



Notice of Meeting and Meeting Agenda Regional Water Supply Commission

Wednesday, September 17, 2025

1:30 PM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

G. Baird (Chair), K. Harper (Vice Chair), J. Caradonna, N. Chambers, C. Coleman, Z. de Vries, S. Duncan, C. Graham, S. Gray, C. Green, K. Guiry, S. Hammond, K. Jordison, S. Kim, T. Morrison, K. Pearson, T. Phelps Bondaroff, J. Rogers, C. Stock, M. Wagner, M. Westhaver, A. Wickheim

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

- 3.1. [25-0904](#) Minutes of the Regional Water Supply Commission Meeting of July 16, 2025

Recommendation: That the minutes of the Regional Water Supply Commission meeting of July 16, 2025 be adopted as circulated.

Attachments: [Minutes - July 16, 2025](#)

4. CHAIR'S REMARKS

5. PRESENTATIONS/DELEGATIONS

The public are welcome to attend CRD meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.ca/address no later than 4:30 pm two days before the meeting and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the Regional Water Supply Commission at legserv@crd.bc.ca.

6. CONSENT AGENDA

- 6.1. [25-0906](#) Summary of Recommendations from Other Water Commissions

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Summary: SPWC - July 17, 2025](#)

6.2. [25-0907](#) Water Watch Report

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Water Watch Report - September 8, 2025](#)

7. COMMISSION BUSINESS**7.1. [25-0905](#) General Manager's Verbal Update - September**

Recommendation: There is no recommendation. This verbal update is for information only.

7.2. [25-0902](#) Recommendation to Award Design-Build Contract - Field Operations Centre

Recommendation: The Regional Water Supply Commission approves:

1. That the Field Operations Centre design-build contract be awarded to Kinetic Design-Build for \$12,758,000 (excluding GST);
2. That staff be authorized to award additional work up to a contingency amount of \$400,000; and,
3. That the Capital Regional District Chief Administrative Officer be authorized to execute the CCDC14 design-build contract, subject to receipt of the City of Langford building permit.

Attachments: [Staff Report: Recommendation to Award Design-Build Contract - FOC](#)
[Appendix A: Field Operations Centre Design Drawings](#)
[Appendix B: Report to Commission - November 20, 2024](#)
[Appendix C: Design-Build Contract with Supplementary General Conditions](#)

7.3. [25-0903](#) Master Plan Implementation Framework

Recommendation: That the Regional Water Supply Commission directs staff to proceed with the Master Plan Implementation Project using the 5 Guiding Principles as shown on the draft Tabletop Document.

Attachments: [Staff Report: Master Plan Implementation Framework](#)
[Appendix A: Draft Tabletop Document](#)

7.4. [25-0790](#) Saanich Peninsula Water Commission Amalgamation Study Update

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Staff Report: SPWC Amalgamation Study Update](#)
[Appendix A: Amalgamation Study Draft Report](#)
[Appendix B: Presentation to RWSC - November 20, 2024](#)
[Appendix C: Staff Report to SPWC - January 18, 2024](#)
[Appendix D: Saanich Peninsula Water Supply Infrastructure Map](#)
[Presentation: SPWC Amalgamation Study](#)

8. NOTICE(S) OF MOTION

9. NEW BUSINESS**10. MOTION TO CLOSE THE MEETING****10.1. [25-0937](#) Motion to Close the Meeting**

- Recommendation:**
1. That the meeting be closed for negotiations and related discussions respecting the proposed provision of a municipal service in accordance with Section 90(1)(k) of the Community Charter. [1 item]
 2. That such disclosures could reasonably be expected to harm the interests of the Regional District. [1 Item]

11. ADJOURNMENT

The next meeting is Wednesday October 15, 2025.

To ensure quorum, please advise Megan MacDonald (mmmacdonald@crd.bc.ca) if you or your alternate cannot attend.

Voting Key:

NWA - Non-weighted vote of all Directors

NWP - Non-weighted vote of participants (as listed)

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)

Meeting Minutes

Regional Water Supply Commission

Wednesday, July 16, 2025

1:30 PM

**6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7**

PRESENT:

Commissioners: G. Baird (Chair), K. Harper (Vice Chair), J. Caradonna, N. Chambers, C. Coleman, Z. de Vries, S. Duncan (EP), C. Graham (EP), S. Gray (EP), C. Green, K. Guiry, S. Hammond (EP), S. Kim, T. Morrison (EP), T. Phelps Bondaroff (EP), J. Rogers, M. Wagner, M. Westhaver (EP)

STAFF: T. Robbins, Chief Administrative Officer; A. Fraser, General Manager, Infrastructure and Water Services; A. Constabel, Senior Manager, Watershed Protection; S. Irg, Senior Manager, Water Infrastructure Operations; J. Marr, Senior Manager, Infrastructure Engineering; J. Kelly, Manager, Capital Projects; M. Despina, Senior Financial Advisor; M. Lagoa, Deputy Corporate Officer; M. MacDonald, Legislative Services Coordinator (Recorder)

EP - Electronic Participation

Regrets: Commissioners K. Jordison, K. Pearson, C. Stock, A. Wickheim

The meeting was called to order at 1:30 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Chair Baird provided a Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

**MOVED by Commissioner Wagner, SECONDED by Commissioner Green,
That the agenda for the Regional Water Supply Commission meeting of July 16,
2025 be approved.**

CARRIED

3. ADOPTION OF MINUTES

- 3.1.** [25-0847](#) Minutes of the Regional Water Supply Commission Meeting of June 18, 2025

**MOVED by Commissioner Kim, SECONDED by Commissioner Guiry,
That the minutes of the Regional Water Supply Commission meeting of June 18,
2025 be adopted as circulated.**

CARRIED

4. CHAIR'S REMARKS

Chair Baird expressed appreciation to the Commission, staff and the public for the completion of the recent approval of the Kapoor Lumber Company land purchase, which secures additional land adjacent to the watershed.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

**MOVED by Commissioner Wagner, SECONDED by Commissioner Kim,
That consent agenda Items 6.1. and 6.2. be approved.
CARRIED**

- 6.1. [25-0843](#) Summary of Recommendations from Other Water Commissions

This report was received for information.

- 6.2. [25-0845](#) Water Watch Report

This report was received for information.

7. COMMISSION BUSINESS

- 7.1. [25-0787](#) General Manager's Verbal Update - July

A. Fraser presented Item 7.1. for information, and provided an update on the successful completion of the alternative approval process for the purchase of the Kapoor Lumber Company land. It was also noted that recent wildfire activity is not within the watershed.

Discussion ensued regarding:

- appreciation for all involved with the conservation of the Kapoor land
- roles, responsibilities and cooperation with the Province during wildfires
- potential for automated wildfire detection systems in future
- cost associated with fighting wildfires

- 7.2. [25-0794](#) Regional Water Supply Service 2025 Mid-Year Capital Projects and Operations Update

J. Marr and S. Irg presented Item 7.2. for information.

Discussion ensued regarding:

- ongoing negotiation of bulk water supply agreements with First Nations
- importance of various metrics to monitor progress
- efficient reporting methods highlight the most urgent items
- optimization of Wale Road water main project

7.3. [25-0789](#) 2026 Service Delivery - Staffing Requirements

A. Fraser presented Item 7.3. for information.

Discussion ensued regarding:

- delaying the proposed staff positions will delay the master plan

**MOVED by Commissioner Wagner, SECONDED by Commissioner Harper,
That staff be directed to include the proposed positions for the Dam Safety
Program (2 FTE), Master Plan Program (4 FTE), Operations Coordinator (0.5 FTE)
and Reliability Engineer (1 FTE) in the Regional Water Supply 2026 budget, and
That staff be directed to incorporate future year's FTEs into the 2027-2030
financial plan for annual review.**

Discussion ensued regarding:

- water is a critical service provided on a cost recovery basis
- delays will lead to increased risk failure and higher costs
- importance of risk mitigation and building resilience
- urgency of climate change and other risks including earthquakes
- foundational work needs to be done to support future generations

The question was called:

**That staff be directed to include the proposed positions for the Dam Safety
Program (2 FTE), Master Plan Program (4 FTE), Operations Coordinator (0.5 FTE)
and Reliability Engineer (1 FTE) in the Regional Water Supply 2026 budget, and
That staff be directed to incorporate future year's FTEs into the 2027-2030
financial plan for annual review.**

CARRIED

8. NOTICE(S) OF MOTION

There were no notice(s) of motion.

9. NEW BUSINESS

There was no new business.

10. ADJOURNMENT

**MOVED by Commissioner Coleman, SECONDED by Commissioner Guiry,
That the Regional Water Supply Commission meeting of July 16, 2025 be
adjourned at 2:34 pm.**

CARRIED

Chair

Recorder



HOTSHEET AND ACTION LIST

Saanich Peninsula Water Commission

The following is a quick snapshot of the FINAL decisions made at the meeting. The minutes will represent the official record of the meeting. A name has been identified beside each item for further action and follow-up.

Thursday, July 17, 2025

9:30 AM

Sidney Community Safety Building
2245 Oakville Ave., Sidney, BC

6. Commission Business

- 6.1. **25-0787** General Manager's Verbal Update – July A. Fraser

Recommendation: There is no recommendation. This verbal update is for information only.

- 6.2. **25-0796** Saanich Peninsula Water Service 2025 Mid-Year Capital Projects and Operations Update A. Fraser

Recommendation: There is no recommendation. This report is for information only.

- 6.3. **25-0791** *Saanich Peninsula Water Commission Amalgamation Study Update* A. Fraser

Recommendation: That staff be directed to:

1. Proceed with further analysis of both Scenario 1 (Complete Amalgamation) and Scenario 2 (Partial Amalgamation).
2. Undertake consultation and engagement with Municipal partners.
3. Include the necessary resources to support this work within the 2026 Capital Plan.

- 6.4. **25-0844** *Summary of Recommendations from Other Water Commissions*

Recommendation: There is no recommendation. This report is for information only. A. Fraser

- 6.5. **25-0846** *Water Watch Report* A. Fraser

Recommendation: There is no recommendation. This report is for information only.

CAPITAL REGIONAL DISTRICT - INTEGRATED WATER SERVICES

Water Watch

Issued September 08, 2025

Water Supply System Summary:

1. Useable Volume in Storage:

Reservoir	September 30 5 Year Ave		September 30/24		September 7/25		% Existing Full Storage
	ML	MIG	ML	MIG	ML	MIG	
Sooke	63,612	13,995	61,801	13,596	63,632	13,999	68.6%
Goldstream	7,427	1,634	7,914	1,741	7,647	1,682	77.1%
Total	71,039	15,628	69,715	15,337	71,279	15,681	69.4%

2. Average Daily Demand:

For the month of September	190.1 MLD	41.83 MIGD
For week ending September 07, 2025	190.1 MLD	41.82 MIGD
Max. day September 2025, to date:	207.9 MLD	45.73 MIGD

3. Average 5 Year Daily Demand for September

Average (2020 - 2024)	163.9 MLD ¹	36.05 MIGD ²
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¹MLD = Million Litres Per Day

²MIGD = Million Imperial Gallons Per Day

4. Rainfall September:

Average (1914 - 2024):	65.4 mm
Actual Rainfall to Date	0.0 mm (0% of monthly average)

5. Rainfall: Sep 1- Sep 7

Average (1914 - 2024):	10.2 mm
2025/2026	0.0 mm (0% of average)

6. Water Conservation Required Action:

Did you know that the 2024 change to the Water Conservation Bylaw recommends that landowners and residents switch timing of residential irrigation systems from 4:00 am to an expanded window anytime between 12:01 am to 10:00 am on established watering days? Please go to Water Conservation Bylaw Changes | Capital Regional District to get informed and do your part to help protect our regional water supply system.

Website: <https://www.crd.ca/news/water-conservation-bylaw-changes>

For general information regarding water conservation, visit the CRD webpage linked below:

CRD Water Conservation Homepage: <https://www.crd.ca/environment/water-conservation>

If you require further information, please contact:

Alicia Fraser, P. Eng.
General Manager, CRD - Integrated Water Services
or
Glenn Harris, Ph D., RPBio
Senior Manager - Environmental Protection

Capital Regional District Integrated Water Services
479 Island Highway
Victoria, BC V9B 1H7
(250) 474-9600

Daily Consumption

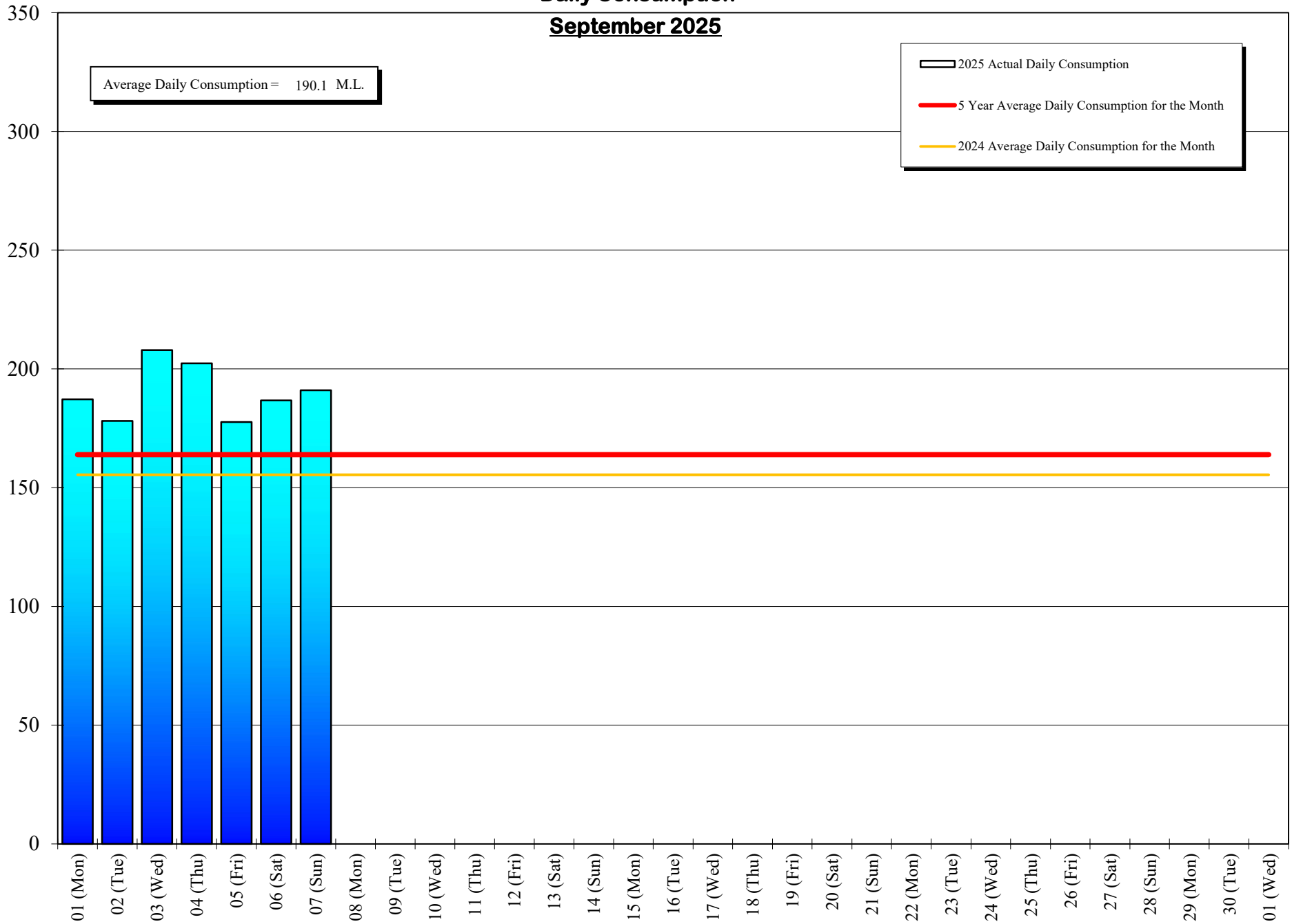
September 2025

Average Daily Consumption = 190.1 M.L.

2025 Actual Daily Consumption
5 Year Average Daily Consumption for the Month
2024 Average Daily Consumption for the Month

Consumption (Million Litres)

Day



Daily Consumptions: - September 2025

Date	Total Consumption		Air Temperature @ Japan Gulch		Weather Conditions	Precipitation @ Sooke Res.: 12:00am to 12:00am		
	(ML) ^{1.}	(MIG) ^{2.}	High (°C)	Low (°C)		Rainfall (mm)	Snowfall ^{2.} (mm)	Total Precip.
01 (Mon)	187.2	41.2	22	13	Sunny / P. Cloudy	0.0	0.0	0.0
02 (Tue)	178.1	39.2	25	13	Sunny	0.0	0.0	0.0
03 (Wed)	207.9 <=Max	45.7	28	16	Sunny / P. Cloudy	0.0	0.0	0.0
04 (Thu)	202.3	44.5	25	17	Cloudy	0.0	0.0	0.0
05 (Fri)	177.6 <=Min	39.1	25	15	Sunny / P. Cloudy	0.0	0.0	0.0
06 (Sat)	186.7	41.1	23	15	Cloudy	0.0	0.0	0.0
07 (Sun)	191.0	42.0	21	14	Cloudy / P. Sunny	0.0	0.0	0.0
08 (Mon)								
09 (Tue)								
10 (Wed)								
11 (Thu)								
12 (Fri)								
13 (Sat)								
14 (Sun)								
15 (Mon)								
16 (Tue)								
17 (Wed)								
18 (Thu)								
19 (Fri)								
20 (Sat)								
21 (Sun)								
22 (Mon)								
23 (Tue)								
24 (Wed)								
25 (Thu)								
26 (Fri)								
27 (Sat)								
28 (Sun)								
29 (Mon)								
30 (Tue)								
01 (Wed)								
TOTAL	1330.8 ML	292.78 MIG				0.0	0	0.0
MAX	207.9	45.73	28	17		0.0	0	0.0
AVG	190.1	41.83	24.3	14.5		0.0	0	0.0
MIN	177.6	39.08	21	13		0.0	0	0.0

1. ML = Million Litres

2. 10% of snow depth applied to rainfall figures for snow to water equivalent.

Average Rainfall for September (1914-2024)	65.4 mm
Actual Rainfall: September	0.0 mm
% of Average	0%
Average Rainfall (1914-2024): Sept 01 - Sep 07	10.2 mm
Actual Rainfall (2025/26): Sept 01 - Sep 07	0.0 mm
% of Average	0%

Number days with precip. 0.2 or more
0

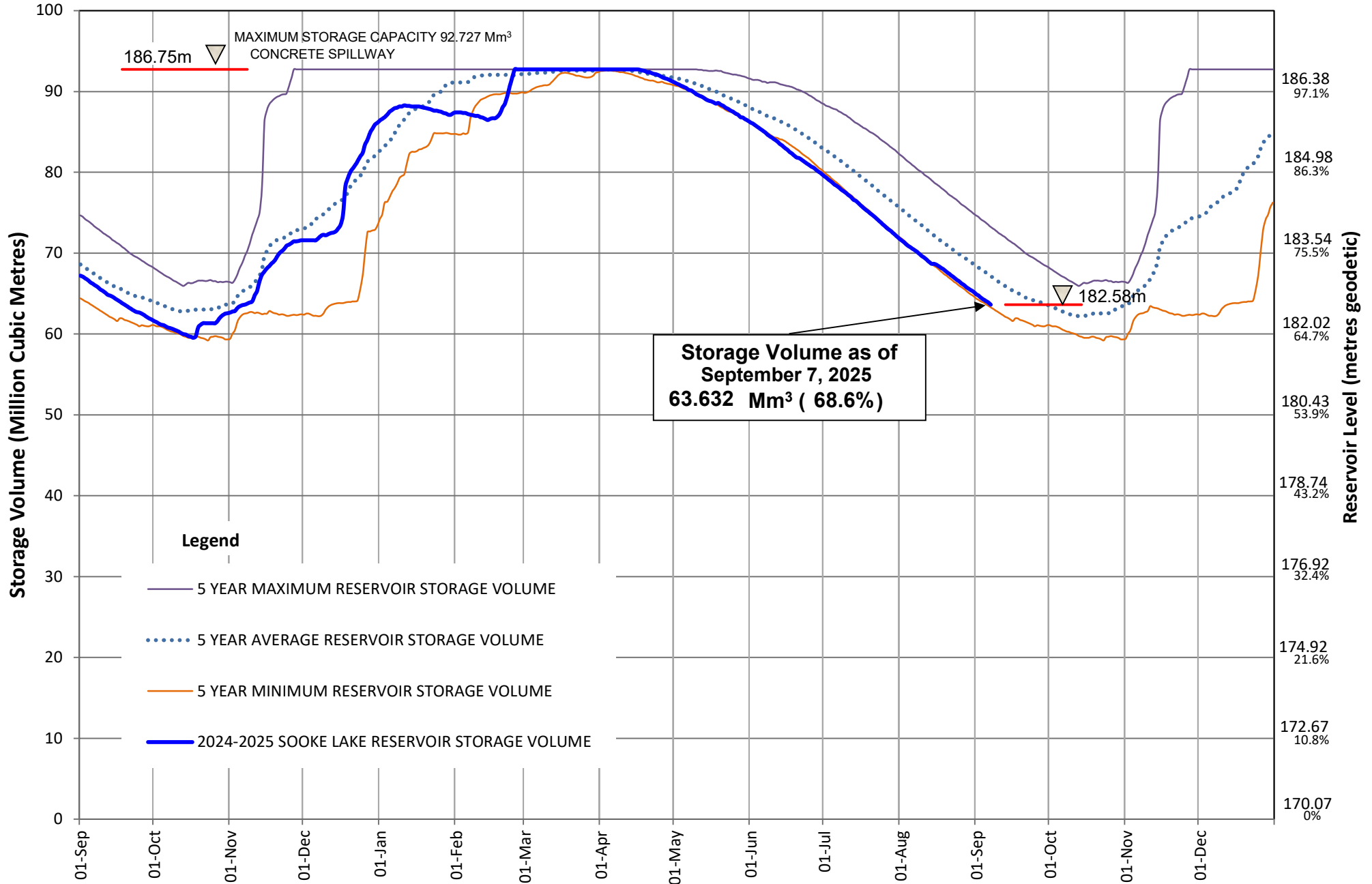
Water spilled at Sooke Reservoir to date (since Sept. 1) =

0.00 Billion Imperial Gallons

0.00 Billion Litres

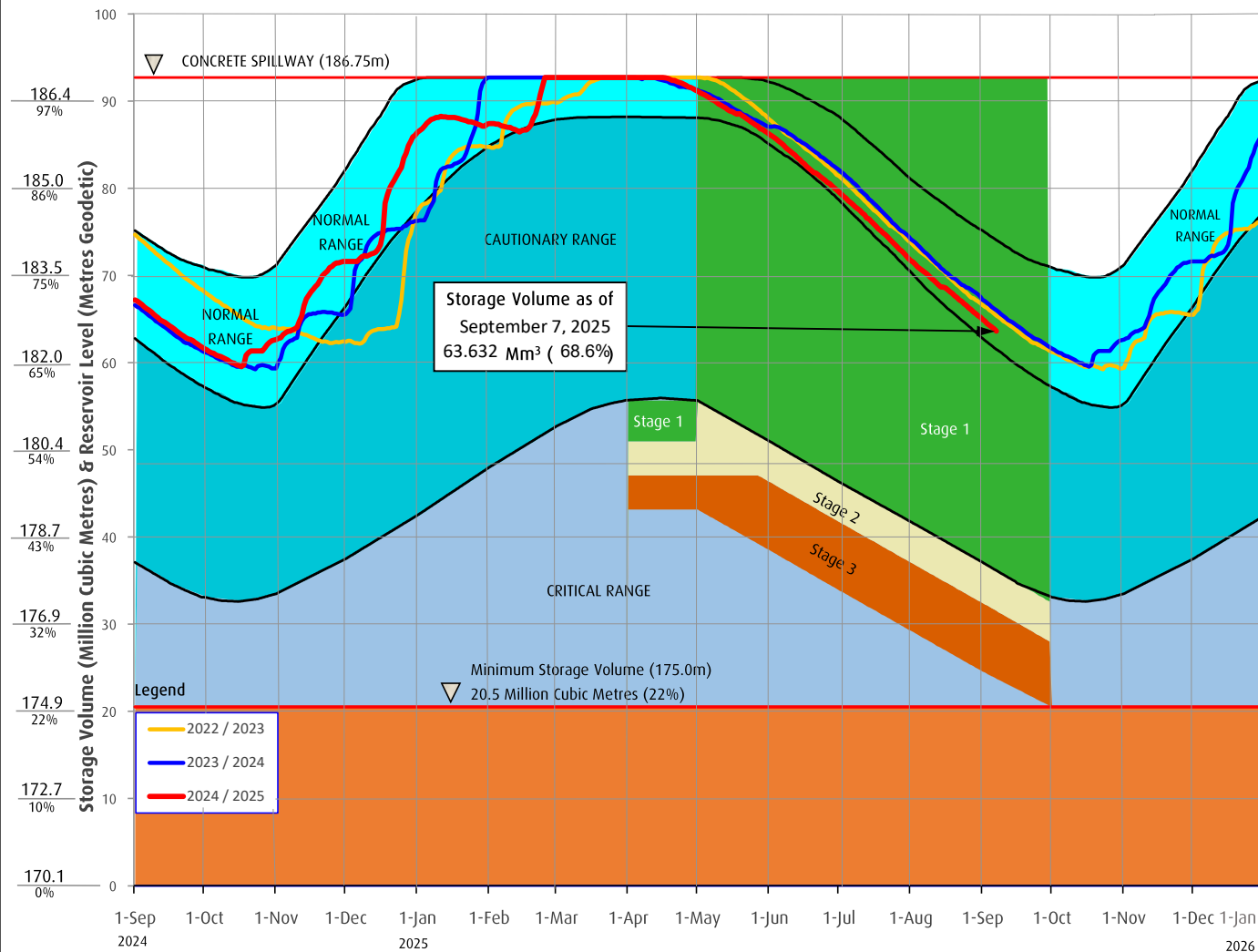
SOOKE LAKE RESERVOIR STORAGE SUMMARY

2024 / 2025



Sooke Lake Reservoir Storage Level

Water Supply Management Plan



FAQs

How are water restriction stages determined?

Several factors are considered when determining water use restriction stages, including,

1. Time of year and typical seasonal water demand trends;
2. Precipitation and temperature conditions and forecasts;
3. Storage levels and storage volumes of water reservoirs (Sooke Lake Reservoir and the Goldstream Reservoirs) and draw down rates;
4. Stream flows and inflows into Sooke Lake Reservoir;
5. Water usage, recent consumption and trends; and customer compliance with restriction;
6. Water supply system performance.

The Regional Water Supply Commission will consider the above factors in making a determination to implement stage 2 or 3 restrictions, under the Water Conservation Bylaw.

At any time of the year and regardless of the water use restriction storage, customers are encouraged to limit discretionary water use in order to maximize the amount of water in the Regional Water Supply System Reservoirs available for nondiscretionary potable water use.

Stage 1 is normally initiated every year from May 1 to September 30 to manage outdoor use during the summer months. During this time, lawn watering is permitted twice a week at different times for even and odd numbered addresses.

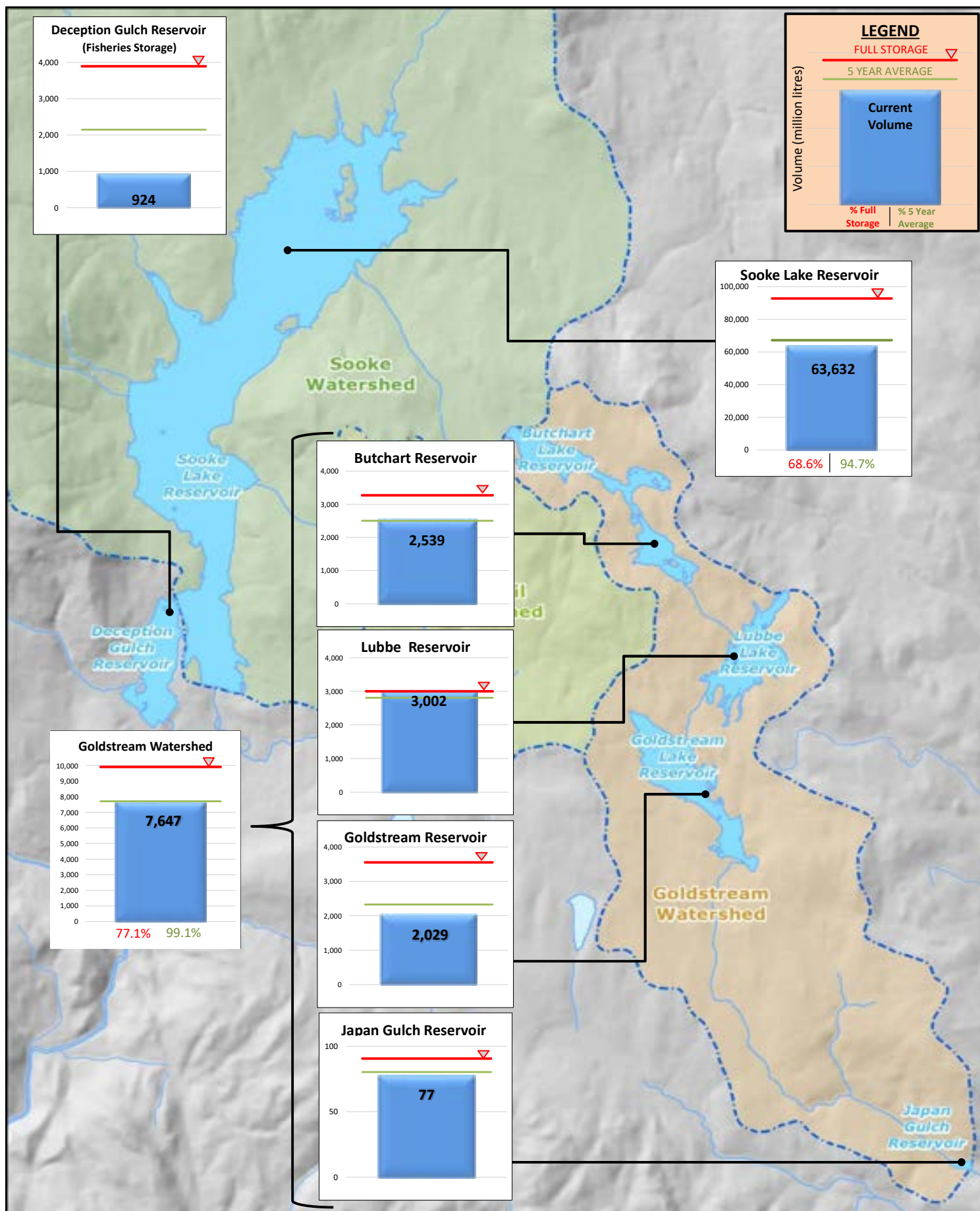
Stage 2 Is initiated when it is determined that there is an acute water supply shortage. During this time, lawn water is permitted once a week at different times for even and odd numbered addresses.

Stage 3 Is initiated when it is determined that there is a severe water supply shortage. During this time, lawn watering is not permitted. Other outdoor water use activities are restricted as well.

For more information, visit www.crd.bc.ca/drinkingwater

CRD
Making a difference...together

Useable Reservoir Volumes in Storage for September 07, 2025



**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, SEPTEMBER 17, 2025**

SUBJECT **Recommendation to Award Design-Build Contract – Field Operations Centre**

ISSUE SUMMARY

To provide an update on the Field Operations Centre (FOC) Capital Project and to obtain approval to enter into a design-build construction contract with Kinetic Design-Build (KDB).

BACKGROUND

The CRD Watershed Protection and Water Quality programs currently operate from five small separate temporary facilities that no longer meet operational or safety requirements. In 2017, CRD completed a Function and Needs Assessment and facility condition review, which recommended consolidating operations into a purpose-built Field Operations Centre (FOC) at 2995 Sooke Lake Road.

In 2021, building on the Function and Needs Assessment, a local architectural firm was retained to assist in providing a project budget. The architect looked at other local similar projects in various stages of completion to develop the project budget. The report indicated that a construction budget of \$12.8M (November 2022 prices) be used for a mass-timber building. A design-build project delivery method was selected as the best approach to minimize budget and construction timelines. A pre-qualification for a Design-Build contractor was issued in late 2023. Two submissions were received, with Kinetic Design-Build (KDB) being the successful proponent. Through negotiations, KDB provided a proposal for detailed design in January 2025. Detailed design was completed in Q1, 2025 in order to apply for a building permit in late March. During the design process, the design team worked collaboratively with CRD staff through a value engineering process to ensure the construction cost provided the best value while ensuring operational needs and future growth. Upon approving the design in July, KDB formally submitted a construction cost in August that closely aligns with the estimate from 2022.

The proposed new FOC building is planned as a two-storey, 2,037 m² (21,925 ft²) mass timber building designed to accommodate approximately 75 staff. The facility will include crew support spaces, water quality and hydrology laboratories, offices, and training and multipurpose spaces which can be used as an emergency operations centre. The design drawings are attached as Appendix A.

On November 20, 2024, staff provided the RWS Commission with a project update that identified ongoing design work, the City of Langford's sanitary servicing requirements, and the critical path to contract approval, attached as Appendix B. Since that time, the project has advanced through design development, cost plan validation, and schedule refinement under a preliminary design services agreement. The initial project scope did not include the decommissioning and revegetation of the two trailers and house where operational staff currently reside. This additional scope is required to minimize risks that include; ongoing building maintenance of abandoned infrastructure and to minimize water run-off and potential erosion issues. Based on review with the executive sponsors, the scope was added and is being funded from RWS Capital Project 25-01.

Project design and procurement have advanced to the point where a CCDC14 (Canadian Construction Documents Committee, Contract Number 14) contract with KDB has been finalized, providing cost and schedule certainty. The contract, attached as Appendix C, including all supplementary conditions, has been reviewed by external legal counsel (Stewart McDannold Stuart) to ensure alignment with CRD requirements. With the overall scope refined and the approach for sanitary servicing confirmed, the project is now ready to proceed to execution. Staff are seeking Commission approval to proceed with the execution of the contract.

Project Overview

The overall scope of work has been refined and includes the following elements:

- A two-storey, mass timber facility with concrete foundations and steel seismic systems having a total area of 2,037 m² (21,925 ft²)
- Ground floor: Crew locker/change rooms, drying room, water quality & hydrology labs, storage, and fleet support.
- Second floor: Open office workspace, meeting rooms, administrative offices, large training room, and multipurpose space designed to function as an Emergency Operations Centre (EOC).
- Site works include staff and fleet parking, heavy equipment storage, landscaping, and a new sanitary line connection to the Langford municipal sanitary sewer system.
- Design meets CRD Green Building Policy and FireSmart BC guidelines.
- Facility provides full accessibility, with barrier-free entries, elevators, and gender-neutral washrooms and changerooms.

The overall project schedule is as shown in Table 1:

Table 1: Project Schedule

Description	Dates
Function & Needs Assessment, Facility Review	2017
Design-Build Pre-Qualification Issued	December 2023
Design-Build Detailed Design RFP Issued	January 2025
Detailed Design & Value Engineering	February – July 2025
Design-Build Contract Negotiations	March - July 2025
Contractor Cost Confirmed	August 22, 2025
RWS Commission Report	September 17, 2025
Construction Period	November 2025 – June 2027

Budget

The design-build cost for the base building and associated civil works has been confirmed at \$12,758,000, providing cost certainty for the principal contract. To maintain this pricing, the contract must be awarded by early October 2025, as subtrade bids expire on October 14, 2025. Any delay beyond this date could expose the project to market-driven escalation, with contractors increasingly applying additional overhead and contingency premiums in response to supply chain volatility.

The construction contract will be funded by RWS capital project 16-06 and Legislative and General Government Services (Leg. & Gen.) capital project 25-01. This \$3 million in funding has been secured from Leg. & Gen. through an approved inter-service agreement to support shared corporate functions, including emergency operations and business continuity, supplementing funding provided in the Regional Water Supply (RWS) capital plan.

The additional scope for the site works will be funded by RWS capital project 23-31 Land and Site Works. As the decommissioning for the two trailers and house cannot start until staff are moved into the new FOC building, this work will be procured upon completion of the moves, which are scheduled to occur in the summer of 2027.

Table 2 provides a breakdown of the funding sources and the project costs. The estimate for the total project cost includes a \$400,000 contingency allowance, which is approximately 3% of the design-build contract amount. The industry best practice for this type of project delivery is to allow a contingency of 3-5% of the initial contract cost and so the total project cost includes a \$400,000 contingency allowance, which is 3.1% of the contract amount.

