



Town of Qualicum Beach

**ARROWSMITH WATER SERVICE (AWS)
MANAGEMENT COMMITTEE MEETING
MINUTES**

DATE: June 24, 2003

LOCATION: Regional District of Nanaimo Committee Room

ATTENDEES:	Councilor Marc Lefebvre	City of Parksville
	Gary O'Rourke	City of Parksville
	Rob Roycroft	City of Parksville
	Fred Manson	City of Parksville
	Brian Hackwood	City of Parksville
	John Finnie	Regional District of Nanaimo
	Director Joe Stanhope	Regional District of Nanaimo
	Wayne Moorman	Regional District of Nanaimo
	Mark Brown	Town of Qualicum Beach
	Councilor Anton Kruyt	Town of Qualicum Beach
	Bob Weir	Town of Qualicum Beach

Guest: Tony Koers, Koers & Associates Engineering Ltd.

Purpose of Meeting: Koers and Associates Engineering Ltd. Capital Plan Presentation

Minutes Taken By: Bev Farkas

Circulation: All Present

Called to Order: 1:30 p.m.

Item #1: Capital Plan Presentation

Tony Koers gave a presentation on the Capital Plan for Bulk Water transmission to French Creek and Qualicum Beach (presentation attached). Mr. Koers confirmed that Breakwater was included in the calculations in the presentation. Discussion during and after the presentation was as follows:

Rob Roycroft noted risks to groundwater supplies were not built into the presentation.

John Finnie commented that the savings stated in the presentation related to the existing Parksville intake site option may not be accurate once land costs are considered.

Marc Lefebvre noted that new legislation in the Province of Ontario is severe and the feeling at the FCM level is that the same kind of legislation will spread to other provinces; responsibility is assigned from the point of treatment to the distribution system.

Rob Roycroft noted the need to reflect on the information provided and that the technical team needs to discuss the information.

Fred Manson asked what thoughts have been given to cost sharing and timing. Mr. Manson suggested modeling out the impacts on all partners for the three proposals given in the presentation.

Bob Weir questioned how the group would come to cost sharing decisions now. There is a need to find a simple framework to put together information for politicians.

Gary O'Rourke indicated that there are considerable more savings if major expenditures can be postponed.

Mark Lefebvre reiterated the importance of water conservation and asked how this would be addressed as a group issue.

Tony Koers responded that water conservation is important insofar as deferring supply needs but is a separate issue to the capital plan and infrastructure requirements.

Bob Weir asked if we need Breakwater.

Tony Koers indicated that Breakwater is not needed as an acquired service.

Gary O'Rourke stated that the Breakwater issue has to be dealt with but that we could run a line through them regardless, even if we interconnect.

Anton Kruyt noted that Breakwater citizens are paying customers and are contributing to bulk water and would have a say in the matter.

John Finnie noted that French Creek residents expect Bulk Water by the year 2008 or 2009.

Fred Manson commented that Parksville and Qualicum Beach would not need bulk water yet.

Joe Stanhope commented that AWS was a partnership in the beginning and it is not fair to say French Creek should be set aside. Mr. Stanhope is getting increasing pressure from French Creek residents and noted that the situation cannot remain status quo. There is a new development going into French Creek; the developer will be bringing on new wells and there are concerns of potential saltwater intrusion issues. Mr. Stanhope does not support waiting until 2015 for bulk water in French Creek.

Tony Koers confirmed that 2015 is the date only if all systems are interconnected.

Mark Brown noted that the interconnection option was not accepted originally and we are now revisiting it. While Qualicum Beach may not need the water at this point, they still want to be prepared. They do not want to prolong the intake location. Mr. Brown noted that the RDN and Parksville agreement is a separate agreement benefiting both parties, while the French Creek issue is one-sided and is a political issue. The Town of Qualicum Beach does not need interconnection for French Creek's benefit. Mr. Brown agreed that this is a joint venture partnership.

John Finnie noted that in his opinion we should proceed to secure land and rights for an intake location in the near future even if the infrastructure work is not commenced until a later date.

