



Regional Board Report

Request for Decision

Approved for Board Consideration

A handwritten signature in black ink that reads "Brian Reardon".

Brian Reardon, CAO

To: Regional Board

From: David Komaika, Director of Engineering Services

Date: June 27, 2022

Subject: Sunset Ranch Water System – Emergent Capital Works – Financial Plan Amendment

Voting Entitlement: *All Directors – Weighted Corporate Vote – Majority (LGA s.210)*

Purpose: To consider an amendment to the 2022-2027 Financial Plan to support the timely repair of a supply well for the Sunset Ranch Water System.

Executive Summary:

The RDCO regularly completes inspections of all water systems to ensure continuous supply of drinking water for our various water customers. During a recent inspection of the Sunset Ranch Water System a vibration was observed in one of the two supply wells.

A detailed investigation completed by a third party indicates that the pump is beyond repair and that the well casing is heavily corroded. Cost to return the well to operation, with recommended upgrades, is approximately \$100,500 and includes the reuse of all in-spec equipment that meets manufacturer tolerances.

As the recommended upgrades/repairs exceed the available maintenance budget for the utility, staff is recommending the pump be replaced, and further, that the well casing is upgraded to improve water quality and extend the useful life of the well. Should the board support this upgrade, an amendment to the 2022 Capital Expenses would be required as noted in the recommendation for consideration.

Recommendation(s):

THAT the 2022-2027 Financial Plan be amended to add \$100,500 to 2022 Capital Expenditures, increasing the value from \$10,300 to \$110,800 for the year 2022.

AND THAT the 2022-2027 Financial Plan be amended to add \$100,500 to 2022 Capital Revenue, funded from the Equipment Replacement Reserve, increasing the value from \$10,300 to \$110,800 for the year 2022.

AND FURTHER THAT the Board approve the sole source procurement of replacement and repair work from Mearl's Machine Works Ltd. for the Sunset Ranch Water System well repair project not to exceed \$100,500.

Respectfully Submitted:



David Komaika, Director of Engineering Services

Prepared by: Travis Kendel, Manager of Engineering Services

Attachment(s): None

Strategic Plan Alignment:

Priorities: Environment, Sustainable Communities

Values: Transparency, Resiliency

Background:

Sunset Ranch is serviced by two high-capacity water wells. In early June of this year, during a routine inspection, RDCO Utility Operators identified a significant vibration occurring in one of two well pumps supplying the water system. Work was immediately initiated to pull and inspect the pump, casing, and motor to ensure continuity of water supply for Sunset Ranch. Significant corrosion was identified, and this limited the potential for well equipment to be reinstalled.

A detailed inspection and tear down of the equipment was completed by a 3rd party to confirm required repairs and estimate repair necessary repair expense.

The minimum cost to return the well to service and correct the vibration is approximately \$58,500. To prevent against future erosion and remove corrosion/scale within the well, additional upgrades to the well are recommended (stainless casing and well cleaning) for a total of approximately \$100,500. This includes the reuse of all in-spec equipment that meets manufacturer tolerances.

Summary of Expenses (including taxes and Engineering overhead):

Basic repair and return to service:	\$58,500
Recommended optional/additional work:	
Extra: Cleaning of well to remove corrosion and scale:	+\$33,000
Extra: Upgrade to corrosion resistant materials:	+\$9,000
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Total Project Cost:	\$100,500

The pump motor is well within manufacturer's specifications and should continue to function normally until the next preventative maintenance check in approximately 5 years. Replacement with new pump is likely not required and is not included in the recommendation.

Cleaning of the well and upgrading to corrosion resistant materials will decrease future maintenance costs, support high quality drinking water, and are included within the recommendation.

Considerations:**Financial:**

The budget amendment will ensure that the water service to the Sunset Ranch Community remains uninterrupted. The required funding for the repairs is available in the Sunset Ranch Water Service - Capital Reserves, which currently have a balance of \$268,000.

Alternate Recommendation:**To undertake only baseline repairs:**

THAT the 2022-2027 Financial Plan be amended to add \$58,500 to 2022 Capital Expenses, increasing the value from \$10,300 to \$68,800 for the year 2022.

AND THAT the 2022-2027 Financial Plan be amended to add \$58,500 to 2022 Capital Revenue, funded from the Capital Facilities Reserve, increasing the value from \$0 to \$58,500 for the year 2022.

Considerations not applicable:

- Legal/Statutory Authority
 - Organizational/External:
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