Table 2: FOC Project Budget

Funding Source Summary			
ITEM	AMOUNT	Notes:	Capital Plan Project Number
Core Building	\$12.5M		16-06
Inter-Service Agreement (Leg. & Gen.)	\$3M	Multipurpose spaces (emergency operations, continuity, training)	25-01
Site Works (Additional)	\$2M	Included in the 2026 RWS Capital Plan for the following: <ul style="list-style-type: none"> • Demolition of Annex & FOC trailers • Frontage landscaping at site entrance • Building & Gatehouse sanitary line connection 	23-31
Total Project Funds	\$17.5M		
Project Budget			
Pre-Construction	\$2.05M	Design Completed	
Construction	\$12.8M	KDB Contract (includes Gatehouse sanitary line)	
Internal Soft Costs	\$950k	First Nation monitoring, Utilities, Building Permit, Insurance, Internal Labour, IT, Furniture, etc.	
Site Works Costs	\$1.3M	To be completed in 2026-2027	
Contingency	\$400k	3.1% of the Design-Build contract amount	
Total Project Cost	\$17.5M		

ALTERNATIVES

Alternative 1

The Regional Water Supply Commission approves:

1. That the Field Operations Centre design-build contract be awarded to Kinetic Design-Build for \$12,758,000 (excluding GST);
2. That staff be authorized to award additional work up to a contingency amount of \$400,000; and,
3. That the Capital Regional District Chief Administrative Officer be authorized to execute the CCDC14 design-build contract, subject to receipt of the City of Langford building permit.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Alignment with Board & Corporate Priorities

The FOC meets the CRD Board Priorities for increasing resilience to addressing climate related risks and disasters by ensuring the building meets Fire Smart BC landscape design recommendations for plants and minimum setbacks from the forest. These design elements reduce the risk of a structure fire to minimize operations disruptions during a fire. The building design includes an area that can be used as an emergency operations center during an emergency.

Alignment with Existing Plans & Strategies

The FOC project aligns with the 2023-2026 Corporate Plan Equity, Diversity & Inclusion as a listed project. The design includes fully accessible, gender-neutral single use washrooms along with other barrier free and accessible elements.

Environmental & Climate Action

The building's design complies with the CRD's Green Building Policy, which establishes standards for clean energy use and greenhouse gas (GHG) reduction. These targets are being achieved through a high-performance building envelope, energy-efficient HVAC systems, and the use of low-carbon materials, together with a FireSmart design that enhances resilience and durability.

Financial Implications

The overall project is now forecast to exceed the original \$15.5M budget, primarily due to the additional scope of the sanitary line extension along Sooke Lake Road, the Gatehouse sanitary line connection, demolition of existing facilities and frontage landscaping requirements identified through site planning and permit review. These additional costs have been incorporated into the 2026 Regional Water Service Capital Budget, ensuring that the project remains financially sustainable.

To preserve subtrade bid pricing, contract award must occur by October 7, 2025; beyond this date pricing validity expires and market volatility could drive escalation. Securing approvals now will allow the CRD and KDB to lock in the validated design-build cost, providing cost certainty and avoiding the risk of future escalation.

Service Delivery Implications

Currently, Watershed Protection staff and operations are located in two trailers, three residential houses and at the 479 Island Highway IWS office. The trailers and houses have been a temporary solution for several decades but are no longer fit for purpose and are at the end of their useful life. All temporary facilities and the 479 Island Highway office space are over capacity and have no room for expansion. Dedicated office, field laboratory and storage space is required that is purpose built for efficient operations, security and protection of the watershed for today and into the future. The nature of watershed protection and water quality sampling work will always require a field presence. The project team and Watershed Protection staff have reviewed the construction site planning for the project to determine the construction site boundaries and staging areas to

ensure Watershed Protection operations can continue unimpeded during construction while allowing other projects on the FOC site to progress concurrently.

CONCLUSION

The Field Operations Centre is a critical capital project that has advanced through design development, cost validation, and procurement. Since the May 2025 update, the cost plan for the original scope has been validated, sanitary servicing confirmed, additional scope integrated, and additional funding secured. The use of the Progressive Design-Build delivery method has resulted in an optimized design and good value for the CRD. To secure subtrade pricing and maintain the project schedule, execution of the negotiated CCDC14 design-build contract with Kinetic Design-Build is required by early October 2025.

RECOMMENDATION

The Regional Water Supply Commission approves:

1. That the Field Operations Centre design-build contract be awarded to Kinetic Design-Build for \$12,758,000 (excluding GST);
2. That staff be authorized to award additional work up to a contingency amount of \$400,000; and,
3. That the Capital Regional District Chief Administrative Officer be authorized to execute the CCDC14 design-building contract, subject to receipt of the City of Langford building permit.

Submitted by:	Stephen May, P. Eng., Senior Manager, Corporate Capital Project Delivery Services
Concurrence:	Alicia Fraser, P. Eng., General Manager, Infrastructure and Water Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Field Operations Centre Design Drawings

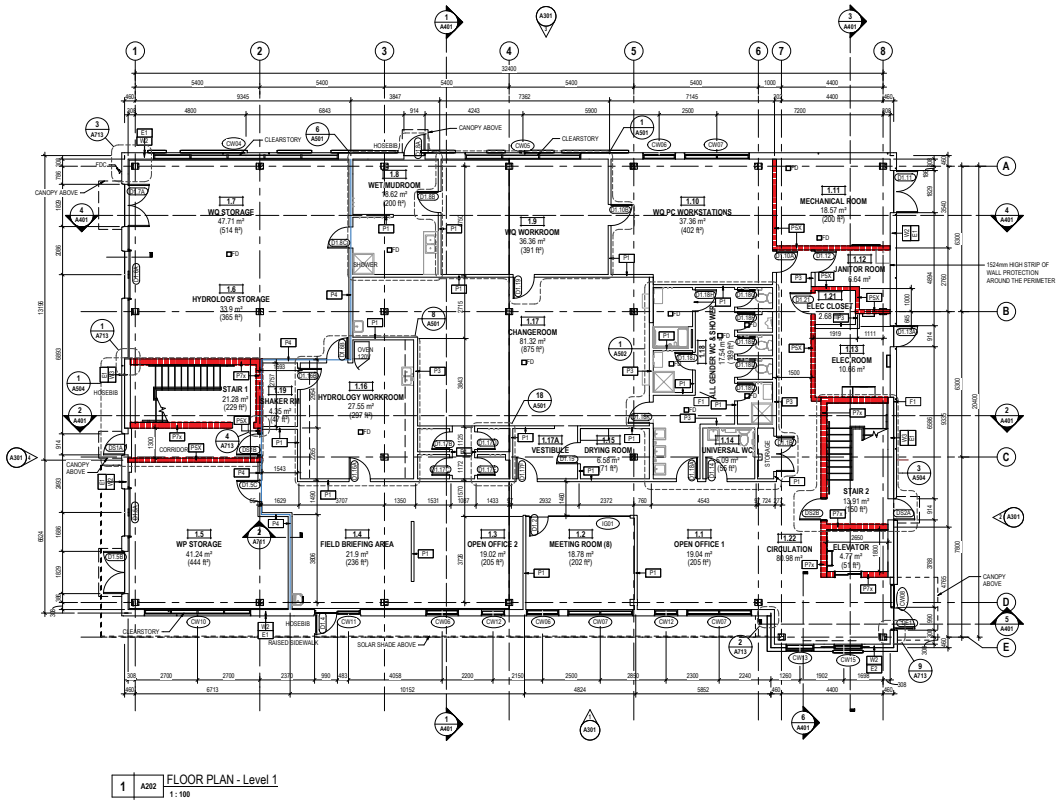
Appendix B: Report to Commission – November 20, 2024

Appendix C: Design-Build Contract with Supplementary General Conditions





APPENDIX A



1 A202 FLOOR PLAN - Level 1
1:100

DESCRIPTION	DATE
ISSUED FOR 80% COORDINATION	2025-03-08
ISSUED FOR BUILDING PERMIT	2025-03-05
ISSUED FOR TENDER - DRAFT	2025-03-06
ISSUED FOR TENDER	2025-04-02
ISSUED FOR POST TENDER REVIEW	2025-07-30


CONSULTANT

SEAL

CRD Field
Operations for
Integrated Water
Services

2995 BOONE LANE, RED LANSFORD BC



		THE CONTRACTOR SHALL VERIFY AND ACCEPT RESPONSIBILITY FOR ALL DIMENSIONS. DO NOT SCALE THIS DRAWING. ALL DIMENSIONS ON THIS DRAWING SHALL BE REPORTED WITHOUT DELAY TO THE DESIGNER OR ARCHITECT/ENGINEER.	
		295.384-7101 info@studio531.ca studio531.ca	

DRAWN BY	KD	CHECKED BY	TM			
SCALE	1:100	DATE	2025-07-16			
FILE NAME						
<input type="checkbox"/> ISSUED FOR CONSTRUCTION						
<input type="checkbox"/> ISSUED FOR TENDER						
<input type="checkbox"/> ISSUED FOR BUILDING PERMIT						
DRAWING TITLE						
LEVEL 1						
PROJECT No.	SHEET No.					
24-326	A202					
REVISION No.						
COPYRIGHT RESERVED. THIS DRAWING AND ALL COPYRIGHT THEREON ARE THE SOLE AND EXCLUSIVE PROPERTY OF THE CONSULTING FIRM. REPRODUCTION OR USE OF THIS DRAWING IN WHOLE OR IN PART IS PROHIBITED AND MAY NOT BE USED WITHOUT THE WRITTEN CONSENT OF STUDIO 531 ARCHITECTS INC.						

APPENDIX A

DESCRIPTION	DATE
ISSUED FOR BIDDING	2025-03-08
ISSUED FOR BUILDING PERMIT	2025-03-05
ISSUED FOR TENDER - DRAFT	2025-03-05
ISSUED FOR TENDER	2025-04-02
ISSUED FOR POST TENDER REVIEW	2025-07-30

CONSULTANT

SEAL

CRD Field
Operations for
Integrated Water
Services

2995 BOONE LAKE RD, LANDFORD BC



THE CONTRACTOR SHALL VERIFY
AND ACCEPT RESPONSIBILITY
FOR ALL DIMENSIONS. DO NOT
SCALE THE DRAWING. ALL
DIMENSIONS SHALL BE REPORTED
TO THE CONTRACTOR BY THE
ARCHITECT.

295, 384-7071
info@studio531.ca
studio531.ca

DRAWN BY: RD
SCALE: 1:100
FILE NAME:
CHECKED BY: TM
DATE: 2025-07-16

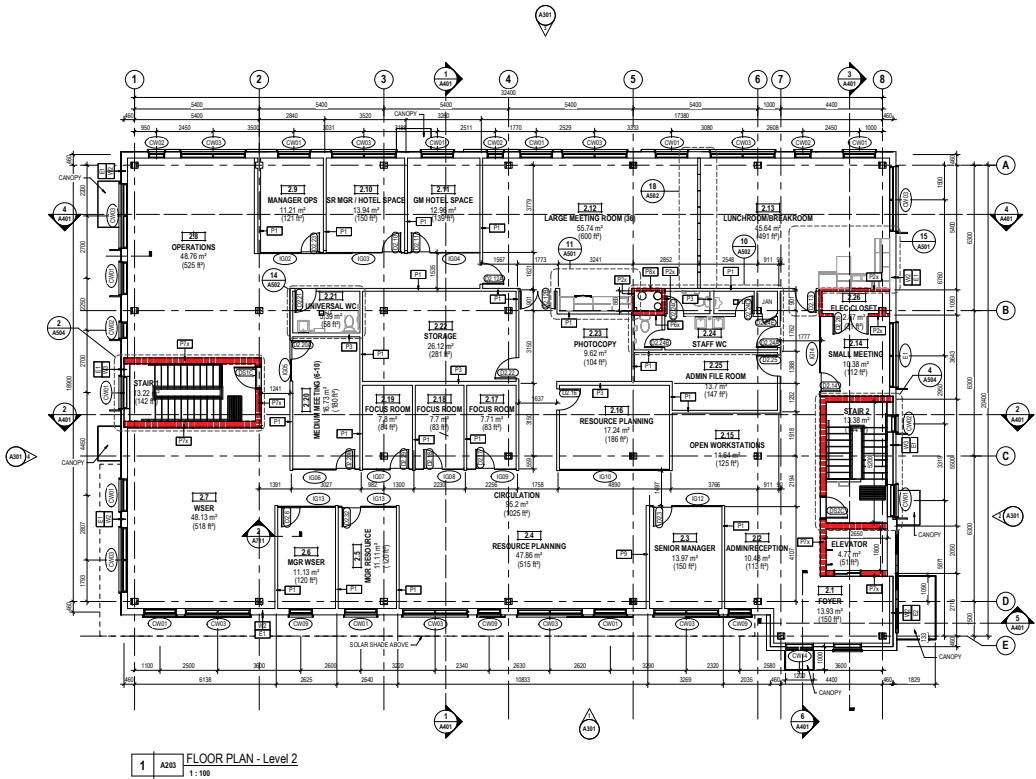
- ☐ ISSUED FOR CONSTRUCTION
☐ ISSUED FOR TENDER
☐ ISSUED FOR BUILDING PERMIT

DRAWING TITLE

LEVEL 2

PROJECT No: 24-326
SHEET No: A203

REVISION No:
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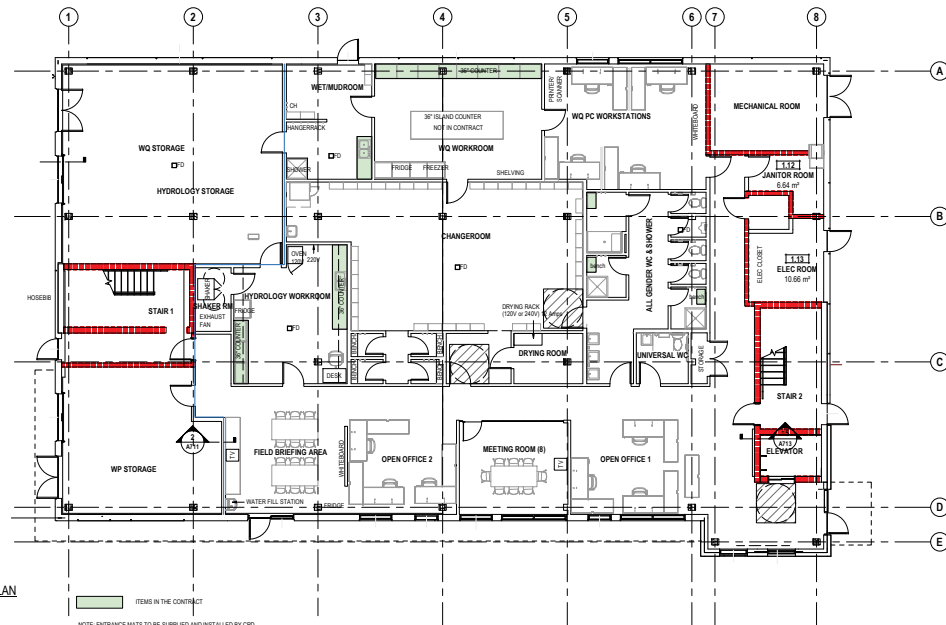
1 A203 FLOOR PLAN - Level 2
1:100

ROOM FINISH LEGEND

FLOORS	BASE	WALLS	CEILING
1) LUXURY VINYL TILE	1) PAINTED GIB	1) PAINTED GIB	1) PAINTED GIB
2) RESILIENT SHEET	2) RUBBER BASE	2) SEALED CONCRETE	2) ACOUSTIC CEILING TILE
3) SEALED CONCRETE			3) WOOD

X = EXISTING TO REMAIN

APPENDIX A

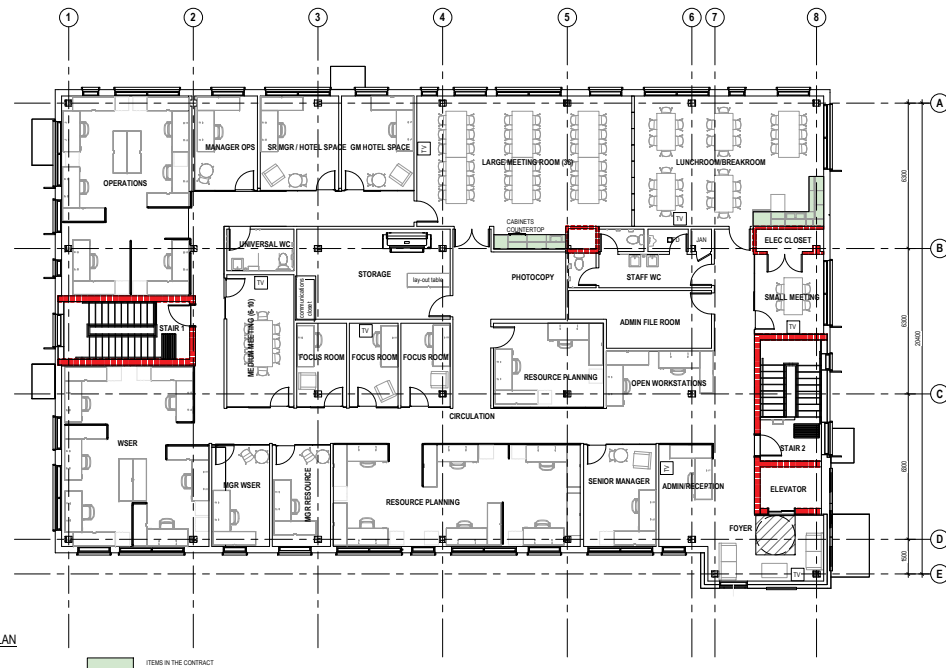


1 | A631 FLOOR PLAN - Level 1 - FURNITURE PLAN
1 : 100

DESCRIPTION	DATE
ISSUED FOR BILN COORDINATION	2025-02-28
ISSUED FOR BUILDING PERMIT	2025-03-05
ISSUED FOR TENDER - DRAFT	2025-03-26
ISSUED FOR TENDER	2025-04-22
ISSUED FOR POST TENDER REVIEW	2025-07-20
CONSULTANT	
SEAL	

CRD Field
Operations for
Integrated Water
Services

2995 SOOKE LAKE RD, LANDFORD BC



2	A631	FLOOR PLAN - Level 2 - FURNITURE PLAN
		1 : 100



THE CONTRACTOR SHALL VERIFY
 THAT THE PROPERTY IS
 FULLY OWNED AND NOT
 SUBJECT TO THE PAYMENT OF
 ANY MONIES OR OBTAINING
 SELLER'S PERMISSION TO
 TRANSFER TO STUDIOS OF ARCHITECTURAL.

OWNED BY LS 1:100

SCALE

FILE NAME

CHECKED BY TM

DATE 2025-07-18

☐ ISSUED FOR CONSTRUCTION

☐ ISSUED FOR TENDER

☐ ISSUED FOR BUILDING PERMIT

DRAWING TITLE

**FURNITURE LEVEL 1,
LEVEL 2**

PROJECT NO.

24-326

SHEET NO.

A631

REVISIONS

CONCEPT REVISION: THEORETICAL AND ALL COPYRIGHT THEREON, ARE THE SOLE AND EXCLUSIVE PROPERTY OF THE CONSULTANT AND
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**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, NOVEMBER 20, 2024**

SUBJECT Capital Project - Field Operations Centre Building

ISSUE SUMMARY

To provide information and an update about the Field Operations Centre Building Capital Project.

Background

The Capital Regional District (CRD) Watershed Protection division and the Water Quality field sampling program currently work out of old temporary workspaces. The Watershed Protection division (27 Full Time Equivalent (FTE) plus eight seasonal staff) is responsible for managing the 20,611 hectares (ha) of forested Water Supply Area (WSA) lands for the production and protection of high-quality source water including providing safe access to all water supply infrastructure on the lands. The Water Quality field sampling program (3.4 FTE) monitors water quality in all WSA reservoirs, major tributaries; as well as throughout the water transmission and distribution system collecting hundreds of samples for analysis and conducting hundreds of field tests per week.

Watershed Protection (WP) and Water Quality (WQ) field sampling operations are being conducted out of an array of workspaces:

- a. two trailers at the Goldstream entrance to the WSA (office space)
- b. a house at the Goldstream entrance (field staff change rooms and workstations)
- c. a house at the Sooke entrance to the WSA (hydrology and geoscience lab space)
- d. a house in Regional Parks at Humpback Reservoir (water quality field operations)
- e. office space at 479 Island Highway Integrated Water Services (IWS) (office space)

a.



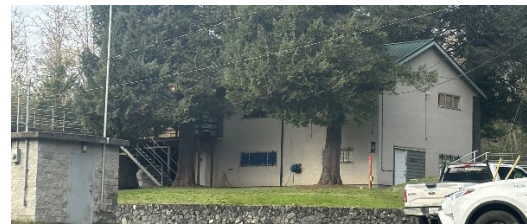
b.



c.



d.

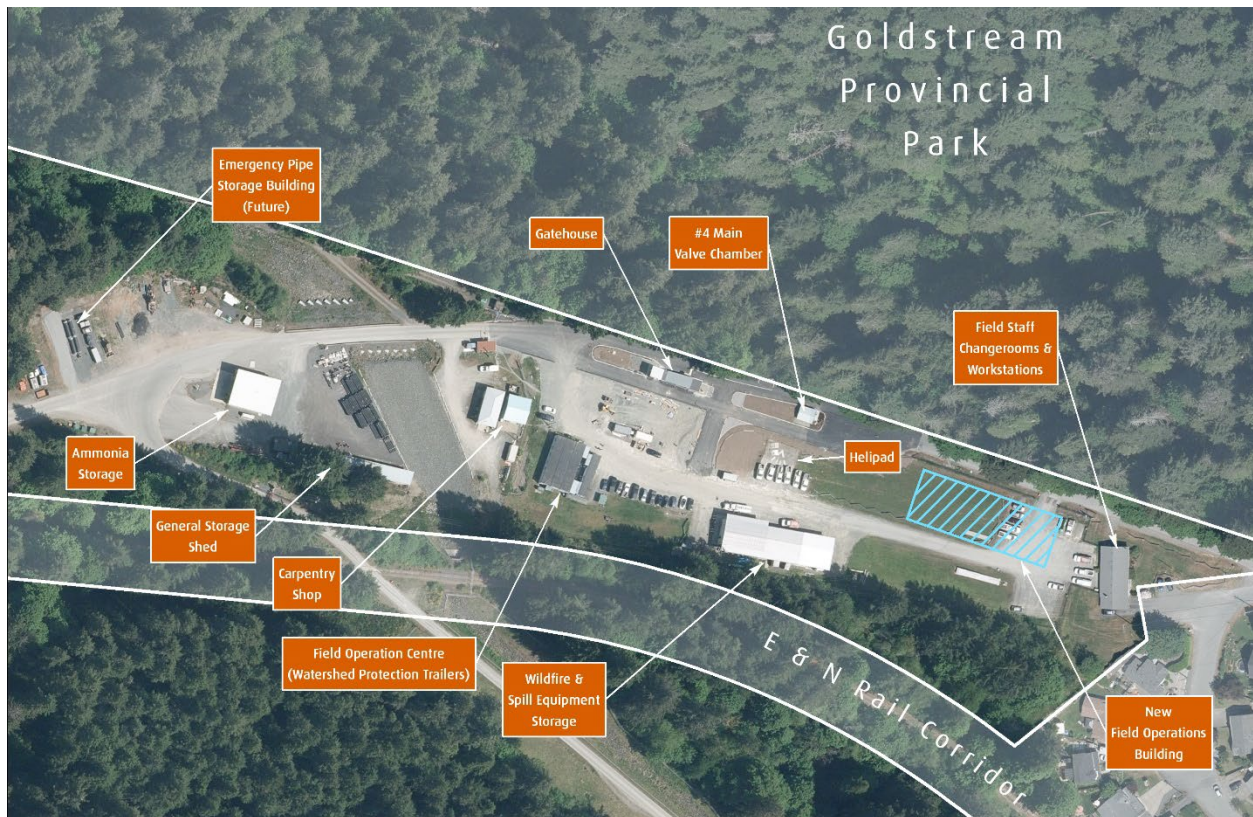


A plan to design and build centralized operational and office workspaces at the Goldstream site (see Goldstream site overview below) began in 2017 with the completion of a Function and Needs Assessment for the departments; an Inventory and Condition Assessment of existing facilities;

and a proposed program of facility upgrades and cost estimates to meet the department's needs. Two of the recommended facility upgrades have already been completed with a third underway:

- Wildfire and Spill Equipment Storage – bays extension – completed 2020
- New Gatehouse, Gates, Entry and Exit Roads - completed 2023
- Emergency Pipe Storage Building (in progress)

The Goldstream Site entrance to the Greater Victoria WSA:



The largest function and need identified for the IWS department at the Goldstream site is for office and operational space for the WP division and WQ field sampling program. The existing dispersed and temporary workspaces do not reflect the ongoing core work that is required to be conducted at this location for the sustainable management of the Regional Water Supply (RWS) System. IWS and CRD corporately also have need for a large meeting room for training purposes and an alternate Emergency Operations Center.

Funding was requested and approved through the RWS capital program, predominantly beginning in 2023, to design and construct new workspace at the Goldstream site. The following sections provide an overview of the current plans, process and timeline for the project.

Project Oversight and Management

The project is being overseen by a Project Oversight Committee consisting of the CRD Chief Administrative Officer, Chief Financial Officer, General Manager IWS, Senior Manager Watershed Protection and Senior Manager Facilities Management and Engineering Services. The project is being managed and delivered by the CRD Facilities Management and Engineering Services team.

Funding

The remaining budget for the project is made up of \$5 million in revenue from the sale of the Goldstream IWS gravel pit to the City of Langford in 2022 (final payment installment to be received January 2025) and \$6.5 million in RWS capital funding as well as \$3 million in CRD corporate funding for the large meeting/alternate EOC space as well as some flexible office space. No additional borrowing process is required as the project is already funded through existing capital programs.

Project Delivery Method

The project is being delivered using a Design-Build methodology. A competitive pre-qualification resulted in one successful proponent. The proponent and project team have been advancing design using a collaborative approach to ensure the facility meets operational needs. In spring 2025, the proponent will provide a proposal for final costing which includes completing detailed design and construction. Having a collaborative approach allows the team to continually look at opportunities to design the building with the best overall value for items such as site layout and HVAC equipment (value engineering).

Siting and Design

Staff have been working with the design-build contract team to progress design proposals and plans that meet the CRD's requirements, design terms of reference and the CRD Green Building policy. The Green Building Policy calls for new CRD buildings to be low carbon, use energy and water efficiently, minimize waste and utilize green infrastructure. The current planned siting, a rendering and floor plans for a two storey 14,400 total square feet building are shown in Appendix A. The plans are shown for context only and may yet change.

The design-build team have a target deadline to submit a building and development permit application to City of Langford by the spring of 2025. No public hearing is required for the applications to progress.

Sanitary Service

The current site uses two small septic fields to manage wastewater. The closest municipal sanitary line is located approximately 570 metres to the east of the site. Staff have been working with the City of Langford and the design-build team to estimate cost to the project of bringing sanitary to the site compared with developing a new septic tank/field system. If budget allows, bringing sanitary service to the site is preferred.

Schedule

The current schedule calls for submission of a building permit application late February 2025 with a goal to break ground during the summer of 2025 and complete construction in 2026. A Design-Build contract will be brought forward for approval in early 2025.

CONCLUSION

The capital project to design and construct a new Field Operations Centre building at the Goldstream entrance to the Greater Victoria Water Supply Area to support core Regional Water Supply work and some corporate needs is progressing. The building is currently expected to begin construction in the second half of 2025 and be completed by end of 2026. The Commission and Board will be kept updated on the project through scheduled capital projects' reporting.

RECOMMENDATION

There is no recommendation. The report is for information only.

Submitted by:	Annette Constabel, M.Sc., RPF., Senior Manager, Watershed Protection
Submitted by:	Chaz Whipp, P.Eng., CEM, Manager Structures & Systems
Concurrence:	Alicia Fraser, P. Eng., General Manager, Integrated Water Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Conceptual Draft building siting, 3D rendering, and floorplans

CCDC 14

Design-Build Stipulated Price Contract

2 0 1 3

[Name of the Work]

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*The Association of Consulting Engineering Companies-Canada

*The Canadian Construction Association

*Construction Specifications Canada

*The Royal Architectural Institute of Canada

*Committee policy and procedures are directed and approved by the four constituent national organizations.

This document has also been endorsed by the Canadian Design-Build Institute.



Comments and inquiries should be directed to:
Canadian Construction Documents Committee
1900-275 Slater Street
Ottawa, ON
K1P 5H9
613 236-9455
info@ccdc.org
ccdc.org

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AGREEMENT BETWEEN OWNER AND DESIGN-BUILDER

For use when a stipulated price is the basis of payment.

This Agreement made on the _____ day of _____ in the year _____ .

by and between the parties:

hereinafter called the "*Owner*"
and

hereinafter called the "*Design-Builder*"

The *Owner* and the *Design-Builder* agree as follows:

ARTICLE A-1 DESIGN SERVICES AND THE WORK

The *Design-Builder* shall:

1.1 provide the *Design Services*, and

1.2 perform the *Work* for

[Name of the Work]

insert above the name of the Work

located at

insert above the Place of the Work

for which the Agreement has been signed by the parties, and for which

insert above the name of the Consultant

is acting as, and is hereinafter called, the "*Consultant*", and for which

insert above the name of the Payment Certifier

is acting as, and is hereinafter called the *Payment Certifier*, and for which

insert above the name of the Owner's Advisor

is acting as, and is hereinafter called the *Owner's Advisor*^{*};
(*Strike out if none appointed)

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- 1.3 subject to adjustment in *Contract Time* as provided for in the *Contract Documents*, attain *Substantial Performance* of the Work by the _____ day of _____ in the year _____.

ARTICLE A-2 AGREEMENTS AND AMENDMENTS

- 2.1 This *Contract* supersedes all prior negotiations, representations or agreements, either written or oral, including bidding documents that are not expressly listed in Article A-3 of the Agreement – CONTRACT DOCUMENTS.
- 2.2 This *Contract* may be amended only as provided for in the *Contract Documents*.

ARTICLE A-3 CONTRACT DOCUMENTS

- 3.1 The following are the *Contract Documents* referred to in Article A-1 of the Agreement – DESIGN SERVICES AND THE WORK:
- Agreement Between Owner and Design-Builder
 - Definitions in this *Contract*
 - General Conditions of this *Contract*
 - Owner's Statement of Requirements, consisting of the following (list those written requirements and information constituting those documents intended to comprise the Owner's Statement of Requirements):

- Construction Documents

*

* (Insert here, attaching additional pages if required, a list identifying all other Contract Documents, e.g. Supplementary Conditions; Proposals; Specifications (giving a list of contents with section numbers and titles, number of pages, date and revision date(s), if any); Drawings (giving drawing number, title, date, revision date or mark); Addenda (giving title, number, date).

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ARTICLE A-4 CONTRACT PRICE

4.1 The *Contract Price*, which excludes *Value Added Taxes*, is:

_____/100 dollars \$ _____

4.2 *Value Added Taxes* (of _____ %) payable by the *Owner* to the *Design-Builder* are:

_____/100 dollars \$ _____

4.3 Total amount payable by the *Owner* to the *Design-Builder* is:

_____/100 dollars \$ _____

4.4 These amounts shall be subject to adjustments as provided in the *Contract Documents*.

4.5 Amounts are in Canadian funds.

ARTICLE A-5 PAYMENT

5.1 Subject to provisions of the *Contract Documents*, and in accordance with legislation and statutory regulations respecting holdback percentages and, where such legislation or regulations do not exist or apply, subject to a holdback of _____ percent (_____ %), the *Owner* shall:

- .1 make progress payments to the *Design-Builder* on account of the *Contract Price* when due in the amount certified by the *Payment Certifier*, together with such *Value Added Taxes* as may be applicable to such payment, and
- .2 upon *Substantial Performance of the Work*, pay to the *Design-Builder* the unpaid balance of the holdback amount when due, together with such *Value Added Taxes* as may be applicable to such payment, and
- .3 upon the issuance of the final certificate for payment, pay to the *Design-Builder* the unpaid balance of the *Contract Price* when due, together with such *Value Added Taxes* as may be applicable to such payment.

5.2 In the event of loss or damage occurring where payment becomes due under the property and boiler and machinery insurance policies, payments shall be made to the *Design-Builder* in accordance with the provisions of GC 11.1 – INSURANCE.

5.3 Interest

- .1 Should either party fail to make payments as they become due under the terms of the *Contract* or in an award by arbitration or court, interest at the following rates on such unpaid amounts shall also become due and payable until payment:
 - (1) 2% per annum above the prime rate for the first 60 days.
 - (2) 4% per annum above the prime rate after the first 60 days.

Such interest shall be compounded on a monthly basis. The prime rate shall be the rate of interest quoted by

(Insert name of chartered lending institution whose prime rate is to be used)

for prime business loans as it may change from time to time.

- .2 Interest shall apply at the rate and in the manner prescribed by paragraph 5.3.1 of this Article on the settlement amount of claims in dispute that are resolved either pursuant to Part 8 of the General Conditions – DISPUTE RESOLUTION or otherwise, from the date on which the amount would have been due and payable under the *Contract*, had it not been in dispute, until the date it is paid.

ARTICLE A-6 RECEIPT OF AND ADDRESSES FOR NOTICES IN WRITING

6.1 *Notices in Writing* will be addressed to the recipient at the address set out below.

6.2 The delivery of a *Notice in Writing* will be by hand, by courier, by prepaid first class mail, by facsimile or other form of electronic communication during the transmission of which no indication of failure of receipt is communicated to the sender.

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- 6.3 A *Notice in Writing* delivered by one party in accordance with this *Contract* will be deemed to have been received by the other party on the date of delivery if delivered by hand or courier, or if sent by mail it shall be deemed to have been received five calendar days after the date on which it was mailed, provided that if either such day is not a *Working Day*, then the *Notice in Writing* shall be deemed to have been received on the *Working Day* next following such day.
- 6.4 A *Notice in Writing* sent by facsimile or other form of electronic communication shall be deemed to have been received on the date of its transmission provided that if such day is not a *Working Day* or if it is received after the end of normal business hours on the date of its transmission at the place of receipt, then it shall be deemed to have been received at the opening of business at the place of receipt on the first *Working Day* next following the transmission.
- 6.5 An address for a party may be changed by *Notice in Writing* to the other party setting out the new address in accordance with this Article.

Owner

name of Owner*

Address

facsimile number

email address

Design-Builder

name of Design-Builder*

Address

facsimile number

email address

Owner's Advisor**

name of Owner's Advisor*

Address

facsimile number

email address

* If it is intended that the notice must be received by a specific individual, indicate that individual's name.

** Strike out this entry if no Owner's Advisor is designated as per GC 2.3 – OWNER'S ADVISOR.

ARTICLE A-7 LANGUAGE OF THE CONTRACT

- 7.1 When the *Contract Documents* are prepared in both the English and French languages, it is agreed that in the event of any apparent discrepancy between the English and French versions, the English/French*** language shall prevail.

*** Complete this statement by striking out the inapplicable term.

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7.2 This Agreement is drawn in English at the request of the parties hereto. La présente convention est rédigée en anglais à la demande des parties.

ARTICLE A-8 SUCCESSION

8.1 This *Contract* shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, legal representatives, successors, and permitted assigns.

In witness whereof the parties hereto have executed this Agreement by the hands of their duly authorized representatives.

SIGNED AND DELIVERED

in the presence of:

WITNESS

OWNER

signature

name of Owner

signature

name of person signing

name and title of person signing

signature

name of person signing

WITNESS

DESIGN-BUILDER

signature

name of Design-Builder

signature

name of person signing

name and title of person signing

signature

name of person signing

N.B. Where legal jurisdiction, local practice, or Owner or Design-Builder requirement calls for:

- (a) proof of authority to execute this document, attach such proof of authority in the form of a certified copy of a resolution naming the representative(s) authorized to sign the Agreement for and on behalf of the corporation or partnership; or*
- (b) the affixing of a corporate seal, this Agreement should be properly sealed.*

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DEFINITIONS

The following Definitions shall apply to all *Contract Documents*.

Change Directive

A *Change Directive* is a written instruction signed by the *Owner* directing a change in the *Work* or in the *Design Services* within the general scope of the *Contract Documents*.

Change Order

A *Change Order* is a written amendment to the *Contract* signed by the *Owner* and the *Design-Builder* stating their agreement upon:

- a change in the *Work* or in the *Design Services*;
- an amendment to the *Owner's Statement of Requirements*, if any;
- the method of adjustment or the amount of the adjustment in the *Contract Price*, if any; and
- the extent of the adjustment in the *Contract Time*, if any.

Construction Documents

The *Construction Documents* consist of *Drawings*, *Specifications*, and other documents prepared by or on behalf of the *Design-Builder*, based on the *Contract Documents*, and accepted in writing by the *Owner* and the *Design-Builder* as meeting the *Owner's Statement of Requirements* and the general intent of the *Contract Documents*.

Construction Equipment

Construction Equipment means machinery and equipment, either operated or not operated, that is required for preparing, fabricating, conveying, erecting, or otherwise performing the *Work* but is not incorporated into the *Work*.

Consultant

The *Consultant* is the person or entity identified as such in the Agreement. The *Consultant* is the architect, the engineer, or entity licensed to practise in the province or territory of the *Place of the Work* and engaged by the *Design-Builder* to provide all or part of the *Design Services*.

Contract

The *Contract* is the undertaking by the parties to perform their respective duties, responsibilities, and obligations as prescribed in the *Contract Documents* and represents the entire agreement between the parties.

Contract Documents

The *Contract Documents* consist of those documents listed in Article A-3 of the Agreement – CONTRACT DOCUMENTS and amendments thereto agreed upon between the parties.

Contract Price

The *Contract Price* is the amount stipulated in Article A-4 of the Agreement – CONTRACT PRICE.

Contract Time

The *Contract Time* is the time stipulated in paragraph 1.3 of Article A-1 of the Agreement – DESIGN SERVICES AND THE WORK from the date of the Agreement to the date of *Substantial Performance of the Work*.

Design-Builder

The *Design-Builder* is the person or entity identified as such in the Agreement.

Design Services

Design Services are the professional design and related services required by the *Contract Documents*.

