



englishman river
WATER SERVICE

DATE: November 9, 2011

REPORT TO: ENGLISHMAN RIVER WATER SERVICE
MANAGEMENT BOARD

FROM: ENGLISHMAN RIVER WATER SERVICE
MANAGEMENT COMMITTEE

SUBJECT: 2011 BUDGET AND 2012 – 2016 FINANCIAL PLAN

ISSUE:

Englishman River Water Service (ERWS) Year 2011 Budget and 2012 – 2016 Financial Plan.

EXECUTIVE SUMMARY:

The ERWS joint venture between the City of Parksville and the Regional District of Nanaimo was established on July 1, 2011 and requires a formal 2011 budget to address current year operating and capital expenditures. Given the latest advancement in capital planning and the requirement for future water treatment, a Five Year 2012 – 2016 Financial Plan is also required in an effort to facilitate these expenditures.

The next stage (Phase 2) of engineering services as referenced in the adopted Implementation Plan is required to determine the feasibility of Aquifer Storage and Recovery and the most suitable type of water treatment process for the Englishman River supply. In order to determine which treatment process best manages high turbidity events caused by winter storms, the next stage of water pilot treatment needs to commence soon. Any potential delay in the capital planning process and associated engineering works will jeopardize the critical path of the Implementation Plan and the operating conditions established by the Vancouver Island Health Authority of requiring an enhanced level of water treatment process be constructed by year 2016.

REFERENCE:

- AWS Management Board Meeting Minutes held on June 23, 2011,
- Englishman River Water Service Agreement – July 1, 2011,
- Table 1, dated November 9, 2011 showing the recommended ERWS Year 2011 Budget,
- Table 2, dated November 9, 2011 showing the recommended ERWS 2012 – 2016 Financial Plan.
- Implementation Plan – June 2011

BACKGROUND:

The Englishman River Water Service Joint Venture agreement between the City of Parksville and the Regional District of Nanaimo requires that on or before December 15 of the year preceding each fiscal year of the Joint venture, the Management Committee will submit to the Management Board for its review a provisional operating, maintenance and capital expenditure budget. Since the Englishman River Water Service Joint Venture agreement was approved in July of this year, a formal annual budget is required in order to appropriately address current year operating, maintenance and capital expenditures. A Year 2011 Budget has been prepared for consideration by the ERWS Management Board. The proposed budget is shown on Table 1, attached.

With the formation of the Englishman River Water Service and further advancement of the Capital Plan, a 2012 – 2016 Financial Plan was developed in an effort to outline funding requirements for operations and capital expenditures for the next five years. A 2012 – 2016 Financial Plan has been prepared for consideration by the ERWS Management Board. The proposed budget is shown on Table 2, attached.

At the Arrowsmith Water Service Board meeting held on June 23, 2011, staff were directed to further engage and negotiate the services of Associated Engineering (BC) Ltd. for Phase 2 works. Staff has reviewed the work plan and fees with Associated Engineering (BC) Ltd. The next Phase 2 services consist of the following tasks for the 2011 & 2012 work year:

- Project Management (\$ 62,000)
- Englishman River Water Quality Monitoring (\$ 183,000)
- Water Treatment Pilot Plant Rental – Direct Contract with ERWS (\$ 90,000)
- Aquifer Storage and Recovery (ASR) Feasibility Analysis (\$210,000)
- Concept Design Update (\$ 35,000)
- Allowance for supplemental services and DFO – Fisheries Act, Hydraulic and Environmental Assessments (\$70,000)

The outcome of this work plan will address key questions surrounding the potential use of ASR and the most suitable treatment process to implement.

These tasks are referenced in the 2011 budget and the 2012 – 2016 Financial Plan.

OPTIONS:

1. Accept the budget fee proposal of \$ 560,000 from Associated Engineering for 2011 and 2012 – Phase 2 work plan.
2. Direct Staff to receive additional engineering service fee proposals from other qualified engineering firms.

