



Agenda No: 6.1

Mtg. Date: Dec 7/15

## Regional Board Report

**TO:** Regional Board  
**FROM:** Marilyn Rilkoff  
Director of Finance & Administrative Services  
**DATE:** November 30<sup>th</sup>, 2015  
**SUBJECT:** Board Approval for 1Q 2016 Capital Project Spend

Prepared by: Andy Brennan, Purchasing Manager

**Purpose:**

To seek the Regional Board's approval to issue RFPs/Tenders and make Capital Expenditure commitments in 1Q 2016 (ahead of the 2016 budget approval) for projects which are included in the current approved 5 year Capital Plan.

**Executive Summary:**

In January 2014, the Board directed the following via Board Resolution #19/14:

"THAT staff be directed to review further the draft Q1 purchasing commitments and expenditure policy to include consideration by the Board in the last quarter of the year, for the projects identified for early expenditure during the first quarter of the following year."

In accordance with this, and under the same process as last year, staff are now making this request for Capital Project expenditure in 1Q 2016 for the projects detailed.

**RECOMMENDATION:**

THAT the Regional Board approve the Capital Projects listed under Categories 2, 3 and 4 for commitment / expenditure in 1Q 2016, ahead of the 2016 Budget approval.

AND FURTHER THAT the Regional Board receives, for information, the report on projects listed in Category 1, which were budgeted in 2015 and will be continuing into 2016.

Respectfully Submitted:

Marilyn Rilkoff  
Director of Finance & Administrative Services

Approved for Board's Consideration

  
Brian Reardon, CAO

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### **Implications of Recommendation:**

Strategic Plan: Supports Sustainability and Growth Management

Policy: Board Resolution #19/14

Legal/Statutory Authority:

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### **Background:**

In January 2014, staff requested the Board to approve some expenditure on Capital Projects to occur in the first quarter of 2014 (before 2014 budget approval in late March). These projects were already in the 5-year Capital Plan approved by the Board. In providing that approval, it was agreed with the Board, that this request would be made each year in the fall, for expenditure in 1Q of the following year, via Board Resolution #19/14:

“THAT staff be directed to review further the draft Q1 purchasing commitments and expenditure policy to include consideration by the Board in the last quarter of the year, for the projects identified for early expenditure during the first quarter of the following year.”

In accordance with this, and under the same process as last year, staff are now making this request for Capital Project expenditure in 1Q 2016 for the projects detailed. In this report, such projects are listed under 4 categories for clarity:

- **Category 1 - Project Started in 2015 and Continuing into 2016:** Projects which were budgeted and commenced or committed in 2015, but will have expenditure carrying-over into early 2016. These are provided as information only, and do not require Board approval as the funds were already approved and committed in 2015.
- **Category 2 - Project Not Started - Complete Carryover to 2016:** Projects which were budgeted and approved in 2015, but did not commence. In this case, the 2015 capital budget item will carry over into 2016, with commitment/expenditure requested for 1Q2016.
- **Category 3 – 2016 Planned Projects To Commence in 1Q2016:** Projects which are included in the current 5 year capital plan, where there is a good reason to run a competitive purchasing process and commit to the expenditure in 1Q2016 (ahead of 2016 Budget Approval).
- **Category 4 – Unplanned Emergent Work:** Capital projects which were not included in the current 5 year capital plan, where an emergent situation has occurred requiring staff to make this purchase in 1Q2016 (ahead of 2016 Budget Approval).

**Expenditures / Commitments For Board Approval:**

In accordance with the categories above, the following is provided for the Board's review and approval (where requested):

- **Category 1 - Project Started in 2015 and Continuing into 2016:** Projects which were budgeted and commenced or committed in 2015, but will have expenditure carrying-over into early 2016. These are provided as information only, and do not require Board approval as the funds were already approved and committed in 2015.

<b>Project Name:</b>	<b>Cost Centre:</b>	<b>Budget Being Carried into 2016:</b>	<b>Reason for Continuation into 2016:</b>
Equalization Tank Cover at Westside Regional Wastewater Treatment Plant (WWTP)	401	\$90,000	A discount of 9.3% was negotiated with the supplier as part of the RFP process, in return for delaying the work to 1Q and thus avoiding the busier fall period. Contract commitment was made in 2015, but work will be completed in Q12016.
Westshore Estates Community Park Water Fountain Install	143	\$4,060	Water fountain purchased in Q42015, requires installation in Q12016 ready for spring.
WWTP SCADA System Hardware & Software Upgrades	401	\$50,000	Delta V Purchase to be made at end of Q42015. Lead time means delivery and invoice will occur in 1Q2016
Chairs for Woodhaven Boardroom	002	\$13,000	Chair purchase to be made at end of Q42015. Lead time means delivery and invoice will occur in 1Q2016.
Mission Creek Greenway Phase 3a Creekside Trail Project	142	\$10,150	Remaining section of Mission Creek Greenway Phase 3a trail project. This portion cannot be completed until 1Q 2016 due to winter weather.
<b>TOTAL:</b>		<b>\$167,210</b>	

- **Category 2 - Project Not Started - Complete Carryover to 2016:** Projects which were budgeted and approved in 2015, but did not commence. In this case, the 2015 capital budget item will carry over into 2016, with commitment/expenditure requested for 1Q2016.

