

Excerpt from the Minutes of the Regular Council Meeting held Monday, June 28th, 2010:

2. Knarston Creek Overflow Project – **MOVED** Councillor D. Haime, **SECONDED** Councillor Negrave that Council reconsider the District's portion of its contribution to the Knarston Creek Overflow Project to reflect a total contribution amount of \$176,800 (initial contribution \$106,800 + \$70,000 = \$176,800) to facilitate construction of the Knarston Creek Overflow Project with said monies to come from a combination of the following funding sources: \$34,000 from general revenue and \$36,000 from prior year surplus.

Members of Council commented that:

- In future years we may want to utilize funds from the Community Works Fund and DCCs for projects such as trails.
- They feel some monies should be taken from Storm Sewer DCCs.
- They are concerned that Council is paying for an increase when we said we would not.
- Because of in-stream works and our requirement to meet the Fisheries Window there is not enough time to go through another LAS process so the District needs to contribute the extra monies in order for the project to proceed.

MOVED Councillor Negrave, **SECONDED** Councillor Dempsey that Council amend the funding formula for the District's portion of its contribution to the Knarston Creek Overflow Project as follows: \$34,000 from general revenue; \$10,000 from prior year surplus; and \$26,000 from Storm Drainage Development Cost Charges.

Members of Council asked if this would deplete the Storm Drainage DCC monies. T. Graff advised that it would.

CARRIED

The question was called on the original motion as amended.

CARRIED

MOVED Councillor Negrave, **SECONDED** Councillor Dempsey that Council award the Knarston Creek Storm Sewer Bypass Project to Milner Group Ventures Inc., for the construction of the works associated with the Knarston Creek Overflow Project in the amount of \$814,829.40 (the works) plus \$97,779.53 (HST) for a total contract value of \$912,608.93 subject to receipt of the necessary permits (Water Licence; Section 9 Permit; and Letter of Authorization/Approval).

Members of Council commented that:

- They heard of a similar situation where the municipality dammed the water.
- They would like Council to think about their approach to the project as well as funding. It was a learning curve.
- We are eligible to have a portion of our HST rebated.
- We are now paying a higher percentage for 21 properties in the District who purchased in a known floodplain and the rest of the community is paying for it.

Councillor Griffey requested a recorded vote.

In Favour

Councillor Bratkowski
Councillor Dempsey
Councillor D. Haime
Councillor Parkhurst
Councillor Negrave

Opposed

Mayor Haime
Councillor Griffey

CARRIED

District of Lantzville

REPORT TO COUNCIL

Regular Council Agenda Item
June 28th, 2010

5320-20-KC
File: 1050-20-KC
G: Reports/10/Knarston_June 28

AUTHOR: Twyla Graff, Chief Administrative Officer

SUBJECT: Knarston Creek Overflow Project

1. Tender Results; and
2. Contemplation of Additional Funding

Recommendations:

1. **THAT** Council reconsider the District's portion of its contribution to the Knarston Creek Overflow Project to reflect a total contribution amount of \$176,800 (initial contribution \$106,800 + \$70,000 = \$176,800) to facilitate construction of the Knarston Creek Overflow Project with said monies to come from one or a combination of the following funding sources
 - i) 2010 general revenue (\$34,000 available);
 - ii) Prior year surplus' (\$70,000 available as a result of prior years' operating surpluses);
 - iii) Community Works Fund (current balance \$393,000 w/\$150,000 expected in 2010);
 - iv) Development Cost Charges (storm drainage – approx. \$26,000 available).
2. **THAT** Council award the Knarston Creek Storm Sewer Bypass Project to Milner Group Ventures Inc., for the construction of the works associated with the Knarston Creek Overflow Project in the amount of \$814,829.40 (the works) plus \$97,779.53 (HST) for a total contract value of \$912,608.93 subject to receipt of the necessary permits (Water Licence; Section 9 Permit; and Letter of Authorization/Approval).

Alternatives:

1. **THAT** Council direct staff to abandon the project and advise the Province of British Columbia that the District wishes to return the \$400,000 obtained from the Towns for Tomorrow funding program.

Purpose:

To provide Council with results pertaining to the District's invitation to tender the Knarston Creek Overflow Project.