Drawings

The *Drawings* are the graphic and pictorial portions of the *Construction Documents*, wherever located and whenever issued, showing the design, location and dimensions of the *Work*, generally including plans, elevations, sections, details, and diagrams.

Notice in Writing

A *Notice in Writing* is a written communication between the parties that is transmitted in accordance with the provisions of Article A-6 of the Agreement – RECEIPT OF AND ADDRESSES FOR NOTICES IN WRITING.

Other Consultant

Other Consultant is a person or entity, other than the *Consultant*, that may be engaged by the *Design-Builder* to perform part of the *Design Services*.

Owner

The *Owner* is the person or entity identified as such in the Agreement.

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Owner's Advisor

The *Owner's Advisor*, if any, is the person or entity appointed by the *Owner* and identified as such in the Agreement.

Owner's Statement of Requirements

The *Owner's Statement of Requirements* consists of written requirements and information provided by the *Owner* and as listed in Article A-3 of the Agreement – CONTRACT DOCUMENTS and amendments thereto agreed upon between the parties.

Payment Certifier

The *Payment Certifier* is the person or entity identified as such in the Agreement responsible for the issuance of certificates for payment.

Place of the Work

The *Place of the Work* is the designated site or location of the *Work* identified in the *Contract Documents*.

Product

Product or Products means material, machinery, equipment, and fixtures incorporated into the *Work*, but does not include *Construction Equipment*.

Project

The *Project* means the *Owner's* entire undertaking of which the *Work* may be the whole or a part thereof.

Shop Drawings

Shop Drawings are drawings, diagrams, illustrations, schedules, performance charts, brochures, *Product* data, and other data which the *Design-Builder* provides to illustrate details of portions of the *Work*.

Specifications

The *Specifications* are that portion of the *Construction Documents*, wherever located and whenever issued, consisting of the written requirements and standards for *Products*, systems, workmanship, quality, and the necessary services for the *Work*.

Subcontractor

A *Subcontractor* is a person or entity having a direct contract with the *Design-Builder* to perform a part or parts of the *Work* at the *Place of the Work*.

Substantial Performance of the Work

Substantial Performance of the Work is as defined in the lien legislation applicable to the *Place of the Work*. If such legislation is not in force or does not contain such definition, or if the *Work* is governed by the Civil Code of Quebec, *Substantial Performance of the Work* shall have been reached when the *Work* is ready for use or is being used for the purpose intended and is so certified by the *Payment Certifier*.

Supplemental Instruction

A *Supplemental Instruction* is an instruction, not involving adjustment in the *Contract Price* or *Contract Time*, in the form of *Specifications*, *Drawings*, schedules, samples, models or written instructions, consistent with the intent of the *Contract Documents*. It is to be issued by the *Owner* to supplement the *Contract Documents* as required for the performance of the *Work*.

Supplier

A *Supplier* is a person or entity having a direct contract with the *Design-Builder* to supply *Products*.

Temporary Work

Temporary Work means temporary supports, structures, facilities, services, and other temporary items, excluding *Construction Equipment*, required for the *Work* but not incorporated into the *Work*.

Value Added Taxes

Value Added Taxes means such sum as shall be levied upon the *Contract Price* by the federal or any provincial or territorial government and includes the Goods and Services Tax, the Quebec Sales Tax, the Harmonized Sales Tax, and any similar tax, the collection and payment of which have been imposed on the *Design-Builder* by tax legislation.

Work

The *Work* means the total construction and related services required by the *Contract Documents*, but does not include *Design Services*.

Working Day

Working Day means a day other than a Saturday, Sunday, statutory holiday, or statutory vacation day that is observed by the construction industry in the area of the *Place of the Work*.

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GENERAL CONDITIONS OF THE DESIGN-BUILD STIPULATED PRICE CONTRACT

PART 1 GENERAL PROVISIONS

GC 1.1 CONTRACT DOCUMENTS

- 1.1.1 The intent of the *Contract Documents* is to include the design, the labour, the *Products* and other services necessary for the design and performance of the *Work* by the *Design-Builder* in accordance with these documents. It is not intended, however, that the *Design-Builder* shall supply products or perform services or work not consistent with, not covered by, or not properly inferable from the *Contract Documents*.
- 1.1.2 Nothing contained in the *Contract Documents* shall create any contractual relationship between the *Owner* and the *Consultant*, an *Other Consultant*, a *Subcontractor*, a *Supplier*, or their agent, employee, or any other person performing any portion of the *Design Services* or the *Work*.
- 1.1.3 The *Contract Documents* are complementary, and what is required by any one shall be as binding as if required by all.
- 1.1.4 Words and abbreviations which have well known technical or trade meanings are used in the *Contract Documents* in accordance with such recognized meanings.
- 1.1.5 References in the *Contract Documents* to the singular shall be considered to include the plural as the context requires.
- 1.1.6 If there is a conflict within the *Contract Documents*:
 - .1 the order of priority of documents, from highest to lowest, shall be
 - the Agreement between the *Owner* and the *Design-Builder*,
 - the Definitions,
 - Supplementary Conditions,
 - the General Conditions,
 - the *Owner's Statement of Requirements*,
 - the *Construction Documents*,
 - .2 later dated documents shall govern over earlier documents of the same type, and
 - .3 amendments to documents shall govern over documents so amended.
- 1.1.7 Copyright for the design and *Drawings* and electronic media, prepared on behalf of the *Design-Builder* belongs to the *Consultant* or *Other Consultants* who prepared them. Plans, sketches, *Drawings*, graphic representations, and *Specifications*, including, but not limited to computer generated designs, are instruments of the *Consultant's* or *Other Consultant's* services and shall remain their property, whether or not the *Work* for which they are made is executed and whether or not the *Design-Builder* has paid for the *Design Services*. Their alteration by the *Owner* is prohibited.
- 1.1.8 The *Owner* may retain copies, including reproducible copies, of plans, sketches, *Drawings*, graphic representations, and *Specifications* for information and reference in connection with the *Owner's* use and occupancy of the *Work*. Copies may only be used for the purpose intended and for a one time use, on the same site, and for the same *Project*. Except for reference purposes, the plans, sketches, *Drawings*, electronic files, graphic representations, and *Specifications* shall not be used for additions or alterations to the *Work* or on any other project without a written license from the *Consultant* or *Other Consultants* who prepared the documents, for their limited or repeat use.
- 1.1.9 The *Owner* shall be entitled to keep original models or renderings specifically commissioned and paid for.
- 1.1.10 Should the *Owner* alter a *Consultant's* or *Other Consultant's* instrument of service, or use or provide them to third parties other than in connection with the *Work* without informing the *Consultant* and without the *Consultant's* or *Other Consultant's* prior written consent, the *Owner* shall indemnify the *Design-Builder* against claims and costs (including legal costs) associated with such improper alteration or use.

GC 1.2 LAW OF THE CONTRACT

- 1.2.1 The law of the *Place of the Work* shall govern the interpretation of the *Contract*.

GC 1.3 RIGHTS AND REMEDIES

- 1.3.1 Except as expressly provided in the *Contract Documents*, the duties and obligations imposed by the *Contract Documents* and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights, and remedies otherwise imposed or available by law.

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- 1.3.2 No action or failure to act by the *Owner, Design-Builder, Consultant, Other Consultant, Payment Certifier, or Owner's Advisor* shall constitute a waiver of any right or duty afforded to either the *Owner* or the *Design-Builder* under the *Contract*, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically agreed to in writing.

GC 1.4 ASSIGNMENT

- 1.4.1 Neither party to the *Contract* shall assign the *Contract* or a portion thereof without the prior written consent of the other, which consent shall not be unreasonably withheld.

GC 1.5 CONFIDENTIALITY

- 1.5.1 Where a confidentiality agreement exists or as the *Owner* otherwise expressly identifies and requires, the *Owner* and the *Design-Builder* shall keep confidential all matters respecting technical and commercial issues relating to or arising from the performance of the *Contract* and shall not, without the prior written consent of the other party, disclose any such matters, except in strict confidence, to their respective professional advisors.

PART 2 OWNER'S RESPONSIBILITIES

GC 2.1 OWNER'S INFORMATION

- 2.1.1 The *Owner* shall furnish the information required to complete the *Contract* promptly to avoid delay in the performance of the *Contract*.
- 2.1.2 Unless the *Contract Documents* specifically state otherwise, the *Design-Builder* is entitled to rely on the accuracy of all information provided by or on behalf of the *Owner* without regard for the source of such information.
- 2.1.3 Notwithstanding any other provision of the *Contract*, the *Design-Builder* is not responsible for any design errors or omissions in any designs or *Specifications* provided by or on behalf of the *Owner* unless the *Design-Builder* has been specifically requested to review and has accepted in writing those designs and *Specifications* under the *Contract*.

GC 2.2 ROLE OF THE OWNER

- 2.2.1 The *Owner* will render any necessary decisions or provide instructions promptly to avoid delay in the performance of the *Contract*.
- 2.2.2 All communications between the *Owner* and the *Consultant*, an *Other Consultant*, a *Subcontractor*, or a *Supplier* shall be forwarded through the *Design-Builder*.
- 2.2.3 The *Owner* will be, in the first instance, the interpreter of the requirements of the *Owner's Statement of Requirements*.
- 2.2.4 The *Owner* will have authority to reject by *Notice in Writing* design or work which in the *Owner's* opinion does not conform to the requirements of the *Owner's Statement of Requirements*.
- 2.2.5 Whenever the *Owner* considers it necessary or advisable, the *Owner* will have authority to require a review of the *Design Services* and inspection or testing of the *Work*, whether or not such work is fabricated, installed or completed, in accordance with paragraph 2.5.5 of GC 2.5 – OWNER'S REVIEW OF THE DESIGN AND THE WORK.
- 2.2.6 During the progress of the *Design Services* or of the *Work* the *Owner* will furnish *Supplemental Instructions* related to the *Owner's Statement of Requirements* to the *Design-Builder* with reasonable promptness or in accordance with a schedule for such instructions agreed to by the *Owner* and the *Design-Builder*.

GC 2.3 OWNER'S ADVISOR

- 2.3.1 When the *Owner* appoints an *Owner's Advisor*, the duties, responsibilities and limitations of authority of the *Owner's Advisor* shall be as set forth in the *Contract Documents*.
- 2.3.2 The duties, responsibilities and limitations of authority of the *Owner's Advisor* as set forth in the *Contract Documents* shall be modified or extended only with the written consent of the *Owner* and the *Design-Builder*.
- 2.3.3 Subject to any notified limitations in authority, the *Design-Builder* may rely upon any written instructions or directions provided by the *Owner's Advisor*. Neither the authority of the *Owner's Advisor* to act, nor any decision to exercise or not exercise such authority, shall give rise to any duty or responsibility of the *Owner's Advisor* to the *Design-Builder*, the *Consultant, Other Consultants, Subcontractors, Suppliers*, or their agents, employees or other persons performing any portion of the *Design Services* or the *Work*.

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- 2.3.4 If the employment of the *Owner's Advisor* is terminated, the *Owner* may appoint or reappoint an *Owner's Advisor* against whom the *Design-Builder* makes no reasonable objection and whose status under the *Contract Documents* shall be that of the former *Owner's Advisor*.

GC 2.4 ROLE OF THE PAYMENT CERTIFIER

- 2.4.1 The *Owner* shall designate a *Payment Certifier* who will review the *Design-Builder's* applications for payment and certify the value of the *Design Services* and of *Work* performed and *Products* delivered to the *Place of the Work*.
- 2.4.2 The duties, responsibilities and limitations of authority of the *Payment Certifier* as set forth in the *Contract Documents* shall be modified or extended only with the written consent of the *Owner* and the *Design-Builder*.
- 2.4.3 Neither the authority of the *Payment Certifier* to act nor any decision either to exercise or not to exercise such authority shall give rise to any duty or responsibility of the *Payment Certifier* to the *Design-Builder*, the *Consultant*, *Other Consultants*, *Subcontractors*, *Suppliers*, or their agents, employees or other persons performing any of the *Design Services* or the *Work*.
- 2.4.4 The *Payment Certifier* will take all reasonable steps to be accessible to the *Design-Builder* during performance of the *Contract* and shall render any necessary decisions or instructions promptly as provided in GC 5.3 – PROGRESS PAYMENT to avoid delay in the processing of payment claims.
- 2.4.5 Based on the *Payment Certifier's* observations and evaluation of the *Design-Builder's* applications for payment, the *Payment Certifier* will determine the amounts owing to the *Design-Builder* under the *Contract* and will issue certificates for payment as provided in Article A-5 of the Agreement – PAYMENT, GC 5.3 – PROGRESS PAYMENT and GC 5.7 – FINAL PAYMENT.
- 2.4.6 All communications between the *Payment Certifier* and the *Consultant*, an *Other Consultant*, a *Subcontractor*, or a *Supplier* shall be forwarded through the *Design-Builder*.
- 2.4.7 The *Payment Certifier* will promptly inform the *Owner* of the date of receipt of the *Design-Builder's* applications for payment as provided in paragraph 5.3.1.1 of GC 5.3 – PROGRESS PAYMENT.
- 2.4.8 If the *Payment Certifier's* services are terminated, the *Owner* shall immediately designate a new *Payment Certifier* against whom the *Design-Builder* makes no reasonable objection and whose status under the *Contract Documents* shall be that of the former *Payment Certifier*.
- 2.4.9 The *Owner* may provide to the *Consultant*, *Other Consultants*, *Subcontractors* or *Suppliers*, through the *Payment Certifier*, information as to the percentage of the *Design Services* and *Work* that has been certified for payment.

GC 2.5 OWNER'S REVIEW OF THE DESIGN AND THE WORK

- 2.5.1 The *Owner* shall review the design as set out in the design development documents and proposed *Construction Documents* as the *Design Services* proceed, to confirm that the design is in compliance with the *Owner's Statement of Requirements* and the *Contract Documents*.
- 2.5.2 The *Owner* shall complete the reviews in accordance with the schedule agreed upon, or in the absence of an agreed schedule, with reasonable promptness so as to cause no delay.
- 2.5.3 The *Owner's* review shall not relieve the *Design-Builder* of responsibility for errors or omissions in the *Construction Documents* or for meeting all requirements of the *Contract Documents* unless the *Owner* accepts in writing a deviation from the *Contract Documents*.
- 2.5.4 No later than 10 days after completing the review, the *Owner* shall advise the *Design-Builder* in writing that the *Owner* has accepted or rejected the proposed *Construction Documents*. If rejected, the *Owner* shall inform the *Design-Builder* of the reasons of non-conformance and the *Design-Builder* shall revise the proposed *Construction Documents* to address such non-conformance. The *Design-Builder* shall inform the *Owner* in writing of any revisions other than those requested by the *Owner*.
- 2.5.5 The *Owner* may order any portion or portions of the *Work* to be examined to confirm that the *Work* performed is in accordance with the requirements of the *Contract Documents*. If the *Work* is not in accordance with the requirements of the *Contract Documents*, the *Design-Builder* shall correct the *Work* and pay the cost of examination and correction. If the *Work* is in accordance with the requirements of the *Contract Documents*, the *Owner* shall pay all costs incurred by the *Design-Builder* as a result of such examination and restoration.

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GC 2.6 WORK BY OWNER OR OTHER CONTRACTORS

- 2.6.1 The *Owner* reserves the right to award separate contracts in connection with other parts of the *Project* to other contractors and to perform other design or other work with its own forces.
- 2.6.2 When separate contracts are awarded for other parts of the *Project*, or when work is performed by the *Owner's* own forces, the *Owner* shall:
 - .1 provide for the co-ordination of the activities and work of other contractors and *Owner's* own forces with the *Design Services* and the *Work*;
 - .2 assume overall responsibility for compliance with the applicable health and construction safety legislation at the *Place of the Work*;
 - .3 enter into separate contracts with other contractors under conditions of contract which are compatible with the conditions of the *Contract*;
 - .4 ensure that insurance coverage is provided to the same requirements as are called for in GC 11.1 – INSURANCE and co-ordinate such insurance with the insurance coverage of the *Design-Builder* as it affects the *Design Services* and the *Work*; and
 - .5 take all reasonable precautions to avoid labour disputes or other disputes on the *Project* arising from the work of other contractors or the *Owner's* own forces.
- 2.6.3 When separate contracts are awarded for other parts of the *Project*, or when work is performed by the *Owner's* own forces, the *Design-Builder* shall:
 - .1 afford the *Owner* and other contractors reasonable opportunity to store their products and execute their work;
 - .2 cooperate with other contractors and the *Owner* in reviewing their construction schedules; and
 - .3 promptly report to the *Owner* in writing any apparent deficiencies in the work of other contractors or of the *Owner's* own forces, where such work affects the proper execution of any portion of the *Design Services* or of the *Work*, prior to proceeding with that portion of the *Design Services* or of the *Work*.
- 2.6.4 Where the *Contract Documents* identify work to be performed by other contractors or the *Owner's* own forces, the *Design-Builder* shall co-ordinate and schedule the *Design Services* and the *Work* with the work of other contractors and the *Owner's* own forces as specified in the *Contract Documents*.
- 2.6.5 Where a change in the *Design Services* or in the *Work* is required as a result of the co-ordination and integration of the work of other contractors or *Owner's* own forces with the *Design Services* or with the *Work*, the changes shall be authorized and valued as provided in GC 6.1 – OWNER'S RIGHT TO MAKE CHANGES, GC 6.2 – CHANGE ORDER and GC 6.3 – CHANGE DIRECTIVE.
- 2.6.6 Disputes and other matters in question between the *Design-Builder* and the *Owner's* other contractors shall be dealt with as provided in Part 8 of the General Conditions – DISPUTE RESOLUTION provided the other contractors have reciprocal obligations. The *Design-Builder* shall be deemed to have consented to arbitration of any dispute with any other contractor whose contract with the *Owners* contains a similar agreement to arbitrate.

PART 3 DESIGN-BUILDER'S RESPONSIBILITIES

GC 3.1 CONTROL OF THE DESIGN SERVICES AND THE WORK

- 3.1.1 The *Design-Builder* shall have total control of the *Design Services* and of the *Work* and shall direct and supervise the *Design Services* and the *Work* so as to ensure conformity with the *Contract Documents*.
- 3.1.2 The *Design-Builder* shall be solely responsible for the *Design Services* and construction means, methods, techniques, sequences, and procedures with respect to the *Work*.
- 3.1.3 The *Design-Builder* shall preserve and protect the rights of the parties under the *Contract* with respect to the *Design Services* to be performed by the *Consultant* and *Other Consultants*, and shall enter into a contract with the *Consultant* and *Other Consultants* to perform *Design Services* as provided in the *Contract*, in accordance with laws applicable at the *Place of the Work*.
- 3.1.4 The *Design-Builder's* contract with the *Consultant* shall:
 - .1 be based on the version of CCDC 15 – Design Services Contract between Design-Builder and Consultant in effect as at the date of this *Contract* or incorporate terms and conditions consistent with this version of CCDC 15, and
 - .2 incorporate terms and conditions of the *Contract Documents*, insofar as they are applicable.
- 3.1.5 Upon the *Owner's* request, the *Design-Builder* shall promptly provide the *Owner* with proof of compliance with paragraph 3.1.4.

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- 3.1.6 The *Design-Builder* shall be as fully responsible to the *Owner* for acts and omissions of the *Consultant* and *Other Consultants*, and of persons directly or indirectly employed by the *Consultant* and *Other Consultants*, as for acts and omissions of persons directly employed by the *Design-Builder*.
- 3.1.7 The *Design-Builder's* responsibility for *Design Services* performed by the *Consultant* and *Other Consultants* shall be limited to the degree of care, skill and diligence normally provided by consultants in the performance of comparable services in respect of projects of a similar nature to that contemplated by this *Contract*. The *Design-Builder* shall ensure that the *Consultant* and *Other Consultants* perform the *Design Services* to this standard.
- 3.1.8 The *Design-Builder* shall ensure that the *Consultant* and *Other Consultants* provide documentation required by authorities having jurisdiction in accordance with regulations and by-laws in effect at the *Place of the Work*.
- 3.1.9 The *Design-Builder* is solely responsible for the quality of the *Design Services* and of the *Work* and shall undertake any quality control activities specified in the *Contract Documents* or, if none are specified, as may be reasonably required to ensure such quality.
- 3.1.10 The *Design Builder* shall provide access to the *Work*, including parts being performed at locations other than the *Place of the Work* and to the location where the *Design Services* are performed, that the *Owner*, or the *Payment Certifier* may reasonably require to verify the progress of the *Work* or *Design Services* and their conformity to the requirements of the *Contract Documents*. The *Design-Builder* shall also provide sufficient, safe, and proper facilities at all times for such reviews of the *Design Services* or the *Work* and for inspection of the *Work* by authorized agencies.
- 3.1.11 If work is designated for tests, inspections, or approvals in the *Contract Documents*, or by the instructions of the *Owner*, the *Consultant*, or *Other Consultants*, or the laws or ordinances of the *Place of the Work*, the *Design-Builder* shall give the *Owner* reasonable notice of when the work will be ready for review and inspection.
- 3.1.12 The *Design-Builder* shall arrange for and shall give the *Owner* reasonable notice of the date and time of inspections by other authorities.
- 3.1.13 If the *Design-Builder* covers, or permits to be covered, work that has been designated for special tests, inspections, or approvals before such special tests, inspections, or approvals are made, given or, completed, the *Design-Builder* shall, if so directed, uncover such work, have the inspections or tests satisfactorily completed, and restore the covering work at the *Design-Builder's* expense.
- 3.1.14 The *Design-Builder* shall furnish promptly to the *Owner*, on request, a copy of certificates, test reports and inspection reports relating to the *Work*.

GC 3.2 DESIGN-BUILDER'S REVIEW OF OWNER'S STATEMENT OF REQUIREMENTS OR OTHER INFORMATION

- 3.2.1 The *Design-Builder* shall promptly notify the *Owner* of any significant error, inconsistency, or omission discovered in the *Owner's Statement of Requirements* or other information provided by or on behalf of the *Owner*. The *Design-Builder* shall not proceed with the *Design Services* or *Work* affected until the *Design-Builder* and the *Owner* have agreed in writing how the information should be corrected or supplied.
- 3.2.2 The *Design-Builder* shall not be liable for damages or costs resulting from such errors, inconsistencies, or omissions in the *Owner's Statement of Requirements* or other information provided by or on behalf of the *Owner*.

GC 3.3 ROLE OF THE CONSULTANT

- 3.3.1 The *Consultant* or *Other Consultants* will be, in the first instance, the interpreter of the requirements of the *Construction Documents* that they have prepared.
- 3.3.2 The duties, responsibilities and limitations of authority of the *Consultant* shall be in accordance with paragraph 3.1.4 of GC 3.1 – CONTROL OF THE DESIGN SERVICES AND THE WORK and shall be modified only with the written consent of the *Owner*, which consent shall not be unreasonably withheld.
- 3.3.3 If the *Consultant's* engagement is terminated, the *Design-Builder* shall immediately appoint or reappoint a *Consultant* against whom the *Owner* makes no reasonable objection and whose status under the *Contract Documents* shall be that of the former *Consultant*.

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GC 3.4 OTHER CONSULTANTS, SUBCONTRACTORS AND SUPPLIERS

- 3.4.1 The *Design-Builder* shall preserve and protect the rights of the parties under the *Contract* with respect to work to be performed under subcontract, and shall:
1. enter into contracts or written agreements with *Other Consultants* to require them to perform *Design Services* as provided in the *Contract Documents*;
 2. enter into contracts or written agreements with *Subcontractors* and *Suppliers* to require them to perform *Work* as required by the *Contract Documents*;
 3. incorporate the terms and conditions of the *Contract Documents* into all contracts or written agreements with *Other Consultants*, *Subcontractors* and *Suppliers* insofar as they are applicable; and
 4. be as fully responsible to the *Owner* for acts and omissions of *Other Consultants*, *Subcontractors*, *Suppliers* and of persons directly or indirectly employed by them as for acts and omissions of persons directly employed by the *Design-Builder*.
- 3.4.2 The *Design-Builder* shall indicate in writing, at the request of the *Owner*, the names of *Other Consultants*, *Subcontractors*, or *Suppliers* whose proposals or bids have been received by the *Design-Builder* which the *Design-Builder* would be prepared to accept for the performance of a portion of the *Design Services* or of the *Work*. Should the *Owner* not object before signing the subcontract, the *Design-Builder* shall employ *Other Consultants*, *Subcontractors* or *Suppliers* so identified by the *Design-Builder* in writing for the performance of that portion of the *Design Services* or of the *Work* to which their proposal or bid applies.
- 3.4.3 The *Owner* may, for reasonable cause, at any time before the *Design-Builder* has signed the subcontract, object to the use of a proposed *Other Consultant*, *Subcontractor* or *Supplier* and require the *Design-Builder* to employ another proposed *Other Consultant*, *Subcontractor* or *Supplier* bidder.
- 3.4.4 If the *Owner* requires the *Design-Builder* to change a proposed *Other Consultant*, *Subcontractor* or *Supplier*, the *Contract Price* and *Contract Time* shall be adjusted by the differences resulting from such required change.
- 3.4.5 The *Design-Builder* shall not be required to employ any *Subcontractor*, *Supplier*, *Other Consultant*, person or firm to whom the *Design-Builder* may reasonably object.

GC 3.5 CONSTRUCTION DOCUMENTS

- 3.5.1 The *Design-Builder* shall submit the proposed *Construction Documents* to the *Owner* to review in orderly sequence and sufficiently in advance so as to cause no delay. The *Owner* and the *Design-Builder* shall jointly prepare a schedule of the dates for submission and return of proposed *Construction Documents*.
- 3.5.2 During the progress of the *Design Services*, the *Design-Builder* shall furnish to the *Owner* documents that describe details of the design required by the *Contract Documents*.
- 3.5.3 At the time of submission the *Design-Builder* shall advise the *Owner* in writing of any significant deviations in the proposed *Construction Documents* from the requirements of the *Contract Documents*. The *Owner* may or may not accept such deviations. Accepted deviations from the *Owner's Statement of Requirements* will be recorded in a *Change Order*.
- 3.5.4 When a change is required to the *Construction Documents* it shall be made in accordance with GC 6.1 – OWNER'S RIGHT TO MAKE CHANGES, GC 6.2 – CHANGE ORDER, or GC 6.3 – CHANGE DIRECTIVE.

GC 3.6 DESIGN SERVICES AND WORK SCHEDULE

- 3.6.1 The *Design-Builder* shall:
- .1 promptly after signing the Agreement, prepare and submit to the *Owner* a *Design Services* and *Work* schedule that indicates the timing of the major activities of the *Design Services* and of the *Work* and provides sufficient detail of the critical events and their inter-relationship to demonstrate that the *Design Services* and the *Work* will be performed in conformity with the schedule;
 - .2 monitor the progress of the *Design Services* and of the *Work* relative to the schedule and update the schedule on a monthly basis or as stipulated by the *Contract Documents*; and
 - .3 advise the *Owner* of any revisions required to the schedule as a result of extensions to the *Contract Time* as provided in Part 6 of the General Conditions – CHANGES IN THE CONTRACT.

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GC 3.7 SUPERVISION

- 3.7.1 The *Design-Builder* shall provide all necessary supervision and appoint a competent representative who shall be in attendance at the *Place of the Work* while work is being performed. The appointed representative shall not be changed except for valid reason.
- 3.7.2 The appointed representative shall represent the *Design-Builder* at the *Place of the Work*. Information and instructions provided by the *Owner* to the *Design-Builder's* appointed representative shall be deemed to have been received by the *Design-Builder* except that *Notices in Writing* otherwise required under the *Contract* shall be given as indicated in Article A-6 of the Agreement – RECEIPT OF AND ADDRESSES FOR NOTICES IN WRITING.

GC 3.8 LABOUR AND PRODUCTS

- 3.8.1 The *Design-Builder* shall provide and pay for labour, *Products*, tools, *Construction Equipment*, water, heat, light, power, transportation, and other facilities and services necessary for the performance of the *Work* in accordance with the *Contract*.
- 3.8.2 Unless otherwise specified in the *Contract Documents*, *Products* provided shall be new. *Products* which are not specified shall be of a quality consistent with the *Contract Documents* and their use acceptable to the *Owner*.
- 3.8.3 The *Design-Builder* shall maintain good order and discipline among the *Design-Builder's* employees involved in the performance of the *Work* and shall not employ anyone not skilled in the tasks assigned.

GC 3.9 DOCUMENTS AT THE SITE

- 3.9.1 The *Design-Builder* shall keep one copy of current *Owner's Statement of Requirements*, *Construction Documents*, *Shop Drawings*, reports, and records of meetings at the *Place of the Work*, in good order and available to the *Owner*.

GC 3.10 SHOP DRAWINGS

- 3.10.1 The *Design-Builder* shall provide *Shop Drawings* as described in the *Contract Documents* or as the *Owner* may reasonably request.
- 3.10.2 *Shop Drawings* which require approval of any legally constituted authority having jurisdiction shall be provided to such authority by the *Design-Builder* for approval.
- 3.10.3 The *Design-Builder* shall review all *Shop Drawings* before providing them to the *Owner*. The *Design-Builder* represents by this review that the *Design-Builder* has:
 - .1 determined and verified all applicable field measurements, field construction conditions, *Product* requirements, catalogue numbers and similar data, or will do so, and
 - .2 checked and co-ordinated each *Shop Drawing* with the requirements of the *Contract Documents*.
- 3.10.4 If the *Owner* requests to review shop drawings, the *Design-Builder* shall submit them in an orderly sequence and sufficiently in advance so as to cause no delay in the *Design Services* or the *Work* or in the work of other contractors. The *Owner* and the *Design-Builder* shall jointly prepare a schedule of the dates for submission and return of *Shop Drawings*.
- 3.10.5 The *Owner's* review under paragraph 3.10.4 is for conformity to the intent of the *Contract Documents* and for general arrangement only. The *Owner's* review shall not relieve the *Design-Builder* of the responsibility for errors or omissions in the *Shop Drawings* or for meeting all requirements of the *Contract Documents* unless the *Owner* expressly accepts a deviation from the *Contract Documents* by *Change Order*.

GC 3.11 NON-CONFORMING DESIGN AND DEFECTIVE WORK

- 3.11.1 Where the *Owner* has advised the *Design-Builder*, by *Notice in Writing*, that designs or *Specifications* fail to comply with the *Owner's Statement of Requirements*, the *Design-Builder* shall ensure that the design documents or proposed *Construction Documents* are promptly corrected or altered.
- 3.11.2 The *Design-Builder* shall promptly correct defective work that has been rejected by *Notice in Writing* by the *Owner* as failing to conform to the *Contract Documents* whether or not the defective work has been incorporated in the *Work* and whether or not the defect is the result of poor workmanship, design, use of defective products, or damage through carelessness or other act or omission of the *Design-Builder*.
- 3.11.3 The *Design-Builder* shall promptly make good other contractors' work destroyed or damaged by such removals or replacements at the *Design-Builder's* expense.

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- 3.11.4 If, in the opinion of the *Owner*, it is not expedient to correct defective work or work not performed as provided in the *Contract Documents*, the *Owner* may deduct from the amount otherwise due to the *Design-Builder* the difference in value between the work as performed and that called for by the *Contract Documents*. If the *Design-Builder* does not agree on the difference in value, the *Design-Builder* shall refer the dispute to Part 8 of the General Conditions – DISPUTE RESOLUTION.

PART 4 ALLOWANCES

GC 4.1 CASH ALLOWANCES

- 4.1.1 The *Contract Price* includes the cash allowances, if any, stated in the *Owner's Statement of Requirements*. The scope of work or costs included in such cash allowances shall be as described in the *Owner's Statement of Requirements*.
- 4.1.2 The *Contract Price*, and not the cash allowances, includes the *Design-Builder's* overhead and profit in connection with such cash allowances.
- 4.1.3 Expenditures under cash allowances shall be authorized by the *Owner*.
- 4.1.4 Where the actual cost of the work performed under any cash allowance exceeds the amount of the allowance, the *Design-Builder* shall be compensated for the excess incurred and substantiated plus an amount for overhead and profit on the excess as set out in the *Contract Documents*. Where the actual cost of the work performed under any cash allowance is less than the amount of the allowance, the *Owner* shall be credited for the unexpended portion of the cash allowance, but not for the *Design-Builder's* overhead and profit on such amount. Multiple cash allowances shall not be combined for the purpose of calculating the foregoing.
- 4.1.5 The *Contract Price* shall be adjusted by *Change Order* to provide for any difference between each cash allowance and the actual cost of the work performed under that cash allowance.
- 4.1.6 The value of the work performed under a cash allowance is eligible to be included in progress payments.
- 4.1.7 The *Design-Builder* and the *Owner* shall jointly prepare a schedule that shows when the *Owner* must authorize ordering of items called for under cash allowances to avoid delaying the progress of the *Design Services* or of the *Work*.

GC 4.2 CONTINGENCY ALLOWANCE

- 4.2.1 The *Contract Price* includes the contingency allowance, if any, stated in the *Owner's Statement of Requirements*.
- 4.2.2 The contingency allowance includes the *Design-Builder's* overhead and profit in connection with such contingency allowance.
- 4.2.3 Expenditures under the contingency allowance shall be authorized and valued as provided in GC 6.1 – OWNER'S RIGHT TO MAKE CHANGES, GC 6.2 – CHANGE ORDER and GC 6.3 – CHANGE DIRECTIVE.
- 4.2.4 The *Contract Price* shall be adjusted by *Change Order* to provide for any difference between the expenditures authorized under paragraph 4.2.3 and the contingency allowance.

PART 5 PAYMENT

GC 5.1 FINANCING INFORMATION REQUIRED OF THE OWNER

- 5.1.1 The *Owner* shall, at the request of the *Design-Builder*, before signing the *Contract*, and promptly from time to time thereafter, furnish to the *Design-Builder* reasonable evidence that financial arrangements have been made to fulfill the *Owner's* obligations under the *Contract*.
- 5.1.2 The *Owner* shall give the *Design-Builder Notice in Writing* of any material change in the *Owner's* financial arrangements to fulfill the *Owner's* obligations under the *Contract* during the performance of the *Contract*.

GC 5.2 APPLICATIONS FOR PROGRESS PAYMENT

- 5.2.1 Applications for payment on account as provided in Article A-5 of the Agreement – PAYMENT may be made monthly as the *Design Services* and the *Work* progress.
- 5.2.2 Applications for payment shall be dated the last day of each payment period, which is the last day of the month or an alternative day of the month agreed to in writing by the parties.
- 5.2.3 The amount claimed shall be for the value, proportionate to the amount of the *Contract*, of the *Design Services* and of the *Work* performed and *Products* delivered to the *Place of the Work* as of the last day of the payment period.

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- 5.2.4 The *Design-Builder* shall submit to the *Payment Certifier*, at least 15 calendar days before the first application for payment, a schedule of values for the parts of the *Design Services* and of the *Work*, aggregating the total amount of the *Contract Price*, so as to facilitate evaluation of applications for payment.
- 5.2.5 The schedule of values shall be made out in such form and supported by such evidence as the *Payment Certifier* may reasonably direct, and when accepted by the *Payment Certifier*, shall be used as the basis for applications for payment unless it is found to be in error.
- 5.2.6 The *Design-Builder* shall include a statement based on the schedule of values with each application for payment.
- 5.2.7 A declaration by the *Design-Builder* as to the distribution made of the amounts received using document CCDC 9A – Statutory Declaration of Progress Payment Distribution by Contractor shall be joined to each application for progress payment except the first one.
- 5.2.8 Applications for payment for *Products* delivered to the *Place of the Work* but not yet incorporated into the *Work* shall be supported by such evidence as the *Payment Certifier* may reasonably require to establish the value and delivery of the *Products*.

GC 5.3 PROGRESS PAYMENT

- 5.3.1 After receipt by the *Payment Certifier* of an application for payment submitted by the *Design-Builder* in accordance with GC 5.2 – APPLICATIONS FOR PROGRESS PAYMENT:
 - .1 the *Payment Certifier* will promptly inform the *Owner* of the date of receipt and value of the *Design-Builder's* application for payment,
 - .2 the *Payment Certifier* will issue to the *Owner* and copy to the *Design-Builder*, no later than 10 calendar days after the receipt of the application for payment, a certificate for payment in the amount applied for, or in such other amount as the *Payment Certifier* determines to be properly due. If the *Payment Certifier* amends the application, the *Payment Certifier* will promptly advise the *Design-Builder* in writing giving reasons for the amendment,
 - .3 the *Owner* shall make payment to the *Design-Builder* on account as provided in Article A-5 of the Agreement – PAYMENT on or before 20 calendar days after the later of:
 - receipt by the *Payment Certifier* of the application for payment, or
 - the last day of the monthly payment period for which the application for payment is made.

GC 5.4 SUBSTANTIAL PERFORMANCE OF THE WORK

- 5.4.1 When the *Design-Builder* considers that the *Work* is substantially performed or, if permitted by the lien legislation applicable at the *Place of the Work*, a designated portion thereof which the *Owner* agrees to accept separately is substantially performed, the *Design-Builder* shall prepare and submit to the *Payment Certifier* appropriate documents as required by the *Contract Documents* together with a written application for a review by the *Payment Certifier* to establish *Substantial Performance of the Work* or substantial performance of the designated portion of the *Work*. Failure to include this information does not alter the responsibility of the *Design-Builder* to complete the *Contract*.
- 5.4.2 The *Design-Builder's* application for *Substantial Performance of the Work* shall include a statement from the *Consultant*, and *Other Consultants* in support of the submitted information and the date of *Substantial Performance of the Work* or designated portion of the *Work*.
- 5.4.3 The *Payment Certifier* shall, within 7 calendar days after receipt of the *Design-Builder's* application for *Substantial Performance of the Work*, issue a certificate of the *Substantial Performance of the Work* which shall state the date of *Substantial Performance of the Work* or designated portion thereof or advise the *Design-Builder* in writing of the reasons for which such a certificate is not issued.
- 5.4.4 If the applicable lien legislation requires the *Consultant* to determine whether the *Work* has been substantially performed, the *Consultant* shall issue a certificate of the *Substantial Performance of the Work* which shall state the date of *Substantial Performance of the Work* or designated portion of the *Work* or advise the *Design-Builder* in writing of the reasons for which such a certificate is not issued.
- 5.4.5 Immediately following the issuance of the certificate of *Substantial Performance of the Work*, the *Design-Builder*, in consultation with the *Owner* will establish a reasonable date for completing the *Work*.

