



Alberni-Clayoquot Regional District

BAMFIELD WATER COMMITTEE MEETING

MONDAY, OCTOBER 2, 2017, 5:00 PM

Bamfield Marine Science Centre, Rix Boardroom, 100 Pachena Road, Bamfield, BC

AGENDA

PAGE #

1. CALL TO ORDER

Recognition of Traditional Territories.

2. APPROVAL OF AGENDA

THAT the Agenda of the Bamfield Water Advisory Committee meeting held on October 2, 2017 be approved.

3. ADOPTION OF MINUTES

a. Bamfield Water Advisory Committee Meeting held June 19, 2017 3-5

THAT the minutes of the Bamfield Water Advisory Committee meeting held on June 19, 2017 be adopted.

4. CORRESPONDENCE FOR ACTION/INFORMATION

5. REQUEST FOR DECISIONS & BYLAWS

a. REQUEST FOR DECISION 6-8

Bamfield Water Treatment Plant Construction Tender Award

THAT the Bamfield Water Advisory Committee recommend that the Board of Directors of the Alberni-Clayoquot Regional District award the Bamfield Water Treatment Plant construction tender to Ridgeline Mechanical Ltd. In the amount of \$1,888,710.25, plus applicable taxes (GST).

b. REQUEST FOR DECISION 9-11

Bamfield Water System – Water Treatment Plant Borrowing

THAT the Bamfield Water Committee recommend that the Board of Directors instruct staff to conduct a commutation or prepayment opportunity in the spring of 2018 for the Bamfield Water System treatment plant construction prior to securing long-term borrowing with the Municipal Finance Authority.

THAT the Bamfield Water Committee recommend that the Board of Directors authorize the borrowing of \$600,000 for a term of 20 years as approved by Loan Authorization Bylaw F1126, for the construction of the water treatment plant, from the Municipal Finance Authority in the Fall 2018 Long Term Borrowing session.

c. **REQUEST FOR DECISION**

12-13

Bamfield Water System Rate Increase

THAT the Bamfield Water Committee instruct staff to draft a bylaw to amend the Bamfield Water System Specified Area Rate and Regulations Bylaw F1089, 2010 to reflect the new rates as a result of the water treatment plant for consideration by the Board of Directors.

6. **REPORTS**

7. **LATE BUSINESS**
(requires 2/3 majority vote)

8. **ADJOURN**



Alberni-Clayoquot Regional District

MINUTES OF THE BAMFIELD WATER COMMITTEE MEETING HELD ON MONDAY, JUNE 19, 2017, 5:00 PM

Bamfield Volunteer Fire Department Hall, 352 Pachena Road, Bamfield, BC

MEMBERS Keith Wyton, Chairperson, Electoral Area "A" (Bamfield)

PRESENT: Lisa Herbig, Member at Large
J.P. Hastey, Member at Large
Barry Otterson, Bamfield Chamber of Commerce
John Mass, Advisory Planning Commission
Brad Anholt, Bamfield Marine Science Centre
Les Butler, Bamfield Water Contractor

REGRETS: Phil Lavoie, Bamfield Volunteer Fire Department
Brad Anholt, Bamfield Marine Science Centre

STAFF PRESENT: Andrew McGifford, Manager of Environmental Services
Kathy McArthur, Environmental Services Coordinator

1. CALL TO ORDER

The Chairperson called the meeting to order at 5:12 pm.

The Chairperson recognized the meeting is being held in the Huu-ay-aht First Nations Traditional Territories.

2. APPROVAL OF AGENDA

MOVED: J. Mass

SECONDED: L. Herbig

THAT the agenda be approved as circulated.

CARRIED

3. ADOPTION OF MINUTES

a. Bamfield Water Committee Meeting held February 20, 2017

MOVED: J.P. Hastey

SECONDED: B. Otterson

THAT the minutes of the Bamfield Water Advisory Committee meeting held on February 20, 2017 be received.

CARRIED

4. **REPORTS**

a. **Water Treatment Plant (WTP) Update**

Delay in construction schedule from July 2016 – one month behind.

Water treatment plant will need to move out of road right of way.

Parking is needed in area and MOTI is aware the ACRD owns the property adjacent to the area requested to construct. The move may increase costs to remove rock and trees and fencing costs.

Committee requests to attempt a meeting to review final design details.

Staff recommended a letter be sent to Bamfield Community Parks to advise of the change from the plan originally provided.

