

**RESORT MUNICIPALITY OF WHISTLER**

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STAFF REPORT TO COUNCIL

PRESENTED: July 5, 2022
FROM: Capital Projects
SUBJECT: WHITE GOLD UTILITY UNDERGROUNDING PROJECT – PROJECT UPDATE

REPORT: 22-099
FILE: T07801

RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

That the recommendation of the General Manager of Infrastructure Services be endorsed.

RECOMMENDATION

That Council direct staff to cancel the White Gold Utility Undergrounding Project due to the total estimated project cost exceeding the local area service petition estimated value by more than 5%.

PURPOSE OF REPORT

The purpose of this report is to provide Council with an update on the White Gold Utility Undergrounding Project (White Gold Project), and to recommend that Council cancel the White Gold Utility Undergrounding Project on the basis of the revised estimated cost of this project.

☐ Information Report ☒ Administrative Report (Decision or Direction)

DISCUSSION

Background

The Resort Municipality of Whistler (RMOW) received a letter dated September 5, 2019 from a majority of the property owners in the White Gold subdivision. The letter requested that a formal petition process be undertaken to determine support for a project to underground all overhead utilities (BC Hydro, Shaw and Telus) in the White Gold subdivision.

On November 19, 2019 Council directed staff that pending a successful outcome of the 2019/2020 local area service petition for the undergrounding of the utility services in the White Gold subdivision, the RMOW would fund the portion of the total project costs not covered by the BC Hydro Beautification Grant through a Local Area Service Tax payable over time, by all parcels located within the White Gold subdivision.

On February 19, 2020 the project received notice that the application for the BC Hydro Beautification Grant was approved for up to \$1,236,566 for the White Gold Project. The RMOW then contracted project management and engineering services from C. Boehringer & Associates to develop a preliminary cost estimate, coordinate the service area petition process, provide ongoing home-owner

consultation and engagement, and to work with the utility providers to develop a coordinated preliminary design and cost estimate.

On August 4, 2020 the RMOW petitioned the White Gold neighborhood with a maximum project upset limit of \$5,520,075. The petition results were in favor of the project with 59% of the properties located in the local service area voting in favor of the project. The petition received a certificate of sufficiency from the RMOW's Corporate Officer on October 26, 2020.

On December 1, 2020 Council directed staff to proceed with the White Gold Project, including the next steps of detailed design and construction, and to prepare a local service area bylaw that would enable the relocation of overhead utility services in the White Gold neighborhood, and prepare a loan authorization (White Gold Utility Undergrounding) Bylaw required for funding this project.

From February 2021 to April 2022 C. Boehringer & Associates worked with the Utilities (BC Hydro, Shaw, and Telus), to review and approve the final design, and prepare detailed cost estimates for the work. This was a lengthy process as the utilities involved appeared to have limited resources to allocate to advancing this project.

Almost all the major costs for the White Gold Project were well known in the first quarter of 2022, but the cost of installing the required civil works (underground conduit, concrete transformer pads, some new poles, and landscape restoration) was still a high level estimate with an associated contingency. Based on previous work in this neighbourhood, and up-to-date costs for similar work being done in other parts of Whistler, it was hoped that tendering the civil works would result in a known price that would fit within the existing maximum project cost limit (the amount defined in the petition). The total estimated projects costs are shown in Table 2 of the Budget Considerations sections of this report.

Analysis

TENDER RESULTS

The Invitation to Tender for the White Gold Utility Underground Project – Civil Works was sent to the 24 qualified vendors that were successful in the December 2020-2021 Request for Statement of Qualifications process. The tender was advertised publically between April 29 and June 13, 2022. One non-mandatory pre-tender site meeting was held on November 1, 2021.

The procurement process resulted in two tenders submitted to complete the work. Both bidders are qualified to complete this type of work. All costs stated in this discussion and] subsequent sections are exclusive of GST. The results from the two bidders are listed in Table 1 – Tenderers Submissions.