GC 5.5 PAYMENT OF HOLDBACK UPON SUBSTANTIAL PERFORMANCE OF THE WORK

- 5.5.1 After the issuance of the certificate of *Substantial Performance of the Work*, the *Design-Builder* shall:
 - .1 submit an application for payment of the holdback amount,
 - .2 submits a CCDC 9A Statutory Declaration of Progress Payment Distribution by Contractor.

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- 5.5.2 After the receipt of an application for payment from the *Design-Builder* and the statement as provided in paragraph 5.5.1, the *Payment Certifier* will issue a certificate for payment of the holdback amount.
- 5.5.3 Where the holdback amount required by the applicable lien legislation has not been placed in a separate holdback account, the *Owner* shall, 10 calendar days prior to the expiry of the holdback period stipulated in the lien legislation applicable to the *Place of the Work*, place the holdback amount in a bank account in the joint names of the *Owner* and the *Design-Builder*.
- 5.5.4 In the common law jurisdictions, the holdback amount authorized by the certificate for payment of the holdback amount is due and payable on the calendar day following the expiration of the holdback period stipulated in the lien legislation applicable to the *Place of the Work*. Where lien legislation does not exist or apply, the holdback amount shall be due and payable in accordance with other legislation, industry practice or provisions which may be agreed to between the parties. The *Owner* may retain out of the holdback amount any sums required by law to satisfy any liens against the *Work* or, if permitted by the lien legislation applicable to the *Place of the Work*, other third party monetary claims against the *Design-Builder* which are enforceable against the *Owner*.
- 5.5.5 In the Province of Quebec, the holdback amount authorized by the certificate for payment of the holdback amount is due and payable 30 calendar days after the issuance of the certificate. The *Owner* may retain out of the holdback amount any sums required to satisfy any legal hypothecs that have been taken, or could be taken, against the *Work* or other third party monetary claims against the *Design-Builder* which are enforceable against the *Owner*.

GC 5.6 PROGRESSIVE RELEASE OF HOLDBACK

- 5.6.1 In the common law jurisdictions, where legislation permits and where, upon application by the *Design-Builder*, the *Payment Certifier* has certified that the work of a *Subcontractor* or *Supplier* has been performed prior to *Substantial Performance of the Work*, the *Owner* shall pay the *Design-Builder* the holdback amount retained for such subcontract work, or the *Products* supplied by such *Supplier*, on the first calendar day following the expiration of the holdback period for such work stipulated in the lien legislation applicable to the *Place of the Work*. The *Owner* may retain out of the holdback amount any sums required by law to satisfy any liens against the *Work* or, if permitted by the lien legislation applicable to the *Place of the Work*, other third party monetary claims against the *Design-Builder* which are enforceable against the *Owner*.
- 5.6.2 In the Province of Quebec, where, upon application by the *Design-Builder*, the *Payment Certifier* has certified that the work of a *Subcontractor* or *Supplier* has been performed prior to *Substantial Performance of the Work*, the *Owner* shall pay the *Design-Builder* the holdback amount retained for such subcontract work, or the *Products* supplied by such *Supplier*, no later than 30 calendar days after such certification by the *Payment Certifier*. The *Owner* may retain out of the holdback amount any sums required to satisfy any legal hypothecs that have been taken, or could be taken, against the *Work* or other third party monetary claims against the *Design-Builder* which are enforceable against the *Owner*.
- 5.6.3 Notwithstanding the provisions of the preceding paragraphs, and notwithstanding the wording of such certificates, the *Design-Builder* shall ensure that such subcontract work or *Products* are protected pending the issuance of a *Substantial Performance of the Work* certificate and be responsible for the correction of defects or work not performed regardless of whether or not such was apparent when such certificates were issued.

GC 5.7 FINAL PAYMENT

- 5.7.1 When the *Design-Builder* considers that the *Design Services* and the *Work* are completed, the *Design-Builder* shall submit an application for final payment.
- 5.7.2 The *Payment Certifier* will, no later than 10 calendar days after the receipt of an application from the *Design-Builder* for final payment, verify the validity of the application and advise the *Design-Builder* in writing that the application is valid or give reasons why it is not valid.
- 5.7.3 When the *Payment Certifier* finds the *Design-Builder's* application for final payment valid, the *Payment Certifier* will promptly issue a final certificate for payment.
- 5.7.4 Subject to the provision of paragraph 10.4.1 of GC 10.4 – WORKERS' COMPENSATION, and any lien legislation applicable to the *Place of the Work*, the *Owner* shall, no later than 5 calendar days after the issuance of a final certificate for payment, pay the *Design-Builder* as provided in Article A-5 of the Agreement – PAYMENT.

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GC 5.8 DEFERRED WORK

- 5.8.1 If because of climatic or other conditions reasonably beyond the control of the *Design-Builder*, there are items of work that cannot be performed, payment in full for that portion of the *Design Services* or *Work* which has been performed as certified by the *Payment Certifier* shall not be withheld or delayed by the *Owner* on account thereof, but the *Owner* may withhold, until the remaining portions of the *Design Services* and *Work* are finished, only such amount that the *Payment Certifier* determines is sufficient and reasonable to cover the cost of performing such remaining work.

GC 5.9 NON-CONFORMING DESIGN SERVICES AND WORK

- 5.9.1 No payment by the *Owner* under the *Contract* nor partial or entire use or occupancy of the *Work* by the *Owner* shall constitute an acceptance of any portion of the *Design Services* and the *Work* which are not in accordance with the requirements of the *Contract Documents*.

PART 6 CHANGES IN THE CONTRACT

GC 6.1 OWNER'S RIGHT TO MAKE CHANGES

- 6.1.1 The *Owner* without invalidating the *Contract*, may make:
- .1 changes to the *Work* or to the *Owner's Statement of Requirements* consisting of additions, deletions or revisions to the *Design Services* or to the *Work*, by *Change Order* or *Change Directive*, and
 - .2 changes to the *Contract Time* by *Change Order*.
- 6.1.2 The *Design-Builder* shall not perform a change in the *Design Services*, *Construction Documents* or to the *Work* without a *Change Order* or a *Change Directive*.

GC 6.2 CHANGE ORDER

- 6.2.1 When a change is proposed or required, the *Owner* or the *Design-Builder* shall provide a written description of the proposed change to the other party. The *Design-Builder* shall present, in a form acceptable to the *Owner*, a method of adjustment or an amount of adjustment for the *Contract Price*, if any, and the adjustment in the *Contract Time*, if any, for the proposed change.
- 6.2.2 When the *Owner* and *Design-Builder* agree to the adjustments in the *Contract Price* and *Contract Time*, or to the method to be used to determine the adjustments, such agreement shall be effective immediately and shall be recorded in a *Change Order*. The value of the *Design Services* or the *Work* performed as the result of a *Change Order* shall be included in applications for progress payment.
- 6.2.3 If the *Owner* requests the *Design-Builder* to submit a proposal for a change and then elects not to proceed with the change, a *Change Order* shall be issued by the *Owner* to reimburse the *Design-Builder* for all costs incurred by the *Design-Builder* in developing the proposal, including the cost of the related *Design Services*.

GC 6.3 CHANGE DIRECTIVE

- 6.3.1 If the *Owner* requires the *Design-Builder* to proceed with a change prior to the *Owner* and the *Design-Builder* agreeing upon the corresponding adjustment in *Contract Price* and *Contract Time*, the *Owner* shall issue a *Change Directive*.
- 6.3.2 A *Change Directive* shall only be used to direct a change which is within the general scope of the *Contract Documents*.
- 6.3.3 A *Change Directive* shall not be used to direct a change in the *Contract Time* only.
- 6.3.4 Upon receipt of a *Change Directive*, the *Design-Builder* shall proceed promptly with the change.
- 6.3.5 For the purpose of valuing *Change Directives*, changes that are not substitutions or otherwise related to each other shall not be grouped together in the same *Change Directive*.
- 6.3.6 The adjustment in the *Contract Price* for a change carried out by way of a *Change Directive* shall be determined on the basis of the cost of the *Design-Builder's* actual expenditures and savings attributable to the *Change Directive*, valued in accordance with paragraph 6.3.7 and as follows:
- .1 If the change results in a net increase in the *Design-Builder's* cost, the *Contract Price* shall be increased by the amount of the net increase in the *Design-Builder's* cost, plus the *Design-Builder's* percentage fee on the net increase.

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- .2 If the change results in a net decrease in the *Design-Builder's* cost, the *Contract Price* shall be decreased by the amount of the net decrease in the *Design-Builder's* cost, without adjustment for the *Design-Builder's* percentage fee.
- 6.3.7 The cost of performing the work attributable to the *Change Directive* shall be limited to the actual cost of the following:
- .1 salaries, wages and benefits paid to personnel in the direct employ of the *Design-Builder* under a salary or wage schedule agreed upon by the *Owner* and the *Design-Builder*, or in the absence of such a schedule, actual salaries, wages and benefits paid under applicable bargaining agreement, and in the absence of a salary or wage schedule and bargaining agreement, actual salaries, wages and benefits paid by the *Design-Builder*, for personnel:
 - (1) stationed at the *Design-Builder's* field office, in whatever capacity employed;
 - (2) engaged in expediting the production or transportation of material or equipment, at shops or on the road;
 - (3) engaged in the preparation or review of *Shop Drawings*, fabrication drawings, coordination drawings, and project record drawings; or
 - (4) engaged in the processing of changes in the *Design Services* or in the *Work*;
 - .2 contributions, assessments, or taxes incurred for such items as employment insurance, provincial or territorial health insurance, workers' compensation, and Canada or Quebec Pension Plan, insofar as such cost is based on wages, salaries, or other remuneration paid to employees of the *Design-Builder* and included in the cost of the work as provided in paragraphs 6.3.7.1;
 - .3 travel and subsistence expenses of the *Design-Builder's* personnel described in paragraphs 6.3.7.1;
 - .4 all *Products* including cost of transportation thereof;
 - .5 materials, supplies, *Construction Equipment*, *Temporary Work*, and hand tools not owned by the workers, including transportation and maintenance thereof, which are consumed in the performance of the *Work*, and cost less salvage value on such items used but not consumed, which remain the property of the *Design-Builder*;
 - .6 all tools and *Construction Equipment*, exclusive of hand tools used in the performance of the *Work* whether rented from or provided by the *Design-Builder* or others, including installation, minor repairs and replacements, dismantling, removal, transportation, and delivery cost thereof;
 - .7 all equipment and services required for the *Design-Builder's* field office;
 - .8 deposits lost;
 - .9 the cost of *Design Services* including all fees and disbursements of the *Consultant* and *Other Consultants* engaged to perform such services;
 - .10 the amounts of all subcontracts;
 - .11 quality assurance such as independent inspection and testing services;
 - .12 charges levied by authorities having jurisdiction at the *Place of the Work*;
 - .13 royalties, patent license fees, and damages for infringement of patents and cost of defending suits therefore subject always to the *Design-Builder's* obligations to indemnify the *Owner* as provided in paragraph 10.3.1 of GC 10.3 – PATENT FEES;
 - .14 any adjustment in premiums for all bonds and insurance which the *Design-Builder* is required, by the *Contract Documents*, to purchase and maintain;
 - .15 any adjustment in taxes, other than *Value Added Taxes*, and duties for which the *Design-Builder* is liable;
 - .16 charges for long distance telephone and facsimile communications, courier services, expressage, and petty cash items incurred in relation to the performance of the *Work*;
 - .17 removal and disposal of waste products and debris; and
 - .18 safety measures and requirements.
- 6.3.8 Notwithstanding other provisions contained in the General Conditions of the *Contract*, it is the intention of the parties that the cost of any item under any cost element referred to in paragraph 6.3.7 shall cover and include any and all costs or liabilities attributable to the *Change Directive* other than those which are the result of or occasioned by any failure on the part of the *Design-Builder* to exercise reasonable care and diligence in the *Design-Builder's* attention to the *Design Services* or to the *Work*. Any cost due to failure on the part of the *Design-Builder* to exercise reasonable care and diligence in the *Design-Builder's* attention to the *Design Services* or to the *Work* shall be borne by the *Design-Builder*.
- 6.3.9 The *Design-Builder* shall keep full and detailed accounts and records necessary for the documentation of the cost of performing the work attributable to the *Change Directive* and shall provide the *Owner* with copies thereof when requested.
- 6.3.10 For the purpose of valuing *Change Directives*, the *Owner* shall be afforded reasonable access to all of the *Design-Builder's* pertinent documents related to the cost of performing the work attributable to the *Change Directive*.

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- 6.3.11 Pending determination of the final amount of a *Change Directive*, the undisputed value of the work performed as the result of a *Change Directive* is to be included in progress payments.
- 6.3.12 If the *Owner* and *Design-Builder* do not agree on the proposed adjustment in the *Contract Time* attributable to the change, or the method of determining it, the adjustment shall be referred to the provisions of PART 8 – DISPUTE RESOLUTION, for determination.
- 6.3.13 When the *Owner* and the *Design-Builder* reach agreement on the adjustment to the *Contract Price* and to the *Contract Time*, this agreement shall be recorded in a *Change Order*.

GC 6.4 CONCEALED OR UNKNOWN CONDITIONS

- 6.4.1 If the *Owner* or the *Design-Builder* discovers conditions at the *Place of the Work* which are:
 - .1 subsurface or otherwise concealed physical conditions which existed before the commencement of the *Contract* and which differ materially from those indicated in the *Contract Documents*; or
 - .2 physical conditions, other than conditions due to weather, that are of a nature which differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the *Contract Documents*,
 then the observing party shall give *Notice in Writing* to the other party of such conditions before they are disturbed and in no event later than 5 *Working Days* after first observance of the conditions.
- 6.4.2 The *Owner* will promptly investigate such conditions. If the conditions differ materially from the *Contract Documents* and this would cause an increase or decrease in the *Design-Builder's* cost or time to perform the *Design Services* or the *Work*, the *Owner* will issue appropriate instructions for a change in the *Contract* as provided in GC 6.2 – CHANGE ORDER or GC 6.3 – CHANGE DIRECTIVE.
- 6.4.3 If the *Owner* is of the opinion that the conditions at the *Place of the Work* are not materially different or that no change in the *Contract Price* or the *Contract Time* is justified, the *Owner* will advise the *Design-Builder* in writing of the grounds on which this opinion is based.
- 6.4.4 The *Design-Builder* shall not be entitled to an adjustment in the *Contract Price* or the *Contract Time* if such conditions were reasonably apparent during the request for proposal period or bidding period and prior to proposal closing or bid closing.
- 6.4.5 If such concealed or unknown conditions relate to toxic and hazardous substances and materials, artifacts and fossils, or mould, the parties will be governed by the provisions of GC 9.2 – TOXIC AND HAZARDOUS SUBSTANCES AND MATERIALS, GC 9.3 – ARTIFACTS AND FOSSILS and GC 9.5 – MOULD.

GC 6.5 DELAYS

- 6.5.1 If the *Design-Builder* is delayed in the performance of the *Design Services* or the *Work* by an action or omission of the *Owner* or anyone employed or engaged by the *Owner* directly or indirectly, contrary to the provisions of the *Contract Documents*, then the *Contract Time* shall be extended for such reasonable time as agreed between the *Owner* and the *Design-Builder*. The *Design-Builder* shall be reimbursed by the *Owner* for reasonable costs incurred by the *Design-Builder* as the result of such delay.
- 6.5.2 If the *Design-Builder* is delayed in the performance of the *Design Services* or the *Work* by a stop work order issued by a court or other public authority and providing that such order was not issued as the result of an act or fault of the *Design-Builder* or any person employed or engaged by the *Design Builder* directly or indirectly, then the *Contract Time* shall be extended for such reasonable time as agreed between the *Owner* and the *Design-Builder*. The *Design-Builder* shall be reimbursed by the *Owner* for reasonable costs incurred by the *Design-Builder* as the result of such delay.
- 6.5.3 If the *Design-Builder* is delayed in the performance of the *Design Services* or the *Work* by:
 - .1 labour disputes, strikes, lock-outs (including lock-outs decreed or recommended for its members by a recognized contractors' association, of which the *Design-Builder* is a member or to which the *Design-Builder* is otherwise bound), or
 - .2 fire, unusual delay by common carriers or unavoidable casualties, or
 - .3 abnormally adverse weather conditions, or
 - .4 any cause beyond the *Design-Builder's* control other than one resulting from a default or breach of *Contract* by the *Design-Builder*,
 then the *Contract Time* shall be extended for such reasonable time as agreed between the *Owner* and the *Design-Builder*. The extension of time shall not be less than the time lost as the result of the event causing the delay, unless the *Design-Builder* agrees to a shorter extension. The *Design-Builder* shall not be entitled to payment for costs

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incurred by such delays unless such delays result from actions of the *Owner*, or anyone employed or engaged by the *Owner* directly or indirectly.

- 6.5.4 No extension shall be made for delay unless *Notice in Writing* of the cause of delay is given to the *Owner* no later than 10 *Working Days* after the commencement of the delay. In the case of a continuing cause of delay only one *Notice in Writing* shall be necessary.
- 6.5.5 Any adjustment to *Contract Price* and *Contract Time* required as a result of GC 6.5 – DELAYS shall be made as provided in GC 6.1 – OWNER’S RIGHT TO MAKE CHANGES, GC 6.2 – CHANGE ORDER, and GC 6.3 – CHANGE DIRECTIVE.

GC 6.6 CLAIMS FOR A CHANGE IN CONTRACT PRICE

- 6.6.1 If the *Design-Builder* intends to make a claim for an increase to the *Contract Price*, or if the *Owner* intends to make a claim for a credit to the *Contract Price*, the party that intends to make the claim shall give timely *Notice in Writing* of intent to claim to the other party, to give the other party the opportunity to take actions to mitigate the claim.
- 6.6.2 Upon commencement of the event or series of events giving rise to a claim, the party intending to make the claim shall:
 - .1 take all reasonable measures to mitigate any loss or expense which may be incurred as a result of such event or series of events, and
 - .2 keep such records as may be necessary to support the claim.
- 6.6.3 The party making the claim shall submit within a reasonable time to the other party a detailed account of the amount claimed and the grounds upon which the claim is based.
- 6.6.4 Where the event or series of events giving rise to the claim has a continuing effect, the detailed account submitted under paragraph 6.6.3 shall be considered to be an interim account and the party making the claim shall, at regular intervals as agreed between the parties, submit further interim accounts giving the accumulated amount of the claim and any further grounds upon which it is based. The party making the claim shall submit a final account after the end of the effects resulting from the event or series of events.
- 6.6.5 If the *Owner* and *Design-Builder* are in disagreement regarding the basis for the claim or its valuation, the matter shall be settled in accordance with Part 8 of the General Conditions – DISPUTE RESOLUTION.

PART 7 RIGHT TO SUSPEND OR TERMINATE

GC 7.1 OWNER'S RIGHT TO SUSPEND THE DESIGN SERVICES OR TERMINATE THE CONTRACT BEFORE THE WORK COMMENCES

- 7.1.1 The *Owner* may, at any time before the *Work* commences at the *Place of the Work*, suspend performance of the *Design Services* by giving *Notice in Writing* to the *Design-Builder* indicating the expected length of the suspension. Such suspension shall be effective in the manner as stated in the *Notice in Writing* and shall be without prejudice to any claims which either party may have against the other.
- 7.1.2 Upon receiving a notice of suspension, the *Design-Builder* shall, subject to any directions in the notice of suspension, suspend performance of the *Design Services*.
- 7.1.3 If the *Design Services* are suspended for a period of 20 *Working Days* or less, the *Design-Builder*, upon the expiration of the period of suspension, shall resume the performance of the *Design Services* in accordance with the *Contract Documents*. The *Contract Price* and *Contract Time* shall be adjusted as provided in paragraph 6.5.1 of GC 6.5 – DELAYS.
- 7.1.4 If, after 20 *Working Days* from the date of delivery of the *Notice in Writing* regarding the suspension of the *Design Services*, the *Owner* and the *Design-Builder* agree to continue with and complete the *Design Services* and the *Work*, the *Design-Builder* shall resume the *Design Services* in accordance with any terms and conditions agreed upon by the *Owner* and the *Design-Builder*. Failing such an agreement, the *Owner* shall be deemed to have terminated the *Contract* and the *Design-Builder* shall be entitled to be paid for all *Design Services* performed and for such other damages as the *Design-Builder* may have sustained, including reasonable profit, as a result of the termination of the *Contract*.

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GC 7.2 OWNER'S RIGHT TO TERMINATE THE DESIGN-BUILDER'S RIGHT TO CONTINUE WITH THE DESIGN SERVICES OR WORK, OR TERMINATE THE CONTRACT

- 7.2.1 If the *Design-Builder* is adjudged bankrupt, or makes a general assignment for the benefit of creditors because of the *Design-Builder's* insolvency, or if a receiver is appointed because of the *Design-Builder's* insolvency, the *Owner* may, without prejudice to any other right or remedy the *Owner* may have, terminate the *Design-Builder's* right to continue with the *Design Services* or *Work*, by giving the *Design-Builder* or receiver or trustee in bankruptcy *Notice in Writing* to that effect.
- 7.2.2 If the *Design-Builder* neglects to properly perform the *Design Services* or *Work*, or otherwise fails to comply with the requirements of the *Contract* to a substantial degree, the *Owner* may, without prejudice to any other right or remedy the *Owner* may have, give the *Design-Builder Notice in Writing* that the *Design-Builder* is in default of the *Design-Builder's* contractual obligations and instruct the *Design-Builder* to correct the default in the 5 *Working Days* immediately following the receipt of such *Notice in Writing*.
- 7.2.3 If the default cannot be corrected in the 5 *Working Days* specified or in such other time period as may be subsequently agreed in writing by the parties, the *Design-Builder* shall be in compliance with the *Owner's* instructions if the *Design-Builder*:
- .1 commences the correction of the default within the specified or agreed time, as the case may be, and
 - .2 provides the *Owner* with an acceptable schedule for such correction, and
 - .3 corrects the default in accordance with the *Contract* terms and with such schedule.
- 7.2.4 If the *Design-Builder* fails to correct the default in the time specified or in such other time period as may be subsequently agreed in writing by the parties, without prejudice to any other right or remedy the *Owner* may have, the *Owner* may:
- .1 correct such default and deduct the cost thereof from any payment then or thereafter due the *Design-Builder* provided the *Payment Certifier* has certified such cost to the *Owner* and the *Design-Builder*, or
 - .2 terminate the *Design-Builder's* right to continue with the *Design Services* or *Work* in whole or in part, or
 - .3 terminate the *Contract*.
- 7.2.5 If the *Owner* terminates the *Design-Builder's* right to continue with the *Design Services* or *Work* as provided in paragraphs 7.2.1 and 7.2.4, or if the *Owner* terminates the *Contract*, the *Owner* shall be entitled to:
- .1 use the plans, sketches, *Drawings*, graphic representations and *Specifications* pursuant to paragraph 1.1.8 of GC 1.1 – CONTRACT DOCUMENTS, as reasonably required for the completion of design and construction of the *Project*, but unless otherwise agreed, the *Consultant* and *Other Consultants* shall not assume any responsibility or liability resulting from use of such documents which may be incomplete;
 - .2 take possession of the *Work* and *Products* at the *Place of the Work*, and subject to the rights of third parties, utilize the *Construction Equipment* at the *Place of the Work*, and finish the *Design Services* and *Work* by whatever method the *Owner* may consider expedient, but without undue delay or expense;
 - .3 withhold further payment to the *Design-Builder* until final payment is determined in accordance with paragraphs 7.2.5.4 and 7.2.5.5;
 - .4 charge the *Design-Builder* the amount by which:
 - (1) the full cost of finishing the *Design Services* and the *Work*, as certified by the *Payment Certifier*, including compensation to the *Payment Certifier* for the *Payment Certifier's* additional services, plus
 - (2) a reasonable allowance as determined by the *Payment Certifier* to cover the cost of corrections to work performed by the *Design-Builder* that may be required under GC 12.5 – WARRANTY, together exceeds the unpaid balance of the *Contract Price*; however, if such cost of finishing the *Design Services* and the *Work* is less than the unpaid balance of the *Contract Price*, the *Owner* shall pay the *Design-Builder* the difference; and
 - .5 on expiry of the warranty period, charge the *Design-Builder* the amount by which the cost of corrections to the *Design-Builder's* work under GC 12.5 – WARRANTY exceeds the allowance provided for such corrections, or if the cost of such corrections is less than the allowance, pay the *Design-Builder* the difference.
- 7.2.6 The *Design-Builder's* obligation under the *Contract* as to quality, correction and warranty of the *Work* performed by the *Design-Builder* up to the time of termination shall continue after such termination of the *Contract*.

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GC 7.3 DESIGN-BUILDER'S RIGHT TO SUSPEND THE DESIGN SERVICES OR WORK, OR TERMINATE THE CONTRACT

- 7.3.1 If the *Owner* is adjudged bankrupt, or makes a general assignment for the benefit of creditors because of the *Owner's* insolvency, or if a receiver is appointed because of the *Owner's* insolvency, the *Design-Builder* may, without prejudice to any other right or remedy the *Design-Builder* may have, terminate the *Contract* by giving the *Owner* or receiver or trustee in bankruptcy *Notice in Writing* to that effect.
- 7.3.2 If the *Design Services* or *Work* are suspended or otherwise delayed for a period of more than 20 *Working Days* under an order of a court or other public authority and providing that such order was not issued as the result of an act or fault of the *Design-Builder* or of anyone directly or indirectly employed or engaged by the *Design-Builder*, the *Design-Builder* may, without prejudice to any other right or remedy the *Design-Builder* may have, terminate the *Contract* by giving the *Owner* *Notice in Writing* to that effect.
- 7.3.3 The *Design-Builder* may give *Notice in Writing* to the *Owner* that the *Owner* is in default of the *Owner's* contractual obligations if:
- .1 the *Owner* fails to furnish, when so requested by the *Design-Builder*, reasonable evidence that financial arrangements have been made to fulfill the *Owner's* obligations under the *Contract*, or
 - .2 the *Payment Certifier* fails to issue a certificate as provided in GC 5.3 – PROGRESS PAYMENT, or
 - .3 the *Owner* fails to pay the *Design-Builder* when due the amounts certified by the *Payment Certifier* or awarded by arbitration or court, or
 - .4 the *Owner* violates the requirements of the *Contract* to a substantial degree.
- 7.3.4 The *Design-Builder's* *Notice in Writing* to the *Owner* provided under paragraph 7.3.3 shall advise that if the default is not corrected within 5 *Working Days* following the receipt of the *Notice in Writing*, the *Design-Builder* may, without prejudice to any other right or remedy the *Design-Builder* may have, suspend the *Design Services* or the *Work*, or terminate the *Contract*.
- 7.3.5 If the *Design-Builder* suspends the *Work* pursuant to paragraph 7.3.4, the *Design-Builder* shall:
- .1 at the cost of the *Owner* maintain operations necessary for safety reasons and for care and preservation of the *Work*,
 - .2 make reasonable efforts to delay *Product* deliveries, and
 - .3 not remove from the *Place of the Work* any part of the *Work* or any *Products* not yet incorporated into the *Work*.
- 7.3.6 If the *Design-Builder* terminates the *Contract* under the conditions set out above, the *Design-Builder* shall be entitled to be paid for all *Design Services* and *Work* performed including reasonable profit, for loss sustained upon *Products* and *Construction Equipment*, and for such other damages as the *Design-Builder* may have sustained as a result of the termination of the *Contract*.

PART 8 DISPUTE RESOLUTION

GC 8.1 NEGOTIATION, MEDIATION AND ARBITRATION

- 8.1.1 Differences between the parties to the *Contract* as to the interpretation, application or administration of the *Contract* or any failure to agree where agreement between the parties is called for, herein collectively called disputes, shall be settled in accordance with the requirements of Part 8 of the General Conditions – DISPUTE RESOLUTION.
- 8.1.2 If a dispute does arise, the parties shall make all reasonable efforts to resolve their dispute by amicable negotiations and agree to provide, without prejudice, frank, candid and timely disclosure of relevant facts, information and documents to facilitate these negotiations.
- 8.1.3 If the parties do not reach an agreement, either party shall send a *Notice in Writing* of dispute to the other party which contains the particulars of the matter in dispute, the relevant provisions of the *Contract Documents* and, if a Project Mediator has not already been appointed, a request that a Project Mediator be appointed. The responding party shall send a *Notice in Writing* of reply to the dispute within 10 *Working Days* after receipt of such *Notice in Writing*, setting out particulars of the response and any relevant provisions of the *Contract Documents*.
- 8.1.4 If a dispute is not resolved promptly, the *Owner* will issue such instructions as necessary to prevent delays pending settlement of the dispute. The parties shall act immediately according to such instructions, it being understood that by so doing neither party will jeopardize any claim the party may have. If it is subsequently determined that such instructions were in error or at variance with the *Contract Documents*, the *Owner* shall pay the *Design-Builder* costs incurred by the *Design-Builder* in carrying out such instructions which the *Design-Builder* was required to do beyond what the *Contract Documents* correctly understood and interpreted would have required, including costs resulting from interruption of the *Design Services* or the *Work*.

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- 8.1.5 The parties shall, in accordance with the Rules for Mediation of Construction Disputes as provided in CCDC 40 in effect at the time of proposal closing or bid closing, appoint a Project Mediator:
- .1 within 20 *Working Days* after the *Contract* was awarded, or
 - .2 if the parties neglected to make an appointment within the 20 *Working Days*, within 10 *Working Days* after either party by *Notice in Writing* requests that the Project Mediator be appointed.
- 8.1.6 After a period of 10 *Working Days* following receipt of a responding party's *Notice in Writing* of reply under paragraph 8.1.3, the parties shall request the Project Mediator to assist the parties to reach agreement on any unresolved dispute. The mediated negotiations shall be conducted in accordance with the Rules for Mediation and Arbitration of Construction Disputes as provided in CCDC 40 Rules for Mediation and Arbitration of Construction Disputes in effect at the time of proposal closing or bid closing.
- 8.1.7 If the dispute has not been resolved within 10 *Working Days* after the Project Mediator was requested under paragraph 8.1.6 or within such further period agreed by the parties, the Project Mediator shall terminate the mediated negotiations by giving *Notice in Writing* to the *Owner* and the *Design-Builder*.
- 8.1.8 By giving a *Notice in Writing* to the other party not later than 10 *Working Days* after the date of termination of the mediated negotiations under paragraph 8.1.7, either party may refer the dispute to be finally resolved by arbitration conducted in accordance with the Rules for Mediation and Arbitration of Construction Disputes as provided in CCDC 40 in effect at the time of proposal closing or bid closing. The arbitration shall be conducted in the jurisdiction of the *Place of the Work*.
- 8.1.9 On expiration of the 10 *Working Days* stipulated in paragraph 8.1.8, the arbitration agreement under paragraph 8.1.8 is not binding on the parties and, if a *Notice in Writing* is not given under paragraph 8.1.8 within the required time, the parties may refer the unresolved dispute to the courts or to any other form of dispute resolution, including arbitration, which they have agreed to use.
- 8.1.10 If neither party, by *Notice in Writing*, given within 10 *Working Days* of the date of *Notice in Writing* requesting arbitration in paragraph 8.1.8, requires that a dispute be arbitrated immediately, all disputes referred to arbitration as provided in paragraph 8.1.8 shall be
- .1 held in abeyance until
 - (1) *Substantial Performance of the Work*,
 - (2) the *Contract* has been terminated, or
 - (3) the *Design-Builder* has abandoned the *Design Services* or the *Work*,
 whichever is earlier; and
 - .2 consolidated into a single arbitration under the rules governing the arbitration under paragraph 8.1.8.

GC 8.2 RETENTION OF RIGHTS

- 8.2.1 It is agreed that no act by either party shall be construed as a renunciation or waiver of any rights or recourses, provided the party has given the *Notice in Writing* required under Part 8 of the General Conditions – DISPUTE RESOLUTION and has carried out the instructions as provided in paragraph 8.1.4.
- 8.2.2 Nothing in Part 8 of the General Conditions – DISPUTE RESOLUTION shall be construed in any way to limit a party from asserting any statutory right to a lien under applicable lien legislation of the jurisdiction of the *Place of the Work* and the assertion of such right by initiating judicial proceedings is not to be construed as a waiver of any right that party may have under paragraph 8.1.9 of GC 8.1 – NEGOTIATION, MEDIATION AND ARBITRATION to proceed by way of arbitration to adjudicate the merits of the claim upon which such a lien is based.
- 8.2.3 Part 8 of the General Conditions – DISPUTE RESOLUTION shall survive suspension or termination of the *Contract*.

PART 9 PROTECTION OF PERSONS AND PROPERTY

GC 9.1 PROTECTION OF WORK AND PROPERTY

- 9.1.1 The *Design-Builder* shall protect the *Work* and the *Owner's* property and property adjacent to the *Place of the Work* from damage which may arise as the result of the *Design-Builder's* operations under the *Contract*, and shall be responsible for such damage, except damage which occurs as the result of:
- .1 errors in the *Owner's Statement of Requirements*, or
 - .2 acts or omissions by the *Owner*, the *Owner's* agents and employees.
- 9.1.2 Before commencing any work, the *Design-Builder* shall determine the location of all underground utilities and structures that are reasonably apparent in an inspection of the *Place of the Work*.

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- 9.1.3 Should the *Design-Builder* in the performance of the *Contract* damage the *Work*, the *Owner's* property, or property adjacent to the *Place of the Work*, the *Design-Builder* shall be responsible for making good such damage at the *Design-Builder's* expense.
- 9.1.4 Should damage occur to the *Work* or *Owner's* property for which the *Design-Builder* is not responsible, as provided in paragraph 9.1.1, the *Design-Builder* shall make good such damage to the *Work* and, if the *Owner* so directs, to the *Owner's* property. The *Contract Price* and *Contract Time* shall be adjusted as provided in GC 6.1 – OWNER'S RIGHT TO MAKE CHANGES, GC 6.2 – CHANGE ORDER and GC 6.3 – CHANGE DIRECTIVE.

GC 9.2 TOXIC AND HAZARDOUS SUBSTANCES AND MATERIALS

- 9.2.1 For the purposes of applicable legislation related to toxic and hazardous substances, the *Owner* shall be deemed to have control and management of the *Place of the Work* with respect to existing conditions.
- 9.2.2 Prior to the *Design-Builder* commencing the *Design Services* or *Work*, the *Owner* shall, subject to legislation applicable to the *Place of the Work*:
 - .1 take all reasonable steps to determine whether any toxic or hazardous substances are present at the *Place of the Work*, and
 - .2 provide the *Design-Builder* with a written list of any such substances that are known to exist and their locations.
- 9.2.3 The *Owner* shall take all reasonable steps to ensure that no person's exposure to any toxic or hazardous substance exceeds the time weighted levels prescribed by applicable legislation at the *Place of the Work* and that no property is damaged or destroyed as a result of exposure to, or the presence of, toxic or hazardous substances which were at the *Place of the Work* prior to the *Design-Builder* commencing the *Work*.
- 9.2.4 Unless the *Contract* expressly provides otherwise, the *Owner* shall be responsible for taking all necessary steps, in accordance with applicable legislation in force at the *Place of the Work*, to dispose of, store or otherwise render harmless toxic or hazardous substances which were present at the *Place of the Work* prior to the *Design-Builder* commencing the *Work*.
- 9.2.5 If the *Design-Builder* encounters toxic or hazardous substances at the *Place of the Work* or has reasonable grounds to believe that toxic or hazardous substances are present at the *Place of the Work*, which were not brought to the *Place of the Work* by the *Design-Builder* or anyone for whom the *Design-Builder* is responsible and which were not disclosed by the *Owner* or which were disclosed but have not been dealt with as required under paragraph 9.2.4, the *Design-Builder* shall:
 - .1 take all reasonable steps, including stopping the *Work*, to ensure that no person's exposure to any toxic or hazardous substances exceeds any applicable time weighted levels prescribed by legislation applicable to the *Place of the Work*, and
 - .2 immediately report the circumstances to the *Owner* in writing.
- 9.2.6 If the *Owner* and *Design-Builder* do not agree on the existence or significance of the toxic or hazardous substances, or whether the toxic or hazardous substances were brought onto the *Place of the Work* by the *Design-Builder* or anyone for whom the *Design-Builder* is responsible, the *Owner* shall retain and pay for an independent qualified expert to investigate and make a determination on such matters. The expert's report shall be delivered to the *Owner* and the *Design-Builder*.
- 9.2.7 If the *Owner* and *Design-Builder* agree or if the expert referred to in paragraph 9.2.6 determines that the toxic or hazardous substances were not brought onto the *Place of the Work* by the *Design Builder* or anyone for whom the *Design Builder* is responsible, the *Owner* shall promptly at the *Owner's* own expense:
 - .1 take all steps as required under paragraph 9.2.4;
 - .2 reimburse the *Design-Builder* for the costs of all steps taken pursuant to paragraph 9.2.5;
 - .3 extend the *Contract Time* for such reasonable time as agreed between the *Design-Builder* and the *Owner* in consultation with the expert referred to in 9.2.6 and reimburse the *Design-Builder* for reasonable costs incurred as a result of the delay; and
 - .4 indemnify the *Design-Builder* as required by GC 12.2 – INDEMNIFICATION.
- 9.2.8 If the *Owner* and *Design-Builder* agree or if the expert referred to in paragraph 9.2.6 determines that the toxic or hazardous substance was brought onto the *Place of the Work* by the *Design-Builder* or anyone for whom the *Design-Builder* is responsible, the *Design-Builder* shall promptly at the *Design-Builder's* own expense:
 - .1 take all necessary steps, in accordance with applicable legislation in force at the *Place of the Work*, to safely remove and dispose the toxic or hazardous substances;
 - .2 make good any damage to the *Work*, the *Owner's* property or property adjacent to the *Place of the Work* as provided in paragraph 9.1.3 of GC 9.1 – PROTECTION OF WORK AND PROPERTY;

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- .3 reimburse the *Owner* for reasonable costs incurred under paragraph 9.2.6; and
- .4 indemnify the *Owner* as required by GC 12.2 – INDEMNIFICATION.

