

Potable Water Project Update



Dated: October 19, 2011

Agenda

- ❑ Current Budget Estimate & Comparison to 2008 Estimate
- ❑ Project Funding Requirements
- ❑ Project Funding Options
- ❑ Steps Taken
- ❑ Next Steps

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Current Budget Estimate &
Comparison to 2008 Estimate

Current Budget Estimate & Comparison to 2008 Estimate - Overview

Component of Budget	Oct/12	Mar/18
	2011	2008
Original OPUS DaytonKnight Project Estimate	\$6,864,000	\$6,864,000
Inflation	973,300	
Items added to Project during construction	1,306,206	
Removal of Provision for Water Meters	(150,000)	
Other Net Adjustments	<u>(273,531)</u>	
	8,719,975	
Estimated by OPUS DaytonKnight, Oct/12/11		
HST, non-rebateable	152,600	0
External interim financing costs, estimated at 1.70%	33,400	192,192
Internal interim financing costs, estimated at 1.00%	16,851	
MFA, debenture financing fees	29,802	0
MFA, debenture cash reserve contribution	49,670	0
	\$9,002,298	\$7,056,192

Current Budget Estimate & Comparison to 2008 Estimate – Added Items

Ref	Description	Amount
2	Fire Pump Station	\$292,000
3	Road Repairs to Coombe Lane	48,800
4	Blow Downs	170,000
5	SCADA System (including programming)	67,000
6	Individual Service Trenches	225,000
7	Repairs to Low Quality Portions of Existing Roadways	60,000
8	Difficult Access on Coombe Land and Turtlehead Road	200,000
9	Survey	65,000
10	Water Sampling Stations	84,000
11	Fibre Optic Cable for SCADA System	42,000
12	Habitat Compensation	52,406
		\$1,306,206

Current
Budget
Estimate
Comparison
to 2008
Estimate
Components

Ref	Description	Oct/12/2010	Mar/18/2008
1	Marine Watermain	1,935,730	1,918,300
2	DNV Vault	285,000	232,530
3	Dean Place PRV	87,000	193,500
4	Midden Road Valve Chamber	322,000	298,500
5	Tatlow Road Reservoir & Pump St.	457,000	165,000
6	Scada System in Village Hall	25,000	-
7	Municipal Watermains - Stage 1	1,721,276	2,225,000
8	Municipal Watermains - Stage 2	1,471,047	↓
9	Municipal Watermains - Stage 3	1,287,832	
10	Service Connections & Meters	↓	1,283,000
11	Beesley Engineering Ltd.	306,000	208,000
12	Opus Dayton Knight Ltd.	495,650	333,000
13	Papove Surveying	74,655	7,500
14	Balanced Environmental	52,406	-
15	Tsleil-Waututh	36,500	-
16	AMEC (Archaeology)	23,500	-
17a	BC Hydro - Deane Place	13,606	-
17b	BC Hydro - Tatlow Rd	3,778	-
17c	BC Hydro - Stranthcona Road	500	-
17d	BC Hydro - Midden Rd	500	-
18	Additional Costs	45,995	-
19	Flushing and Disinfection	80,000	-
20	Protection Tatlow Reservoir	10,000	-
	Adjustment	(15,000)	-
		8,719,975	6,864,330

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Project Funding Requirements,
Options and Recommendations

Project Funding Requirements

Source	Amount
Provincial Grant (Canada-BC Municipal Rural Infrastructure Fund)	\$4,035,266
Authorized Debenture Debt, Bylaw 413, 2008	3,020,926
Subtotal	7,056,192
Additional Funding Required	1,946,106
Total Project Funding Requirements	\$9,002,298

Project Funding Requirements Options - Internal

❑ **NOT Recommended**

❑ Reasons:

- Limited available internal resources
- Need internal resources to help finance operations each year until tax collections
- Need internal resources to finance capital works as external financing options will not be an option until liability limit is reduced

Project Funding Requirements Options - External

☐ **Recommended**

☐ Reasons:

- Current “all time low” interest rates
- Preserves existing financial position providing options for financing other operating and capital works
- Impact on residents – about \$251 (or \$21/month) additional annual debt servicing costs per taxable parcel over Jan/2010 estimate

Project Funding Requirements Options - External

<i>Estimate for 25 Year Debt Term at 4.13% interest rate</i>	Debt Outstanding	Estimated Annual Debt Servicing (A)	Estimated Annual Parcel Charge (= A/281parcels)
Revised Debt	\$4,967,032	\$324,407	\$1,154
Currently Approved Debt	\$3,020,926	\$197,303	\$702
Additional Debt	1,946,106	127,104	452
	\$4,967,106	\$324,407	\$1,154

Estimates at the time Current Debt was approved by Council (Jan/2010):
\$253,793 debt servicing & **\$903**/parcel (Dec/09 Public Information Bulletin)

Project Funding Requirements

Options - External

Option: Finance for 30 Years instead of 25

□ Impact:

- Annual Debt Servicing \$293,701 (vs. \$324,407 at 25yrs)
- Annual Per Parcel Charge for Servicing \$1,045 (vs. \$1,154 at 25yrs), or \$109/yr less

□ Considerations:

- Liability Limit used up for further 5 years
- Incur greater interest rate risk as debt outstanding longer
- Overall affordability of the Water Project and impact of lower annual parcel cost of \$109 on this assessment
- Will annual costs of \$109 make a difference to resident assessment of the current situation?

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Steps Taken

Steps Taken

- Council has approved:
 - External Financing Option to incur an additional \$1,946,106 long-term debt
 - To pursue options under the *Community Charter* (governing legislation) to amend the existing Debt Bylaw* as quickly as possible
 - Undertaking of a public process to inform the public and address questions asap

* Local Area No1 Establishment & Loan Authorization Bylaw #413, 2008

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Next Steps

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Questions

End of Presentation