<b>Project Name:</b>	<b>Cost Centre:</b>	<b>Project Budget:</b>	<b>Reason for Carryover to 2016:</b>
Joe Rich Fire Halls Water Systems & Falconridge Water Intake Improvements	022, 303	022 = \$469,705 303 = \$77,875	Invitation to Tender for the Joe Rich Fire Halls Water Systems portion was completed in 2015, but all bids were over budget. Staff plan to issue again in 1Q ahead of the busier spring/summer period in order to reduce cost impacts of the busy construction market. Project is also combined with nearby Falconridge Water Intake improvement in order to reduce costs through economies of scale.
Goats Peak Trail & Entrance Project	142	\$71,753	Project delayed to provide more time to work with Westbank First Nation on cultural sites.
Goats Peak Entrance Project	142	\$31,600	Project delayed to provide more time to work with Westbank First Nation on cultural sites.
Goats Peak Habitat & Restoration Project	142	\$117,003	Project delayed to early 2016. This project will be completed by the Ministry of Forests Lands & Natural Resource Operations.
Mission Creek Greenway Interpretation Panel Upgrade	142	\$15,225	Not completed in 2015. Wish to complete before spring 2016.
KLO Creek Trail Infrastructure Design	142	\$5,000	Not completed in 2015. Wish to complete in 1Q ready for construction in summer 2016.
Glen Canyon Parking Lot Design (Brown Road Trailhead)	142	\$5,000	Not completed in 2015. Wish to complete in 1Q ready for construction in summer 2016.
Security System for WWTP	401	\$37,100	Budgeted for 2015, wish to complete as early as possible in 2016.
CRM Software for Economic Development Commission	120	\$20,050 (note: this amount is subject to a separate budget amendment brought to Board on Dec 7 <sup>th</sup> seeking transfer of funds from Operating to Capital)	Software requires upgrade in 1Q.
Joe Rich Water Treatment Equipment	022	\$10,000	Delayed to 1Q while Interior Health amends the technical requirements.
<b>TOTAL FOR COMMITMENT / EXPENDITURE IN 1Q2016:</b>		<b>\$860,311</b>	

- **Category 3 – 2016 Planned Projects To Commence in 1Q2016:** Projects which are included in the current 5 year capital plan, where there is a good reason to run a competitive purchasing process and commit to the expenditure in 1Q2016 (ahead of 2016 Budget Approval).

Project Name:	Cost Centre:	Project Budget:	Reason to commence in 1Q2016
Westshore and Killiney Water Systems Reservoir Construction	307, 301	307= \$848,000 (approved for 2016 in budget amending bylaw #1380)  301= \$2,873,660 (approved for 2016 in budget amending bylaw #1379)	The current construction market is very busy, causing cost inflation and capacity issues. By commencing the Invitation to Tender process in early 1Q, staff aim to secure a contractor ahead of the busier spring/summer period. Staff have also combined these two reservoir projects into one Invitation to Tender, in order to reduce costs through economies of scale.
Fire Department Equipment (Turnout Gear, SCBA, Pagers & Radios, Equipment)	021, 022, 023, 024	021 = \$24,060 022 = \$23,058 023 = \$23,058 024 = \$23,058	Part of annual equipment renewal plan. Need to allow time for quote process and delivery. Commencing in 1Q ensures equipment is ready for start of peak fire season.
Water Treatment Pumps at Casa Loma	470	\$127,200	Long lead time item requires RFP process to commence in 1Q.
Truck for Dog Control	046	\$37,100	Current dog control truck in urgent need of replacement.
<b>TOTAL FOR COMMITMENT / EXPENDITURE IN 1Q2016:</b>		<b>\$3,979,194</b>	

- **Category 4 – Unplanned Emergent Work:** Capital projects which were not included in the current 5 year capital plan, where an emergent situation has occurred requiring staff to make this purchase in 1Q2016 (ahead of 2016 Budget Approval).

Project Name:	Cost Centre:	Project Budget:	Reason to commence in 1Q2016
Transformer – WWTP	401	\$37,100	WWTP transformer failed. Currently have a transformer in-place as an interim measure, but this does not meet long term plant requirements and so needs replacing as early as possible.

**Financial Implications:**

Items in Categories 1 – 2 are already in the 2015 Budget.

Items in Category 3 are reflected in the Financial Plan as proposed expenditures for 2016.

The Category 4 item would be an additional cost not previously reflected in the 2016 Financial Plan. The WWTP partners would be required to pay the additional costs to increase the transfer of funds to Capital in order to fund this project. The percentage will be based on the flow percentage splits used for the 2016 budget. In 2015, the percentage splits were as follows: City of West Kelowna = 75% (\$27,825), Westbank First Nation = 16.9% (\$6,270), District of Peachland = 8.1% (\$3,005).

**Alternative Resolution:**

All or some projects listed under Categories 2, 3 and 4 above could be delayed to be re-approved as part of the 2016 Budget Process, as no purchase commitment has been made.