MOVED: B. Otterson

SECONDED: J.P. Hastey

THAT a letter be written to the Bamfield Parks Committee advising of the required move requesting support of the use of increased Parks property.

CARRIED

b. **Water Rates – A. McGifford (Verbal)**

Rates will reflect the new water treatment plant operation. Finance will be provided at the next meeting.

Staff advised that a water conservation plan is required when applying for water system grants.

Discussions regarding adjusting the threshold vs fees. Staff will analyze the average household use, comparisons to other areas, and possible increases to 14^{m3} / month allotment.

c. **News Release – A. McGifford (Verbal)**

News release available on the ACRD website regarding the Clean Water and Wastewater Fund grant approval for support for the Bamfield Water Treatment Facility. Director Wyton requested laminated copies of the news release to post in the community.

MOVED: J. Mass

SECONDED: B. Otterson

THAT the Bamfield Water Advisory Committee receives reports a-c.

CARRIED

5. **ADJOURN**

MOVED: J. Mass

SECONDED: L. Herbig

THAT this meeting be adjourned at 6:15 pm.

CARRIED

Certified Correct:

Keith Wyton,
Chairperson

Andrew McGifford,
Manager of Environmental Services



REQUEST FOR DECISION

To: Bamfield Water Advisory Committee

From: Andrew McGifford, CPA, CGA, Manager of Environmental Services

Meeting Date: October 2, 2017

Subject: Bamfield Water System - Tender award for the Bamfield Water Treatment Plant construction

Recommendation:

THAT the Bamfield Water Advisory Committee recommend that the Board of Directors of the Alberni-Clayoquot Regional District award the Bamfield Water Treatment Plant construction tender to Ridgeline Mechanical Ltd. in the amount of \$ 1,888,710.25, plus applicable taxes (GST).

Summary

Tenders for the Bamfield Water Treatment Plant were received and opened in public at the Alberni Clayoquot Regional District boardroom on Wednesday, August 30th, 2017 after 2:00 p.m. A total of two (2) tenders were received. All tenders were accompanied with the required Bid Bond and signed Addenda. The tender prices have been checked for accuracy and are considered mathematically correct, for the exception of Ridgeline Mechanical's price which we calculated to be \$0.20 lower. Overall, this minor correction makes no difference in the Tender outcome.

Tenderer	Tender Price excluding GST	Completion
Ridgeline Mechanical Ltd.	\$1,888,710.25	210 days
Tritech Group Ltd.	\$1,973,188.00	200 days

Both tender prices include a contingency allowance of \$100,000. Koers and Associates thoroughly reviewed the submissions and provided the attached report and recommendation for your review. The Class "C" estimate for this portion of the project was updated for the Clean Water and Wastewater Fund (CWWF) application in November 2016 and the estimated cost was \$1,697,000. The total estimated project cost is now \$2,387,134.

Regional District Staff and Koers recommend that the ACRD Board of Directors award the tendered contract for the Bamfield Water System Treatment Plant Project to Ridgeline Mechanical. There are options that were considered in light of the project being well beyond the initial Class "C" estimate.

Options Considered:

- 1) Reject all tenders and wait – The option is available to the ACRD in this instance as the actual costs are significantly beyond the budget for this project. There are risk with would be a possible loss of 1.4 million in

CWWF grant funding. ACRD staff have requested an extension beyond March 31, 2018, but have been asked to proceed as though this is not an option. Loss of the grant will have a greater financial impact on the Bamfield Water users.

There is also an ongoing health advisory on the water system, the solution has been provided to Island Health and accepted. The operating permit expects that the water system will have the treatment plant in place and this will occur by January of 2018. There has been a request to have an extension to comply with operating permit.

- 2) Retender immediately – indicators show that the construction market is busy (evident with only two tenders provided) and the likelihood of a change in price is not expected based on discussion with our lawyer, CWWF staff and the engineer. There are risks and the result may not change, therefore staff do not agree with this option.
- 3) Use Gas Tax funds – Staff contacted the CWWF staff to investigate using the Gas Tax funds to assist in the increased expenses associated with this project. This is not possible under the funding arrangement for the CWWF grant funding received. “Stacking” is not permitted for cost increases.

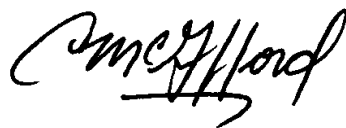
Financial

The updated Class “C” estimate for the Bamfield Water Treatment Plant was \$1,697,800 in November 2016. It was anticipated that the cost of the project and the award of the CWWF grant funding would cover \$1,409,174. The debt requirement from the Bamfield Water system user was expected to be approximately \$288,626.

