item #4.

**MOVED** by M. Harter, **SECONDED** by B. Bruce,  
That the agenda be approved as amended.

**CARRIED**

The committee requested that the alternatives presented in the in the closed staff report be discussed in an open meeting. It was agreed that the report would be received in camera and the alternatives would be discussed in open meeting.

**2. Adoption of Minutes of October 26, 2011**

The following addition was made to the minutes after the motion in Item #5:

*Staff noted that currently there is an estimated surplus of unexpended funds of approximately \$150,000.*

**MOVED** by M. Harter, **SECONDED** by B. Bruce,  
That the minutes of the meeting of October 26, 2011 be adopted as amended.

**CARRIED**

**3. Motion to Close the Meeting**

**MOVED** by P. Carney, **SECONDED** by B. Bruce,  
*That the Lyall Harbour/Boot Cove Water Local Service Committee close the meeting in accordance with the Community Charter, Part 4, Division 3, 90(1) (g) litigation or potential litigation affecting the municipality.*

**CARRIED**

The Lyall Harbour Boot Cove Water Local Service Committee closed the meeting at 10:15 am and resumed an open session at 10:55 am.

The committee noted that CRD advised that there was a revised scope of work with the consultant, with a revised budget, but not a formalized revised contract; that CRD cannot guarantee that the \$150,000 that is requested would be enough to settle the bills; and that there is no contract in place.

P. Carney advised that, in the best judgement of the committee, a referendum will not pass and that another alternative is necessary.

The alternatives presented in the staff report were reviewed and discussed.

Alternative 1

Alternative 1 directed staff to stop work on the project when the current funds are exhausted.

The committee requested an explanation of "when the current funds are exhausted" when they were told that there were unexpended funds.

Staff advised that at present, if the decision was made to stop the project, there would be additional cost and it could be brought in on budget, the additional costs to terminate the construction contract include:

- staff time to settle outstanding claims by the contractor
- extra costs to make the system capable of long-term operation
- may have a claim for lost profit by the contractor
- grant funds may be at risk; it may be possible to change the scope of the grant agreement.

Staff provided the following spreadsheets:

- LHBC Costs, Projected to Completion (Estimated July 6, 2012)
- Costs – October 3, 2011 Expected vs. Projected

A lengthy discussion took place regarding items that could be completed using the unexpended funds.

Alternative 2

Alternative 2 would suspend work while a referendum is held for \$150,000 of extra funding. The process would take six months and the estimated time to resume work would be January 2012 in time for completion of the grant deadline of March 31, 2013.

Staff advised that if the referendum did not pass, the only option would be to go back to Alternative 1.

The committee noted that the alternatives are unworkable and that another alternative needs to be considered.

**4. New Business**

Discussion took place on the committee's alternative proposal which includes deficiencies that need to be addressed. CRD staff provided responses to the following:

1. The need for a flow meter to control the chlorine injection into the water treatment system.

*Staff: Already in place, very little work left to make this operational for the long term and it would be included in Alternative 1.*

2. The need for a data display and recording system to monitor water flow and chlorine residuals.

*Staff: If the project were to be shut down today the first two items would be included in the money left to spend to make the project operational for the longer term. Included in Alternative 1.*

3. The need to install CSA approved ozone generators in the upper treatment plant.

*Staff: The ozone generators will be installed by the contractor at the contractor's cost. Included in Alternative 1.*

4. The need to secure an auxiliary power system to ensure standby power availability when Saturna Island power is disrupted.

It was agreed that permanent standby power is costly and not required for this project.

*This item was removed from the committee's list of deficiencies.*

Staff advised that additional funds would be required to address the electrical deficiencies and for CRD time.

Status of Grant

Staff provided the following details of the grant claims:

- Period to March 31, 2011: \$104,445 claimed, received 2/3 share of \$69,628.
- Period April 1, 2011 to March 31, 2012: \$608,034 claimed, not yet received.
- Period to April 1 to June 30, 2012: \$112,768 claimed, not yet received.
- Total claimed is now \$825,247 or 64.5% of total grant amount.

Staff advised that correspondence was received from the Province extending the funding deadline to March 31, 2013.

Project Timeline Review

The committee noted omissions in the chronology included in the staff report. A document revising the chronology was provided by M. Harter and will be appended to the minutes.

Annual General Meeting Date

The committee requested that the Annual General Meeting be postponed and that the August 11 meeting be used as an information open house for the community.

The committee rejected Alternatives 1 and 2 in their present form as being unacceptable and deemed to fail and that the three elements in Alternative 3 be incorporated into any solution, and that staff bring back an alternative that is consistent with the Federal/Provincial/Municipal grant program that will cap the funding requirements including legal costs and that will ensure the safe and secure operation of the system.

Staff were directed to send out a notice to the service area immediately advising of the public open house and potential funding options to complete the water system.

