



Town of Qualicum Beach

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

DATE: November 17, 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
	Kelly Daniels	Regional District of Nanaimo
	Director Joe Stanhope	Regional District of Nanaimo
	Director Pauline Bibby	Regional District of Nanaimo
	John Finnie	Regional District of Nanaimo
	Wayne Moorman	Regional District of Nanaimo
	Councilor Anton Kruyt	Town of Qualicum Beach
	Bob Weir	Town of Qualicum Beach
	Councilor Scott Tanner	Town of Qualicum Beach

Guest: Tony Koers, Koers & Associates Engineering Ltd.

Minutes Taken By: Bev Farkas

Circulation: All Present

Called to Order: Chairman Kruyt called the meeting to order at 1:30 p.m.

Item #1: Minutes of April 9, 2003, May 20, 2003 and June 24, 2003

The minutes from the AWS Management Committee Meetings of April 9, 2003, May 20, 2003 and June 24, 2003 were passed.

Item #2: Capital Planning – T. Koers Presentation (attached)

Mr. Koers presented financial modeling information as recommended at June 24th meeting. Fred Manson assisted in the preparation of the modeling information and staff have had an opportunity to discuss it before today's presentation to the committee.

During the presentation the following comments were noted:

Director Stanhope asked what the reason was for the difference in the 1996 and 2003 projections for buildout calculations and was informed that a change in the Parksville OCP was the main reason.

Mr. Finnie asked if the \$8 million savings would include the \$4 million capital savings and Mr. Koers responded that it is included.

Mr. Manson noted that there was a 2% inflation factor built into the calculations.

Chairman Kruyt asked whether well capacity would continue to be available and Mr. Koers responded that each member would have to look at the situation, as each instance is different. He noted that resting wells while using alternate sources might extend them and that redeveloping some wells may increase their capacity.

Councilor Tanner asked for clarification between Option 1 and Option 1A and Mr. Koers responded that the only difference is the timing issue, Option 1 assumes interconnection in 2004 and 1A assumes interconnection in 2008, everything else is the same.

Councilor Lefebvre questioned any technical changes should boundary changes occur and Mr. Weir confirmed that there would be no changes technically and that the service area would be the same.

Mr. Manson presented spreadsheets on the overhead as distributed to members and Chairman Kruyt asked for questions.

Councilor Lefebvre reiterated his earlier indication that the preferred option needs to be technically feasible and economically viable and that Option 1A appears to be both. Councilor Lefebvre stated that given the facts presented he feels that Option 1A would be acceptable if taken to council.

Chairman Kruyt asked who would be eligible to vote on the RDN Board and Mr. Daniels responded that Director Stanhope and Director Bibby would be the only RDN Directors eligible to vote.

Councilor Lefebvre noted that the funds required for the original option are just not available and that there would not be the rationale to take the issue to referendum at this time if Parksville did not require the water.

Chairman Kruyt suggested the presentation be given to Parksville and Qualicum Beach councils as presented today.

Councilor Lefebvre repeated that there would be nowhere near the funds required to proceed for 2008.

Director Stanhope said the way to go would be what is good for the whole region, but that the Breakwater issue needs to be dealt with.

Mr. Daniels noted that marginal wells are being used to 2008 for Breakwater and Director Stanhope stated that Breakwater wells may be at risk.

Mr. Daniels noted that many of the problems are RDN concerns, if there is an agreement politically to share; there are still financial problems.

Councilor Lefebvre commented that it was not unrealistic to ask if the partners are better off as a tripartite agreement or better to act individually, Councilor Lefebvre stated he feels it is better off to deal as partners.

Councilor Tanner asked if taxation is still an option, considering growth has not been as high as initially projected.

Mr. Koers responded that the spreadsheets were developed for comparative purposes and the option chosen was based on \$ per \$1,000 of assessment.

Mr. Daniels stated that each of the three partners decided on how to pay; the RDN has full borrowing authority to full buildout.

Mr. Finnie added that this has been “locked in” with security issuing bylaws giving authority to borrow past five years.

Mr. Weir commented that each jurisdiction is responsible for how they fund their commitment.

Mr. Finnie stated that the RDN perspective would probably support Option 1A, and that Qualicum Beach needs to come to terms with the sharing. The next step should be to take the presentation to Parksville and Qualicum Beach councils.

Director Bibby stated that the RDN is not yet in a position to support this and that the option looks attractive.

Mr. Daniels reiterated that the presentation should first go to Parksville and Qualicum Beach councils. (Action Item)

There was group discussion on amending the order of items on the agenda and it was agreed that the Budget and Block 602 issues should be moved forward to be discussed while Mr. Koers remained at the meeting.

Item #3: Budget

Mr. O'Rourke explained budget tables as distributed and noted that everything was very close on budget at present. He noted it was appropriate for 3% increase in Administration and Operations and Maintenance for next year and that development of the new Capital Plan should be one third for each partner. In addition \$30,000 has been placed in reserves.

Mr. Finnie questioned if \$10,000 is sufficient for consulting services next year.

Mr. O'Rourke responded that capital planning includes consulting; the operating budget will be used if technical advice is required. The majority of construction funds has been from capital planning.

Mr. Weir suggested a contract could be put into place if there is a need to hire a contractor (i.e. for debris, road maintenance). He stated that the services of Koers & Associates would fall under capital planning.

Mr. O'Rourke said there may be a need to add to the budget for any additional items; this budget covers normal day-to-day only.

Mr. Weir suggested that grants may be available.

Mr. O'Rourke noted that the committee can always come back to the table for changes to the budget.

Mr. Roycroft asked what the reserve amount of \$30,000 was for and Mr. O'Rourke responded that it is for future capital or maintenance items.

Mr. Roycroft asked if a grant does become available could the reserve fund be accessed and Mr. O'Rourke responded that it could.