Background:

Since the District was advised of its success in our application for funding from the Province of British Columbia under the Towns for Tomorrow Program, members of Council have received a variety of staff reports, hosted public information meetings, established a 'working group', conducted a Special Meeting of Council, authorized additional studies associated with these works in addition to establishing a cost sharing formula with the 21 property owners contributing through the establishment of an LAS.

At Council's Regular Meeting held Monday, April 26th, 2010, Council authorized staff to proceed with invitations to tender the project. Results of the tendering process are identified in the Discussion of this report.

Discussion

In a report to Council dated April 26th, 2010, Council, by resolution authorized staff to proceed with invitations to tender the Knarston Creek Overflow Project. Tenders for the works were opened in public at the Parksville office of Koers & Associates Engineering Ltd., on Thursday, June 10th, 2010. Five tenders were received from the seven general contractors that took out tender documents with the following results (all results exclude HST):

| | | | |
|----|---------------------------------|--------------|----------|
| 1. | Milner Group Ventures Inc. | \$814,829.40 | 72 days |
| 2. | Fournier Excavating Ltd. | \$834,708.00 | 90 days |
| 3. | Knappett Industries (2006) Ltd. | \$843,091.70 | 100 days |
| 4. | Windley Contracting Ltd. | \$848,300.00 | 150 days |
| 5. | Copcan Construction Ltd. | \$901,981.10 | 80 days |

The lowest tender is from Milner Group Ventures Inc., who is based in Nanaimo. Milner is a local contractor with experience in the Central Vancouver Island Area. The stated completion period of 72 days is the lowest of the bids received, and considered possible for the scope of work if approvals to work within the creek are obtained in a timely fashion and material delivery is not delayed.

Two tender submissions identified construction alternatives and Council will recall that at their Regular Meeting held June 14th, 2010, Council authorized staff to spend additional monies in reviewing the tender submissions received specifically, Milner Group Ventures Inc., and Knappett Industries (2006) Ltd., as these two companies identified construction alternatives within their tenders which, if supported, would have a significant impact (reduction) on the overall costs of the project.

This review has concluded and it was determined that Milner's construction alternative would be inadequate to convey the design storm event and therefore, our engineers do not recommend acceptance. Further, while Knappett's construction alternative was found to be adequate to convey the design storm event their alternative would create other associated costs which were not identified. Unfortunately due to the additional costs not being identified the District cannot legally entertain Knappett's proposed alternatives without compromising the tendering process. (Note: Knappett's construction alternatives were still above Council's maximum allocation to this project \$760,000).

Given the tender results Council is being asked to contemplate additional funding to this project prior to awarding the tender to the low bidder Milner Group Ventures Inc. Further, while the tenders include a \$40,000 contingency allowance and a \$35,000 cash allowance (\$75,000), these monies have been identified for any unforeseen archaeological impacts and environmental mitigation measures that are expected due to the workings in the creek.

Further, we still await confirmation of our Water Licence; Section 9 Permit and the necessary approvals from Department of Fisheries and Oceans however, staff, including our engineers, continue to communicate with the relevant parties and staff are very confident that the necessary permits/approvals will be granted shortly.

Financial Implications

The financial implications associated with this initiative are identified in the "District of Lantzville Financial Plan Bylaw No. 81, 2010" in the amount of \$760,000 as follows:

- \$400,000 – Towns for Tomorrow Grant Funding
- \$253,200 – annual parcel tax of \$976 (20 yrs.) from 21 properties identified in the LAS
- \$106,800 – combination of Drainage DCCs; Community Works Fund and general surplus

The cost estimate for the recommended tender, including non-rebatable HST, is approximately \$830,000. The \$70,000 difference must be funded by the District given that the maximum funding available from residents of the LAS is \$253,200. With the additional \$70,000 required to facilitate this project, the District's share of the capital cost of this project would need to reflect a total amount of \$176,800.

The following sources of funds are available for Council's consideration in funding the additional amount:

1. **Current year general revenue** - included in the 2010 financial plan was an operating surplus of approximately \$34,000, some of which could be allocated to this project.
2. **Prior years' accumulated operating surplus** – the District has funds available as a result of prior years' operating surpluses. Council could choose to carry forward an amount from this balance.
3. **Community Works Fund** – current balance of \$393,000 with approx. \$357,000 remaining after the withdrawal of the \$36,800 above. Further, the District expects to receive approx. \$150,000 in 2010.
4. **Drainage DCC's** – approximately \$26,500 will be remaining after the \$10,000 withdrawal already allocated to this project.