The result of the tender has determined that costs are \$689,234 greater than the estimated and now requires the use of the total \$600,000 borrowing limit and the most of the capital reserve (estimated to be approximately \$390,000 in 2018).

	Budget	Actual	Difference
Engineering	290,000	286,500	3,500
Equipment Supply	567,000	567,000	-
Plant construction	739,000	1,431,710	(692,710)
Contingency	101,800	100,000	1,800
Other	-	1,924	(1,924)
Totals	1,697,800	2,387,134	(689,334)

In 2016, the Board of Directors committed \$600,000 to the water treatment plant. Since that time the Bamfield Water System was awarded the CWWF grant. Unfortunately, the Gas Tax funding is not permitted to be stacked with the CWWF grant and can no longer be used for the water treatment plant project. Staff will be recommending that the \$600,000 continue to be allocated to the Bamfield Water System for future capital projects during the 2018 budget discussions.



Submitted by: _____
Andrew McGifford, CPA, CGA, Manager of Environmental Services



**KOERS
& ASSOCIATES
ENGINEERING LTD.**
Consulting Engineers

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September 28, 2017
File: 1634-15

Alberni Clayoquot Regional District
3008 Fifth Avenue
Port Alberni, B.C. V9Y 2E3

Attention: Mr. Andrew McGifford, CPA, CGA
Manager of Environmental Services

Re: Bamfield Water Treatment Plant
Review of Tenders

Tenders for the Bamfield Water Treatment Plant were received and opened in public at the Alberni Clayoquot Regional District boardroom on Wednesday, August 30th, 2017 after 2:00 p.m. A total of two (2) tenders were received. All tenders were accompanied with the required Bid Bond and signed Addenda. The tender prices have been checked for accuracy and are considered mathematically correct, for the exception of Ridgeline Mechanical's price which we calculated to be \$0.20 lower. Overall, this minor correction makes no difference in the Tender outcome.

TENDERER	TENDER PRICE	COMPLETION
Ridgeline Mechanical Ltd.	\$1,888,710.25	210 days
Tritech Group Ltd.	\$1,973,188.00	200 days

The Tender prices include a contingency allowance of \$100,000.00 and exclude 5% GST.

Ridgeline Mechanical Ltd., who is based in Courtenay, BC, stated a completion period of two-hundred and ten (210) calendar days which is considered appropriate for the scope of work involved in the Contract.

Subject to sufficient funds being available, we recommend that the contract be awarded to Ridgeline Mechanical Ltd. at the price of \$1,888,710.25 plus \$94,435.51 in GST, for a total contract price of \$1,983,145.76. We enclose a draft Notice of Award, which should be retyped on Alberni Clayoquot Regional District letterhead and issued to the successful tenderer. Please send us a copy of the notice for our records.

Yours truly,

KOERS & ASSOCIATES ENGINEERING LTD.

Ken Doll, PEng
Project Engineer



REQUEST FOR DECISION

To: Bamfield Water Committee

From: Teri Fong, CPA, CGA, Manager of Finance

Meeting Date: October 2, 2017

Subject: Bamfield Water System - Water Treatment Plant Borrowing

Recommendation:

That the Bamfield Water Committee recommend that the Board of Directors instruct staff to conduct a commutation or prepayment opportunity in the spring of 2018 for the Bamfield Water System treatment plant construction prior to securing long-term borrowing with the Municipal Finance Authority.

That the Bamfield Water Committee recommend that the Board of Directors authorize the borrowing of \$600,000 for a term of 20 years as approved by Loan Authorization Bylaw F1126, for the construction of the water treatment plant, from the Municipal Finance Authority in the Fall 2018 Long Term Borrowing session.

Desired Outcome:

To secure adequate funding to complete the water treatment plant project.

