

**REPORT TO CORE AREA LIQUID WASTE MANAGEMENT COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 13, 2021**

SUBJECT **Core Area Wastewater Treatment Project Closeout**

ISSUE SUMMARY

To provide the Core Area Liquid Waste Management Committee (CALWMC) with the Core Area Wastewater Treatment Project closeout summary.

BACKGROUND

In May 2021, the Capital Regional District (CRD) Board received the *CRD Wastewater Treatment Project - Project Completion Report* (Appendix A – Completion Report) and the *CRD Wastewater Treatment Project Governance Transition Report* (Appendix B – Transition Report). The reports presented an outline of the Project-related commitments and activities that were to extend beyond May as well as committed funds associated with fulfilling the remaining items.

In July 2021, the CALWMC received a report that provided an update on the wastewater system commissioning, operation, and construction completion status. The construction across all of the Project components is now substantially complete. Although staff will continue to work with the various contractors and consultants to address final construction deficiencies and deliverables, these will be relatively minor in scope and not material in value.

Given the status of the Project, staff have determined that this is an appropriate time to close out the Project budget at the end of 2021.

Project Budget Summary

The Business Case established the Control Budget of \$765 million. In May 2019 the CRD Board approved an increase in the Project's budget by \$10 million to \$775 million.

Table 8 in the Completion Report summarized the comparison of total forecast cost against the allocated control budget. The total forecast cost to completion in May 2021 was \$766.7 million, leaving \$8.3 million in Program Reserve for a total of \$775 million. The total forecast cost to final completion is now \$768.7 million as the forecast cost to completion for third party commitments is now \$10.5 million, reducing the Program Reserve to \$6.3 million to remain within the \$775 million budget. Appendix C provides a more detailed Project Cost Report as of September 30, 2021 with cost forecast to final completion. Staff will transfer the Program Reserve from the project to the service's operating reserve to fund potential Project liabilities that arise on a go forward basis.

With regard to the third party commitments, the Transition Report referenced the committed project funding for obligations remaining to be fulfilled in the Project's Land Access Agreements and Agreements with First Nations, including Transport Canada, Township of Esquimalt, City of Victoria, City of Colwood, District of Saanich and WSANEC Leadership Council. It is anticipated that the agreement payments will be negotiated and issued by year end, or where necessary, project funds will be held in reserve for on-going payments.

Table 5 in the Transition Report summarized the status of the Project's funding agreements at May 2021 including agreements with the Federal Government, the Province of BC, and the Federation of Canadian Municipalities (FCM) Green Municipal Fund grant/loan program. During the months of June and July, the CRD received the final \$5 million holdback of federal funding from the Green Infrastructure Fund. The CRD also received the \$20 million loan from FCM, and the additional \$2.75 million in grant funding. Cumulatively, the CRD has received \$358.8 million of the estimated \$462.3 million in eligible grant revenue. The remaining (up to) \$103.5 million is expected to be received by the end of the year.

ALTERNATIVES

Alternative 1

The Core Area Liquid Waste Management Committee recommends to the Capital Regional District Board:

That Core Area Wastewater Treatment Project Closeout Report be received for information.

Alternative

The Core Area Liquid Waste Management Committee recommends to the Capital Regional District Board:

That the Core Area Wastewater Treatment Project Closeout Report be referred back to staff for additional information.

IMPLICATIONS

Any Project liabilities that drive a financial impact that cannot be accommodated with the Program Reserve will be brought to the Committee for consideration. Likewise, in the event there is a grant funding shortfall that cannot be accommodated with the Program Reserve will also be brought to Committee for consideration.

CONCLUSION

Construction across all of the Project components is now substantially complete. Given the status of the Project, staff have determined the end of 2021 is an appropriate time to closeout the Project budget. The total forecast cost to final completion is \$768.7 million as the forecast cost to completion for third party commitments is now \$10.5 million, reducing the Program Reserve to \$6.3 million to remain within the \$775 million budget. Cumulatively, the CRD has received \$358.8 million of the estimated total of \$462.3 million in eligible grant revenue. The remaining (up to) \$103.5 million is expected to be received by the end of the year.

RECOMMENDATION

The Core Area Liquid Waste Management Committee recommends to the Capital Regional District Board:

That Core Area Wastewater Treatment Project Closeout Report be received for information.

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

ATTACHMENTS

Appendix A: CRD WTP Project Completion Report
Appendix B: CRD WTP Governance Transition Report
Appendix C: Project Cost Report