**5. Adjournment**

The meeting was adjourned at 12:55 pm.

**Appendix to Minutes of July 25, 2012  
Submitted by M. Harter**

A brief chronology of the costs on this project is as follows:

- 2006 cost estimate for LHBC project (DAF process) completed by staff
- 2008 grant funding approved for LHBC project, based on 2006 estimate
- 2008-9 metering portion of project is completed
- August 2009 engineering consultant Genivar was awarded engineering work for reservoir and WTP at a cost of \$105,000

\*\*\*\*\**(Contract 09-1644 awarded to Genivar not to exceed \$81,585.00.*

*Marcia asked for a copy of the contract but has not received a copy yet.)\*\*\*\*\**

- Predesign completed in early 2010 and design work proceeded despite cost estimate exceeding budget. Staff suspended Genivar's work in spring 2010 and began discussions on how to proceed to either get additional funds or find a less costly alternative treatment process.
- November 2010 engineering consultant KWL was retained to review proposed treatment process and identify less costly alternatives
- March 2011 KWL recommended new treatment process (filtration, ion exchange, disinfection) but estimate again exceeded available funding

\*\*\*\*\**(Commission has no record of this estimate.)\*\*\*\*\**

- April 2011 Genivar authorized to continue work based on KWL recommendations and redesign to meet available budget and project objectives
- May 19/11 Genivar provided revised total engineering fee estimate of \$151,070 (compared with \$105,000 original fee estimate) and proposal based on new treatment process

\*\*\*\*\**(Commission has no record of this revised estimate.)\*\*\*\*\**

• *(Aug 27/11 at AGM as reported by CRD complete construction of upgrades by March 31, 2012 within original project budget.)\*\*\*\*\**

- Sept 8/11 no bids were received on first tender of reservoir contract; project retendered

- Sept 15/11 Genivar provided revised total engineering fee estimate of \$175,770

\*\*\*\*\**(Commission has no record of this revised estimate.)*\*\*\*\*\*

- Oct 3/11 based on a review of reservoir tenders, Genivar recommended award to Stone Pacific
- Oct 3/11 Genivar estimated that remaining budget was sufficient to complete project.
- Oct 12/11 CRD Board awarded reservoir contract to Stone Pacific *(for \$273,770.00.)*\*\*\*\*\*

- Oct 24/11 Genivar recommended award of WTP contract to Pye Construction and confirmed that the remaining budget is sufficient to complete project

- Nov 9/11 CRD Board awarded WTP contract to Pye Construction *(for \$458,875.20.)*  
\*\*\*\*\*

- Jan 5/12 staff estimate to completion confirmed that remaining budget is sufficient to complete work

\*\*\*\*\**(Commission has no record of this communication.)*\*\*\*\*\*

- Feb 7/12 Genivar requested additional engineering fees of \$16,000

\*\*\*\*\**(Commission has no record of this communication.)*\*\*\*\*\*

- *(Feb 09/12 ("No pressing issues for March meeting, can provide a project update by e-mail instead". T. Tanton.)*\*\*\*\*\*

- Feb 29/12 reservoir construction completed on budget
- Apr 10/12 staff advised Committee that project costs were expected to be within budget
- Apr 13/12 Genivar produced a summary which indicated project was \$30,000 over budget

\*\*\*\*\**(Commission has no record of this communication.)*\*\*\*\*\*

- Apr 18/12 CRD electrician visited the WTP and noted many issues of workmanship and non-compliance with Electrical Code
- May 1/12 Genivar submitted an invoice and revised total engineering fee estimate of \$226,000

\*\*\*\*\**(Commission has no record of this communication.)*\*\*\*\*\*

- May 3/12 Genivar electrical engineer inspected the WTP and did not note any major deficiencies; will respond to CRD electrical staff concerns
- May 8/12 CRD staff requested mid-May meeting with LHBC Committee, however meeting could not be arranged due to lack of available members for quorum
- May 8/12 Contractor submitted revised schedule with June 1 completion date
- *(May 11/12 Tim Tanton requested meeting to brief committee on developing concerns about project budget and schedule. Said he would have a briefing statement to committee by end of day.)*  
\*\*\*\*\*

- June 8/12 Contractor projected plant startup to begin June 14
- June 13/12 Genivar estimated project will be overbudget by \$97,000 and be completed by June 25
- June 14/12 BC Safety Authority electrical inspector confirmed serious electrical deficiencies at WTP, including issues of poor workmanship and Electrical Code non-compliance
- *(June 18 request for meeting with committee regarding budget overage of \$200,000 to \$300,000.)*  
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- *(June 27 Draft report requests additional \$300,000 to complete project.)*\*\*\*\*\*

- July 6/12 Staff estimated budget shortfall of \$150,000 to completion including rectification of electrical deficiencies if all claims are paid

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