Table 1 – Tenderers Submissions

TENDERERS		TOTAL PRICE (EXCLUDING GST)	PERCENT OVER/UNDER ENGINEER'S ESTIMATE
1	Drake Excavating (2016) Ltd.	\$ 5,482,045	+ 75%
2	Ponte Bros. Contracting Ltd.	\$ 6,345,195	+ 102%
	Engineer's Estimate (PBX Engineering)	\$ 3,138,333	

POLICY CONSIDERATIONS

Relevant Council Authority/Previous Decisions

[November 19, 2019: Administrative Report No.19-151](#) (pp. 105-196)

[November 3, 2020: Administrative Report No. 20-111](#)

[December 1, 2020: Administrative Report No. 20-120](#)

Corporate Plan

Council Focus Areas

- ☐ Community Balance
*Effectively **balance resort and community needs** through deliberate planning, partnerships and investment*
- ☐ Climate Action
*Provide leadership to **accelerate climate action and environmental performance** across the community*
- ☐ Housing
*Advance strategic and innovative initiatives to enable and **deliver additional employee housing***
- ☐ Pandemic Recovery
*Leadership and support for **community and tourism recovery and sustainability** – priority focuses are where recovery needs intersect with other Council focus areas*
- ☒ Not Applicable

Corporate Goals

- ☒ Community character and mountain culture is reflected in municipal initiatives
- ☐ Municipal decision-making supports the effective stewardship of natural assets and ecological function
- ☒ Corporate policies and operations ensure continuous excellence in infrastructure, facility and program management
- ☒ A high level of accountability, transparency and community engagement is maintained
- ☐ Corporate financial health is optimized to ensure long-term community success
- ☐ A vibrant local economy and safe, resilient resort community is effectively reinforced by organizational activities
- ☐ Pandemic recovery

Community Vision and Official Community Plan (OCP)

Goals, Objectives and Policies

Goal 6.1 of the Economic Viability section of Whistler's OCP is to provide effective and appropriate municipal infrastructure (including facilities and amenities) that minimizes taxpayer costs, and consider allocating the value of infrastructure replacement to future users. This goal is supported by Policy 6.1.1.4. to rationalize and prioritize capital investments that have the greatest impact on maintaining the resort community and its appeal to visitors and residents. While this project does not directly involve municipal infrastructure, the recent rapid increases in construction costs have had a significant effect on the cost estimate for this project, pushing the cost estimate well past the maximum value established in the petition for this service.

Goal 12.4 of the OCP is to ensure Whistler is adequately serviced with telecommunications and energy services in a way that minimizes environmental and resort community impacts. This goal is supported by Policy 12.4.1.4. to recover costs from energy and telecommunications providers taking into consideration actual ongoing costs to the municipality to ensure that telecommunications providers install, maintain, operate and renew their infrastructure within public lands. While this project would be an opportunity to progress on Goal 12.4, this must be balanced against the current cost estimate that is 67% higher than the initial estimate.

BUDGET CONSIDERATIONS

The current approved budget for the White Gold Utility Undergrounding Project is shown below in Table 1 – Total Project Budget.

Table 1 – Total Project Budget

2022	2023	2024	2025	2026
\$ 4,220,075	\$400,000	\$0	\$0	\$0

The breakdown of the revised total project cost estimate is shown below in Table 2 – Total Project Cost Estimate.

Table 2 – Total Project Cost Estimate

White Gold Utility Undergrounding Project Forecast - June 22, 2022	
Known Costs	Cost
Utility Preliminary design fees (Paid BCH \$5000, Shaw \$17,560)	22,560
Project Management Fees - actual contract value	191,098
Second Petition Cost	35,000
BC Hydro - electrical crew work (\$ reduced by grant value of \$1.2M)	1,436,517
Shaw April 25, 2022 (including permit fees)	566,109
Sub-total (known costs, no contingency)	2,251,284
Unit Rate Contracts	
Civil Contract (includes property restoration, culverts, retaining walls, bonding)	5,435,045
Contract Administration / Construction Management (3 days per week/38 weeks)	140,000
Sub-total (Unit Rate Contracts)	5,575,045
Contingency (10%)	557,505
Total Costs w/Contingency	6,132,550
Estimated Costs	
Telus Provided Relocation Estimate (Telus defined contingency excluded)	110,000
Telus Civil Cost Estimate	36,000
Telus Pole Plan (Cost for poles not suitable or that need to be moved)	360,000
Tree and shrub removals (approx... 50 Trees)	100,000
SROW Ambassador Cres. and Fitzsimmons South (Legal and survey Costs only)	45,200
Sub-total (estimated costs)	651,200
Contingency (25%)	162,800
Total Estimated Costs w/Contingency	814,000
Total Known and Estimated Costs	8,477,529
Total contingency line items	720,305
Project Total (includes contingency)	9,197,833
Note: GST excluded from all amounts	

Now that current costs for proceeding with the White Gold Project are known and exceed the costs of what was included in the local area service petition by more than 5%, staff are recommending to Council that the project be cancelled.