Summary:

Based on the updated budget, after the tender results for construction were received, the Bamfield Water System treatment plant project will require the entire \$600,000 authorized by Bylaw F1126 to assist in funding the project. During the referendum process, the ACRD committed to providing the owners an opportunity to prepay the parcel tax before the long-term debentures are secured. In order to accommodate this process the ACRD will need to wait for the MFA's Fall 2018 Long Term Borrowing session. The prepayment process and estimated timeline is as follows:

- | | |
|--|------------------|
| 1. Parcel Tax Roll authenticated | February 2018 |
| 2. Commutation (prepayment) bylaw | March 2018 |
| 3. Opportunity for residents to prepay | April – May 2018 |
| 4. Deadline for prepayment option | June 1, 2018 |
| 5. Security Issuing Bylaw adoption | June 13, 2018 |

This process cannot start prior to February 2018, as the parcel tax roll requires authentication after being produced by BC Assessment in January of 2018. The process will involve mailing all owners a letter notifying them of the opportunity as well as advertising the opportunity in applicable websites and newspapers.

Staff have conducted a similar process for Salmon Beach owners in 2011 when the community installed hydro service and are familiar with the process. The prepayment process does require a significant amount of staff time both to create a prepayment opportunity as well as to track the prepayments over the course of the debt.

An item to consider is that short-term borrowing will be required to fund the construction of the water treatment plant until the debt is secured in the fall of 2018 and that interest rates are projected to continue to rise over the coming years.

The prepayment amount is estimated to be approximately \$2,400. This amount will be dependent on the short-term borrowing interest rate and construction timelines. The prepayment option is estimated to provide a cash savings of approximately \$1,100 over the term of the 20-year debenture, based on the assumptions made above in the financial section regarding interest rates and number of parcels. It is important to consider that there is potential for subdivisions to occur within the service area over time and this would result in an increased number of parcels servicing the debt. If owners were to prepay the debt amount then they would not benefit from these additional lots, as prepayment funds are non-refundable.

Background:

The MFA process for a 20-year loan is to issue the debt for a 10-year term that means the lending rate will be set from the date of funding for a period of 10 years. Then the MFA typically renews the debt for two 5-year terms. Each time the debt is renewed it is subject to a new interest rate. The current interest rate of the Municipal Finance Authority is 3.15% for a 10-year loan.

Time Requirements – Staff & Elected Officials:

A significant amount of staff time is required to conduct the prepayment opportunity. This includes calculating the prepayment amount, developing a prepayment bylaw, notifying owners, tracking payments and then exempting the applicable parcels from future tax rolls.

Aside from the prepayment opportunity, staff time is required to initiate the borrowing process including drafting of the Security Issuing Bylaw, communicating with the Ministry and completing borrowing agreements with the MFA. Minimal staff time is required over the term of the borrowing to oversee the debt and communicate with the MFA. Finally, additional staff time is required annually to ensure the accuracy of the parcel tax roll including the impacts of subdivisions and lot line deletions.

Financial:

As stated in the summary above the estimated prepayment amount is approximately \$2,400. If this option is not exercised by an owner then the costs to service the debt will be recovered by way of parcel tax for the Bamfield Water Service area. A separate line item will appear on the property tax notices called 'BWS Treatment Plant Debt'. This was done in order to keep the debt servicing parcel tax separate from the regular capital reserve contribution and enable the ACRD to allow a prepayment opportunity. The following estimate is based on an assumption of an interest rate of 3.5% and that the number of parcels will remain at 253 (as in 2017):

Annual estimated parcel tax rate	\$175 per parcel
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The parcel tax will not be activated until 2018 to allow the prepayment opportunity. The first payments on the debt will not occur until spring 2018 if the long-term borrowing is secured in the fall of 2017.

Policy or Legislation:

Bamfield Water System Treatment Plant Loan Authorization Bylaw No. F1126, 2016 was adopted on November 9, 2016. The bylaw authorizes the borrowing of \$600,000 from the Municipal Finance Authority for the term of twenty (20) years to assist in the building in a water treatment plant for the Bamfield Water System.

Alternative Option Considered:

The other option for the committee to consider is to forego this prepayment opportunity and secure the long-term borrowing for the period of 20 years in the spring 2018 session of the Municipal Finance Authority (MFA). The rationale for this option is that the interest rates are projected to rise over the coming years and therefore, the sooner the debt is locked into a debenture the lower the estimated interest rate. In addition, this would either limit or eliminate the need for short-term borrowing to be utilized while completing the project.

In order to participate in the spring 2018 MFA borrowing session the ACRD must adopt a Security Issuing Bylaw at the January 24, 2018 Board of Directors meeting in order to meet the MFA's deadlines. If the committee proceeds with the borrowing in the spring 2018 MFA session then a small parcel tax will start in 2018 to service the interest charges that

will occur in the fall of 2018. The full parcel tax amount will not be charged until 2019. Staff have not recommended this option because of the commitment made to the community during the referendum process.

