

November 13, 2014

Report to: Englishman River Water Service Management Board

From: Englishman River Water Service Management Committee

Subject: ERWS Water Intake and Treatment Plant Phasing Options

BACKGROUND

On June 24, the ERWS Board adopted capital cost allocations for the new water intake, water treatment plant, transmission mains, and aquifer storage, based on the CH2MHill Predesign Report.

Further to this, work staff and elected officials have met with numerous senior government staff, MLAs, MPs and Ministers to discuss potential grant funding opportunities. Staff have also met with Island Health officials to discuss project funding constraints and options to move forward. Concurrently, staff and CH2MHill have undertaken a review of project phasing options, to assess opportunities to reduce the initial capital cost burden.

DISCUSSION

ERWS staff and our engineer, CH2MHill have undertaken an assessment of options for phasing the project to reduce the initial capital cost burdens. The technical review provides the advantages, disadvantages, criteria, technical scoring and capital costs for 4 options to implement the project in a phased manner. The analysis of the phasing options was presented by CH2M Hill in their presentation to the ERWS Board on November 13, 2014. The analysis concludes, that although phased options provide a lower initial construction cost, they are not expected to provide a lower overall project cost through full project implementation.

The existing intake is at the end of its useful life, and operating near capacity. Peak summer demand is projected to exceed ground and surface water capacity by 2016. A new intake, with added capacity is required by the end of 2016 to meet current demand projections.

Meetings with senior government officials regarding grant funding opportunities have not resulted in specific grant funding commitments. Although the ERWS project is viewed positively as a candidate for senior government funding, established grant programs are currently very limited. Senior governments have recently announced a grant application intake for the Building Canada – Small Communities fund, and ERWS will be submitting an application. It is anticipated that grants resulting from this intake may be relatively small.

Staff have met with Island Health officials to outline the project's financial constraints and the potential to consider revised timing for meeting the December 31, 2016 deadline. Island Health have indicated a willingness to review options as long as ERWS can provide a reasonable and timely plan that shows suitable progress towards meeting surface water quality requirements.

RECOMMENDATION

Based on the results of: the phasing options analysis; funding discussions with senior government officials; capacity limitations on existing intake; and the December 31, 2016 deadline for compliance with Island Health's treatment requirements, the ERWS Management Board recommends:

- That the CH2MHill presentation to the ERWS Board, dated November 13, 2014 be received.
- That, staff continue with project development based on the Predesign Report scope of work, subject to receiving significant government funding by May 31, 2015. Project development work should give priority to design of the river intake.
- That, in the event that government funding is not awarded by May 31, 2015, The ERWS Management Board approve the reduced scope phased Option 4 as outlined in presentation prepared by CH2M Hill on November 13, 2014.