Mark Levebvre commented that the presentation shows that the need for demand has been decreased and can be pushed back, yet the French Creek issue is pressing. Mr. Levebvre expects technical expertise to provide succinct solutions coupled with long term planning and also demonstrated concern for Operation and Maintenance costs.

John Finnie indicated that the political issues need to be resolved in a technical and economically achievable manner. The French Creek issue is a high priority at the RDN and must be resolved soon. Holding out until 2008/2009 may be possible in the French Creek area, but Mr. Finnie does not support postponement until 2015 unless other interim solutions are available.

Gary O'Rourke made a suggestion that the group look at interconnection as building from Qualicum Beach out rather than the other direction.

Bob Weir summarized by saying that good information was presented and we need political direction, we need to talk to our politicians.

Marc Lefebvre stated that it was incumbent on AWS to find a solution to satisfy all parties.

John Finnie stated that French Creek residents have expectations per the 1996 information provided to them, which indicated bulk water by about 2008 / 2009. Mr. Finnie commented that the RDN may have legal concerns about AWS if French Creek does not get bulk water when expected, and other cooperative interim arrangements cannot be made..

Fred Manson noted that Parksville is willing to share their water and asked what kind of compensation would be available to partners for sharing. Mr. Manson noted the need to choose a plan and model out benefits and costs to each partner. This information would be used to sell the plan to the politicians and public.

Mark Brown indicated there should be a model for each of the three options. A capital plan needs to be in order and infrastructure in place – an insurance policy for Qualicum Beach should they need it.

Fred Manson suggested that compensation should go to Qualicum Beach for what they have already done.

John Finnie said that in the simplest terms the RDN is looking to purchase water from Qualicum Beach for French Creek. Storage or service opportunities may exist as compensation to Qualicum Beach for providing water to French Creek, as would the ability to defer capital expenditures for bulk water infrastructure.

Joe Stanhope stated the need for a capital plan, the priority for an intake location and supports all four recommendations in the presentation for all residents. Mr. Stanhope asked what information he can take forward to the French Creek residents.

Bob Weir said that we are close to being able to move on an intake location and that is important information that the FC residents could be advised of..

Anton Kruyt asked if the downstream intake location is realistic.

Gary O'Rourke and Bob Weir responded that it is realistic.

Gary O'Rourke asked the status of Block 602.

John Finnie responded that he had received information from Tony on the AWS intake site land requirements and that Bob Lapham is negotiating a blanket Right of Way for Block 602 to secure rights for these requirements. AWS would be asked to contribute \$100-150,000 toward the purchase of Block 602 only if locating the intake on the property.

Joe Stanhope indicated that press releases would be going out this week regarding Block 602.

Rob Roycroft suggested an offer to withdraw supply to Breakwater as encouragement for them to sell. He noted that Parksville has set aside money in the budget for Block 602. Mr. Roycroft understands that the original agreement may need to be changed as issues arise. Mr. Roycroft noted his disappointment to hear a threat of legal action if AWS does not support water to French Creek by 2009.

Mark Brown reviewed Schedule C of the original agreement and noted that cost sharing is clearly indicated for a new intake.

Gary O'Rourke asked if the technical staff could look at the three options and bring back information for discussion.

Tony Koers agreed that financial information is missing from the presentation and that financial modeling is necessary.

Bob Weir asked where Koers and Associates are in the scope of work.

Tony Koers responded that they are on budget overall but that they require assistance from around the table for financial modeling.

Joe Stanhope asked the status of the draft joint venture agreement and it was noted that there is a delay from the lawyer's office, possibly due to an illness within the firm.

Anton Kruyt requested that if a response is received from the lawyer he be notified so that a meeting can be called prior to mid-September.

Joe Stanhope raised the issue of generating power from the dam. This issue will be deferred to the next meeting.

Minutes of April 9, 2003 and May 20, 2003 meetings were distributed and will be presented for adoption at September 18th meeting.

Next Meeting : 1:30 pm on Thursday September 18th in the RDN Committee Room.

The meeting adjourned at 3:30 p.m.

The foregoing is the writer's interpretation of the statements and issues addressed at the meeting.

ARROWSMITH WATER SERVICE



for

Gary J. O'Rourke, P. Eng.
Manager, Arrowsmith Water Service

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