Should the property owners of the entire White Gold neighbourhood, or for a specific street within that area wish to continue to pursue the undergrounding project, those property owners must request the RMOW to complete another project petition for either the entire neighbourhood or for a specific street/area. This process would follow the requirements set out in [s.212 of the Community Charter](#).

PARCEL TAX PAYMENT OPTIONS

If the project were to proceed in the future, the RMOW would obtain a loan from the Municipal Finance Authority (MFA) to pay the project costs in full. The loan would be amortized over a 30-year period. The expected payment value per property is estimated to be approximately \$3,479 per year, or one lump sum payment of \$57,486, based on the current updated cost estimate. The annual repayment is based on the MFA rates from June 23, 2022. This estimate is dependent on the MFA long-term interest rate in

place at the time the loan is procured. The 30 annual payments refers to the average over 30 years based on interest rates at the current time. Interest rates will continue to change until the money is borrowed, and will be adjusted to current MFA rates every 5 years, beginning 11 years after the loan is secured. Property-owners would be offered the choice to pay their allotted value as a lump-sum payment when the service area tax will be applied to their property taxes. Table 3 shows the parcel tax payment options.

Table 3 – Parcel Tax Payment Options, 2020 Versus 2022

OPTION	INITIAL 2020 COST EST.	CURRENT 2022 COST EST.
Deferral	Tax deferral through Provincial programs; or Regular Program, or Families with Children	Tax deferral through Provincial programs; or Regular Program, or Families with Children
Estimated Project Cost	\$5,520,075	\$9,200,000
30 Annual Payments	\$1,526	\$3,479
Lump Sump Payment	\$34,500	\$57,486
Municipal Finance Authority Rates	August 1, 2020 interest rates: 1-10 years – 1.62% 11-15 years – 2.40% 16-30 years – 2.40%	June 23, 2022 interest rates: 1-10 years - 4.35% 11-15 years - 4.56% 16-30 years - 4.61%

Note – Parcel tax payment options shown above in Table 3 are inclusive of BC Hydro Beautification Grant funding (\$1.2M), and exclusive of GST.

PROJECT EXPENDITURES TO DATE

Staff and consultants have allocated time and effort to this project since 2019. To date the total expenditures are approximately \$167,000. This includes the BC Hydro and Shaw preliminary design fee, consultant fees for cost estimation, issuing and tabulating petition submissions, developing project communications, detailed design review, utilities drawings consolidation, tendering services, and responding to owner requests for further information. To date this work has been funded from the general capital reserves budget.

Much of the work done so far would be useful if a utility undergrounding project for the whole neighbourhood, or a portion of the neighbourhood, goes ahead in the future.

COST TO RE-PETITION

If another petition process is undertaken for this project, the cost (for a petition for the whole neighbourhood) is estimated at \$35,000.

LIL'WAT NATION & SQUAMISH NATION CONSIDERATIONS

The RMOW is committed to working with the Lil'wat People, known in their language as *L'il'wat7úl* and the Squamish People, known in their language as the *Skwxwú7mesh Úxwumixw* to: create an enduring relationship; establish collaborative processes for Crown land planning; achieve mutual objectives; and enable participation in Whistler's resort economy.

There are no specific considerations to include in this report.

COMMUNITY ENGAGEMENT

Level of community engagement commitment for this project:

☐ Inform ☐ Consult ☒ Involve ☐ Collaborate ☐ Empower

Comment(s):

RMOW staff and consultants have been actively engaged with property owners and the public with regards to the White Gold Project and its impact to the community. Staff and C. Boehringer & Associates held a virtual open house on March 16, 2022. This was an opportunity for staff to update the property owners on project progress, and for the property owners to ask questions about the project. Approximately 27 property owners attended the virtual open house.

In addition to the open house, the White Gold project team created a question and answer series document, as well as recent monthly project updates that have been posted to the White Gold Project web page, and each team member has been actively available by phone and email to answer questions from property owners.

REFERENCES

Appendix A – Letter of Recommendation for Tender Award

SUMMARY

Staff and our consultants have developed and reviewed the updated estimated cost for this project which is \$9,200,000 (exclusive of GST).

Staff recommends that Council direct staff to cancel the White Gold Project due to the total estimated project cost exceeding the petition value by more than 5%.

SIGN-OFFS

Written by:

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Reviewed by:

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