ANALYSIS:

1. The ERWS Management Board could accept the engineering budget fee proposal received from Associated Engineering (BC) Ltd. and direct Staff to engage their services. This would potentially save costs on engineering fees and allow completion of a high priority infrastructure upgrade project at the earliest possible date.

2. The ERWS Management Board could reject the engineering fee proposal from Associated Engineering (BC) Ltd. This would further delay the project and potentially result in higher engineering fees.

FINANCIAL:

Cost sharing for the Englishman River Water Service budget is established based on ownership (i.e. Parksville 74 % and RDN 26 %) as referenced in Schedule “C” of the Englishman River Water Service Joint Venture, dated July 1, 2011. Sufficient funds are available in the 2011 and 2012 budget to cover all required operations, capital and Phase 2 engineering services.

The 2011 budget and 2012 - 2016 Financial Plan sets out the financial requirements needed for the ERWS staff to carry out necessary projects for the remainder of the fiscal year. Without this plan the capital projects and other major maintenance would be delayed or halted due to insufficient funds.

RECOMMENDATION:

THAT the Englishman River Water Service Management Board recommend the Joint Ventures adopt the Year 2011 Budget as shown on Table 1, dated November 9, 2011,

AND THAT the Englishman River Water Service Management Board recommend the Joint Ventures adopt the 2012 – 2016 Financial Plan as shown on Table 2, dated November 9, 2011.

AND FURTHER THAT staff be directed to work with and engage Associated Engineering (BC) Ltd. to complete Phase 2 works in years 2011 and 2012 at a cost of \$ 560,000.

**TABLE 1
ENGLISHMAN RIVER WATER SERVICE
YEAR 2011 BUDGET (\$)**

Old GL Account	New GL Account	2011 Budget	2011 Revised	Variance	E.R. Joint Venture		Comments
					Parksville 74.0%	RDN 26.0%	
REVENUE							
Parksville Requisition		1,242,460	1,242,460	0	1,242,460		
RDN Requisition		436,540	436,540	0		436,540	
TOTAL REVENUE		1,679,000	1,679,000	0	1,242,460	436,540	
EXPENDITURES							
Administration (Operating)							
Training /Conferences / Seminars / Travel	7-2-28-7310-307	5,000	5,000	0	3,700	1,300	
Licences and Insurance	7-2-28-7310-400	5,000	5,000	0	3,700	1,300	
Audit and Legal	7-2-28-7310-332	2,500	2,500	0	1,850	650	
Meeting Costs	7-2-28-7310-423	1,000	1,000	0	740	260	
Small Tools, Equipment & Furnitures	7-2-28-7310-450	1,000	1,000	0	740	260	
		14,500	14,500	0	10,730	3,770	
Total Administration (Operating)		14,500	14,500	0	10,730	3,770	Transferred from unallocated property acquisition funds
Capital							
Administration (capital)	7-2-28-7310	75,000	75,000	0	55,500	19,500	Transferred from unallocated property acquisition funds
Phase 2 Engineering Services	7-6-28-9751	330,000	320,000	-10,000	236,800	83,200	Transfer from Reserves (balance of \$ 119,249 + \$ 60 K in 2010 & 2011) = total of \$ 179,000 + \$ 147,500 from unallocated property acquisition less admin.
River Intake / Treatment Prop. Acquisition	7-6-28-9750	1,250,000	1,250,000	0	925,000	325,000	Property Acquisition for Intake and Treatment including legal, appraisal, environmental consulting etc.
WTP Property - Site Improvements	7-6-28-9752	9,500	19,500	10,000	14,430	5,070	Gates to site, broom removal, signage and ditchwork (funds from unallocated Property Acquisition)
TOTAL EXPENDITURES (no Grant)		1,679,000	1,679,000	0	1,242,460	436,540	
Capital Planning Grant							
Transfer from reserves							
TOTAL EXPENDITURES (with Grant)		1,679,000	1,679,000	0	1,242,460	436,540	

TABLE 2
ENGLISHMAN RIVER WATER SERVICE
2012 - 2016 FINANCIAL PLAN - BUDGET (\$)

