



BRALORNE WASTEWATER TREATMENT SYSTEM UPGRADE:

Project Update – March 6, 2019

What work remains to be completed as part of Phase 2?

- Tie-in of 30 sanitary service connections;
- Construction of 4 sanitary sewer manholes;
- Construction of 400 meters of collection mains;
- Construction of new wastewater treatment plant including septic tanks, biofilters and outfall;
- Decommissioning of the old sewer system, manholes and septic tanks;
- Approval of subdivision by Ministry of Transportation (MOTI);
- Obtaining new discharge permit from Ministry of Environment (MOE) for the new wastewater treatment system.

Update on construction contract and Phase 2 work

Until funding is secured, the SLRD is unable to provide the construction contractor with notice to proceed with Phase 2 work. The construction contractor has agreed to hold pricing in respect of the Phase 2 work until early June 2019 (i.e. to provide time to obtain elector approval of the proposed maximum annual requisition increase) with the exception of having to pass along some of its suppliers and subcontractors increased costs (these increased costs are estimated to be \$10,000). This timing will enable the elector approval process (via Alternative Approval Process) to proceed in respect of the proposed amendment bylaw.

SLRD Staff has identified some ways to reduce costs in respect of the project, including:

1. Removal (or scaling back) of the hydro installation with respect to a backup pumping system for the treatment facility/flow meters – proposed savings of \$32,000; and
2. Removal of re-paving of the provincial roadway rights of ways (in anticipation that the province will not require this to be done as the original condition of the pavement was already in poor shape or at the least will allow this to be done over time or coordinated when a contractor is otherwise going to be in the area) – proposed savings of \$140,000.

Availability of a portion of Phase 1 contingency funds

The construction contractor is due back on site in the next few months to complete some deficiencies in respect of the Phase 1 work. The budget for Phase 1 includes a conservative contingency, much of which is not currently anticipated to be required. Therefore, staff has applied a portion of the Phase 1 contingency funds towards Phase 2 work, which should reduce the overall cost of the project - savings of \$100,000.

Adjustment to the amount of Phase 2 contingency funds

The budget for Phase 2 also contains a conservative contingency. Based on how Phase 1 progressed (i.e. use of a portion of contingency funds has not been required to date) and with the above-noted scope reductions, staff has reduced the Phase 2 contingency funds to reduce the overall cost of the project – savings of \$138,000.

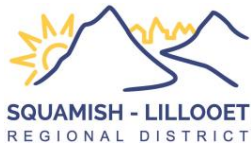
There may also be some additional cost-savings if a full decommissioning of the old sewer system is not undertaken at this time/if this can be deferred until a future time (such potential cost-savings have not been included in the analysis below).

Summary of Proposed Revisions to Total Project Cost	
CURRENT TOTAL PROJECT COST (Phase 1 & Phase 2)	\$2,860,530
Add additional construction contract costs for delay to early June 2019	\$10,000
Delete portion of electrical backup system	(\$32,000)
Delete re-paving (or defer to future years)	(\$140,000)
Delete Phase 1 contingency	(\$100,000)
Delete Phase 2 contingency	(\$138,000)
TOTAL REVISED PROJECT COST (Phase 1 and Phase 2)	\$2,460,530

Revised project cost

Based on the scope reductions and the reductions in the Phase 1 contingency funds and the Phase 2 contingency funds to reduce the overall project cost, the revised cost breakdown of the Phase 1 and Phase 2 work is set out in the table below. This identifies a revised funding shortfall of \$300,000 – please see the blue highlighting below.

REVISED	
PHASE 1 - Funding Source	AMOUNT
Gas Tax Funds (i.e. 85% of total funding of \$1,999,530)	\$1,699,601
Area A Gas Tax Community Works Funds	\$91,000
Bralorne Gold Mine contribution	\$10,000
Bralorne sewer reserve	\$60,000
Delete portion of Phase 1 contingency funds (i.e. freed up to be applied to Phase 2 work)	(\$100,000)
PHASE 1 TOTAL COST	\$1,760,601
PHASE 2 – Funding Source	AMOUNT
Gas Tax Funds (available from freed-up Phase 1 contingency funds)	\$100,000
Gas Tax Funds (i.e. final 15% of total funding of \$1,999,530), <i>subject to completion by December 31, 2019 deadline</i>	\$299,929
Maximum Short-Term Loan (repaid via increase to parcel tax requisition for a period of 5 years)	\$300,000
PHASE 2 TOTAL COST	\$699,929
TOTAL REVISED PROJECT COST/FUNDING (PHASE 1 and PHASE 2)	\$2,460,530



Short-Term Loan

Following a failed assent vote, the Local Government Act does not allow the Board to consider another long-term loan for the same purpose within a period of 6 months.