9.2.9 If either party does not accept the expert's findings under paragraph 9.2.6, the disagreement shall be settled in accordance with Part 8 of the General Conditions – DISPUTE RESOLUTION. If such disagreement is not resolved promptly, the parties shall act immediately in accordance with the expert's determination and take the steps required by paragraph 9.2.7 or 9.2.8 it being understood that by so doing, neither party will jeopardize any claim that party may have to be reimbursed as provided in paragraphs 9.2.7 or 9.2.8.

GC 9.3 ARTIFACTS AND FOSSILS

- 9.3.1 Fossils, coins, articles of value or antiquity, structures and other remains or things of scientific or historic interest discovered at the *Place of the Work* shall, as between the *Owner* and the *Design-Builder*, be deemed to be the absolute property of the *Owner*.
- 9.3.2 The *Design-Builder* shall take all reasonable precautions to prevent removal or damage to discoveries as identified in paragraph 9.3.1, and shall advise the *Owner* upon discovery of such items.
- 9.3.3 The *Owner* will investigate the impact on the *Design Services* or the *Work* of the discoveries identified in paragraph 9.3.1. If conditions are found that would cause an increase or decrease in the *Design-Builder's* cost or time to perform the *Design Services* or the *Work*, the *Owner* will issue appropriate instructions for a change in the *Contract* as provided in GC 6.2 – CHANGE ORDER or GC 6.3 – CHANGE DIRECTIVE.

GC 9.4 CONSTRUCTION SAFETY

- 9.4.1 Except as provided for in paragraph 2.6.2.2 of GC 2.6 – WORK BY OWNER OR OTHER CONTRACTORS, the *Design-Builder* shall assume overall responsibility for:
 - .1 construction health and safety at the *Place of the Work* in compliance with the rules, regulations and practices required by the applicable construction health and safety legislation, and
 - .2 establishing, initiating, maintaining, and supervising all health and safety precautions and programs in connection with the performance of the *Work*.

GC 9.5 MOULD

- 9.5.1 If the *Design-Builder* or *Owner* observes or reasonably suspects the presence of mould at the *Place of the Work*, the remediation of which is not expressly part of the *Work*,
 - .1 the observing party shall promptly report the circumstances to the other party in writing, and
 - .2 the *Design-Builder* shall promptly take all reasonable steps, including stopping the *Work* if necessary, to ensure that no person suffers injury, sickness or death and that no property is damaged as a result of exposure to or the presence of the mould.
- 9.5.2 If the *Owner* and *Design-Builder* do not agree on the existence, significance or cause of the mould or as to what steps need be taken to deal with it, the *Owner* shall retain and pay for an independent qualified expert to investigate and make a determination on such matters. The expert's report shall be delivered to the *Owner* and *Design-Builder*.
- 9.5.3 If the *Owner* and *Design-Builder* agree, or if the expert referred to in paragraph 9.5.2 determines that the presence of mould was caused by the *Design-Builder's* operations under the *Contract*, the *Design-Builder* shall promptly, at the *Design-Builder's* own expense:
 - .1 take all reasonable and necessary steps to safely remediate or dispose of the mould, and
 - .2 make good any damage to the *Work*, the *Owner's* property or property adjacent to the *Place of the Work* as provided in paragraph 9.1.3 of GC 9.1 – PROTECTION OF WORK AND PROPERTY, and
 - .3 reimburse the *Owner* for reasonable costs incurred under paragraph 9.5.2, and
 - .4 indemnify the *Owner* as required by GC 12.2 – INDEMNIFICATION.
- 9.5.4 If the *Owner* and *Design-Builder* agree, or if the expert referred to in paragraph 9.5.2 determines that the presence of mould was not caused by the *Design-Builder's* operations under the *Contract*, the *Owner* shall promptly, at the *Owner's* own expense:
 - .1 take all reasonable and necessary steps to safely remediate or dispose of the mould, and
 - .2 reimburse the *Design-Builder* for the cost of taking the steps under paragraph 9.5.1.2 and making good any damage to the *Work* as provided in paragraph 9.1.4 of GC 9.1 – PROTECTION OF WORK AND PROPERTY, and
 - .3 extend the *Contract Time* for such reasonable time as agreed between the *Design-Builder* and the *Owner* in consultation with the expert referred to in paragraph 9.5.2 and reimburse the *Design-Builder* for reasonable costs incurred as a result of the delay, and

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.4 indemnify the *Design-Builder* as required by GC 12.2 – INDEMNIFICATION.

- 9.5.5 If either party does not accept the expert's finding under paragraph 9.5.2, the disagreement shall be settled in accordance with Part 8 of the General Conditions – DISPUTE RESOLUTION. If such disagreement is not resolved promptly, the parties shall act immediately in accordance with the expert's determination and take the steps required by paragraphs 9.5.3 or 9.5.4, it being understood that by so doing neither party will jeopardize any claim the party may have to be reimbursed as provided in paragraphs 9.5.3 or 9.5.4.

PART 10 GOVERNING REGULATIONS

GC 10.1 TAXES AND DUTIES

- 10.1.1 The *Contract Price* shall include all taxes and customs duties in effect at the time of the proposal closing or bid closing except for *Value Added Taxes* payable by the *Owner* to the *Design-Builder* as stipulated in Article A-4 of the Agreement – CONTRACT PRICE.
- 10.1.2 Any increase or decrease in costs to the *Design-Builder* due to changes in such included taxes and duties after the time of the proposal closing or bid closing shall increase or decrease the *Contract Price* accordingly, and either party may submit a claim in accordance with the requirements of GC 6.6 – CLAIMS FOR A CHANGE IN CONTRACT PRICE.

GC 10.2 LAWS, NOTICES, PERMITS, AND FEES

- 10.2.1 The laws of the *Place of the Work* shall govern the *Design Services* and the *Work*.
- 10.2.2 The *Owner* shall obtain and pay for the permanent easements and rights of servitude.
- 10.2.3 Unless otherwise stated, the *Design-Builder* shall obtain and pay for the building permit and other permits, licences, or certificates necessary for the performance of the *Work* at the time of the proposal closing or bid closing. The *Contract Price* includes the cost of these permits, licences, inspections, and certificates, and their procurement.
- 10.2.4 The *Design-Builder* shall give the required notices and comply with the laws, ordinances, rules, regulations, or codes which are or become in force during the *Design Services* or the performance of the *Work* and which relate to the *Design Services* or the *Work*, to the preservation of the public health, and to construction safety.
- 10.2.5 The *Design-Builder* shall not be responsible for verifying that the *Owner's Statement of Requirements* is in substantial compliance with the applicable laws, ordinances, rules, regulations, or codes relating to the *Design Services* or the *Work*. If after the time of the proposal closing or bid closing, changes are made to the applicable laws, ordinances, rules, regulations, or codes which require modification to the *Contract Documents*, the *Design-Builder* shall advise the *Owner* in writing requesting direction immediately upon such variance or change becoming known. Changes shall be made as provided in GC 6.1 – OWNER'S RIGHT TO MAKE CHANGES, GC 6.2 – CHANGE ORDER and GC 6.3 – CHANGE DIRECTIVE.
- 10.2.6 If the *Design-Builder* fails to advise the *Owner* in writing and fails to obtain direction as required in paragraph 10.2.5, and performs work knowing it to be contrary to any laws, ordinances, rules, regulations, or codes, the *Design-Builder* shall be responsible for and shall correct the violations thereof, and shall bear the costs, expenses and damages attributable to the failure to comply with the provisions of such laws, ordinances, rules, regulations, or codes.
- 10.2.7 If, subsequent to the time of proposal closing or bid closing, changes are made to applicable laws, ordinances, rules, regulations, or codes of authorities having jurisdiction which affect the cost of the *Design Services* or the *Work*, either party may submit a claim in accordance with the requirements of GC 6.6 – CLAIMS FOR A CHANGE IN CONTRACT PRICE.

GC 10.3 PATENT FEES

- 10.3.1 The *Design-Builder* shall pay the royalties and patent licence fees required for the performance of the *Contract*. The *Design-Builder* shall hold the *Owner* harmless from and against claims, demands, losses, costs, damages, actions, suits, or proceedings arising out of the *Design-Builder's* performance of the *Contract* which are attributable to an infringement or an alleged infringement of a patent of invention by the *Design-Builder* or anyone for whose acts the *Design-Builder* may be liable.
- 10.3.2 The *Owner* shall hold the *Design-Builder* harmless against claims, demands, losses, costs, damages, actions, suits, or proceedings arising out of the *Design-Builder's* performance of the *Contract* which are attributable to an infringement or an alleged infringement of a patent of invention in executing anything for the purpose of the *Contract*, the model, plan or design of which was supplied by the *Owner* to the *Design-Builder* as part of the *Contract Documents*.

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GC 10.4 WORKERS' COMPENSATION

- 10.4.1 Prior to commencing the *Design Services* or the *Work*, again with the *Design-Builder's* application for payment of the holdback amount following *Substantial Performance of the Work* and again with the *Design-Builder's* application for final payment, the *Design-Builder* shall provide evidence of compliance with workers' compensation legislation at the *Place of the Work*, including payments due thereunder.
- 10.4.2 At any time during the term of the *Contract*, when requested by the *Owner*, the *Design-Builder* shall provide such evidence of compliance by the *Design-Builder* and *Subcontractors*.

PART 11 INSURANCE AND CONTRACT SECURITY

GC 11.1 INSURANCE

- 11.1.1 Without restricting the generality of GC 12.2 – INDEMNIFICATION, the *Design-Builder* shall provide, maintain and pay for the following insurance coverages, the minimum requirements of which are specified in CCDC 41 – CCDC INSURANCE REQUIREMENTS in effect at the time of proposal closing or bid closing except as hereinafter provided:
- .1 Everywhere used in CCDC 41 – CCDC INSURANCE REQUIREMENTS, the term “*Contractor*” shall be replaced with the term “*Design-Builder*”.
 - .2 General liability insurance in the name of the *Design-Builder* and include, or in the case of a single, blanket policy, be endorsed to name, the *Owner*, the *Consultant*, *Other Consultants*, the *Owner's Advisor*, and the *Payment Certifier* as insured but only with respect to liability arising out of the operations of the *Design-Builder* with regard to the *Design Services* or *Work*. All liability coverage shall be provided for completed operations hazards from the date of *Substantial Performance of the Work*, as set out in the certificate of *Substantial Performance of the Work*, on an ongoing basis for a period of 6 years.
 - .3 Automobile Liability Insurance from the date of commencement of the *Design Services* or the *Work* until one year after the date of *Substantial Performance of the Work*.
 - .4 If owned or non-owned aircraft and watercraft are used directly or indirectly in the performance of the *Design Services* or *Work*, Aircraft and Watercraft Liability Insurance from the date of commencement of the *Design Services* or *Work* until one year after the date of *Substantial Performance of the Work*.
 - .5 "All risks" property insurance in the joint names of the *Design-Builder*, the *Owner*, the *Consultant*, the *Owner's Advisor*, and the *Payment Certifier*. The policy shall include as Additional Insureds all *Subcontractors*. Where the full insurable value of the *Work* is substantially less than the *Contract Price*, the *Owner* may reduce the amount of insurance required or waive the insurance requirement. The “all risks” property insurance shall be provided from the date of commencement of the *Work* until the earliest of:
 - (1) 10 calendar days after the date of *Substantial Performance of the Work*;
 - (2) on the commencement of use or occupancy of any part or section of *Work* unless such use or occupancy is for construction purposes, habitation, office, banking, convenience store under 465 square metres in area, or parking purposes, or for the installation, testing and commissioning of equipment forming part of the *Work*; or
 - (3) when left unattended for more than 30 consecutive calendar days or when construction activity has ceased for more than 30 consecutive calendar days.
 - .6 Boiler and machinery insurance in the joint names of the *Design-Builder* and the *Owner*. The coverage shall be maintained continuously from commencement of use or operation of the boiler and machinery objects insured by the policy and until 10 calendar days after the date of *Substantial Performance of the Work*.
 - .7 The “all risks” property and boiler and machinery policies shall provide that, in the case of a loss or damage, payment shall be made to the *Owner* and the *Design-Builder* as their respective interests may appear. In the event of loss or damage:
 - (1) the *Design-Builder* shall act on behalf of the *Owner* for the purpose of adjusting the amount of such loss or damage payment with the insurers. When the extent of the loss or damage is determined, the *Design-Builder* shall proceed to restore the *Work*. Loss or damage shall not affect the rights and obligations of either party under the *Contract* except that the *Design-Builder* shall be entitled to such reasonable extension of *Contract Time* as agreed by the *Owner* and *Design-Builder*;
 - (2) the *Design-Builder* shall be entitled to receive from the *Owner*, in addition to the amount due under the *Contract*, the amount at which the *Owner's* interest in restoration of the *Work* has been appraised, such amount to be paid as the restoration of the *Work* proceeds in accordance with the progress payment provisions of the *Contract*. In addition the *Design-Builder* shall be entitled to receive from the payments made by the insurer the amount of the *Design-Builder's* interest in the restoration of the *Work*; and

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- (3) to the *Work* arising from the work of the *Owner*, the *Owner's* own forces, or another contractor, in accordance with the *Owner's* obligations under the provisions relating to construction by *Owner* or other contractors, the *Owner* shall pay the *Design-Builder* the cost of restoring the *Work* as the restoration of the *Work* proceeds and as in accordance with the progress payment provisions of the *Contract*.
- .8 *Design-Builder's* Equipment Insurance from the date of commencement of the *Work* until one year after the date of *Substantial Performance of the Work*.
- .9 In addition to the insurance requirements specified in CCDC 41 – CCDC INSURANCE REQUIREMENTS, the *Design-Builder* shall carry professional liability insurance with limits of not less than \$1,000,000 per claim and with an aggregate limit of not less than \$2,000,000 within any policy year, unless specified otherwise in the *Contract Documents*. The policy shall be maintained continuously from the commencement of the *Contract* until 2 years after *Substantial Performance of the Work*.
- 11.1.2 Prior to commencement of the *Design Services* or *Work* and upon the placement, renewal, amendment, or extension of all or any part of the insurance, the *Design-Builder* shall promptly provide the *Owner* with confirmation of coverage and, if required, a true copy of the policies certified by an authorized representative of the insurer together with copies of any amending endorsements applicable to the *Design Services* or *Work*.
- 11.1.3 The *Design-Builder* shall be responsible for deductible amounts under the policies except where such amounts may be excluded from the *Design-Builder's* responsibility by the terms of GC 9.1 – PROTECTION OF WORK AND PROPERTY and GC 12.2 – INDEMNIFICATION.
- 11.1.4 If the *Design-Builder* fails to provide or maintain insurance as required by the *Contract Documents*, then the *Owner* shall have the right to provide and maintain such insurance and give evidence of same to the *Design-Builder* and the *Consultant*. The *Design-Builder* shall pay the cost thereof to the *Owner* on demand or the *Owner* may deduct the cost from any amount which is due or may become due to the *Design-Builder*.
- 11.1.5 All required insurance policies shall be with insurers licensed to underwrite insurance in the jurisdiction of the *Place of the Work*.
- 11.1.6 If a revised version of CCDC 41 – CCDC INSURANCE REQUIREMENTS is published, which specifies reduced insurance requirements, the parties shall address such reduction, prior to the *Design-Builder's* insurance policy becoming due for renewal, and record any agreement in a *Change Order*.
- 11.1.7 If a revised version of CCDC 41 – CCDC INSURANCE REQUIREMENTS is published, which specifies increased insurance requirements, the *Owner* may require the increased coverage from the *Design-Builder* by way of a *Change Order*.
- 11.1.8 A *Change Directive* shall not be used to direct a change in the insurance requirements in response to any revision of CCDC 41 – CCDC INSURANCE REQUIREMENTS.

GC 11.2 CONTRACT SECURITY

- 11.2.1 The *Design-Builder* shall, prior to commencement of the *Design Services* or *Work* or within such other time as may be specified in the *Contract Documents*, provide to the *Owner* any *Contract* security specified in the *Contract Documents*.
- 11.2.2 If the *Contract Documents* require surety bonds to be provided, such bonds shall be issued by a duly licensed surety company authorized to transact the business of suretyship in the province or territory of the *Place of the Work* and shall be maintained in good standing until the fulfillment of the *Contract*. The form of such bonds shall be in accordance with the latest edition of the CCDC approved bond forms.

PART 12 INDEMNIFICATION, LIMITATION OF LIABILITY, WAIVER OF CLAIMS, AND WARRANTY

GC 12.1 DEFINITION AND SURVIVAL

- 12.1.1 For the purposes of Part 12 – INDEMNIFICATION, LIMITATION OF LIABILITY, WAIVER OF CLAIMS, AND WARRANTY, “claim” or “claims” shall mean claims, demands, losses, costs, damages, actions, suits or proceedings, whether in contract or tort.
- 12.1.2 Part 12 of the General Conditions – INDEMNIFICATION, LIMITATION OF LIABILITY, WAIVER OF CLAIMS, AND WARRANTY shall survive suspension or termination of the *Contract*.

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GC 12.2 INDEMNIFICATION

- 12.2.1 Without restricting the parties' obligations to indemnify one another as described in paragraph 12.2.4 and the Owner's obligation to indemnify as described in paragraph 12.2.5, the *Owner* and the *Design-Builder* shall each indemnify and hold harmless the other from and against all claims, whether in respect to losses suffered by them or in respect to claims by third parties that arise out of, or are attributable in any respect to their involvement as parties to this *Contract*, provided such claims are:
- .1 caused by:
 - (1) errors, omissions, or negligence of the party from whom indemnification is sought or anyone for whom that party is responsible, or
 - (2) a breach of this *Contract* by the party from whom indemnification is sought; and
 - .2 made by *Notice in Writing* within a period of 6 years from the date of *Substantial Performance of the Work* as set out in the certificate of *Substantial Performance of the Work* issued pursuant to paragraph 5.4.3 of GC 5.4 – SUBSTANTIAL PERFORMANCE OF THE WORK or within such shorter period as may be prescribed by any limitation statute of the province or territory of the *Place of the Work*.
- The parties expressly waive the right to indemnity for claims other than those provided for in this *Contract*.
- 12.2.2 The obligation of either party to indemnify as set forth in paragraph 12.2.1 shall be limited as follows:
- .1 In respect to losses suffered by the *Owner* and the *Design-Builder* for which insurance is to be provided by either party pursuant to GC 11.1 – INSURANCE, the general liability insurance limit for one occurrence as referred to in CCDC 41 – CCDC INSURANCE REQUIREMENTS in effect at the time of proposal or bid closing.
 - .2 In respect to losses suffered by the *Owner* and the *Design-Builder* for which insurance is not required to be provided by either party in accordance with GC 11.1 – INSURANCE, the greater of the *Contract Price* as recorded in Article A-4 of the Agreement – CONTRACT PRICE or \$2,000,000, but in no event shall the sum be greater than \$20,000,000.
 - .3 In respect to claims by third parties for direct loss resulting from bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, the obligation to indemnify is without limit. In respect to all other claims for indemnity as a result of claims advanced by third parties, the limits of indemnity set forth in paragraphs 12.2.2.1 and 12.2.2.2 shall apply.
- 12.2.3 The obligation of either party to indemnify the other as set forth in paragraphs 12.2.1 and 12.2.2 shall be inclusive of interest and all legal costs.
- 12.2.4 The *Owner* and the *Design-Builder* shall indemnify and hold harmless the other from and against all claims arising out of their obligations described in GC 9.2 – TOXIC AND HAZARDOUS SUBSTANCES AND MATERIALS.
- 12.2.5 The *Owner* shall indemnify and hold harmless the *Design-Builder* from and against all claims:
- .1 as described in paragraph 10.3.2 of GC 10.3 – PATENT FEES, and
 - .2 arising out of the *Design-Builder's* performance of the *Contract* which are attributable to a lack of or defect in title or an alleged lack of or defect in title to the *Place of the Work*.
- 12.2.6 In respect to any claim for indemnity or to be held harmless by the *Owner* or the *Design-Builder*:
- .1 *Notice in Writing* of such claim shall be given within a reasonable time after the facts upon which such claim is based became known; and
 - .2 should any party be required as a result of its obligation to indemnify another to pay or satisfy a final order, judgment or award made against the party entitled by this *Contract* to be indemnified, then the indemnifying party upon assuming all liability for any costs that might result shall have the right to appeal in the name of the party against whom such final order or judgment has been made until such rights of appeal have been exhausted.

GC 12.3 LIMITATION OF LIABILITY FOR DESIGN SERVICES

- 12.3.1 Notwithstanding any other provisions of this *Contract*, the *Design-Builder's* liability for claims which the *Owner* may have against the *Design-Builder*, including the *Design-Builder's* officers, directors, employees and representatives, that arise out of, or are related to, the *Design Services*, shall be limited:
- .1 to claims arising from errors, omissions, or negligent performance of the *Design Services* by the *Consultant* or *Other Consultant* and
 - .2 where claims are covered by insurance the *Design-Builder* is obligated to carry pursuant to GC 11.1 – INSURANCE, to the amount of such insurance.

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GC 12.4 WAIVER OF CLAIMS

- 12.4.1 Subject to any lien legislation applicable at the *Place of the Work*, as of the fifth calendar day before the expiry of the lien period provided by the lien legislation applicable at the *Place of the Work*, the *Design-Builder* waives and releases the *Owner* from all claims which the *Design-Builder* has or reasonably ought to have knowledge of that could be advanced by the *Design-Builder* against the *Owner* arising from the *Design-Builder's* involvement in the *Design Services* or *Work*, including, without limitation, those arising from negligence or breach of contract in respect to which the cause of action is based upon acts or omissions which occurred prior to or on the date of *Substantial Performance of the Work*, except as follows:
- .1 claims arising prior to or on the date of *Substantial Performance of the Work* for which *Notice in Writing* of claim has been received by the *Owner* from the *Design-Builder* no later than the sixth calendar day before the expiry of the lien period provided by the lien legislation applicable at the *Place of the Work*;
 - .2 indemnification for claims advanced against the *Design-Builder* by third parties for which a right of indemnification may be asserted by the *Design-Builder* against the *Owner* pursuant to the provisions of this *Contract*;
 - .3 claims for which a right of indemnity could be asserted by the *Design-Builder* pursuant to the provisions of paragraphs 12.2.4 or 12.2.5 of GC 12.2 – INDEMNIFICATION; and
 - .4 claims resulting from acts or omissions which occur after the date of *Substantial Performance of the Work*.
- 12.4.2 The *Design-Builder* waives and releases the *Owner* from all claims referenced in paragraph 12.4.1.4 except for those referred in paragraphs 12.4.1.2 and 12.4.1.3 and claims for which *Notice in Writing* of claim has been received by the *Owner* from the *Design-Builder* within 395 calendar days following the date of *Substantial Performance of the Work*.
- 12.4.3 Subject to any lien legislation applicable at the *Place of the Work*, as of the fifth calendar day before the expiry of the lien period provided by the lien legislation applicable at the *Place of the Work*, the *Owner* waives and releases the *Design-Builder* from all claims which the *Owner* has or reasonably ought to have knowledge of that could be advanced by the *Owner* against the *Design-Builder* arising from the *Owner's* involvement in the *Design Services* or *Work*, including, without limitation, those arising from negligence or breach of contract in respect to which the cause of action is based upon acts or omissions which occurred prior to or on the date of *Substantial Performance of the Work*, except as follows:
- .1 claims arising prior to or on the date of *Substantial Performance of the Work* for which *Notice in Writing* of claim has been received by the *Design-Builder* from the *Owner* no later than the sixth calendar day before the expiry of the lien period provided by the lien legislation applicable at the *Place of the Work*;
 - .2 indemnification for claims advanced against the *Owner* by third parties for which a right of indemnification may be asserted by the *Owner* against the *Design-Builder* pursuant to the provisions of this *Contract*;
 - .3 claims for which a right of indemnity could be asserted by the *Owner* against the *Design-Builder* pursuant to the provisions of paragraph 12.2.4 of GC 12.2 – INDEMNIFICATION;
 - .4 damages arising from the *Design-Builder's* actions which result in substantial defects or deficiencies in the *Work*. “Substantial defects or deficiencies” mean those defects or deficiencies in the *Work* which affect the *Work* to such an extent or in such a manner that a significant part or the whole of the *Work* is unfit for the purpose intended by the *Contract Documents*;
 - .5 claims arising pursuant to GC 12.5 – WARRANTY; and
 - .6 claims arising from acts or omissions which occur after the date of *Substantial Performance of the Work*.
- 12.4.4 The *Owner* waives and releases the *Design-Builder* from all claims referred to in paragraph 12.4.3.4 except claims for which *Notice in Writing* of claim has been received by the *Design-Builder* from the *Owner* within a period of six years from the date of *Substantial Performance of the Work* should any limitation statute of the Province or Territory of the *Place of the Work* permit such agreement. If the applicable limitation statute does not permit such agreement, within such shorter period as may be prescribed by:
- .1 any limitation statute of the Province or Territory of the *Place of the Work*; or
 - .2 if the *Place of the Work* is the Province of Quebec, then Article 2118 of the Civil Code of Quebec.
- 12.4.5 The *Owner* waives and releases the *Design-Builder* from all claims referenced in paragraph 12.4.3.6 except for those referred in paragraph 12.4.3.2, 12.4.3.3 and those arising under GC 12.5 – WARRANTY and claims for which *Notice in Writing* has been received by the *Design-Builder* from the *Owner* within 395 calendar days following the date of *Substantial Performance of the Work*.
- 12.4.6 “*Notice in Writing* of claim” as provided for in GC 12.4 – WAIVER OF CLAIMS to preserve a claim or right of action which would otherwise, by the provisions of GC 12.4 – WAIVER OF CLAIMS, be deemed to be waived, must include the following:
- .1 a clear and unequivocal statement of the intention to claim;

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- .2 a statement as to the nature of the claim and the grounds upon which the claim is based; and
- .3 a statement of the estimated quantum of the claim.
- 12.4.7 The party giving “*Notice in Writing* of claim” as provided for in GC 12.4 – WAIVER OF CLAIMS shall submit within a reasonable time a detailed account of the amount claimed.
- 12.4.8 Where the event or series of events giving rise to a claim made under paragraphs 12.4.1 or 12.4.3 has a continuing effect, the detailed account submitted under paragraph 12.4.7 shall be considered to be an interim account and the party making the claim shall submit further interim accounts, at reasonable intervals, giving the accumulated amount of the claim and any further grounds upon which it is based. The party making the claim shall submit a final account after the end of the effects resulting from the event or series of events.
- 12.4.9 If a *Notice in Writing* of claim pursuant to paragraph 12.4.1.1 is received on the seventh or sixth calendar day before the expiry of the lien period provided by the lien legislation applicable at the *Place of the Work*, the period within which *Notice in Writing* of claim is received pursuant to paragraph 12.4.3.1 shall be extended to two calendar days before the expiry of the lien period provided by the lien legislation applicable at the *Place of the Work*.
- 12.4.10 If a *Notice in Writing* of claim pursuant to paragraph 12.4.3.1 is received on the seventh or sixth calendar day before the expiry of the lien period provided by the lien legislation applicable at the *Place of the Work*, the period within which *Notice in Writing* of claim is received pursuant to paragraph 12.4.1.1 shall be extended to two calendar days before the expiry of the lien period provided by the lien legislation applicable at the *Place of the Work*.

GC 12.5 WARRANTY

- 12.5.1 Except for extended warranties as described in paragraph 12.5.6, the warranty period under the *Contract* is one year from the date of *Substantial Performance of the Work*.
- 12.5.2 The *Design-Builder* warrants that the *Work* is in accordance with the *Contract Documents*.
- 12.5.3 The *Owner* shall promptly give the *Design-Builder* *Notice in Writing* of observed defects and deficiencies which occur during the one year warranty period.
- 12.5.4 The *Design-Builder* shall promptly correct, at the *Design-Builder's* expense, any work which is not in accordance with the *Contract Documents* or defects or deficiencies in the *Work* which appear at any time until the end of the warranty periods specified in the *Contract Documents*.
- 12.5.5 The *Design-Builder* shall correct or pay for damage resulting from corrections made under the requirements of paragraph 12.5.4.
- 12.5.6 Any extended warranties required beyond the one year warranty period as described in paragraph 12.5.1, shall be as specified in the *Contract Documents*. Extended warranties shall be issued by the warrantor for the benefit of the *Owner*. The *Design-Builder's* responsibility with respect to extended warranties shall be limited to obtaining any such extended warranties from the warrantor. The obligations under such extended warranties are solely the responsibilities of the warrantor.
- 12.5.7 The *Design-Builder* does not warrant against the effects of corrosion, erosion or wear and tear of any *Product* or failure of any *Product* due to faulty operations or maintenance by the *Owner* or conditions of operation more severe than those specified for the *Product*.
- 12.5.8 The warranties specified in GC 12.5 – WARRANTY or elsewhere in the *Contract Documents* are the only warranties of the *Design-Builder* applicable to the *Work* and no other warranties, statutory or otherwise, are implied.

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SUPPLEMENTARY GENERAL CONDITIONS OF THE STIPULATED PRICE CONTRACT CCDC14 - 2013 DESIGN-BUILD AGREEMENT

The Agreement is amended as follows:

ARTICLE A-1 DESIGN SERVICES AND THE WORK

Add:

- “1.4 The *Design-Builder* shall properly design and fully construct the *Work* in accordance with, the requirements of all federal, provincial and local government authorities having jurisdiction and the rules and customs of best trade practice (meaning practice of the industry and not necessarily “local practice”). Without limiting the generality of the foregoing, the *Work* shall include:
- .1 the provision of those professional design and engineering services necessary to properly prepare fully detailed and professionally sealed plans and *specifications*, stated as being the *Design-Builder's* responsibility in the *Cost Allocation Matrix*, based on CRD validated *Issued for Tender Drawings*;
 - .2 review during and upon completion of construction by the *Consultant* to ensure conformance of the *Work* to the *Contract Documents*; and
 - .3 all necessary approvals, licences, permits, charges and certificates including the building permit for the *Work* other than any required development permit or rezoning, which for certainty, shall be the responsibility of the *Owner* to obtain.
- 1.5 The Design-Builder shall at all times be fully responsible to the Owner for any errors, omissions, or deficiencies in the Contract Documents it produces pursuant to this Agreement, including any revisions and addenda thereto and shall be fully liable for all direct, consequential and additional costs incurred by the Owner as a direct or indirect result of such errors, omissions or deficiencies, other than lost profits. For certainty, the reference to omissions in the Contract Document contained in this section does not refer to a change in the scope or quality of the *Project* required by the *Owner* that is unrelated to an error or omission by the *Design-Builder* in the design of the *Project* or the preparation of any of the Contract Documents.
- 1.6 At least 7 calendar days prior to the commencement of construction, the *Design-Builder* shall deliver to the *Owner* all of the following:
- .1 Proof of all necessary permits, licences, certificates and other authorizations required by all municipal, provincial or federal authorities, for the *Work* and proof of payment of all applicable fees, that are the *Design-Builder's* responsibility to obtain under the *Contract Documents*;
 - .2 Certified copies of all insurance policies required by this *Contract*;

- .3 The performance and labour and material payment bonds required by this *Contract*;
 - .4 A construction schedule satisfactory to the *Owner* as required by paragraph 3.6.1 of the General Conditions of the *Contract* including, in a graphic form, the proposed dates of commencement and completion of each of the various subdivisions of the *Work*, and corresponding to the breakdown of *work* shown on the schedule of values, as required by GC 5.2.4 so as to facilitate evaluation of applications for payment;
 - .5 A schedule of values of the various parts of the *Work* as required by paragraph 5.2.4 of the *Contract*;
 - .6 A schedule of anticipated monthly progress payments as required by paragraph 5.2.5 of the Supplementary Conditions of the *Contract*; and
 - .7 Proof that the *Design-Builder* has obtained Workers' Compensation Board registration and clearance;
- 1.7 The *Design-Builder* will give to the *Owner* a minimum of forty-five (45) calendar days' written notice that the *Design-Builder* will meet the date set in Article A-1 for *Substantial Performance of the Work*, or the latest revision to this date that is executed through the endorsement of the Contract or change orders."

ARTICLE A-3 CONTRACT DOCUMENTS

- 3.1 Add the following:
- the Supplementary General Conditions dated INSERT DATE
 - the following documents prepared by the *Design Builder* pursuant to Contract Number INSERT NUMBER between the *Owner* and the *Design-Builder*:
 - Issued for Tender Drawings**
 - INSERT ANY OTHER DOCUMENTS PREPARED BY DESIGN-BUILDER UNDER DESIGN CONTRACT
 - (the "**Pre-Construction Design Documents**")
 - the *Cost Allocation Matrix*

Add:

- 3.2 Notwithstanding any other provision of the Contract Documents, including but not limited to GC 3.2, the *Design-Builder* acknowledges that it has reviewed and satisfied itself as to the *Contract Documents*, including without limitation, the *Pre-Construction Design Documents*, plans, specifications, consultant reports, and other materials referred to in this Article, the observable site conditions, and all other materials it desires, prior to execution of this Contract. The *Design-Builder* agrees that, on execution of this Contract, the *Design-Builder* will assume full responsibility for completion of the *Project*, notwithstanding any defect or deficiency or incompleteness in any of the foregoing, it being acknowledged that since the *Design-Builder* prepared the *Pre-Construction Design Documents*, and that since this is intended to be a turnkey contract, the *Design-Builder* is taking the risk of any defects, deficiencies or incompleteness in any of the foregoing For certainty,

the reference to incompleteness of the Contract Document contained in this section does not refer to a change in the scope or quality of the *Project* required by the *Owner* that is unrelated to an error or omission by the *Design-Builder* in the design of the *Project* or the preparation of any of the Contract Documents.

ARTICLE A-4 CONTRACT PRICE

Add:

- “4.6 The *Contract Price* includes all costs of the *Work*, including, without limitation, all costs incurred in the design and construction of the *Work*, whether foreseen or unforeseen, save and except for those costs which are the responsibility of the *Owner* as specifically set out in this *Contract* (including the *Cost Matrix*, and the *Contract Price* shall include, without limitation:
- .1 all professional design, engineering and construction services and *products* reasonably necessary to properly perform the *Work* and to permit the *Project* to operate as contemplated following *Substantial Performance of the Work*, other than those specified as the *Owner's* responsibility in the *Cost Matrix*;
 - .2 all labour and materials, other than those specified as the *Owner's* responsibility in the *Cost Matrix*;
 - .3 all permits, fees, licences and certificates of inspection and insurance in connection with the *Work* required by all authorities having jurisdiction including residential builder licensing fees, the building permit, the plumbing, electrical, sewer, water, and gas connections permits, and the gas, electricity and telephone service connection fees,, other than those specified as the *Owner's* responsibility in the *Cost Matrix*;
 - .4 all inspections required for specific warranty conditions, other than those specified as the *Owner's* responsibility in the *Cost Matrix*;
 - .5 all inspections by all authorities having jurisdiction, other than those specified as the *Owner's* responsibility in the *Cost Matrix*;
 - .6 all material testing required under bylaws, ordinances, rules, regulations, orders and approvals of all public authorities having jurisdiction;
 - .7 any surveying work to create a separate legal parcel containing the *Project* specified in the *Cost Matrix*, and an updated survey of the *Place of the Work* prepared by a British Columbia Land Surveyor confirming the exact area of the property, the location of all registered easements or statutory rights of way, and confirming that the position of the buildings, including foundations and overhangs, building heights and finish grades comply with all municipal requirements;
 - .8 all required soils reports other than those specified as being the *Owner's* responsibility in the *Cost Matrix*;

- .9 a *Project* sign mutually agreed to between the *Owner* and the *Design-Builder*;
- .10 all warranties required under the *Contract*;
- .11 all bonds required under the *Contract*;
- .12 all insurance the *Design Builder* is required to obtain under the *Contract*;
- .13 the construction or installation of all off site services or payments in lieu thereof as may be required by all authorities having jurisdiction to be constructed or installed as a condition of the construction of the *Project*, , other than those specified as the *Owner's* responsibility in the *Cost Matrix*;
- .14 one complete set of white prints and CAD file of all as built *drawings* for the *Project*; and
- .15 all requirements of any subdivision, site plan, development or other agreement with the municipality other than those specified as being the responsibility of the *Owner* in the *Cost Matrix*."

