

**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, JANUARY 20, 2021**

SUBJECT Regional Water Supply Service 2021-2025 Capital Budget Amendment

ISSUE SUMMARY

The 2021-2025 capital plan and budget require amendment as a result of recent confirmation that the Regional Water Transmission Main No. 4 and Saanich Peninsula Water Supply upgrade project was not selected for federal funding.

BACKGROUND

As the Regional Water Supply Commission (Commission) is aware, in July 2020, the Capital Regional District (CRD) submitted a grant application under Canada's Disaster Mitigation and Adaptation Fund (DMAF) program. The application was to complete a seismic resiliency upgrade to the Regional Water Transmission Main No. 4 and portions of the Saanich Peninsula Water Supply System. The scope of the project included replacing vulnerable sections of reinforced concrete cylinder and asbestos cement pipe, constructing supply system interconnections to provided redundancy and constructing direct bulk water connections to three First Nations Reserves.

The total project budget was set at \$87 million, and was to be cost-shared between the Regional Water Supply Service and the Saanich Peninsula Water Service. The grant eligible costs were estimated at \$36.9 million. The project was included in both the Regional Water and Saanich Peninsula Water 2021-2025 capital plan and budgets which received provisional approval by the Commissions and the CRD Board in the fall of 2020. Since then, the CRD has been advised by Infrastructure Canada that the project was not selected for federal funding as part of the summer 2020 program intake. Staff are proposing to revise the scope of the project and the budget, to undertake the highest priority work, funded through the capital reserve funds and planned financing (subject to the successful completion of the loan authorization processes and bylaw adoption). The revised total project budget has been set at \$50.1 million. The following tables summarize the provisional and revised project plans and budgets.

Regional Water Supply Service – Provisional project plan and budget (October 2020)

Proj. No.	Capital Project Title	Total Project Budget	Funding Source	C/F from 2020	2021	2022	2023	2024	2025	5-Year Total
21-11	RWS Supply Main No. 4 Upgrade	\$35,400,000	WU/Reserves	\$0	\$1,800,000	\$7,800,000	\$11,400,000	\$13,500,000	\$900,000	\$35,400,000
21-11	RWS Supply Main No. 4 Upgrade	\$23,600,000	Grant	\$0	\$1,200,000	\$5,200,000	\$7,600,000	\$9,000,000	\$600,000	\$23,600,000

Regional Water Supply Service – Revised project plan and budget (January 2021)

Proj. No.	Capital Project Title	Total Project Budget	Funding Source	C/F from 2020	2021	2022	2023	2024	2025	5-Year Total
21-11	RWS Supply Main No. 4 Upgrade	\$3,300,000	WU/Reserves	\$0	\$1,800,000	\$0	\$0	\$2,400,000	\$900,000	\$3,300,000
21-11	RWS Supply Main No. 4 Upgrade	\$32,100,000	Debt	\$0	\$1,800,000	\$7,800,000	\$11,400,000	\$11,100,000	\$0	\$32,100,000

Saanich Peninsula Water Service – Provisional project plan and budget (October 2020)

Proj. No.	Capital Project Title	Total Proj Budget	Funding Source	C/F from 2020	2021	2022	2023	2024	2025	5-Year Total
21-05	SPW System Upgrade and Expansion	\$14,700,000	Res	\$0	\$1,800,000	\$0	\$0	\$0	\$0	\$1,800,000
21-05	SPW System Upgrade and Expansion		Debt	\$0	\$0	\$2,550,000	\$5,550,000	\$4,500,000	\$300,000	\$12,900,000
21-05	SPW System Upgrade and Expansion	\$13,300,000	Grant	\$0	\$1,200,000	\$3,450,000	\$5,450,000	\$3,000,000	\$200,000	\$13,300,000

Saanich Peninsula Water Service – Revised project plan and budget (January 2021)

Proj. No.	Capital Project Title	Total Proj Budget	Funding Source	C/F from 2020	2021	2022	2023	2024	2025	5-Year Total
21-05	SPW System Upgrade	\$14,700,000	Res	\$0	\$1,800,000	\$0	\$0	\$0	\$0	\$1,800,000
21-05	SPW System Upgrade		Debt	\$0	\$0	\$2,550,000	\$5,550,000	\$4,500,000	\$300,000	\$12,900,000

The revised scope is summarized on the attached drawings (Appendix A) and includes the following:

1. Complete preliminary and detailed designs for all segments in 2021 (design and construction budget estimates for the four segments are noted below):
 - a. Regional Water:
 - i. No. 4 Main (Goldstream/Station) – budget estimate is \$21,975,000
 - ii. No. 1 Main (Humpback/Watkiss/PRV Stations) – budget estimate is \$13,425,000
 - b. Saanich Peninsula Water:
 - i. Bear Hill Interconnect (East Saanich) – budget estimate is \$14,200,000
 - ii. North Saanich/Sidney Supply (Willingdon) – budget estimate is \$500,000
2. Construct Regional Water Service segments between 2022-2025
3. Construct Saanich Peninsula Water Service segments between 2022-2025

ALTERNATIVES

Alternative 1

The Regional Water Supply Commission recommends to the Capital Regional District Board:

That the provisionally approved Regional Water Supply Service 2021-2025 capital plan and budget be amended in accordance with the revised plan and budget for Project No. 21-05 as presented.

Alternative 2

The Regional Water Supply Commission recommends to the Capital Regional District Board:

That staff be directed to revise the 2021-2025 capital plan and budget as directed by the Commission.

IMPLICATIONS

Without completing all of the original scope of work proposed in the grant application, some vulnerable sections of pipe will remain in service. Staff will include the outstanding scope of work not included in the 2021-2025 capital plan, in the 2026-2030 capital plan. Staff will also monitor future intake opportunities under the DMAF and other senior government funding programs. Completing the detailed design for most of the original scope will result in 'shovel-ready' projects which could position them better for future grant opportunities and allow the CRD to secure future pipe alignments with the various municipalities.

The Regional Water Supply Service portion of the project that will be financed falls within the \$46 million loan authorization bylaw recommended by the Commission as part of the 2021 provisional budget approval. The Saanich Peninsula Water Commission will have to consider a loan authorization bylaw to enable financing the service's portion of the project.

CONCLUSION

The 2021-2025 capital plan and budget require amendment as a result of recent confirmation that the Regional Water Transmission Main No. 4 and Saanich Peninsula Water Supply upgrade project was not selected for federal funding. Staff are proposing to revise the scope of the project and the budget, to undertake the highest priority work, funded through the capital reserve funds and planned financing (subject to the successful completion of the loan authorization processes and bylaw adoption). The revised total project budget has been set at \$50.1 million. The outstanding scope of work not included in the 2021-2025 capital plan, will be included in the 2026-2030 capital plan.

RECOMMENDATION

The Regional Water Supply Commission recommends to the Capital Regional District Board:

That the provisionally approved Regional Water Supply Service 2021-2025 capital plan and budget be amended in accordance with the revised plan and budget for Project No. 21-05 as presented.

Submitted by:	Ted Robbins, B. Sc., C. Tech., General Manager, Integrated Water Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT

Appendix A: Project segment drawings