If the Bamfield Water Committee would like to forego this prepayment option and proceed with the borrowing in spring 2018 then the following recommendation would be appropriate:

That the Bamfield Water Committee recommend that the Board of Directors authorize the borrowing of \$600,000 for a term of 20 years as approved by Loan Authorization Bylaw F1126, for the construction of the water treatment plant, from the Municipal Finance Authority in the Spring 2018 Long Term Borrowing session.



Submitted by: _____
Teri Fong, CPA, CGA, Manager of Finance



REQUEST FOR DECISION

To: Bamfield Water Committee

From: Teri Fong, CPA, CGA, Manager of Finance

Meeting Date: October 2, 2017

Subject: Bamfield Water System Rate Increase

Recommendation:

That the Bamfield Water Committee instruct staff to draft a bylaw to amend the Bamfield Water System Specified Area Rate and Regulations Bylaw F1089, 2010 to reflect the new rates as a result of the water treatment plant for consideration by the Board of Directors.

Desired Outcome:

To establish new rates for the Bamfield Water System to ensure adequate funding to operate the water treatment plant upon completion of construction.

Summary:

The installation of the water treatment plant will increase the operating costs of the Bamfield Water System and as a result, user rates must be increased to fund the operation of the improved system. Koers Engineering Ltd estimates the operating costs of the water treatment plant to be approximately \$43,000 annually. This is a 32% increase from the 2017 operating costs of \$135,000. Each service connection requires an increase of \$216 per year in order for the 198 connections to fund the increased operating costs. This increase results in a monthly charge of \$46 plus the \$2 meter rental fee.

The proposed increase is consistent with the messaging delivered to owners during the referendum process in the fall of 2016. The other source of revenue that funds the annual operating costs is the overage amounts that results from consumption in excess of 14 cubic meters per month. At the February 20, 2017 Bamfield Water Committee meeting the committee requested that staff consider increasing the consumption threshold when revising the rates. This request was explored and is included later in this report under 'options considered'. The rate increase proposed does not consider any changes to revenue from overages and as a result, any significant decreases in overage revenue would require a further rate increase. This may occur if the Bamfield Marine Science Center begins to operate their own wells to provide some of the water required for their operation. At this time, the impact of this possibility is unknown.

The new rates will come into effect on January 1, 2018. The bills are created at the end of a billing cycle and therefore the first time at the new rates will be on the bills in April 2018.

Background:

Koers Engineering Ltd provided an estimate of water treatment plant operating costs in January of 2015. Since that time staff and the engineers have refined that estimate to be \$43,000.

Time Requirements – Staff & Elected Officials:

Staff time will be required to draft the amending bylaw, communicate rate changes to the users and update system to reflect new rates.

Financial:

The total impact of the water treatment plant to the Bamfield Water System is as follows:

Fee	Current Costs	Proposed Costs
User Fee	\$360	\$576
Parcel Tax	\$237	\$237
Debt Servicing	\$0	\$171
Total	\$597	\$984

This fee estimate is based on an active connection with no overages. Based on the proposed rate, the cost per day for high quality water is \$2.70. It should be noted that staff recommend no change to the current annual parcel tax contribution to the capital reserve fund.

Policy or Legislation:

The Bamfield Water System Specified Area Rates and Regulations Bylaw No. F1089, 2010 was adopted on May 26, 2010. The bylaw lowered the threshold from 31 cubic meters per month to 14 cubic meters per month over the next three years.

Options Considered:

At the request of the Bamfield Water Committee, staff also considered the impact of increasing the maximum consumption threshold that is currently set at 14 cubic meter per month. The rates presented below are based on the impact the increases would have had on the actual consumption data from 2016:

Monthly Threshold	Annual Charge	Monthly Charge
14m ³ – current	\$576	\$48
16m ³	\$588	\$49
18m ³	\$600	\$50
20m ³	\$612	\$51

If the Committee would like to include an increase in threshold in the bylaw amendment then the following motion would be appropriate:

That the Bamfield Water Committee instruct staff to draft a bylaw to amend the Bamfield Water System Specified Area Rate and Regulations Bylaw F1089, 2010 to increase the threshold to _____ and reflect the new rates as a result of the water treatment plant for consideration by the Board of Directors.



Submitted by: _____

Teri Fong, CPA, CGA, Manager of Finance