Mr. Weir informed the committee of the commitment made to Weyerhaeuser to rebuild the road.

Mr. O'Rourke stated that Weyerhaeuser was to get back to the committee with details of road requirements and has not yet done so; Mr. Weir said he would follow up. (Action Item)

Mr. Daniels required that the Hydro project be earmarked in the budget, possibly with a grant. He felt it imperative to move ahead with it next year. Mr. Daniels added that Block 602 will require a management plan and asked if AWS sees a portion of the \$37,500 going to Block 602. Once the Block 602 agreement is in place there will be a dollar figure for a management plan and this is an important component for the committee to come back to.

Mr. O'Rourke reiterated that the committee can always make changes to the budget.

Mr. Daniels added that the RDN has the ability to make adjustments with their budget to the end of March.

Director Bibby suggested a contingency plan.

Director Stanhope noted that the Right of Way must be secured and Mr. Daniels responded that there is a blanket easement in place for 8 hectares to secure the site and transmission corridor. He added that the Terms of Reference should be available in the first quarter next year. Mr. Daniels suggested a ballpark figure for the management plan at \$20,000; the management plan is between funding partners.

Mr. Finnie suggested more line items such as: 602 management plan \$10,000 and Hydro feasibility study \$5,000.

Mr. Koers stated that the Greater Nanaimo Water District was awarded a grant for a Hydro component and suggested that Mr. O'Rourke speak with Wayne Hansen. (Action Item)

Mr. Roycroft stated that Parksville does not have the capacity to contribute to a Hydro study.

Mr. Finnie said that the RDN would also not have the time to do a study and suggested a consultant feasibility study.

Mr. Daniels asked if insurance and licenses include earthquake insurance and Mr. O'Rourke answered that it is included.

Mr. Moorman recommended a 10% increase in insurance and Mr. O'Rourke suggested a \$2,000 increase for the line item.

MOVED Director Stanhope SECONDED Councilor Lefebvre that the budget be changed to reflect new line items of 602 management plan \$10,000, Hydro feasibility study \$5,000 and an increase in insurance of \$2,000. CARRIED

Mr. Roycroft confirmed that capital planning is to be shared equally between the three partners.

Mr. Finnie asked that Mr. O'Rourke send updated spreadsheets to take to councils and board to pass. (Action Item)

Item #4: Block 602

Mr. Daniels noted that there was discussion in Block 602 negotiations regarding AWS contributing to Block 602 purchase due to AWS interest. Mr. Daniels said that 8 hectares represent approximately \$85,000 of the purchase price. The interest of AWS is to be secured in the purchase agreement. A blanket easement is secured over Block 602 to address the AWS interests for future bulk water infrastructure, ie intake, transmission, treatment, etc. A related report from RDN Development Services will be distributed to committee members for a future meeting. (Action Item) Mr. Daniels suggested the possibility of AWS and RDN having an agreement stating that when the 8 hectares are needed AWS would contribute at that time.

Item #5: Draft Joint Venture Amended Agreement

As lawyer Don Lidstone recommended an amendment to the agreement to reflect an extension, Mr. Finnie updated a draft agreement and forwarded it to all committee members prior to today's meeting. Mr. Finnie discussed the following details of the amended agreement with committee members:

- Mr. Roycroft addressed a concern regarding the date of the agreement ending in 2 years while management dates are set for 8 years. (Section 4.3)
Councilor Lefebvre suggested wording could recognize this.

- It was noted that the agreement would be reviewed again by the lawyer before being presented to board/councils.
- Recommending changing name of committee to Management Board.
- The following sections of the agreement were discussed:

4.7	Quorum – 3 members or alternate members.
4.8	Unanimous agreement required for all decisions.
4.16	Provides for the board to appoint technical committees.
5.1	Manager now to be one of the Chief Administrative Officers.
6.1, 8.1	It was agreed that budget preparation and reporting would continue as is for the interim (ie with City of Parksville) and may change to the RDN for a new agreement.
7.2	Dates adjusted.
7.3	Dates adjusted.
9.2	Add portion of interest.
12.1	Added expiry date of December 31, 2005.
Schedule B	Driftwood LSA added. Breakwater still not included at this time. Mr. Roycroft said it was a political issue whether or not to put Breakwater on Schedule B list.
Schedule C	Has more details, but new capital plan will eventually go in Schedule C. Land for new intake and treatment facilities to be added.

- A number of administrative/housekeeping/typo changes have been made to update and clarify some sections.

Mr. Finnie asked for suggestions and comments to be sent to him and he will do a final draft to send to Don Lidstone for review and forwarding to board/councils. It was agreed by the committee that this would be discussed at the next meeting, prior to forwarding the agreement to the board/councils. Subsequent to the meeting, Mr. Finnie asked attendees to return any comments on the agreement to him by November 28, 2003. (Action Item)

Item #6: Other Items

Director Stanhope asked for a recap of water levels.

Mr. O'Rourke said that the high level was at early October / late September and that virtually the whole reservoir was used. Water was released starting June 1st. The reservoir was a bit higher than last year at the same time.

Mr. Finnie said there was a meeting with the Ministry re operational rule and all were quite receptive to amending the operational rule. There has been no response from the ministry to date; Fisheries are to do an analysis and respond to us or they will go to Land & Water BC who will review operational rules and respond directly to us.

Mr. Daniels added that this is important to complete before April Ministry changes. (Action Item)

Next Meeting : 1:30 pm on Monday, December 15th at Parksville.

The meeting adjourned at 3:50 p.m.

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

ARROWSMITH WATER SERVICE

A handwritten signature in black ink, appearing to read "G. O'Rourke". The signature is stylized with a large initial "G" and a long horizontal stroke.

for

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

GOR*bf