Therefore, the SLRD is now in the process of seeking approval from the Inspector of Municipalities to proceed with an Alternate Approval Process (AAP) to obtain elector approval of the proposed bylaw amendment (this is needed to increase the maximum annual requisition to cover the debt servicing associated with the short-term loan of \$300,000).

Short-Term Loan and Use of PILT Funds

A short-term loan of \$300,000 with an assumed interest rate of 2.97% has debt servicing costs of approximately \$68,100 in the first year, rounded up to \$69,000; this amount will reduce each year as the debt is paid down. This is approximately \$726 per parcel (and when including the 5.25% provincial fee, this is \$765 per parcel).

If the proposed bylaw amendment is adopted, the Electoral Area A Director and the Board have agreed to provide Area A Northern Area BC Hydro Payment in Lieu of Taxes Funds Reserves (PILT Funds) to be applied towards reducing the debt servicing.

PILT Funds of \$20,000 per year for 5 years (total of \$100,000 over 5 years) to be applied against the annual debt servicing costs (i.e. \$69,000 - \$20,000 = \$49,000) will reduce the amount to be paid by the 95 taxable parcels in the Bralorne sewer service area.

A contribution of PILT Funds of \$20,000 per year for 5 years would reduce the debt servicing costs of a \$300,000 loan to approximately \$49,000, which is \$516 per parcel (and when including the 5.25% provincial fee is approximately \$543 per parcel).

	With no PILT Funds applied to debt servicing costs	With \$20,000 annual PILT Funds applied to debt servicing costs
Increase to the existing requisition amount	\$69,000	\$49,000
Increase per parcel before the 5.25% provincial fee	\$727	\$516
Increase per parcel inclusive of the 5.25% provincial fee	\$766	\$543

The above table only shows the *increase per parcel required in order to service the loan of \$300,000.*

The table below shows *the total payable per parcel based on the existing maximum requisition amount of \$31,250 plus the amount required to service the new loan.*

	With no PILT Funds applied to debt servicing costs	With \$20,000 annual PILT Funds applied to debt servicing costs
New annual maximum requisition amount	\$100,250 (\$31,250 + \$69,000)	\$80,250 (\$31,250 + \$49,000)

New annual maximum requisition amount - inclusive of provincial fee	\$105,513	\$84,463
New annual maximum requisition amount per parcel - inclusive of provincial fee	\$1,111 For Five Years	\$889 For Five Years

Please note that after 5 years, while the loan will have been paid off and there will be no further debt servicing of this loan, the amount per parcel should revert back close to the previous amount of \$346/year, plus amounts to account for inflation.

Proposed Service Establishment Amendment Bylaw

The bylaw currently has a maximum annual requisition amount (via parcel tax) of \$31,250 (\$346 per parcel inclusive of the 5.25% provincial fee).

To be able to requisition for the associated debt servicing costs of the short-term loan, a service establishment bylaw amendment is required to increase the maximum annual requisition accordingly. The loan will be paid off in 5 years (as opposed to 30 years) and then the amount requisitioned per parcel should revert back close to the previous amount of \$346/year per parcel, plus amounts to account for inflation.

The proposed amendment bylaw would increase the maximum requisition amount by \$49,000 (from \$31,250 to \$80,250) in order to be able to requisition for the debt servicing costs associated with the short-term loan and requires elector approval, via an Alternative Approval Process.

Community Engagement Process

The table below illustrates the differences between the current bylaw, the proposed bylaw amendment that failed to obtain elector approval in January 2019, and the proposed amendment bylaw No. 1614 (please note that the proposed amendment bylaw No. 1614 is based on a loan of \$300,000 with PILT funding to assist in the payment of debt servicing costs):

	Current Bylaw No. 585	Bylaw No. 1574 (<i>that failed to receive elector approval</i>)	Proposed Bylaw No. 1614 (<i>with PILT Funds applied</i>)
Maximum annual requisition amount	\$31,250	\$70,000	\$80,250
Maximum annual requisition amount per parcel - inclusive of provincial fee	\$346	\$776* * <i>Would have been for 30 years</i>	\$889* * <i>Would be for 5 years</i>

The Area A Director has started meeting with residents and community groups to discuss the importance to the Bralorne community that Phase 2 construction is able to be completed so that Bralorne has a fully functioning system and receives the full amount of grant funding.



Information Report – Bralorne Sewer System Upgrades – Construction

There will be letters mailed out to property owners directing them to the SLRD website for more information regarding the Alternative Approval Process.

There will be a community information meeting in the Bralorne/Gold Bridge area and a community meeting via conference call where residents and non-residents can call in with questions.

For additional information regarding this project, visit: www.slrld.bc.ca/BralorneSewer or contact Ed Witwicki, Senior Engineering Technologist at ewitwicki@slrd.bc.ca or 1-800-298-7753