



**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, JANUARY 17, 2024**

SUBJECT **Regional Water Supply 2024 Capital Plan Update**

ISSUE SUMMARY

To recommend updates to the Regional Water Supply Service 2024 Capital Budget and Five Year Capital Plan for six existing projects and one new project.

BACKGROUND

On October 18, 2023, the Regional Water Supply Commission (Commission) recommended to the Capital Regional District (CRD) Board, approval of the 2024 Operating and Capital Budget and the Five Year Capital Plan. This staff report outlines adjustments to the Five Year Capital Plan to be incorporated prior to final Board approval. It is proposed to fund the capital project adjustments from within the capital plan at an estimated value of \$1,875,000. There is no financial impact anticipated on the 2024 water rates with these adjustments.

New Project 24-19 - Mount Tolmie Tank Structural and Infiltration Improvements

The south cell of Mount Tolmie water storage tank was taken offline for maintenance in the fourth quarter (Q4) of 2023 and a detailed inspection was conducted at that time. Water infiltration and some structural deficiencies were discovered that need to be mitigated. The condition of the north cell will also be subsequently inspected and may contain similar deficiencies. The budget of \$850,000 added into the 2024 Capital Plan is a preliminary estimate to allow CRD staff to continue with planning, engineering, and improvements to the roof slab of the Mount Tolmie Tank. Depending on the extent of the deficiencies, this project is likely to extend into subsequent years and require further funding.

Project 20-16 - Cecelia Meter Replacement

The Cecelia Meter Replacement project was tendered in 2023. Two bids were received but pricing exceeded the available budget and the tender was cancelled. The total project budget is being increased to \$1,500,000 to account for this market escalation. The project will be retendered in 2024 after the approval of the revised budget. The added expenses of this replacement are still believed to be justified given the potential lost revenues currently being incurred at this meter location during lower flows.

Project 20-17 – Decommission & Conceptual Design of the Smith Hill Reservoir Site

This project previously had \$300,000 in funding available for 2024 with subsequent funding pushed out to 2026. This update is increasing the 2024 funding to \$450,000 to allow CRD a greater buffer in advancing conceptual design of a future reservoir as well as further advancement of interim decommissioning plans. The actual decommissioning work would be conducted in subsequent years with additional funding.

Project 21-03 – Deception Dam – Dam Safety Review 2021 and Improvements

Recent inspections have determined that deficiencies with the Deception Dam low level overflow vent pipe and hydraulic gate need to be prioritized to align with the remediation plan approved by the Dam Safety Officer. The scope of work and detailed estimate are still under development. In the interim, the 2024 budget has been increased from \$400,000 to \$600,000 to address these deficiencies, in addition to other work/studies planned for this Dam.

Project 19-16 – Dam Improvements Annual Provisional Account

The Annual Provisional Account for Dam Safety Improvements has been increased from \$300,000 to \$475,000 in 2024 to provide a larger buffer for CRD staff to advance planning and execution of miscellaneous dam safety improvements from the dam risk register.

Projects 18-18 and 21-11 – Main No. 3 Segment Replacement & RWS Supply Main No. 4 Upgrade

The total project budgets, or current delivery schedule, for these two projects have not been affected but the 2024 funding has been reduced to offset all the previously listed projects. These reductions are justified based on the status of these designs and the cost forecasting indicating that the larger construction costs will not be occurring until later years.

ALTERNATIVES

Alternative 1

That the Regional Water Supply Commission recommends that the Capital Regional District Board:

Approve updating the 2024 Regional Water Supply Service Capital Budget and Five Year Capital Plan to include 2024 budget updates for projects 24-19, 20-16, 20-17, 21-03, 19-16, 18-18 and 21-11 as outlined in Appendix A.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

There are no net impacts on the capital budget for 2024 or on the 2024 water rates. Updated project forecasting indicates the proposed additionally requested funds will be offset within the capital plan. Appendix A reflects the 5-year Capital Plan revised to include the changes outlined in this report. As directed at the October 18, 2023 Commission Meeting, the Capital Plan will be subsequently updated to capture carry forward changes after year end.

Service Delivery Implications

The budget updates are necessary for CRD staff to be able to advance multiple projects that have been given a higher priority based on findings in 2023.

CONCLUSION

A Capital Plan update is required to better align funding to advance multiple projects in 2024. The updated expenditures are fully funded and balanced and will not increase the 2024 capital funding requirements or water utility rates beyond what was previously approved by the Regional Water Supply Commission.

RECOMMENDATION

That the Regional Water Supply Commission recommends that the Capital Regional District Board:

Approve updating the 2024 Regional Water Supply Service Capital Budget and Five Year Capital Plan to include 2024 budget updates for projects 24-19, 20-16, 20-17, 21-03, 19-16, 18-18 and 21-11 as outlined in Appendix A.

Submitted by:	Jared Kelly, P.Eng., Manager, Capital Projects
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ATTACHMENT(S)

Appendix A: Updated 2024-2028 Regional Water Supply Service Five Year Capital Plan