ARTICLE A-5 PAYMENT

Delete Article A-5.2 in its entirety.

ARTICLE A-6 RECEIPT OF AND ADDRESSES FOR NOTICES IN WRITING

Remove all references to facsimile.

Add as Article A-9 through A-11

ARTICLE A-9 THE CONSULTANT

- 9.1 The *Design-Builder* shall not change any *Sub-Consultant* without cause and without the written consent of the *Owner*, which consent will not be unreasonably withheld. The *Consultant* shall not be changed except in accordance with paragraph 2.1.3 of GC 2.1.

The *Design-Builder* will ensure that the *Consultant* and all *Sub-Consultants* will sign an agreement and acknowledgement with the *Owner* in which such party:

- .1 agrees that, without regard to payment by the *Design-Builder*, the *Owner*, its successors and assigns, will have a licence to use the *Contract Documents* for the purposes of the *Project* and such party will act in an even-handed fashion in the administration of the *Contract*; and

Notwithstanding such agreements, acknowledgements and assignments, the *Design-Builder* will remain fully liable for defects or deficiencies in the *Work*, even if the parties to such agreements and acknowledgements are also liable.

ARTICLE A-10 INSPECTION AND TURNOVER

- 10.1 The *Work* shall be completed and turned over to the *Owner*, with the *Work* being completed, ready for use, delivered and turned over to the *Owner* on or before the date referred to in Article 1.3.
- 10.2 During the course of *Construction*, the parties and their representatives will meet for a completion inspection of the *Work* in order to compile a list of readily visible defects at the earliest possible time. The *Design-Builder* shall ensure that the *Work* is available and ready for such inspection no later than three *Working Days* prior to the scheduled date of *Substantial Performance of the Work*.
- 10.3 The *Design-Builder* shall be responsible for inspecting the *Work* of its *Subcontractors* from time to time and ensuring that they, or the *Design-Builder's* own forces, correct all defects shown on the lists resulting from such inspections prior to the further inspection procedure set out below.
- 10.4 The *Design-Builder* will arrange with the *Consultant*, the *Owner* and the *Owner's Advisor* for a further inspection of the *Work* on the scheduled date of *Substantial Performance of the Work* in order to compile a further list of any remaining readily visible defects.
- 10.5 All defects set out on the lists compiled at the meeting referred to in Articles 12.2 and 12.4 shall be repaired by the *Design-Builder* as soon as possible.
- 10.6 Upon completion of that portion of the *Construction* that comprises of exterior work and landscaping, the parties or their representatives shall meet and compile a list of readily visible defects in such exterior work and landscaping.
- 10.7 In addition to the inspections referred to above, the *Design-Builder* shall be responsible for all electrical, plumbing, and other inspections required by any code or *Governmental Authority* and paying for all permits and inspection fees required by any *Governmental Authority*, other than those specified as the *Owner's* responsibility in the *Cost Matrix*. The *Design-Builder* shall be responsible for making appropriate arrangements with the *Consultant* for all of the *Consultant's* inspections required by the *Contract Documents* or by *Applicable Laws*.

ARTICLE A-11 TIME OF THE ESSENCE

- 11.1 All time limits stated in this *Contract* are of the essence of the *Contract*."

DEFINITIONS

Substantial Performance of the Work

Delete and replace with the following:

“Substantial Performance of the Work shall have been reached when:

- .1 the *Work* is ready for use or is being used for the purpose intended and is so certified by the *Consultant*; and
- .2 a *Certificate of Completion* has been issued for the *Work* as a whole.”

“Statement of Requirements

Delete and replace with the following:

“Statement of Requirements” means the Issues for Tender Drawings

“Builders Lien Act

Builders Lien Act means the *Builders Lien Act*, S.B.C. 1997, c.45, as amended, and all regulations thereto, and any successor legislation in the Province of British Columbia in relation to builders liens.

Certificate of Completion

A Certificate of Completion is a certificate of completion as defined in the *Builders Lien Act* issued by the *Payment Certifier*.”

Cost Matrix

Cost Matrix means the CRD – Field Operations Building Cost Allocation Matrix dated **INSERT DATE.**

Pre-Construction Design Documents

Pre-Construction Design Documents means those documents created by the *Design Builder* pursuant to Contract **INSERT NAME AND DATE OF DESIGN SERVICES AGREEMENT**, as referred to in Article A-3.1.

GENERAL CONDITIONS

PART 1 GENERAL PROVISIONS

GC 1.1 CONTRACT DOCUMENTS

1.1.6.1 Delete and Replace with the following:

“.1 the order of priority of documents, from highest to lowest, shall be:

- - *Supplementary Conditions,*
- - *the Agreement between the Owner and the Design Builder,*
- - *the Definitions,*
- - *the General Conditions,*
- - *the Cost Plan,*
- - *the Construction Documents,*
- - *the Owner’s Statement of Requirements,*
- - *the Pre-Construction Design Documents.*
-

1.1.8: Delete and replace with the following:

“The *Owner* may retain copies, including reproducible copies, of plans, sketches, *Drawings*, graphic representations, and *Specifications* for information and reference in connection with the *Owner’s* use and occupancy of the *Work*, The *Owner* and its successors and assigns may use the copies for use purposes and for additions or alterations to the *Project*, without obtaining any consent or permission or making any payment. The *Design-Builder* warrants that it has and shall obtain any and all waivers, assignments and approvals needed to confer this perpetual right and license.”

GC1.2 OWNER SUPPLIED INFORMATION

Delete GC 1.2.4 to 1.2.8

Insert a new GC 1.24 as follows:

The Parties recognize that the *Owner’s Statement of Requirements* for the purposes of the *Project* are the *Issued for Tender Drawings* prepared by the *Design Builder*. Any change to the *Statement of Requirements* resulting from an *Owner* requested change to the *Project* scope or quality shall be the responsibility of the *Owner*. Any change due to defects or deficiencies in the *Statement of Requirement*, interpretations by authorities having jurisdiction that differ from the *Design-Builder’s* interpretation of statutes, regulations, codes or bylaws, in drafting the *Statement of Requirements*, or any other change, shall be at no cost to the *Owner*.

GC1.3 RIGHTS AND REMEDIES

Add:

“1.3.3 No inspection, review, approval, consent or any other act or omission on the part of the *Owner* or the *Payment Certifier* shall relieve the *Design-Builder* of any obligations under the *Contract* to complete the *Work* strictly in conformance with all applicable plans and *specifications*.”

Add a new GC 1.6 as follows:

“GC 1.6 RECORDS AND AUDIT

The *Design-Builder* will keep and maintain full and detailed records for two years after expiry of the warranty period pursuant to Part 12 all records, reports and other documentation required under this *Contract*. During this period, the *Owner*, the *Consultant* and the *Owner*’s representatives may on request, and acting reasonably, require copies of and inspect all books, invoices and records of the *Design-Builder* that relate to any *Change Order*, *Change Directive*, delay claims or disputes by the *Design-Builder*, including but not limited to quotations and invoices by *Subcontractors* or *Suppliers*.

PART 2 OWNERS RESPONSIBILITIES

GC 2.1 OWNER’S INFORMATION

In paragraph 2.1.2, delete “without regard for the source of such information”.

Add the following new paragraph 2.1.4:

“2.1.4 Promptly following the execution of the *Contract*, the *Design-Builder* shall review the *Contract Documents*, including the *Owner’s Statement of Requirements*, and shall promptly notify the *Owner* in writing of any significant error, inconsistency, discrepancy or omission that the *Design-Builder* may discover in the *Contract Documents*, including the *Owner’s Statement of Requirements*. For certainty, the reference to an error of the *Contract Document* contained in this section does not refer to a change in the scope or quality of the *Project* required by the *Owner* that is unrelated to an error or omission by the *Design-Builder* in the design of the *Project* or the preparation of any of the *Contract Documents*. If the *Design-Builder* does discover any significant error, inconsistency, discrepancy or omission in the *Owner’s Statement of Requirements* or any of the *Contract Documents*, the *Design-Builder* shall not proceed with the *Design Services* or the *Work* affected until the *Design-Builder* and the *Owner* have discussed and agreed how the documents should be interpreted, or how the information should be corrected or supplied. In the event that the *Design-Builder* and the *Owner* are unable to reach an agreement regarding how the information or documentation, or both, should be corrected or supplied, then the *Consultant* shall, acting reasonably, determine how the information should be corrected or supplied in order for the *Work* to proceed and the *Design-Builder* shall proceed to continue with the *Design Services* and the *Work*, subject to any directions issued by the *Consultant* or changes that are the subject of a *Change Order* or *Change Directive*. In the event that the *Design-Builder* is delayed in performance of the *Work* by any changes made to the *Design Services* or the *Work* in accordance with the provisions set out herein, then the *Contract Time* shall be extended for such reasonable time as agreed between the *Owner* and the *Design-Builder*.”

GC2.4 ROLE OF THE PAYMENT CERTIFIER

Add:

“2.4.10 The *Payment Certifier* will conduct reviews of the Work from time to time and, based upon such reviews will determine the date of *Substantial Performance* of the Work, issue *Certificates of Completion* for all or designated portions of the Work and identify and estimate values for deficient and incomplete items of work as provided in GC5.4 SUBSTANTIAL PERFORMANCE OF THE WORK, GC 5.5 PAYMENT OF HOLDBACK UPON SUBSTANTIAL PERFORMANCE OF THE WORK, GC5.6 PROGRESSIVE RELEASE OF HOLDBACK and GC5.7 FINAL PAYMENT.”

GC 2.5 OWNER’S REVIEW AND INSPECTION OF THE DESIGN AND THE WORK

In paragraph 2.5.3 insert “its sole” before “responsibility” and insert “expressly in writing” after “accepts”. Add the following to the end of the paragraph: “The parties acknowledge that For certainty, the reference to omissions contained in this section does not refer to a change in the scope or quality of the *Project* required by the *Owner* that is unrelated to an omission by the *Design-Builder* in the design of the *Project* or the preparation of any of the Contract Documents.

In paragraph 2.5.4 change “10 days” to “10 *Working Days*” and replace the last sentence with “The *Design-Builder* shall not make any revisions to the accepted Construction Documents not requested by the *Owner*, except by complying again with the requirements of this GC2.5”.

Add new paragraph 2.5.6:

“2.5.6 Nothing in the *Contract*, including any review or acceptance or opportunity to review or accept the design, shall make the *Owner* or the *Owner’s Advisor* responsible for the design of the *Work*, the *Drawings* and *Specifications* or any other aspect of the *Work* or any other *Contract Documents* prepared by or on behalf of the *Design--Builder*, including compliance of any of the foregoing with the *Owner’s Statement of Requirements* and other requirement of the *Contract* and the *Design--- Builder* shall, notwithstanding any review or acceptance of any of the foregoing under the *Contract*, remain solely liable and responsible for compliance of the foregoing with the *Owner’s Statement of Requirements* and all other requirements of the *Contract*.”

Add the following:

2.5.7 If the *Owner* or public authorities having jurisdiction over the Place of Work determine that portions of the Design Services or Work require additional testing, inspection or approval not included under the Contract Documents, the *Owner* will instruct the *Design-Builder* to make arrangements for such additional testing, inspection or approval by an entity acceptable to the *Owner*, and the *Design-Builder* shall give timely notice to the *Owner* of when and where tests and inspections are to be made so that the *Owner* may be present for such procedures. All costs of such additional testing, inspection or approval shall be at the *Owner’s* expense and the Contract Price shall be increased by Change Order for such time and amount as documented by the *Design Builder*.

GC2.6 WORK BY OWNER OR OTHER CONTRACTORS

Delete 2.6.2.2

Add:

“2.6.3.4 take all reasonable precautions to avoid labour disputes or other disputes on the *Project* arising from the *work* of other contractors.

2.6.3.5 as it applies to applicable health and construction safety legislation at the *Place of the Work* the *Design-Builder* shall assume overall responsibility and be designated as the “*Prime contractor*” in accordance with GC 9.4 Construction Safety.

2.6.3.6 If the *Design-Builder* has caused damage to the *work* of another contractor on the *Project*, the *Design-Builder* agrees to settle the matter with the other contractor by negotiation or arbitration. If the other contractor makes a claim against the *Owner* on account of damage alleged to have been so sustained, the *Owner* shall notify the *Design-Builder* and may require the *Design-Builder* to defend the action at the *Design-Builder's* expense if the claim is not covered by any insurance required to be obtained by the *Owner* pursuant to this Agreement. The *Design-Builder* shall satisfy a final order or judgment against the *Owner* and pay the costs incurred by the *Owner* arising from such action. Paragraph 12.2.6.2 of GC 12.1 INDEMNIFICATION shall apply.”

PART 3 DESIGN-BUILDER'S RESPONSIBILITIES

GC3.1 CONTROL OF THE WORK

Add to the end of 3.1.1:

“The *Design-Builder* warrants and represents that it possesses and will provide and apply all the skill, expertise and experience normally provided in the performance of professional design and construction services and reasonably required to complete the *Design Services* and the *Work* and ensure that the *Design Services* and *Work* are performed in a good, proper and workmanlike manner.”

GC3.3 ROLE OF THE CONSULTANT

Add:

“3.3.4 The *Consultant's* duties and responsibilities will include, without limitation:

- .1 The coordination required to integrate all parts of the design of the *Work*;
- .2 The provision of assistance to the *Design-Builder* to obtain approvals, permits, and licenses for the construction of the *Work*;
- .3 The conducting of general review of the progress of the construction, to the extent necessary, in order to determine to the *Consultant's* satisfaction that the

construction of the *Work* is performed in compliance with the requirements of:

- (1) the *Contract Documents*; and
- (2) the applicable statutes, regulations, codes, and bylaws of all authorities having jurisdiction over the *Work*;

- .4 The assurances required to regulatory authorities respecting substantial conformance of the design with the applicable building regulations, excluding construction safety issues;
- .5 The reviewing of any defects or deficiencies in the *Work* during the period described in GC 12.5 – WARRANTY and the issuance of appropriate instructions for the correcting of same; and
- .6 Such other *work* that may be required from time to time that is agreed to by the *Design-Builder*, the *Consultant*, and the *Owner* in writing.

3.3.5 The *Consultant* will deliver a copy of any *Supplemental Instructions* to the *Owner* at the same time as they are delivered to the *Design-Builder* and such *Supplemental Instructions* will not be effective until confirmed by the *Owner* if they are:

- .1 Inconsistent with items in the *Contract Documents*; or
- .2 Material or substantial.”

GC3.4 OTHER CONSULTANTS, SUBCONTRACTORS AND SUPPLIERS

3.4.2 Add to the end of the section:

“The *Design-Builder* shall not change any *Subcontractor* without cause and without the written consent of the *Owner*, which consent will not be unreasonably withheld.”

GC3.6 DESIGN SERVICES AND WORK SCHEDULE

Add new paragraphs 3.6.1.4 to 3.6.1.8 as follows:

- “4 provide the expertise and resources, such resources including manpower and equipment, as are necessary to maintain progress under the accepted baseline schedule of the Design Services and the *Work* or any successor or revised schedule;
- .5 monitor the progress of the *Design Services* and the *Work* on a weekly basis relative to the schedule reviewed and accepted pursuant to paragraph 3.4.1.1, or any successor or revised schedule accepted by the *Owner* pursuant to GC 3.4 – SCHEDULE OF THE WORK;
- .6 if, after applying the expertise and resources required under paragraph 3.6.1.4, the *Design--Builder* forms the opinion that the slippage in the accepted baseline schedule

reported in paragraph in 3.6.1.4 cannot be recovered by the *Design--Builder*, promptly provide notice to the *Owner* if the *Design--Builder* intends to apply for an extension of *Contract Time* as provided in PART 6 of the General Conditions --- CHANGES IN THE CONTRACT;

- .7 meet regularly with the *Owner's* project team with the frequency and at the times as the *Owner* may reasonably determine; and
- .8 in the event that the *Design Services* or the *Work* is not progressing in a manner to meet the schedule of the *Design Services* and *Work* as described in the *Contract*, follow the procedure below:
 - (1) within 7 days of receiving a written request from the *Owner*, provide a written report to the *Owner* detailing how the *Design-Build*er proposes to achieve the recovery of the schedule;
 - (2) if the *Owner*, acting reasonably, agrees with the *Design-Build*er's plan for achieving the recovery of the schedule, promptly and diligently implement such plan;
 - (3) if the *Owner* does not agree with the *Design-Build*er's plan to achieve the recovery of the schedule, promptly revise the plan accordingly and re-submit it to the *Owner* for the *Owner's* approval;
 - (4) the procedure shall be repeated until such time as the *Owner* agrees with the *Design-Build*er's plan to achieve the recovery of the schedule;
 - (5) all actions that the *Design-Build*er takes to achieve the recovery of the schedule shall be at the sole cost of the *Design-Build*er;

3.6.2 The *Design-Build*er shall not be entitled to payment for any costs incurred in preparing any recovery plan or the implementation of any recovery plan accepted by the *Owner* in accordance with paragraph 3.6.1.8, unless the cause for the slippage in the schedule is caused by a breach of the obligations of the *Owner* or the acts or omissions of the *Owner*;

3.6.3 If the *Design-Build*er intends to apply for a change in the *Contract Price* in relation to a schedule recovery plan, the *Design-Build*er shall provide written notice to the *Owner* within 5 *Working Days* of the event giving rise to the claim for a change in the *Contract Price* detailing the basis for the claim and shall proceed in accordance with PART 6 of the General Conditions - CHANGES IN THE CONTRACT.

3.6.4 Approval by the *Owner* of any plan to achieve the recovery of all or part of the schedule shall not derogate from the *Design-Build*er's responsibility for complying with the *Contract*, including Article A-1."

GC3.8 LABOUR AND PRODUCTS

Add:

“3.8.4 A *Product*, construction method or system singly named is considered exclusive and its use is mandatory, unless an equal is approved in advance by the *Owner*. Where plurally named, each named *Product*, construction method or system is approved for use under the *Contract Documents* and the choice rests with the *Design-Builder*.

3.8.5 All *Products* shall be used strictly according to manufacturers’ printed directions or recommendations unless specifically stated otherwise in the *specifications*. All *Products* shall be properly packed for delivery, must be delivered in their original containers, crates or wrappings, etc. as applicable and must be clearly identified with manufacturers’ name and address, *product* type and name. All *Products* shall be stored as recommended by the manufacturer and kept dry at the recommended temperature where applicable. Any damaged *Products* shall be rejected, and the *Design-Builder* shall remove such *Products* from the *Place of the Work* at the *Design-Builder*’s own expense.

PART 5 PAYMENT

GC5.1 FINANCING INFORMATION REQUIRED OF THE OWNER

Delete GC 5.1 in its entirety.

Add the following:

5.1.3 The Owner shall furnish to the Design-Builder within fifteen days after receipt of a written request, information necessary and relevant for the Design-Builder to evaluate, give notice of or enforce builder’s lien rights. Such information shall include a correct statement of the record legal title to the property on which the Project is located, usually referred to as the site, and the Owner’s interest therein at the time of execution of the Contract and, within five days after change, information of such change in title, recorded or unrecorded.

GC5.2 APPLICATIONS FOR PROGRESS PAYMENT

5.2.3 In line 2, delete: “and *Products* delivered to the *Place of the Work*”.

At the end thereof, add:

“No claim will be made by the *Design-Builder*, and no payment will be made by the *Owner*, for *Products* fabricated for the *Project* but stored off-site, or for *Products* delivered to the *Place of the Work* but not incorporated into the *Project* unless in the opinion of the *Payment Certifier* the *Products* will be installed within 30 calendar days of delivery, or as otherwise agreed to in writing by the *Owner*.”

Add at the end of paragraph 5.2.5:

“The schedule of values shall be prepared in such a manner that each major item of *work* and each

subcontracted item of *work* is shown as a separate line item and, in the case of each subcontract, shall accurately represent the related scope of work and subcontract price, and the *Consultant* and the *Owner* shall be entitled to rely on same. Separate amounts shall be shown for initial start-up, continuing expenses and *Project* closeout. A schedule stating the anticipated monthly progress payments shall be submitted with the schedule of values.”

Add at the end of paragraph 5.2.8:

“The *Design-Builder* shall submit one copy of all applications for payment and all applications for payment, except the first, shall be accompanied by a form of statutory declaration approved by the *Owner* completed and sworn before a Notary Public or a Commissioner for Oaths for the Province of British Columbia, which statutory declaration must include a statement that all accounts for labour, subcontracts, *Products*, construction machinery and equipment and other indebtedness which may have been incurred by the *Design-Builder* in the performance of the *Work* covered by the immediately preceding progress claim, and for which the *Owner* might in any way be held responsible, have been paid in full, except holdback monies properly retained.”

Add:

“5.2.9 Before any payment is made by the *Owner* to the *Design-Builder*, the *Payment Certifier* or the *Owner* may, by written notice, require that the *Design-Builder* furnish such further detailed information as the *Payment Certifier* or the *Owner* may determine is necessary to establish compliance by the *Design-Builder* with the *Contract Documents*.

5.2.10 Every application for payment shall identify the *Value Added Taxes* payable by the *Owner* to the *Design-Builder* as a separate entry.”

GC5.3 PROGRESS PAYMENT

5.3.1 Delete and replace with the following:

“No certificate for payment will be issued for any of the *Work* and no payment shall be approved, authorized or made unless the *Design-Builder* has provided all documents as required to be provided at that time under this *Contract*. After the receipt of a complete application for payment from the *Design-Builder* submitted in accordance with GC5.2 APPLICATIONS FOR PROGRESS PAYMENT, the *Payment Certifier* will issue to the *Owner*, within ten (10) calendar days, a certificate for payment in the amount applied for or in such other amount as the *Payment Certifier* determines to be properly due, provided that if the *Payment Certifier* amends the application, the *Payment Certifier* will promptly notify the *Design-Builder* in writing giving reasons for the amendment.”

Add:

5.3.2 “The *Owner* shall make payment of 90% of the amount as determined by the *Payment Certifier* to be due to the *Design-Builder* on account in accordance with the provisions of Article A-5 PAYMENT no later than 20 calendar days after the certificate for payment has been issued, provided that the *Owner*, at its sole and absolute discretion, may retain out of such payment the amount of any outstanding liens or claims or any other indebtedness which may have been

incurred by the *Design-Builder* in performing the *Work* and for which the *Owner* may in any way be held responsible. “Other indebtedness” means only such debts incurred by the *Design-Builder* to persons in privity of *contract* with the *Design-Builder*, debts arising out of statutory requirements and, in the case of the *Design-Builder’s* workers, any debts arising out of collective bargaining agreements, legislation applying to workers compensation, employment insurance and minimum wage standards where applicable. Upon request by the *Owner*, the *Design-Builder* shall forthwith provide a full accounting as to the disbursement of all monies paid by the *Owner* to the *Design-Builder*, including a complete list of all persons to whom monies remain due and the amounts due.”

GC 5.4 SBUSTANTIAL PERFORMANCE OF THE WORK

5.4.1 Delete “permitted by the lien legislation applicable to the *Place of the Work* on the first two lines.

5.4.1: Add at the end of paragraph

“The *Design-Builder* shall submit the following documents and items with its request for *Substantial Performance* review by the *Consultant*. These requirements do not limit the *Design-Builder’s Substantial Performance* obligations noted elsewhere in the *Contract*. A deficiency holdback will be retained for the estimated value of correcting or supplying the following items until they are all submitted, reviewed and accepted by the *Payment Certifier*.

- .1 The list of all deficient and incomplete items of *work* including the estimated value of each item;
- .2 Complete reports including a balancing report for the mechanical system and certification by all testing, or inspection authorities or associations as specified in the *Contract Documents*;
- .3 A complete demonstration of all mechanical and electrical systems and electrically operated devices to the *Owner’s* operating and maintenance staff and any training required by the *specifications*, to the *Owner’s* satisfaction;
- .4 All maintenance manuals, operating instructions, maintenance and operating tools, replacement parts or materials and warranties as specified in the *Contract Documents*;
- .5 A complete set of marked up construction *drawings* and other data in the form specified in the *Contract Documents*, or as required by the *Consultant*, for the production of as built *drawings* to show all significant *Changes to the Work* made during construction;
- .6 Current certification by the Workers Compensation Board that the *Design-Builder* and all *Subcontractors* are in good standing;
- .7 A statement that all claims and demands for extra *work* or otherwise, under or in connection with the *Contract*, have been presented to the *Payment Certifier* and that the *Design-Builder* expressly releases the *Owner* from all claims and demands except those made in writing prior to that date and still unsettled;

- .8 A statutory declaration in accordance with paragraph 5.2.8 of the Supplementary Conditions of the *Contract*;
- .9 A survey of the *Place of the Work* specified in the *Cost Matrix* prepared by a British Columbia Land Surveyor confirming the exact area of the property, the location of all registered easements or statutory rights of way, and confirming that the position of the buildings, including foundations and overhangs, building heights and finish grades comply with all municipal requirements; and
- .10 All keys required for the entire *Project*.”

5.4.3 Delete and replace with the following:

“Upon receipt of the *Design-Builder*’s request for issuance of a *Certificate of Completion* for all or a designated portion of the *Work*, the *Payment Certifier* will forthwith review the *Work* to verify the validity of the request and, no later than 10 calendar days after the date of the request, will notify the *Design-Builder* and the *Owner* whether the *Work*, or the designated portion of the *Work*, is substantially performed by delivery of the applicable *Certificate of Completion*, together with verification of the holdback amount to be released pursuant to the *Builders Lien Act* with respect to any subcontract. With respect to a request from the *Design-Builder* for a review by the *Payment Certifier* for issuance of the *Certificate of Completion* for the *Work* in its entirety, the *Payment Certifier* will, in addition to making an inspection and assessment of the *Work* to verify the validity of the request, establish a list of all deficient and incomplete items of *work* as confirmed or provided by the *Consultant*, including an estimated value for each item, subject to the approval of such value by the *Owner*. The *Design-Builder* shall be responsible for all additional costs incurred by the *Owner* for inspection of the *Work* prior to the *Design-Builder* meeting all requirements set out in paragraph 5.4.1, and such costs shall be deducted from the monies due to the *Design-Builder* upon *Substantial Performance of the Work*. This shall not in any way be construed as limiting the applicant of the *Builders Lien Act*.”

5.4.5 Delete and replace with the following:

“Immediately following the issuance of the *Certificate of Completion* for the *Work*, the *Design-Builder*, in consultation with the *Consultant* and the *Owner*, will establish a reasonable date for finishing the *Work*.”

Add:

“5.4.6 No later than 30 calendar days following issuance of the *Certificate of Completion* for the *Work*, the *Design-Builder* shall provide to the *Owner* all service contracts, manufacturer’s inspections, certifications, guarantees and warranties and assignments of all guarantees and warranties as specified in the *Contract Documents*.

5.4.7 No later than 30 calendar days following issuance of the *Certificate of Completion* for the *Work*, the *Owner* shall pay to the *Design-Builder* the balance of the *Contract Price* less:

- .1 Any holdback monies as required by the *Builders Lien Act* to be released in accordance with GC5.5 PAYMENT OF HOLDBACK UPON SUBSTANTIAL

PERFORMANCE OF THE WORK;

- .2 The aggregate amount, if any, determined pursuant to paragraph 5.4.3 multiplied by two; and
- .3 The amount, if any, determined pursuant to GC5.8 DEFERRED WORK.

And until all of the deficient and incomplete *work* for which amounts are withheld pursuant to subparagraphs .2 and .3 of this paragraph 5.4.7 are rectified and completed to the satisfaction of all of the *Consultant* and the *Owner*, the *Owner* may withhold the full amounts set out in subparagraphs .2 and .3 of this paragraph 5.4.7 respectively.

- 5.4.8 The *Design-Builder* shall complete the deficient and incomplete *work* speedily and at the discretion and convenience of the *Owner*. Acceptance of the *Work* or occupancy of the *Project* or any portion thereof by the *Owner*, the *Payment Certifier* or *BC Housing* shall not relieve the *Design-Builder* from the obligation of correcting deficiencies which are missed at the time of drawing up the list of deficient and incomplete items of *work* or those hidden deficiencies which become apparent during the warranty period.”

GC5.5 PAYMENT OF HOLDBACK UPON SUBSTANTIAL PERFORMANCE OF THE WORK

- 5.5.1 In line 1, delete “the *Certificate of Substantial Performance of the Work*” and replace with the following “the *Certificate of Completion for the Work*”.

Add:

- “.3 If specifically requested by the *Owner*, submit acknowledgements by the major *Subcontractors* and *Suppliers* that they have been paid in full, except for amounts properly retained as holdbacks, and that they have received notification of *Substantial Performance of the Work* by delivery of a notice that the *Certificate of Completion for the Work* has been issued, and
- .4 Submit a statement that all claims and demands for extra *work* or otherwise, under or in connection with the *Contract*, have been presented to the *Payment Certifier* and that the *Design-Builder* expressly releases the *Owner* from all claims and demands except those made in writing prior to that date and still unsettled.”

- 5.5.2 Delete and replace with the following:

“The *Payment Certifier* shall be the payment certifier responsible under the *Builders Lien Act* for certifying substantial completion of the *Work* and, if required, the *work* of a *Subcontractor* or *Supplier*, and for issuing a *Certificate of Completion*. The *Design-Builder* shall promptly provide the *Payment Certifier* with all information and documentation requested by the *Payment Certifier* to assist the *Payment Certifier* in making its inquiries and determinations for issuing a *Certificate of Completion*, including without limitation for *Subcontractors* and *Suppliers*, and shall indemnify and save the *Owner* and the *Payment Certifier* harmless from all liability arising from a failure to issue a *Certificate of Completion* when required, or from a premature issuance of a *Certificate of Completion* for a *Subcontractor* or *Supplier*, arising directly or indirectly from

a failure to promptly provide complete and accurate information and documentation requested by the *Payment Certifier*.”

5.5.3 Delete.

5.5.5 Delete.

GC5.6 PROGRESSIVE RELEASE OF HOLDBACK

5.6.1 Add the following to the end of the first sentence:

“provided that:

- .1 The *Payment Certifier* has issued a *Certificate of Completion* for such subcontract work or the *Products* supplied by such *Supplier*; and
- .2 The *Design-Builder* and the *Owner* jointly agree to release the holdback amount retained for such subcontract work or the *Products* supplied by such *Supplier*.”

GC5.7 FINAL PAYMENT

5.7.1 Add at the end of paragraph

“The *Design-Builder* may apply for final payment when the entire *Work*, except those items arising from the provisions of GC12.5 WARRANTY, has been performed to the requirements of the *Contract Documents*; all building systems have been brought to a state of full readiness for operation in accordance with the *Contract Documents* to the satisfaction of the *Consultant* and the *Owner*; all deficient and incomplete work previously identified has been rectified or completed to the satisfaction of the *Payment Certifier*; all cleanup has been performed (including (a) removal of waste products and debris, other than that resulting from the work of the *Owner*, other contractors or their employees, leaving the *Place of the Work* clean and suitable for use or occupancy by the *Owner* and (b) removal of any remaining products, tools, *Construction Equipment*, *Temporary Work*, and waste products and debris, other than those resulting from the work of the *Owner*, other contractors or their employees; all landscaping has been completed in accordance with the *Contract Documents* to the satisfaction of the *Consultant* and the *Owner*; and when the *Design-Builder* has submitted to the *Owner* all of the following:

- .1 Current certification by the Workers Compensation Board that the *Design-Builder* and all *Subcontractors* are in good standing;
- .2 Proof of release and discharge of any builders or other liens;
- .3 Special *Project Possession* and Warranty Certificates pursuant to the applicable warranty program;
- .4 If specifically requested by the *Owner*, satisfactory evidence that all taxes, employment insurance premiums, Canada Pension Plan contributions, duties,

royalties, and all other monies required by law to be paid by the *Design-Builder* have been paid in full;

- .5 A statutory declaration in accordance with paragraph 5.2.8; and
- .6 One set of white prints and CAD file of all as built *drawings* for the *Project* satisfactory to the *Owner*, showing all significant changes in the *Work* made during construction.”

5.7.2 Add at the end of paragraph

“The *Design-Builder* shall be responsible for all additional costs incurred by the *Owner* for review and inspection of the *Work* where previously identified deficient or incomplete *work* has not been rectified or completed in a manner satisfactory to all of the *Owner*, and the *Consultant*, making additional inspections by the *Payment Certifier* necessary, or where the *Design-Builder* has failed to satisfy all requirements set out in paragraph 5.7.1 and such costs shall be deducted from the monies due to the *Design-Builder* upon issuance of the final certificate for payment.”

5.7.4 In line 2, delete the number “5” and replace with the number “20”.

Add at the end thereof:

“less any monies properly retained by the *Owner* pursuant to the terms of this *Contract* and less any other third party monetary claims against the *Design-Builder* which are enforceable against the *Owner*.”

PART 6 CHANGES IN THE WORK

GC6.1 OWNER’S RIGHT TO MAKE CHANGES

Add:

- “6.1.3 Any substitution of *Products* specified in the *Contract Documents* must be approved by the *Owner* in writing prior to such substitution or variation.”

GC6.2 CHANGE ORDER

6.2.1 Add at the end:

“The adjustment for the *Contract Price* shall not exceed the actual cost of the *Design-Builder’s work* for the change in the *Work*, plus an allowance for overhead and profit as follows:

- .1 For the *Design-Builder*, for overhead and profit, 15% of the actual cost of the *Design-Builder’s work*;
- .2 For the *Design-Builder*, for overhead and profit, 7.5% of the amount for the *Subcontractor’s work*, being the actual cost of the *Subcontractor’s work* plus the amount determined as set out in subparagraph .3 below;

6.2.2. Add at the end:

For certainty, no change to the *Statement of Requirements* shall result in an increase to the *Contract Price*, unless the change is the request of a request by the *Owner* to amend the *Project* scope or quality.

- .3 For the *Subcontractor*, for overhead and profit, 15% of the actual cost of the *Subcontractor's work*."

Add:

"6.2.4 If a change in the *Work* results in a net decrease in the *Contract Price*, the amount of the credit shall be the net cost, without deduction for overhead and profit. When both additions and deletions covering related work or substitutions are involved in a change in the *Work*, the allowance for overhead and profit shall be calculated on the basis of the net increase, if any, with respect to that change in the *Work*.

6.2.5 Where requested by the *Consultant*, the *Design-Builder* shall promptly provide itemized labour and material cost and quantity breakdowns, *subcontractor* costs, and other detailed information required to substantiate the *Design-Builder's* claim for a change to the *Design-Builder Price* or *Contract Time*."

GC6.3 CHANGE DIRECTIVE

6.3.6 Add:

"3 Unless otherwise agreed between the *Owner* and the *Design-Builder*, the allowance for overhead and profit shall be calculated as follows:

- .1 For the *Design-Builder*, for overhead and profit, 15% of the actual cost of the *Design-Builder's work*;
- .2 For the *Design-Builder*, for overhead and profit, 7.5% of the amount for *Subcontractor's work*, being the actual cost of the *Subcontractor's work* plus the amount determined as set out in subparagraph .3 below;
- .3 For the *Subcontractor*, for overhead and profit, 15% of the actual cost of the *Subcontractor's work*."

Add the following as GC 6.3.8:

6.3.8 For certainty, no change to the *Contract Price* will occur as a result of a change to the *Statement of Requirements*, unless the change is to *Project* scope or quality.

GC 6.4 CONCEALED OR UNKNOWN CONDITIONS

Insert a new paragraph 6.4.01 as follows:

- “6.4.01 The *Design-Builder* confirms that prior to bidding the *Work*, it has investigated the *Place of the Work* and applied to that inspection the *Customary Industry Standards* and completeness of information provided by the *Owner*. Notwithstanding any other provision of the *Contract*, the *Design--Builder* is not entitled to compensation or to an extension of the *Contract Time* for conditions which could reasonably been ascertained by the *Design-Builder* by such investigation undertaken prior to the execution of the *Contract*.”

Insert the following before the comma at the end of 6.4.1.2:

“(collectively “Concealed or Unknown Conditions”)”

GC6.5 DELAYS

Add the following words to paragraph 6.5.1 before the period at the end of paragraph 6.5.1:

“which includes an amount for Overhead and Profit as if the delay was authorized by a Change Order but excludes any consequential, indirect or special damages or any other damages for loss of profit or loss of business.”

- 6.5.3.4 In line 1, after the words “any cause beyond the Design-Builder’s control”, insert:

“except for any cause related to the inability or unwillingness of the Design-Builder to make payments of monies for which the Design-Builder is responsible for”

Add the following after “... the Design-Builder agrees to a shorter extension.”:

“Any such extension of time shall be deemed to be in full and final satisfaction for all actual and probable losses, claims, damages, causes of action or injuries sustained or sustainable by the Design-Builder in respect of any such extension.”

Add:

- “6.5.6 During any delays in the performance of the Work as set out in GC6.5 DELAYS, the Design-Builder shall maintain adequate surveillance of the Work and undertake such maintenance and protection of the Work as may be reasonable to maintain safety and when possible to protect Products already installed in the Work or delivered to the Place of the Work.”

PART 7 RIGHT TO SUSPEND OR TERMINATE

GC7.2 OWNER’S RIGHT TO TERMINATE THE DESIGN-BUILDERS RIGHT TO CONTINUE WITH THE DESIGN SERVICES OR WORK OR TERMINATE THE CONTRACT

- 7.2.1 In line 1, after the word bankrupt, insert “commits an act of bankruptcy or threatens to commit an act of bankruptcy,”

“7.2.7 Except as provided in paragraphs 7.2.8, the *Design-Builder* shall have no claim or right of action against the *Owner* for any damages, costs, expenses, loss of profits or otherwise as a result of the termination by the *Owner* of the *Design-Builder’s* right to continue with the *Work* in whole or in part or the termination by the *Owner of the Contract*, under this GC7.2.