	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
REVENUE						
Joint Venture Requisitions						
Parksville Requisition	1,242,460	1,288,185	1,808,979	1,953,154	11,157,191	11,507,171
RDN Requisition	436,540	452,605	635,587	686,243	3,920,094	4,043,060
Total Joint Venture Requisitions	1,679,000	1,740,790	2,444,566	2,639,397	15,077,285	15,550,231
Other Revenue						
Grants	0	0	0	0	0	0
Transfer From Reserves	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0
TOTAL REVENUE	1,679,000	1,740,790	2,444,566	2,639,397	15,077,285	15,550,231
EXPENDITURES						
Operating						
Administration (Operating)						
Training /Conferences / Seminars / Travel	5,000	5,100	5,202	5,306	5,412	5,520
Licences and Insurance	5,000	5,100	5,202	5,306	5,412	5,520
Audit and Legal	2,500	2,550	2,601	2,653	2,706	2,760
Meeting Costs	1,000	1,020	1,040	1,061	1,082	1,104
Small Tools, Equipment & Furniture	1,000	1,020	1,040	1,061	1,082	1,104
Total Administration (Operating)	14,500	14,790	15,086	15,388	15,695	16,009
Total Operating	14,500	14,790	15,086	15,388	15,695	16,009
Capital						
Administration	75,000	124,000	126,480	129,010	131,590	134,222
Property Acquisition	1,250,000					
WTP Property Site Improvements (entrance / access)	19,500					
Phase 2						
Project Management	20,000	42,000		320,000		
Water Quality and Treatment Testing	130,000	40,000				
ASR Preliminary Geophysics and Test Well Sitting Work	90,000	120,000				
Pilot Plant Rental and Associated Costs	80,000	10,000				
Supplemental Services / Hydraulic & Environmental Assessments		70,000				
Concept Design Update		40,000				

	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
Phase 3						
ASR Test Well Drilling		90,000	100,000			
ASR - Pump Tests		30,000	300,000			
ASR - Soil & Water Lab Analysis		15,000				
ASR - Well Construction (300mm well)		90,000				
ASR - Well Pump Testing		30,000				
ASR - Temp. Water Connection		50,000	123,000			
ASR - Backflush & Discharge Basin Construction		40,000				
ASR - Monitoring Well Loggers		5,000				
ASR - Surveying		30,000				
ASR- Well Cycle Testing		50,000				
ASR - Well Equipment Piping		30,000	20,000			
ASR - Well Head Power		40,000	40,000			
ASR - Field Supervision Drilling and Testing		40,000	20,000			
ASR - Project Management - Engineering / Hydrogeology		60,000	40,000			
ASR - Aquifer Computer Modeling		30,000	30,000			
ASR - Contingency for Deep Well Test		50,000	50,000			
WTP & Intake - Preliminary Engineering Design		600,000	900,000			
Permitting and Licensing			30,000			
Value Engineering			50,000			
Phase 4						
Intake Environmental Mitigation				50,000		
Final Engineering Design			500,000	1,500,000		
Value Engineering				50,000		
ASR - Property Acquisition			100,000	400,000		
ASR - Property Easements / SRWs				100,000		
Contract Preparation / Specifications				50,000		
Phase 5						
Tendering				25,000		
Phase 6						
Contract Award					30,000	
Construction Management & Inspections Services					1,000,000	1,000,000
Intake - Construction of Civil Works					900,000	
Intake - Power Supply					240,000	
Intake - High Lift Pump Station					100,000	
Raw Water Transmission Main					360,000	
ASR - Connection to Supply Main					400,000	400,000
Water Treatment Plant Construction					7,400,000	9,000,000
ASR Well Development					2,500,000	2,500,000
Distribution Main Upgrades - Construction					2,000,000	2,500,000
Phase 7						
ASR - Commissioning						
WTP & Intake - Commissioning						
Total Capital	1,664,500	1,726,000	2,429,480	2,624,010	15,061,590	15,534,222
TOTAL EXPENDITURES	1,679,000	1,740,790	2,444,566	2,639,397	15,077,285	15,550,231