If Council chooses to accept the recommendations in this report, amendments will be required to "District of Lantzville Financial Plan Bylaw No. 81, 2010" to reflect the additional funding amounts for this project.

Summary


The District of Lantzville applied for funding that would provide for financial assistance to those property owners who experience extreme flooding as a result of a combination of Knarston Creek overflowing and high tides (during extreme weather events). Council did approve \$106,800 in additional funding subject to remaining monies (\$253,160) to be raised by an annual parcel tax applicable to twenty-one (21) property owners identified in the LAS.

The LAS on Council initiative – subject to petition against concluded on Wednesday, April 7th, 2010 and seven (7) valid petitions were received. This number failed to meet the required 50% and therefore, Council may proceed with establishment of the LAS and has done so by giving three readings to “District of Lantzville Knarston Creek Overflow Local Area Service Bylaw No. 82, 2010”. Given that this bylaw imposes a parcel tax for the first time, Council cannot give final reading (adoption) of the bylaw until those affected by the new tax has been authenticated by the Parcel Tax Roll Review Panel (April 2011). In addition, staff will likely request that Council rescind third reading of the bylaw and give a new third reading as amended should Council elect to allocate additional monies to this project and proceed with same as the bylaw in its current state reflects a total cost of \$760,000.

In order to facilitate construction of this initiative Council is being asked to consider allocating additional monies to this project given the tender results as the District is not in a position to conduct a second LAS subject to petition against due to a variety of time constraints (e.g., Fisheries window, custom order of the box culvert).

Staff are requesting Council to consider the recommendations outlined in this report.

Respectfully submitted



Twyla Graff
Chief Administrative Officer
District of Lantzville

**DISTRICT OF LANTZVILLE
BYLAW NO. 82, 2010**

A BYLAW TO ESTABLISH A LOCAL AREA SERVICE WITHIN THE DISTRICT OF LANTZVILLE FOR THE PURPOSE OF ESTABLISHING, CONSTRUCTING, OPERATING, AND MAINTAINING A LOCAL SERVICE FOR THE PURPOSE OF MANAGING FLOWS AND ENHANCING DRAINAGE IN THE KNARSTON CREEK FLOODPLAIN

WHEREAS the Council of the District of Lantzville may, by bylaw, establish and operate a local area service under the provisions of Section 210 of the *Community Charter*;

AND WHEREAS Section 211 of the *Community Charter*, states that a Council must adopt a bylaw to establish a local area service and its cost recovery;

NOW THEREFORE BE IT RESOLVED that the Council of the District of Lantzville in open meeting assembled enacts as follows:

1. There shall be and is hereby established a local area service under the provisions of Section 211 of the *Community Charter* to be known as "District of Lantzville Knarston Creek Overflow".
2. The boundaries of the District of Lantzville Knarston Creek Overflow Local Area Service shall be as shown outlined in heavy black line on Schedule 'A' attached to and forming part of this bylaw.
3. Cost recovery of approximately Seven Hundred and Sixty Thousand Dollars (\$760,000) shall be as follows:
 - (a) \$400,000 - Towns for Tomorrow (provincial grant funding)
 - (b) \$253,200 - annual parcel tax of Nine Hundred and Seventy-six Dollars (\$976) for a period of twenty (20) years; and
 - (c) \$106,800 – Combination of Drainage DCCs; Community Works Funds; Surplus Funds
4. This Bylaw may be cited as "District of Lantzville Knarston Creek Overflow Local Area Service Bylaw No. 82, 2010".

READ A FIRST TIME this 22nd day of February, 2010.

READ A SECOND TIME this 22nd day of February, 2010.

READ A THIRD TIME this 22nd day of February, 2010.

AUTHENTICATED BY THE PARCEL TAX ROLL REVIEW PANEL this day of , 2011.

RECONSIDERED AND FINALLY ADOPTED this day of , 2011.

Mayor

Director of Corporate Administration

I hereby certify that the above is a true and correct copy of "District of Lantzville Knarston Creek Overflow Local Area Service Bylaw No. 82, 2010" as adopted by Council of the District of Lantzville on the day of , 2010.

Director of Corporate Administration