7.2.8 The *Owner* may terminate the *Contract* at any time for any reason. In such event, the *Owner* shall pay to the *Design Builder*:

- .1 the proportionate part of the *Contract Price* earned up to the effective date of termination; plus
- .2 the *Design Builder’s* reasonable demobilization costs, to the extent not already included in paragraph 7.2.8.1; plus
- .3 such unavoidable and reasonable additional third-party costs, if any, directly flowing from and which are a reasonable consequence of the termination, but excluding any consequential, indirect or special damages, and any claims for loss of profit or opportunity.

Notwithstanding the foregoing, the *Owner* shall not be liable to the *Design Builder* for any claims, costs or damages whatsoever arising from such termination of the *Contract* other than as set out in this paragraph.

7.2.9 If the *Owner* terminates the *Design-Builders* right to continue with the *Services* and *Work* in whole or in part or terminates the *Contract*, the *Design-Builder* shall, safeguard the *Work* then completed and the materials and equipment then delivered to the *Place of the Work*, assign or novate any *Subcontractor* or *Supplier* contracts to the *Owner* or terminate any *Subcontractor* or *Supplier* contracts to the extent requested by the *Owner* during the term of the *Contract* and do such other extra work as may be ordered by the *Consultant* for the purpose of leaving the *Work* in a safe and useful condition.”

GC7.3 DESIGN BUILDER’S RIGHT TO STOP THE DESIGN SERVICES OR WORK OR TERMINATE THE CONTRACT

7.3.3 Delete. 7.3.3.1. and 7.3.3.2.

Add the following as a new paragraph after paragraph 7.3.3.4:

“4 The foregoing defaults in contractual obligations shall not apply to the withholding of *certificates of payment* or payment, or both, following receipt of court ordered garnishments of monies owing to the *Design-Builder*, notice of the *Design-Builder’s* failure to pay claims against the *Design-Builder* or the filing of liens against the Project for as long as they remain outstanding.”

7.3.4 In line 2, delete the number “5” and replace with the following the number “20”.
Add to the end of the paragraph:

“provided that if the default is of the nature set out in paragraph 7.3.3.4 and such default cannot

be reasonably corrected within 20 *Working Days*, the *Owner* shall no longer be considered to be in default if the *Owner*:

- .1 provides the *Design-Builder* with a reasonable schedule for correction within 20 *Working Days*; and
- .2 corrects the default in accordance with such schedule.”

7.3.6 Delete and replace with the following:

“If the *Design-Builder* terminates the *Contract* under the conditions set out above, the *Design-Builder* shall be entitled to be paid for all *Work* performed to the date of termination, including a reasonable profit thereon, for loss sustained upon *Products* and construction machinery and equipment and for reasonable wind-up costs for the removal of construction machinery and equipment from the *Place of the Work*.”

PART 8 DISPUTE RESOLUTION

GC8.1 NEGOTIATION, MEDIATION AND ARBITRATION

Add:

“8.1.11 Unless both parties agree, the *Design-Builder* shall not stop the *Work*, or any part of the *Work*, pending the resolution of any dispute under the *Contract* between the parties.”

PART 9 PROTECTION OF PERSONS AND PROPERTY

GC9.1 PROTECTION OF WORK AND PROPERTY

Add:

“9.1.5 The *Design-Builder* shall be responsible generally for the care, maintenance and protection of the *Work* during construction and during any shut-down or suspension of the *Work*.

9.1.6 The *Design-Builder* shall ensure that all rights and privileges presently accorded to all properties adjacent to the *Place of the Work* are maintained.”

GC9.4 CONSTRUCTION SAFETY

9.4.1 In line 1, delete “Except as provided for to paragraph 2.6.2.2 of GC2.6 – WORK BY OWNER OR OTHER CONTRACTORS,”

Add the following to GC 9.4

“9.4.2 The *Design-Builder* shall be responsible for the safety not only of the workers, *Subcontractors*, tradesmen and *suppliers* and their plant and equipment but also of all other persons who enter the *Place of the Work* whether during working hours or not and for that purpose shall erect

such boardings and signs and shall employ such safety measures as may be necessary to ensure the safety of such persons.

- 9.4.3 The *Design-Builder* acknowledges and agrees that the *Design-Builder* shall be the “prime contractor” for the workplace for the purposes of the Workers Compensation Act, as amended from time to time. Without limiting the foregoing, the *Design-Builder* shall, as the “prime contractor”, comply with, and do everything that is reasonably practicable to ensure compliance by *Subcontractor* and *Suppliers* with, the Workers Compensation Act of British Columbia and its regulations including the *Occupational Health & Safety Regulations*, *WHIMIS* regulation and the transportation of hazardous substances or dangerous goods requirements and obligations and shall pay assessments or compensation required to be paid under applicable legislation. If *Design-Builder* or any *Subcontractor* fails to pay any due assessment or compensation, the *Owner* may make such payment on behalf of *Design-Builder* or any *Subcontractor*, but will not be obliged to do so. *Design-Builder* shall reimburse *Owner* the amount of such payment on demand. The *Owner* may set off any amounts paid against money otherwise owed to the *Design-Builder*.
- 9.4.4 The *Design-Builder* shall deliver the Notice of Project required the Workers’ Compensation Act of British Columbia.
- 9.4.5 The *Design-Builder* shall be the “prime contractor” with respect to any work performed by the *Owner*’s own forces or other firms retained by the *Owner* carried out in the area of the *Place of the Work* with relation to the *Work*. Without limiting the generality of the foregoing, the *Design-Builder* is responsible for ensuring that the work undertaken by the *Owner*’s own forces or other contractors retained by the *Owner* are coordinated with the *Work* so as to avoid or minimize any hazardous situations.
- 9.4.6 The *Design-Builder* shall immediately inform the *Owner* if the *Owner*’s own forces or other contractor firms retained by the *Owner* attend at the *Place of the Work* without prior notification to the *Design-Builder*.
- 9.4.7 When entering the workplace for any reason, the *Owner* will comply, and will ensure that its employees agents and contractors comply, with all reasonable workplace rules established by the *Design Builder*, including, without limitation, any reasonable requirements that the *Design Builder* establishes in accordance with standard industry practice.

PART 10 GOVERNING REGULATIONS

GC10.1 TAXES AND DUTIES

Add:

- “10.1.3 Where documentation may be required for tax refund purposes, the *Design-Builder* shall be responsible for providing the *Owner* with such invoices and records as may be necessary to substantiate the amount of tax paid during the performance of the *Work* for which the *Owner* may lawfully claim exemption.”

GC10.2 LAWS, NOTICES, PERMITS AND FEES

10.2.4 Delete the first sentence.

10.2.5 Delete and replace with the following:

“The *Design-Builder* shall be responsible for verifying that the *Contract Documents* are in substantial compliance with the applicable laws, ordinances, rules, regulations, or codes relating to the *Work*. If after the *Contract* is executed, changes are made to the applicable laws, ordinances, rules, regulations, or codes which require modification to the *Contract Documents*, the *Design-Builder* shall notify the *Owner* in writing immediately upon such variance or change becoming known.”

Add:

“10.2.8 The *Design-Builder* shall provide to the *Consultant* copies of all inspection reports from the various authorities having jurisdiction forthwith as they are received from time to time.”

GC10.3 PATENT FEES

10.3.2 Delete

GC10.4 WORKERS COMPENSATION

10.4.1 In line 3, after the word “compliance” insert “by the *Design Builder* and *Subcontractors*”.

PART 11 INSURANCE AND CONTRACT SECURITY

GC 11.1 – INSURANCE

Delete GC 11.1 in its entirety and replace with the following:

Without restricting the generality of GC 12.1—INDEMNIFICATION, insurance and coverage will be arranged and paid for as under-noted:

11.1.1 For the period when the *Owner’s* Commercial General Liability – Wrap up Insurance is not in force, the *Design-Builder* shall, without limiting its obligations or liabilities herein and at its own expense, provide and maintain the following insurance with insurers licensed in British Columbia:

(a) Commercial General Liability Insurance with a limit of not less than FIVE MILLION DOLLARS (\$5,000,000), inclusive per occurrence against bodily injury and property damage, and the *Owner* is to be added as an additional insured and include a cross-liability clause. This insurance shall be primary and not require the sharing of any loss by any insurer of the *Owner*.

11.1.2 The *Design-Builder* or the *Consultant* during the term of this *Contract* will provide and maintain Professional (Errors and Omissions) Liability Insurance protecting the *Design- Builder* or the *Consultant* and if applicable the *Consultant’s* insurable consultants and their respective servants, agents or employees, against any loss or damage arising out of the professional

services rendered by any of them under this *Contract*. Such insurance shall be for an adequate amount acceptable to the *Owner* and shall in any event be not less than TWO MILLION DOLLARS (\$2,000,000) per claim.

The sub-consultants of the *Consultant* or *Other Consultants* shall maintain a limit of no less than TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) Professional (Errors and Omissions) Liability Insurance.

If coverage is provided by the *Consultant*, then such Professional (Errors and Omissions) Liability Insurance will not contain a "Design-Build" exclusion.

11.1.3 The *Design-Builder* shall, without limiting its obligations or liabilities herein and at its own expense, provide and maintain the following insurance with insurers licensed in British Columbia and in forms and amounts acceptable to the *Owner*:

- (a) **Automobile Liability Insurance** in respect of each owned or leased vehicle if used directly or indirectly in the performance of the *Work*, subject to limits of not less than THREE MILLION DOLLARS (\$3,000,000) inclusive per occurrence. This insurance shall be maintained continuously from commencement of the *Work* and kept in force until the *Project* is ready for use or is being used for the purpose intended, whichever occurs first, and is so confirmed in writing by the *Consultant* in consultation with the *Design-Builder* and the *Owner*.
- (b) **Owned or Non-Owned Aircraft (including Unmanned Aircraft Vehicles) Liability Insurance** if used directly or indirectly in the performance of the *Work*, subject to limits not less than TWO MILLION DOLLARS (\$2,000,000) inclusive per occurrence for bodily injury, death, and damage to property including loss of use thereof and including aircraft passenger hazard where applicable. The insurance will name the *Owner* as an additional insured and include a cross liability clause. This insurance shall be maintained continuously from commencement of the work involving aircraft (including unmanned aircraft vehicles) until such work is completed.
- (c) **Owned or Non-Owned Watercraft Liability Insurance** if used directly or indirectly in the performance of the *Work*, subject to limits of not less than TWO MILLION DOLLARS (\$2,000,000) inclusive per occurrence for bodily injury, death, and damage to property including loss of use thereof. The insurance will name the *Owner* as an additional insured and include a cross-liability clause. This insurance shall be maintained continuously from commencement of the work involving watercraft until such work is completed.
- (d) **Contractors Pollution Liability Insurance**, where the *Design-Builder's* performance or the *Subcontractor's* performance of the *Work* is associated with hazardous materials clean up, removal and/or containment, transit or disposal. This insurance must have a limit of liability not less than TWO MILLION DOLLARS (\$2,000,000) inclusive per occurrence insuring against bodily injury, death, and damage to property including loss of use thereof.

Any insurance required under this clause 11.1.3 (d) must name the *Owner* as an additional insured, but only with respect to liability arising out of the *Design-Builder* or the *Subcontractor's* performance of the *Work*. Such insurance must include sudden and

accidental and gradual pollution events for third party liability including ongoing and completed operations and shall not be impaired by any, biological contaminants (without limitation, mould and bacteria), asbestos, or lead exclusions. Any 'insured vs. insured' exclusion shall not prejudice coverage for the *Owner* and shall not affect the *Owner's* ability to bring suit against the *Design-Builder* as a third party.

This insurance shall be maintained continuously from commencement of the work involving hazardous materials clean-up, removal and/or containment, transit and disposal until such work is completed and including a twenty-four (24) month extended reporting period if any such insurance is provided on a claims-made basis.

(e) Hot Roofing or Installation of Hot Membranes

If the project is a renovation involving hot roofing work or installation of hot membranes, the contractor will provide, maintain and pay for a liability policy insuring hot roofing or installation of hot membrane operations with a limit of not less than TWO MILLION DOLLARS (\$2,000,000) inclusive per occurrence against bodily injury and property damage. This insurance will name the *Owner* as an additional insured and include a cross liability clause. This insurance will be treated as primary coverage and the *Owner's* Commercial General Liability - Wrap up Insurance will be treated as excess coverage.

Such insurance shall include, but not be limited to:

- .01 Premises and Operations Liability;
- .02 Products and Completed Operations;
- .03 Owner's and Contractor's Protective Liability;
- .04 Contractual Liability;
- .05 Contingent Employer's Liability;
- .06 Personal Injury Liability;
- .07 Non-Owned Automobile Liability;
- .08 Cross Liability;
- .09 Employees as Additional Insureds; and
- .10 Broad Form Property Damage.

This insurance shall be maintained continuously from commencement of hot roofing or installation of hot membrane work until such work is completed.

11.1.4 Any insurance required under clauses 11.1.1 (a), 11.1.2 and 11.1.3 (b), (c), (d) and (e) must be endorsed to provide the *Owner* with 30 days' advance written notice of cancellation.

11.1.5 As may be applicable, the *Design-Builder* must cause its *Subcontractors* to comply with the insurance requirements outlined in clauses 11.1.2 and 11.1.3 (a) (b), (c), (d) and (e). Notwithstanding the foregoing, the *Owner* may agree to lower amounts of Automotive Liability insurance for *Subcontractors* on a case by case basis.

11.1.6 **The *Owner* shall, without limiting its obligations or liabilities herein and at its own expense, provide and maintain the following insurance and coverages:**

(a) Commercial General Liability – Wrap Up Insurance with a limit of not less than TEN MILLION DOLLARS (\$10,000,000) inclusive per occurrence, TWENTY MILLION DOLLARS (\$20,000,000) general aggregate for third party bodily injury, death, and damage to property

including loss of use thereof, product/completed operations liability with a limit of not less than TEN MILLION DOLLARS (\$10,000,000) aggregate.

This insurance will cover the *Owner*, the *Design-Builder*, *Subcontractors*, *Consultant*, sub-consultants and anyone employed by them to perform a part or parts of the *Work* but excludes all professional services and excluding suppliers whose only function is to supply and/or transport products to the project site, or security protection persons or organizations providing project site protection on or at the insured project. The insurance does not extend to any activities, works, jobs or undertakings of the insureds other than those directly related to the *Work* of this *Contract*.

The insurance will contain a waiver of the *Owner's* rights of subrogation against all protected entities except where a loss is deemed to have been caused by or resulting from any error in design or any other professional error or omission.

Such insurance shall include, but not be limited to:

- .01 Premises and Operations Liability;
- .02 Products and Completed Operations Liability (24 months);
- .03 Contractual Liability;
- .04 Cross Liability and/or Severability of Interests;
- .05 Contingent Employer's Liability;
- .06 Personal Injury Liability;
- .07 Shoring, Blasting, Excavating, Underpinning, Demolition, Piledriving, Subsurface and Grading, as applicable;
- .08 Limited Pollution Liability (TWO MILLION DOLLARS (\$2,000,000))
- .09 Broad Form Tenants Legal Liability (ONE MILLION DOLLARS (\$1,000,000))
- .10 Operation of Attached Machinery
- .11 Forest Fire Fighting Expenses (ONE MILLION DOLLARS (\$1,000,000))

There will be a deductible not exceeding FIFTY THOUSAND DOLLARS (\$50,000) per occurrence except with respect to completed operations, to which a deductible not exceeding ONE HUNDRED THOUSAND DOLLARS (\$100,000) per occurrence will apply.

This insurance will be maintained continuously from commencement of the *Work* and kept in force until the *Project* is ready for use or is being used for the purpose intended, whichever occurs first, and is so confirmed in writing by the *Consultant* in consultation with the *Design-Builder* and the *Owner*, plus with respect to completed operations cover a further period of twenty-four (24) months.

(b) Course of Construction (Builders Risk) coverage, against "All Risks" of direct physical loss or damage including the peril of equipment breakdown, and will cover all materials, property, structures and equipment purchased for, entering into, or forming part of the *Work* while located anywhere within Canada and continental United States of America during construction, erection, installation and testing and commissioning, but such coverage may be subject to off-site storage and transit exposure sub-limits and shall not include coverage for the *Design-Builder* and *Subcontractor's* equipment of any description.

There will be a deductible not exceeding FIFTY THOUSAND DOLLARS (\$50,000) for each and

every occurrence except for the following:

Earthquake with a deductible not exceeding FIVE PERCENT (5%) of the total project value at the time of the loss, subject to a minimum TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000);

Water Damage perils (includes Flood and Sewer and Drain Back Up) with a deductible not exceeding ONE HUNDRED THOUSAND DOLLARS (\$100,000);

Soft Costs with a one day waiting period for each month of the estimated project term subject to a minimum waiting period of 30 days will apply with respect to soft costs.

The coverage will include as a protected entity, the *Owner*, the *Design-Builder*, *Consultant* and each *Subcontractor* who is engaged in the *Project*.

The coverage will contain a waiver of the *Owner's* rights of subrogation against all protected entities except where a loss is deemed to have been caused by or resulting from any error in design or any other professional error or omissions, or manufacturers (not employees of a protected entity).

The *Design-Builder* will, at its own expense, take precautions to prevent fires occurring in or about the *Work* and will observe, and comply with, all insurance policy warranties and all laws and regulations in force respecting fires.

This insurance will be maintained continuously from commencement of the *Work* and will be kept in force until the *Project* is ready for use or is being used for the purpose intended, whichever occurs first, and is so confirmed in writing by the *Consultant* in consultation with the *Design-Builder* and the *Owner*.

- 11.1.7 The description of the *Owner* arranged insurance described herein is provided on a summary basis only and is not a statement of the actual policy terms and conditions. The *Owner* does not represent or warrant that the *Owner* arranged insurance contains insurance for any and all losses. It is the *Design-Builder's* responsibility to ascertain the exact nature and extent of coverage provided by the *Owner* arranged insurance, to review all policies pertaining thereto and to obtain any other insurance that it may be prudent for the *Design-Builder* to obtain.
- 11.1.8 The *Design-Builder* will also provide, maintain and pay for any other insurance that the *Design-Builder* is required by law to carry, or which the *Design-Builder* considers necessary.
- 11.1.9 The *Design-Builder* and/or its *Subcontractors*, the *Consultant* and sub-consultants as may be applicable, will be responsible for any deductible amounts under the policies of coverage and insurance except for the perils of flood and earthquake.
- 11.1.10 The *Owner* will, upon request, provide the *Design-Builder* with proof of insurance of those coverages and insurances required to be provided by the *Owner* prior to commencement of the *Work* and subsequent certified copy of policies within a reasonable time period thereafter.
- 11.1.11 The *Design-Builder* will provide the *Owner* with proof of insurance for those insurances required

to be provided by the *Design-Builder* prior to the commencement of the *Work* in the form of a completed Certificate of Insurance and will also provide a certified copy of any required policies upon request.

11.1.12 The *Owner* will not be responsible for injury to the *Design-Builder's* employees or for loss or damage to the *Design-Builder's* or to the *Design-Builder's* employees' machinery, equipment, tools or supplies which may be temporarily used or stored in, on or about the project site during construction and which may, from time to time, or at the termination of this *Contract*, be removed from the project site. The *Design-Builder* hereby waives all rights of recourse against the *Owner* with regard to damage to the *Design-Builder's* property.

11.1.13 If the *Design-Builder* fails to provide, maintain and pay for insurance as required by this schedule, other than automobile liability insurance, the *Owner* may obtain and pay for the required insurance, the cost of which will be payable on demand by the *Owner*. The *Owner* may offset such amounts from any monies due to the *Design-Builder* if not paid within 15 days.

11.2 **CONTRACT SECURITY**

11.2.1 The *Design-Builder* shall prior to commencement of the *Work* furnish performance and labour and material payment bonds within fourteen (14) days of the date of this *Contract*. Each bond must be in a sum equal to 50% of the total *Contract Price*. The bonds must be issued on the latest CCDC-221 or CCDC-222 approved forms or other such forms approved by the Surety Association of Canada and issued by a surety company registered in the Province of British Columbia or another surety company acceptable to the *Owner*. The *Design-Builder* must maintain the bonds in good standing until the fulfilment of the *Contract*.

PART 12 INDEMNIFICATION, LIMITATION OF LIABILITY, WAIVER OF CLAIMS, AND WARRANTY

Delete GC 12.2.1 in its entirety and replace with the following:

12.2.1 Without restricting the parties' obligation to indemnify as described in paragraphs 12.2.4 and 12.2.5, and excepting always losses caused or contributed to by the acts of the party for whom indemnification is sought, the *Owner* and the *Design-Builder* shall each indemnify and hold harmless the other from and against all claims, demands, losses, costs, damages, actions, suits, or proceedings whether in respect to losses suffered by them or in respect to claims by third parties that arise out of, or are attributable in any respect to their involvement as parties to this *Contract*, provided such claims are:

.1 caused by:

- (1) the acts or omissions of the party from whom indemnification is sought or anyone for whose acts or omissions that party is liable, or;
- (2) a failure of the party to the *Contract* from whom indemnification is sought to fulfill its terms or conditions; and

.2 made by *Notice in Writing* within such periods as prescribed by the Limitation Act of the

Province of British Columbia.

Delete GC 12.2.2 in its entirety and replace with the following:

- 12.2.2 The obligation of either party to indemnify as set forth in paragraph 12.2.1 shall be limited as follows:
- .1 In respect to losses suffered by the *Owner* and the *Design-Builder* for which insurance is to be provided by either party pursuant to GC 11.1 – INSURANCE, the limit of:
 - (1) Commercial General Liability coverage – GC 11.1.1(a)
 - (2) Commercial General Liability – Wrap Up Insurance GC 11.1.6 (a); or
 - (3) Course of Construction (Builders Risk) – GC 11.1.6 (b)whichever is pertinent to the loss.
 - .2 In respect to losses suffered by the *Owner* and the *Design-Builder* for which insurance is not required to be provided by either party in accordance with GC 11.1 – INSURANCE, the greater of:
 - (1) the *Contract Price* as recorded in Article A-4 – CONTRACT PRICE or;
 - (2) TWO MILLION DOLLARS (\$2,000,000.00),but in no event shall the sum be greater than TWENTY MILLION DOLLARS (\$20,000,000.00).
 - .3 In respect to claims by third parties for direct loss resulting from bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, the obligation to indemnify is without limit. In respect to all other claims for indemnity as a result of claims advanced by third parties, the limits of indemnity set forth in paragraphs 12.2.2.1 and 12.2.2.2 shall apply.

GC 12.3 LIMITATION OF LIABILITY FOR DESIGN SERVICES, delete entirely and replace with the following:

GC 12.3 – LIMITATION OF LIABILITY FOR DESIGN SERVICES

- 12.3.1 Notwithstanding any other provisions of this *Contract*, the *Design-Builder's* liability for claims which the *Owner* may have against the *Design-Builder*, including the *Design-Builder's* officers, directors, employees and representatives, that arise out of, or are related to, the *Design Services*, shall be limited to claims arising from errors, omissions, or negligent performance of *Design Services* by the *Consultant* or *Other Consultant*. For greater certainty, no dollar limit applies.

GC12.4 WAIVER OF CLAIMS

Delete paragraphs 12.4.3, 12.4.4 and 12.4.5.

Add the following new paragraph 12.4.11:

- 12.4.11 The correction of defects and deficiencies in the *Work* shall be at the sole expense of the *Design-Builder* and shall be executed at times determined by the *Owner*, acting reasonably.

GC 12.5 WARRANTY

12.5.3 Add at the end thereof:

“Such notice may specify the time within which the defects or deficiencies must be rectified.”

12.5.4 Delete and replace with the following:

“Except for the provisions of paragraphs 12.5.6 and 12.5.7, the *Design-Builder* shall correct promptly, at the *Design-Builder's* expense, to the satisfaction of the *Owner* defects or deficiencies in the *Work* due to faulty workmanship or *Products* or architectural, engineering or design errors or omissions by the *Design-Builder*, the *Consultant* or any *Subcontractor* or *Supplier* or by any of their respective *consultants* which appear prior to and during the warranty periods specified in the *Contract Documents*.”

Add:

“12.5.9 Where specific warranties or guarantees are required by the *Contract Documents* relating to the *Work* and including without limitation those relating to any fixtures, improvements, appliances, equipment or other chattels for the *Project*, the *Design-Builder* shall secure such warranties or guarantees from the *Subcontractors* and *Product* suppliers and they shall be assigned to or addressed to and in favour of the *Owner*. The *Design-Builder* shall cooperate and assist in the enforcement of such warranties or guarantees. The *Design-Builder* shall deliver the originals plus two copies of such warranties or guarantees to the *Owner* upon completion of the *Work*.”

Add the following General Conditions:

GC13.1 PUBLIC STATEMENTS AND SIGNS

14.1.1 The *Design-Builder* shall not make any public statement with respect to the *Project* without the prior written consent of the *Owner*.

14.1.2 The *Design-Builder* shall not erect or permit the erection of any sign or advertising at the *Place of the Work* without the prior written approval of the *Owner*.

GC14.1 LIENS

15.1.1 The *Design-Builder* will pay or cause to be paid promptly when due all claims, debts and charges against the *Design-Builder* or *Subcontractors* engaged by the *Design-Builder* which might become a lien upon the *Project* arising out of the *Work* performed or materials furnished by the *Design-Builder* or any *Subcontractors* under the *Contract*, and will not permit any lien or encumbrance of any kind to be filed against or upon the *Project*, regardless of whether the basis of such lien is a claim against the *Design-Builder* or any *Subcontractor*.

15.1.2 If the *Owner* is not in default in making payment to the *Design-Builder* as required under this *Contract* and if a claim of builders lien is filed against title to the *Project* by anyone claiming

under or through the *Design-Builder*, the *Owner* may notify the *Design-Builder* in writing that the filing of such claim or claims of builders lien is a material default by the *Design-Builder* of its contractual obligations and instruct the *Design-Builder* to obtain and file a release of the said claim or claims in the Land Title Office within 7 *Working Days* immediately following receipt of such notice.

- 15.1.3 If such default is not corrected within the time specified or subsequently agreed upon in writing, the *Owner*, without prejudice to any other right or remedy it may have, may:
- .1 pay, settle or compromise, or pay into Court (together with a reasonable amount for costs) the amount of, any such claim or claims of builders lien and deduct the amount of any such payment from the next ensuing payment which may become due to the *Design-Builder*; or
 - .2 pay into Court from the holdback account established by the *Owner* in accordance with the *Builders Lien Act* the total amount of the claim or claims filed and this provision shall constitute the agreement of the *Design-Builder* to make such payment as required under Section 5(2)(c) of the *Builders Lien Act*;
 - .3 and the *Owner* may deduct from the next ensuing payment which may become due to the *Design-Builder* all costs and expenses thereby incurred by the *Owner*, including any account for legal fees and disbursements incurred by the *Owner*.
- 15.1.4 If the *Owner* is not in default in making payment to the *Design-Builder* as required under this *Contract*, the *Design-Builder* will indemnify and save the *Owner* harmless from and against the costs of any and all actions commenced by any lien claimant claiming under or through the *Design-Builder* against the *Owner* pursuant to the *Builders Lien Act*, including solicitor and client costs.
- 15.1.5 Notwithstanding any other provision of the *Contract*, no payments whatsoever shall be due or owing to the *Design-Builder* so long as any liens filed by anyone claiming under or through the *Design-Builder* remain registered against title to the *Project*.”

REPORT TO REGIONAL WATER SUPPLY COMMISSION MEETING OF SEPTEMBER 17, 2025

SUBJECT **Master Plan Implementation Framework**

ISSUE SUMMARY

To provide an update on the Capital Regional District's ongoing *Regional Water Supply Master Plan Implementation* project and seek the Regional Water Supply Commission's direction and endorsement of the Guiding Principles for the Master Plan Program.

BACKGROUND

In 2022, Stantec delivered the Regional Water Supply (RWS) 2022 Master Plan, which was endorsed by the Regional Water Supply Commission (Commission) in July 2022, and subsequently by the Capital Regional District (CRD) Board in August 2022.

The Master Plan includes a recommended capital improvement program consisting of 21 projects that accommodates population growth and mitigates risks to the drinking water quality and supply from climate change, wildfires, earthquakes and water quality events. Proposed projects include a water filtration plant, bringing the Leech watershed online, a second deep lake intake at Sooke Lake Reservoir, a new balancing storage tank within the system, and various water transmission main installations and upgrades throughout the system.

Since 2022, the CRD has proceeded with early-works items in the RWS 5-year capital plans, such as North Basin Intake Siting Studies, Reservoir Hydrodynamic Modelling, Sooke Lake Drawdown Study, the Development Cost Charge Program (growth funding), Transmission Main Upgrades and other related studies and tasks recommended by the Master Plan.

Among the budgeted initiatives was the Project Delivery Strategy (Master Plan Implementation Project). The scope of this project was to develop a strategy on how to deliver the complex and interdependent projects that were identified as part of the RWS Master Plan. The scope includes developing a comprehensive roadmap to guide the CRD over the coming years, addressing key areas such as service-level planning, risk mitigation, project prioritization, integrated work breakdown structures and scheduling, delivery strategies, governance frameworks, resource allocation, funding mechanisms, stakeholder communications and regulatory compliance.

The CRD issued a Request for Proposal (RFP) in late-2024 for this assignment and received four bids. Based on the review of both the technical and financial proposals, Carollo Engineers Canada (Carollo) were the preferred bidder. The CRD formally engaged Carollo in early 2025 to assist in the Master Plan Implementation Project. Carollo demonstrated extensive organizational expertise, supported by a network of subject matter specialists located throughout North America.

The assignment is structured around five key tasks:

- **Task 1 – Orientation and Visioning:** Establishing a shared understanding of objectives and long-term goals of the program, identifying risks and opportunities and establishing strategic goals to guide future decision making.

- Task 2 – Program Refinement and Risk Review: Evaluating and refining program elements, including project sequencing, while identifying and assessing potential risks.
- Task 3 – Project Scope Definition: Clarifying the scope and requirements of individual projects within the program, including prerequisite activities to inform the overall program road map.
- Task 4 – Program Delivery Review: Analyzing program delivery models and strategies to optimize program delivery.
- Task 5 – Program Implementation Plan: Developing a comprehensive Program Implementation Plan using the four previous tasks and including the Program Governance Framework, Long-Term Resourcing Plan, Funding and Grant Strategy, Permits and Regulatory Management Plan and a Communications Plan

A key component of this initiative is the early-stage internal engagement within the CRD, complemented by the technical expertise of the Carollo team. This assignment has put particular emphasis on cross departmental engagement. This collaboration is designed to incorporate diverse perspectives from a broad range of departments and interested parties across the organization, aiming at building common understanding and strengthening the resulting implementation plan. The following engagement activities are completed, underway or scheduled to occur:

Task #	Activity	Status
1	Site tours, staff questionnaire, one-on-one interviews with CRD staff	Complete
1	Full-day visioning workshop with CRD staff from various departments	Complete
1	Political, Economic, Social, Technological, Legal and Environmental (PESTLE) exercises (with CRD Staff and the Water Advisory Committee)	Complete
2	Level of service goal setting workshop with CRD staff	Complete
2	Risk framework workshop with CRD staff	Complete
2	Subject matter expert meetings to review Master Plan project scopes	Complete
3	Risk mitigation workshop with CRD staff	Complete
4	Contractor outreach and high-level market sounding	Underway
4	Project delivery framework and procurement workshop with CRD staff	Pending
5	Implementation review workshop with CRD staff	Pending

The main deliverable of *Task 1 – Orientation and Vision* is a draft “Tabletop Document”, which will be used to communicate the purpose, vision and goals of the Master Plan to the public, staff and elected officials over the life of the program. The final Tabletop Document may also include background information on the Master Plan projects, high-level schedule, funding projections.

A draft Tabletop Document is attached as Appendix A for the Commission’s consideration. The Tabletop Document will continue to be refined through the course of the Master Plan Implementation Plan development, and a final Tabletop Document will be brought forward at project completion.

The draft Tabletop Document includes five Guiding Principles that establish the high-level direction and goals for delivering the Master Plan Program over its life cycle. These principles will support the CRD in prioritizing the projects and related tasks required to achieve the vision and strategic goals of the Program. Serving as a foundational framework for decision making, they will also help maintain alignment throughout the multidecade implementation that will likely involve many different teams of contractors and consultants over time.

Additionally, the Tabletop Document and its guiding principles will provide a level of transparency to the public on how the CRD is making decisions related to these significant investments. The Guiding Principles of large programs of this nature need to reflect the unique values of the community they are serving, and can be reviewed and adjusted over the life of the program, although changes, additions or deletions should be done in a judicious way as they can have significant impacts on the delivery strategy and prioritization of projects or design alternatives.

The early Task 1 activities (i.e., site tours, staff questionnaire and interviews) helped develop an understanding of the existing RWS system and assets, organizational structure, and potential priorities and goals for the program delivery. Pairing this orientation work with Carollo's industry expertise, an initial set of Guiding Principles was brought forward to the visioning workshop, where a diverse group of CRD staff provided input and refinement in a workshop setting.

This visioning workshop resulted in a draft set of Guiding Principles, which has been further refined and now presented for the Commission's consideration below.

Guiding Principles

1. Proactive, Risk-Informed Program Delivery

Projects are planned with foresight, early risk management, and flexibility to minimize disruption and stay on track.

The Master Plan Program will be delivered with a culture of preparedness and anticipating challenges before they arise. This includes pre-planning and early risk mitigation to reduce disruption, maintain momentum, and ensure continuity of service throughout construction. Contingency planning, schedule resilience, and clear decision checkpoints will be embedded in the delivery methodology to keep the program adaptive, efficient, and on track.

2. Purposeful Design for Resilience and Operations

Infrastructure is designed to be safe, durable, cost-effective, and easy to maintain while meeting future needs.

The infrastructure that is designed will be resilient, safe, and built to last without overbuilding or creating long-term operational burdens. The design approach will integrate value engineering, lessons learned from similar projects, and input from operators to ensure practical, maintainable, and cost-effective systems. Design decisions will balance capital and lifecycle costs, support safety and efficiency, and reflect both the needs of today and the challenges of tomorrow.

3. Organizational Readiness and Execution Excellence

Careful sequencing, strong internal capacity, and long-term planning ensure smooth and dependable implementation.

The Master Plan Program delivery will ensure a balanced integration of internal talent in key roles alongside targeted third-party industry support. As internal staffing capacity is developed, succession planning and preservation of institutional knowledge will be prioritized to safeguard long term service continuity and uphold delivery excellence.

4. Financial Responsibility and Affordability

Reliable service is maintained through right-sized projects, diverse funding, and long-term financial planning.

Infrastructure investments will be right-sized to match validated demand projections, balancing capital and long-term operating costs to avoid unnecessary rate burdens. Diverse funding sources, alignment with regional and municipal growth strategies, and transparent decision-making will help maintain affordability while safeguarding long-term system resilience

5. Strong and Inclusive Partnerships

Collaboration with First Nations, governments, regulators, and the public builds trust and shared success.

Collaboration with First Nations, governments, regulators, the public, technical experts, and contractors is essential to build trust, align priorities, and achieve shared success. Engagement with First Nations reflects reconciliation and shared stewardship, ensuring cultural values and opportunities are respected. Partnerships with governing bodies align outcomes with regional strategies and streamline approvals. Working closely with technical experts and contractors applies best practices, value engineering, and lessons learned from others for efficient delivery. Transparent communication with the public builds understanding, encourages conservation, and strengthens investment in the program's long-term success.

In addition to the internal workshops, the CRD met with other utility owners who had delivered programs of similar scope and size. Some of these programs prioritized such items such as local procurement to simulate the local economy and potential revenue generating opportunities, as two examples. Although not specifically identified in the internal engagement work the CRD has undertaken, examples of how these priorities could translate into Guiding Principles are provided below as examples for the Commission's consideration.

6. Inclusive and Lasting Community Benefit (OPTIONAL)

Investment creates added value by supporting local businesses, Indigenous enterprises, and training opportunities.

Guiding Principle 6 may require projects to be packaged into smaller scopes where local contractors could bid the work. This may require unique procurement policies, processes and contract language to prioritize supporting local or indigenous companies. This would require additional up-front effort and could increase project costs, limit expertise related to more complex work and extend program timelines but has the potential to support local

economies and improve public support of the projects.

7. Revenue-Generating Strategic Partnerships (OPTIONAL)

Innovative partnerships such as green energy or water reuse help generate revenue and strengthen system resilience.

Guiding Principle 7 would require additional scope be added to the Master Plan projects, for example an energy recovery system at the proposed filtration plant. This principle would increase up-front capital costs (feasibility, design, construction), but has the potential to provide ongoing revenue, for which a cost-benefit analysis would be required. This Guiding Principle also has the potential to lower ongoing greenhouse gas emissions and reduce waste from the system but may also conflict with Watershed Protection initiatives.

The implications of including the two optional Guiding Principles (6 and 7) are discussed further below. By not including items such as the examples noted above it does not preclude these types of initiatives from being considered on a case-by-case basis, but they would not be a foundational driver across all the program delivery.

Next Steps

With the visioning finalized, the project team will use the guiding principles to finalize the Master Plan Implementation Project details. Upcoming work will refine and validate project details, risks, and sequencing; develop comprehensive scope, cost, and scheduling information; and evaluate delivery strategies through market engagement to recommend the most effective approaches. We anticipate presenting a draft of this implementation plan to the Commission for input in Q1 2026.

ALTERNATIVES

Alternative 1

That the Regional Water Supply Commission directs staff to proceed with the Master Plan Implementation Project using the 5 Guiding Principles as shown on the draft Tabletop Document.

Alternative 2

That the Regional Water Supply Commission directs staff to proceed with the Master Plan Implementation Project using amended Guiding Principles as directed.

Alternative 3

That this report be referred back to staff for additional information.

IMPLICATIONS

Alignment with Board & Corporate Priorities

The implementation of the proposed Master Plan program aligns with the CRD 2023-2026 Corporate Plan, and the updated 2025 RWS Strategic Plan. The RWS strategic and corporate plans and their goals were a major consideration in determining the proposed guiding principles.

Alignment with Existing Plans & Strategies

The draft Tabletop Document highlights the connection between the RWS 2025 Strategic Plan and the delivery of the RWS 2022 Master Plan program. The 2022 Master Plan was developed with the commitments of the Strategic Plan in mind, and the delivery of the program will be in alignment with these commitments.

Climate and Environmental Implications

One of the key goals of the implementation of the proposed Master Plan program is to reduce the potential impacts and mitigate risks of Climate Change. In addition, there are potential opportunities to look at innovative technologies or partnerships to look at energy recovery, reducing future greenhouse gases and reducing water waste.

Financial Implications

Several of the guiding principles emphasize the importance of financial sustainability, cost efficiency and long-term affordability for RWS customers. These principles collectively aim to ensure reliable service delivery while balancing short-term expenditures with long-term economic benefits.

Having a policy that considers innovative technologies, energy saving opportunities, and greenhouse gas reduction may enhance access to external funding opportunities. Having policies related to inclusive and lasting community benefit may also stimulate local economic development and foster public support; however, these benefits may be offset by increased planning and administrative requirements, extended implementation timelines, and higher capital or operational costs over time.

Overall, the financial implications of these guiding principles reflect a trade-off between upfront investment and long-term value, requiring careful consideration to align with both fiscal responsibility and strategic community outcomes

First Nations Implications

Numerous local First Nations have expressed a strong interest in providing input throughout the Master Plan program. The proposed Guiding Principles are designed to foster meaningful collaboration, emphasizing inclusive engagement and creating pathways for economic empowerment throughout program delivery.

Service Delivery Implications

The RWS Master Plan, implemented using the guiding principles, seeks to enhance system performance by improving service levels, increasing reliability, reducing risks, proactively responding to climate change and supporting future growth.

CONCLUSION

Following its release, the Regional Water Supply (RWS) 2022 Master Plan was formally endorsed by both the Regional Water Supply Commission (Commission) and the Capital Regional District (CRD) Board. The plan sets out a recommended capital improvement program comprising of 21 infrastructure projects designed to address critical risks to the region's ability to deliver clean,

reliable drinking water including climate change, population growth, and seismic vulnerabilities.

To advance the Master Plan Projects, the CRD has partnered with Carollo Engineers Canada to lead the Master Plan Implementation Project and develop a strategic roadmap for delivering this multi-decade capital program. As part of this effort, a draft Tabletop Document has been introduced, featuring a set of proposed Guiding Principles for consideration by the Commission.

These Guiding Principles are essential as they provide a clear framework for decision making, help prioritize investments, and ensure alignment across diverse teams and stakeholders over the life of the program. By anchoring the implementation in shared values and long-term objectives, the principles also promote transparency and accountability and reinforce public trust in how the CRD is stewarding these significant infrastructure investments.

We anticipate returning to the Commission to present the draft Master Plan Implementation Plan for input in Q1 2026. This plan will include comprehensive scope for the program, cost, and scheduling information; and proposed delivery strategies.

RECOMMENDATION

That the Regional Water Supply Commission directs staff to proceed with the Master Plan Implementation Project using the 5 Guiding Principles as shown on the draft Tabletop Document.

Submitted by:	Joseph Marr, P.Eng., Senior Manager, Infrastructure Engineering
Concurrence:	Alicia Fraser, P. Eng., General Manager, Infrastructure and Water Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Draft Tabletop Document

Investing today to ensure reliable drinking water for generations to come

Planning for the Future

The **Regional Water Supply (RWS) Service** provides drinkable water to 430,000 people across the Region. As we plan for the future we are committed to:

- High quality, safe drinkable water
- An adequate, reliable, long-term supply of drinkable water
- Efficient, effective and innovation operation of the water system infrastructure

To fulfill these commitments, the RWS Master Plan lays out the roadmap of critical infrastructure projects designed to meet the needs of a growing community while proactively addressing evolving risks related to seismic activity and climate change.

This work represents a substantial investment over the next 20 years, reflecting CRD's commitment to long-term water security and resilience.

Implementation will be guided by the following principles. They were carefully developed to ensure Greater Victoria has a safe, reliable, and sustainable drinkable water supply for generations to come.

Guiding Principles

1. PROACTIVE, RISK-INFORMED PROGRAM DELIVERY

Projects are planned with foresight, early risk management, and flexibility to minimize disruption and stay on track.

2. PURPOSEFUL DESIGN FOR RESILIENCE & OPERATIONS

Infrastructure is designed to be safe, durable, cost-effective, and easy to maintain while meeting future needs.

3. ORGANIZATIONAL READINESS & EXECUTION EXCELLENCE

Careful sequencing, strong internal capacity, and long-term planning ensure smooth and dependable implementation.

4. FINANCIAL RESPONSIBILITY AND AFFORDABILITY

Reliable service is maintained through right-sized projects, diverse funding, and long-term financial planning.

5. STRONG AND INCLUSIVE PARTNERSHIPS

Collaboration with First Nations, governments, regulators, and the public builds trust and shared success.

Delivering the RWS Master Plan

Project planning, design and construction will be strategically sequenced and staggered throughout the implementation period, with completion anticipated by 2045.

1. RAW WATER (PRE-TREATMENT) FACILITIES

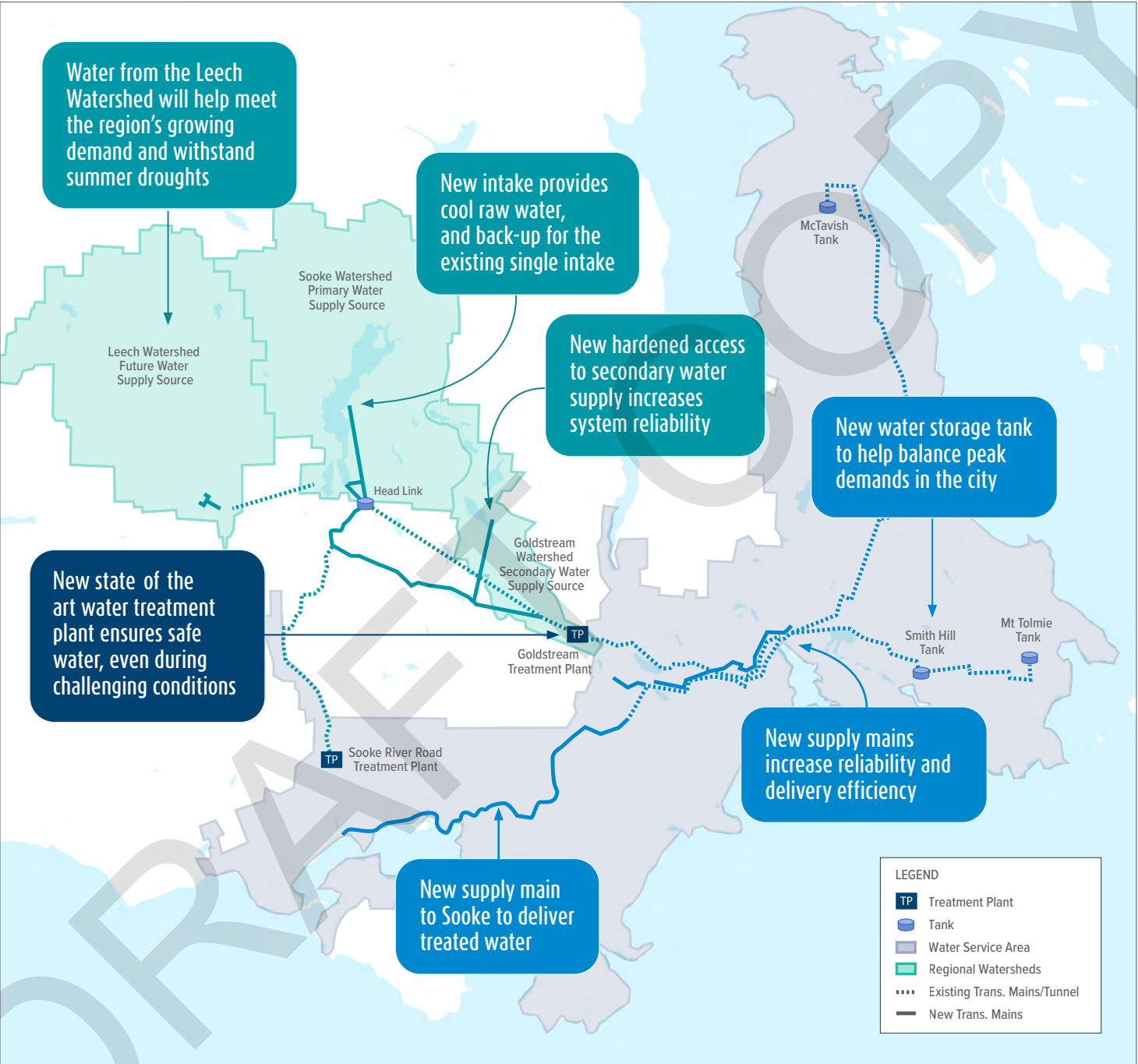
New and upgraded facilities will greatly reduce risks from climate change and earthquakes. These projects include a new lake intake, raw water transmission mains and the incorporation of the Leech water supply.

2. WATER TREATMENT FACILITIES

Protecting the Sooke Watershed, together with treatment and disinfection, provides strong barriers that help keep drinking water clean and safe. A growing population and the use of new water sources with different treatment needs, combined with the impacts of climate change such as droughts, wildfires, and shifts in water quality, mean that additional treatment is essential. Additional treatment, such as filtration, will provide the flexibility to manage these changing conditions, ensuring clean and reliable drinking water continues to flow from the tap.

3. FINISHED WATER (POST-TREATMENT) FACILITIES

The majority of the existing transmission system piping and storage are not designed to modern standards, prone to breaks and may struggle to meet growing demands. New and upgraded facilities will improve water delivery efficiency and reliability.



**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, SEPTEMBER 17, 2025**

SUBJECT **Saanich Peninsula Water Commission Amalgamation Study Update**

ISSUE SUMMARY

To provide an update to the Regional Water Supply Commission on the Saanich Peninsula Water Commission Amalgamation Study.

BACKGROUND

Within the Saanich Peninsula, water supply is provided through a sub-regional service established by the Capital Regional District (CRD) in the late 1970s. This sub-regional service provides potable water to three municipal partners: District of North Saanich, District of Central Saanich and Town of Sidney.

In 1997, the CRD established a Regional Water Supply service for the majority of the region. This system is interconnected to the Saanich Peninsula water system and includes the broad coordination of operations and maintenance staff at Infrastructure and Water Services (IWS). However, as these are legally two unique services established by bylaw, there remains the statutory requirement to separate operations, finances and governance.

In November 2023, the District of Central Saanich approved the following referral motion:

That the Saanich Peninsula Water Commission investigate the possibility of amalgamation with the Regional Water Supply Commission.

Subsequently, at its March 20, 2024 meeting, the Saanich Peninsula Water Commission approved the following motion:

That staff be directed to undertake a feasibility study to explore the implications of amalgamating the Saanich Peninsula Water Commission with the Regional Water Supply Commission;

CRD then commissioned Connections Planning Associates Ltd. (CPAL) to undertake this feasibility study. Several inter-related operational, financial, administrative and political factors of the existing service were reviewed and included in the report, attached as Appendix A.

In addition to governance, operations and financial considerations, an overarching consideration was given to the guiding principle of “benefiter pay”. That is, if the benefits of the service are realized at a more local level (as opposed to regional) and more specifically for a single municipality only, then the ownership, operations and funding should rest with that individual jurisdiction.

Based on this principal, three scenarios were developed and considered in relation to the impacts of governance, operations and financial components of the Saanich Peninsula Water service:

- Scenario 1 (Complete Amalgamation) – transfer all existing Saanich Peninsula water assets and liabilities (water supply and distribution infrastructure) to the Regional Water service.
- Scenario 2 (Partial Amalgamation) – transfer the existing water supply assets that service multiple municipalities from Saanich Peninsula to Regional Water Supply Service, and existing water distribution infrastructure, which serve only a single municipality, to that respective municipality (District of North Saanich, District of Central Saanich, Town of Sidney) as appropriate. Refer to Appendix D for a Figure showing the proposed transfer.
- Scenario 3 (Status Quo) – maintain ownership and governance of water assets within the current services, with some recommended improvements.

At its July 17, 2025 meeting, the Saanich Peninsula Water Commission approved the following motion:

That staff be directed to:

1. *Proceed with further analysis of both Scenario 1 (Complete Amalgamation) and Scenario 2 (Partial Amalgamation).*
2. *Undertake consultation and engagement with Municipal partners.*
3. *Include the necessary resources to support this work within the 2026 (Saanich Peninsula) Capital Plan.*

The following are potential next steps to further this study:

- Seek direction from Saanich Peninsula Water Commission on whether to further investigate Scenario 1 or 2 and proceed with consultation or move forward with Scenario 3 and not undertake any further work on this project. (Completed July 17, 2025.)
- If Scenario 1 or 2 is considered, then the Amalgamation Study Draft Report would need to be presented to the Regional Water Supply Commission to gauge their initial response on potential amalgamation scenarios. (In progress)
- CRD to complete the Asset Management Plan for the Saanich Peninsula Water Service to better understand the age and condition of the infrastructure, replacement value and long-term strategies to manage the water assets. This is currently in progress and should be completed within 12 to 18 months.
- CRD to complete the Asset Retirement Obligation (ARO) review for the Saanich Peninsula Water Service to determine the potential financial impact of the disposal of select infrastructure components (i.e., Asbestos Cement watermain) at the end of their useful lives.
- Complete the consultation with municipal partners and reporting back to the Saanich Peninsula Water Commission to consider options moving forward.

IMPLICATIONS

The estimates presented are theoretical and based on broad assumptions, and would require additional detailed analysis and calculations to further refine the potential financial impacts

Scenario 1 – Complete Amalgamation

Scenario 1 would have all assets and liabilities of the Saanich Peninsula Water system transferred to the Regional Water Supply system, and the service would be dissolved once the debt has been retired and DCC funds drawn down. The three municipalities on the Saanich Peninsula would purchase bulk water directly from the Regional Water Supply service, for distribution to residents and ratepayers.

Governance Impacts

Aside from the administrative requirements, there may be a real or perceived sense of loss of sub-regional decision-making currently taking place at the Saanich Peninsula Water Commission (SPWC). Since representation from each of the three Saanich Peninsula municipalities currently exists on the Regional Water Supply Commission (RWSC), at a high-level it may appear that the SPWC is an extra layer of governance amongst the many CRD commissions and committees.

Another important consideration is the loss of non-elected members currently serving on the SPWC, because the RWSC is comprised only of elected officials. There is community representation on the Water Advisory Committee which includes a dedicated seat for a SPWC representative, as well as representation from First Nations.

Operations Impacts

In recent years, CRD staff have been working to align common programs between both the Regional and Saanich Peninsula Water Services, such as the maintenance management and emergency response programs, to ensure a consistent service level of asset care. As coordination between the two services has been on going, amalgamation will not have a substantial change, though combining these services would pose several potential operational efficiencies in the management of the service and the response to non-routine incidents.

By combining the two teams, there are opportunities for optimizing the management structure over time. It is recommended that a team continue to work from the Saanich Peninsula Wastewater Treatment Plant and ongoing management oversight be present at this location. As both systems grow, amalgamating these teams will increase the economies of scale and potentially reduce or defer future Full-Time Equivalent (FTE) needs in both services.

During major projects and non-routine activities, such as major watermain breaks, staff continue to have a duplication of effort as support and expertise are required from the Regional Operations Team, while the local Saanich Peninsula resources are also required given their familiarity with the system. Amalgamation of these teams would result in increased cross training and elimination of that duplication. There would also be savings by combining call or stand-by operations requirements for the two services.

There will be some time savings for administration, finance and technical staff who currently support the SPWC and associated meetings, but this is relatively nominal given the number of committees and commissions that staff support throughout the CRD.

These efficiencies would improve the overall management and efficiency of operations; however, they are difficult to quantify and would not result in a substantial reduction in the combined operating budgets.

Financial Impacts

The financial impacts reflect information provided either in the 2024 Board presentation or the Connections Planning Associates 2025 draft report, as outlined in the attached appendices. These figures are theoretical, based on broad assumptions, and will require further analysis and updated calculations to be refined.

Adding the additional Saanich Peninsula costs to the Regional Water Service budget results in a total combined budget of \$47.761 million, or an increase of approximately 6.2%. If this increase was applied directly to the current bulk water rate of \$0.8631 per cubic meter (m³), this would theoretically raise the bulk water rate for all Regional Water Supply users to \$0.9166 per m³. Conversely, the Saanich Peninsula retail water rate (for 2025) is \$1.2575 per m³. Based on the assumptions in this scenario, theoretically that rate would drop to \$0.9166 per m³, or a potential savings for each of the three Saanich Peninsula municipalities of \$0.3409 per m³.

There is approximately \$7.5 million in capital reserve funds which would transfer from the Saanich Peninsula Water Service to the Regional Water Service. Of that amount, approximately \$2.1 million would be placed in a statutory Development Cost Charge (DCC) Reserve fund to be used only on capital projects outlined in the Saanich Peninsula Water DCC program. The remaining funds would be folded into the Regional Water capital reserve and equipment reserve funds respectively.

Timing of Transition

Considering the upcoming review with the Commissions, planned consultation and engagement with interested parties, and legislative requirement, the anticipated timing for transition could potentially be on January 1, 2027.

Scenario 2 – Partial Amalgamation

Because the Saanich Peninsula Water Service was created from the dissolution of three water improvement districts, it has elements of both water supply and water distribution. Some infrastructure provides trunk water supply throughout the Saanich Peninsula, while other infrastructure provides water distribution benefits to a single jurisdiction. The Figure included in Appendix D identifies infrastructure within the Saanich Peninsula Water Service that functions as water distribution infrastructure to a single municipality and therefore could be transferred to that respective municipality prior to dissolution of the SPWC. As such, Scenario 2 contemplates that only the regional supply infrastructure components would be transferred to the Regional Water Supply Service, with the remaining distribution infrastructure divided amongst each municipality. This is a high-level infrastructure assessment at this time; further analysis and more detailed review would be required to confirm potential ownership transfer of water distribution infrastructure.

Governance Impacts

All the preceding governance impacts outlined in Scenario 1 are pertinent to this scenario. The main difference is that any language in the Letters Patent or bylaws regarding the transfer of assets and liabilities would need to be more precise. This is because four jurisdictions – District of North Saanich, District of Central Saanich, Town of Sidney and CRD (through the Regional

Water Supply service) – would be assuming the ownership and responsibility of the various water assets.

Operations Impacts

Due to the integrated working relationship within IWS amongst the various water supply and distribution services, there is currently staff coordination and efficiencies established. That said, under this scenario, water distribution infrastructure is being transferred to the three Saanich Peninsula municipalities and therefore would lessen operational responsibilities. Given this factor, and the need to maintain operations for the Saanich Peninsula water supply infrastructure (as well as continue to support Gulf Island water operations), we have estimated a potential reduction of 2 FTEs for water operations (i.e. from 5 FTE to 3 FTE, or a 40% reduction).

Given the magnitude of some of the water distribution assets being potentially transferred to each municipality, some may have concerns about the capacity of their current operations staff to take on additional infrastructure. Further discussions and consultation with each municipality should take place, and the CRD would be open to an option of taking on distribution system operations as a backstop (either as a transition measure or potentially under contractual agreement).

Financial Impacts

The financial impacts reflect information provided either in the 2024 Board presentation or the Connections Planning Associates 2025 draft report, as outlined in the attached appendices. These figures are theoretical, based on broad assumptions, and will require further analysis and updated calculations to be refined.

Like Scenario 1, all bulk water expenditures would no longer be required as part of amalgamation. Under this scenario, we have accounted for 40% savings to operating expenditures and 50% savings to capital expenditures due to the potential ownership transfer of distribution infrastructure from Saanich Peninsula Water services to their respective municipalities.

Based on these assumptions, the overall impact on the Regional Water Supply Service budget is approximately \$1.48 million, or approximately 4.1% increase from the current budget. If this applied directly to the current bulk water rate of \$0.8631 per m³, this would theoretically raise the bulk water rate for all Regional Water Supply users to \$0.8916 per m³. Based on the assumptions in this scenario, the Saanich Peninsula retail rate would drop from \$1.2575 per m³ to \$0.8916 per m³, or potential savings for each of the three Saanich Peninsula municipalities of \$0.3659 per m³.

The \$2.1 million in DCC reserves would remain in a statutory DCC Reserve fund to be used only on capital projects outlined in the Saanich Peninsula Water DCC program. The remaining funds in the capital reserve and equipment reserve funds would be divided amongst the four participants – CRD (Regional Water Supply service), District of North Saanich, District of Central Saanich, and Town of Sidney. In fairness, this could be divided based on the proportional value of the infrastructure assets being transferred to each jurisdiction, to be determined.

Timing of Transition

The timing of transition for this scenario is the same as Scenario 1.

Scenario 3 – Status Quo

This scenario maintains both Saanich Peninsula Water and Regional Water Supply as two distinct services within the Capital Regional District. All assets and liabilities, revenues and expenditures, and capital reserves remain with the Saanich Peninsula Water service, and there is no transition period required.

First Nations Reconciliation

Currently, the Capital Regional District (CRD) provides water service to the four First Nations on the Saanich Peninsula through the District of Central Saanich (Tsartlip and Tsawout First Nations) and the District of North Saanich (Pauquachin and Tseycum First Nations) municipal water systems. The four First Nations currently pay the respective retail water rates charged by the distributors.

In 2022, the RWSC endorsed an alternate operating arrangement whereby First Nations could sign a Bulk Water Services Agreement with the Regional Water Supply and receive the bulk water rate. The proposed Bulk Water Supply Services Agreements strongly supports the government-to-government approach by providing First Nation governments with the opportunity to purchase bulk water at the same rate as the local governments served by the Regional Water Supply Service. This work is ongoing, but all agreements, once signed, will be retroactive to January 2023.

Once these agreements have been finalized, the First Nations will be direct customers of the Regional Water Supply and service would be independent of the Saanich Peninsula Water Commission.

CONCLUSION

The amalgamation study provides an overview of the governance, operations and finance components of the Saanich Peninsula Water Service, as well as consideration of potential amalgamation scenarios, as follows:

- Scenario 1 (Complete Amalgamation) – transfers all existing Saanich Peninsula water assets and liabilities (water supply and distribution infrastructure) to the Regional Water Service.
- Scenario 2 (Partial Amalgamation) – transfers the existing water supply assets from Saanich Peninsula to Regional Water Supply Service, and existing water distribution infrastructure to their respective municipalities (District of North Saanich, District of Central Saanich, Town of Sidney) as appropriate.
- Scenario 3 (Status Quo) – maintains ownership and governance of water assets within the current services, with some recommended improvements for more strategic planning.

Additional analysis is required to further refine Scenario 1 and 2. Once this analysis is completed the associated study and recommendations will be presented to the Regional Water Supply Commission for approval.

RECOMMENDATION

There is no recommendation. This report is for information only.

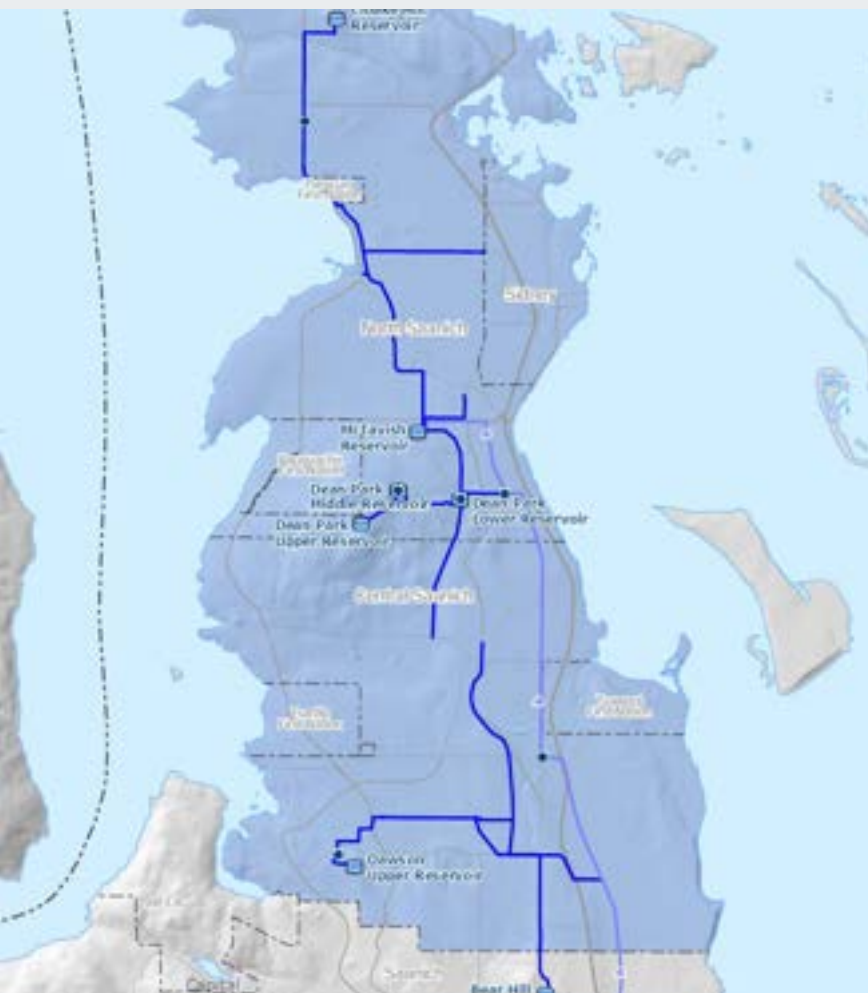
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ATTACHMENT(S)

Appendix A: Amalgamation Study Draft Report
Appendix B: Presentation to RWSC – November 20, 2024
Appendix C: Staff Report to SPWC – January 18, 2024
Appendix D: Saanich Peninsula Water Supply Infrastructure Map
Presentation: SPWC Amalgamation Study



CAPITAL REGIONAL DISTRICT Saanich Peninsula Water Commission Amalgamation Study



DRAFT REPORT
July 2025



This report is prepared for the use of the Capital Regional District. No representations of any kind are made by Connections Planning Associates Ltd. or its employees to any party with whom Connections Planning Associates Ltd. does not have a contract.



Capital Regional District

Saanich Peninsula Water Commission
Amalgamation Study

DRAFT REPORT


July 2025

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Appendix A – Saanich Peninsula Water Commission Letters Patent (consolidated version)

Appendix B – Saanich Peninsula Water Service Map

Appendix C – Saanich Peninsula Water Service 2025 Budget Summary

Appendix D – Regional Water Supply 2025 Budget Summary

Appendix E – Saanich Peninsula Water Service – Supply vs. Distribution Infrastructure

EXECUTIVE SUMMARY

To be completed following initial review by the Saanich Peninsula Water Commission.

1. INTRODUCTION

Throughout Greater Victoria and the Southern Gulf Islands, the Capital Regional District (CRD) is responsible for the supply, treatment and distribution of potable drinking water to over 430,000 residents and property owners. This is managed by the CRD through a number of established services at the regional, sub-regional, and local level; each with its own operational, financial, and governance structures.

Within the Saanich Peninsula, water supply is provided through a sub-regional service established by the CRD in the late 1970s, which in turn provides potable water to three municipal partners – District of North Saanich, District of Central Saanich and Town of Sidney. Two decades later, the CRD established a regional water supply service for the majority of the region, which is interconnected to the Saanich Peninsula Water system and includes the broad coordination of operations and maintenance staff at Infrastructure and Water Services (IWS). However, as these are legally two unique services established by bylaw, there remains the statutory requirement to separate operations, finances and governance.

In November 2023, the District of Central Saanich approved the following referral motion:

That the Saanich Peninsula Water Commission investigate the possibility of amalgamation with the Regional Water Supply Commission.

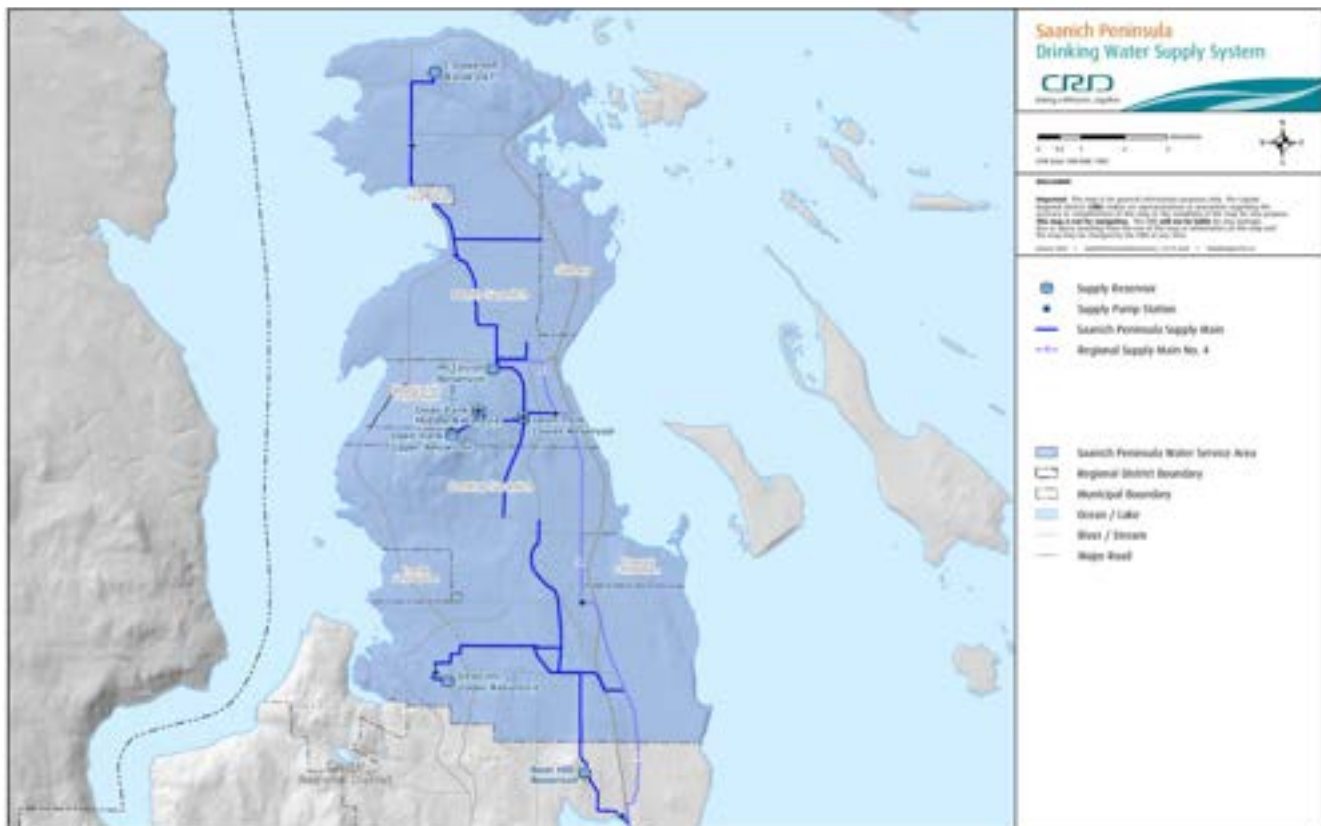
Upon initial review, CRD staff noted in its report to the commissions that “there may be an unnecessary layer of governance which was required in 1976, prior to the creation of the Regional Water service that could be eliminated with potentially no impact to the level of services and with improved efficiencies for the users.” Staff recommended undertaking a feasibility study which considers both the service delivery and intergovernmental implications of potential amalgamation, including a review and analysis of the following:

- The conversion of the Saanich Peninsula Water letters patent;
- How the existing infrastructure and liabilities would be valued and transferred;
- Membership, representation and voting on the Regional Water Supply Commission, as well as implications to the membership at the Water Advisory Commission;
- Potential limitations on First Nations membership, representation and voting rights at the Regional Water Supply Commission;
- Review of operational efficiencies related to staffing, technology systems and procedures;
- The role of First Nations and how they would like to be involved in decision-making;
- Streamlining of Water Rate structure and Development Cost Charge programs; and
- Recommendations on steps and timing of transition to minimize impacts.

In 2024, the CRD commissioned Connections Planning Associates Ltd. (CPAL) to undertake this feasibility study. As outlined above, there are a number of inter-related operational, financial, administrative and political factors which need to be carefully reviewed and considered as part of this project. Additionally, consultation and engagement with the three municipal partners, both water commissions and others will need to be taken into consideration as part of this study.

1.1 History and Background

In 1976, the Capital Regional District (CRD) established the Saanich Peninsula Water Commission through letters patent (see Appendix A), as part of the dissolution of three improvement districts into their respective municipalities – Brentwood Waterworks District (to the District of Central Saanich), Deep Cove Waterworks District (to the District of North Saanich) and Sidney Waterworks District (to the Town of Sidney). As a newly formed sub-regional service, its purpose was (and continues to this day) to provide potable water supply to the three municipal partners, including the ownership of land, rights-of-way and infrastructure required to provide the service. The Saanich Peninsula Water system currently consists of approximately 35 kilometres of watermains, 6 storage reservoirs, 6 pumping stations, and 13 pressure control stations. See Figure 1 below for the water service area and refer to Appendix B for a more detailed map of the system.



In 1997, a regional water system was established for the capital region through provincial legislation, which transferred the assets, liabilities and overall management of the watershed and lands to the CRD. As part of this transfer, two new commissions were established to help the regional board with the new service, including the Regional Water Supply Commission (for the overall regional water system) and the Juan de Fuca Water Distribution Commission (for the supply and distribution of potable water to the Western Communities). In addition, a Water Advisory Committee was also established to provide community advice and technical input to the Regional Water Supply Commission.

Currently, the Saanich Peninsula Water system is interconnected to the Regional Water Supply system, although they are operated and governed as two separate CRD services. Essentially, the Saanich Peninsula Water system purchases bulk water from the Regional Water Supply system, and in turn sells potable drinking water to the three municipal partners (Central Saanich, Sidney and North Saanich). From there, each municipality operates its own local distribution system to provide potable water to individual residents and ratepayers as a municipal service. From this basis, it appears that the Saanich Peninsula Water service provides an identical function just to a smaller subset of regional water participants, and as such could potentially be amalgamated with the Regional Water Supply service.

2. GOVERNANCE OVERVIEW

Within the Capital Regional District, elected officials sit on the 24-member Board of Directors as the overall governing body. In order to assist in the decision-making process, regional districts may establish committees and/or commissions to provide advice or undertake work on behalf of the board. These may be advisory in nature, or in some cases may be delegated the responsibility for the operation and administration of services.¹ There are currently more than 75 committees and commission supporting the CRD Board of Directors.

The following commissions and committees are related to the Saanich Peninsula Water Commission Amalgamation Study, with details of their history and structure described below:

2.1 Saanich Peninsula Water Commission

Established by letters patent in 1976, the Saanich Peninsula Water Commission (SPWC) was formed to take over from three dissolved improvement districts (Deep Cove Waterworks, Brentwood Waterworks and Sidney Waterworks), and supply water to the municipalities of North Saanich, Central Saanich and Sidney for distribution. The commission consists of up to 11 appointed members, including each participant's Mayor, an additional council representative from each of the three partner municipalities, a public representative from each community, a First Nations representative and an agricultural organization representative. Currently there are 10 members of the SPWC (as of January 2025), with the First Nations representative being vacant. Since its inception, the letters patent has been amended a number of times to include the appointment of alternate members (1978), apportionment of annual debt charges (1984) and the supply of water to Agriculture Canada (1986). The commission meets bi-monthly on the third Thursday of the month. Each of the members of the Saanich Peninsula Water Commission has one unweighted vote on all matters. In reviewing previous agendas and minutes, the SPWC deals primarily with operations and maintenance issues, capital planning for its assets within the service, and approval of water rates.

2.2 Regional Water Supply Commission

In 1997, the province enacted the *Capital Region Water Supply and Sooke Hills Protection Act (the "Act")*, which required the CRD to establish a regional water supply service with the following participants – City of Victoria, District of Oak Bay, District of Saanich, Township of Esquimalt, District of Central Saanich, Town of Sidney, District of North Saanich, District of Metchosin, City of Colwood, Town of View Royal, District of Langford and Sooke (now Juan de Fuca) Electoral Area. It is interesting to note that the three municipalities on the Saanich Peninsula

¹ Regional District Committees and Commission, Province of British Columbia, December 2022.

<https://www2.gov.bc.ca/gov/content/governments/local-governments/governance-powers/powers-services/regional-district-powers-services/committees-commissions>

Water Commission are also members of the Regional Water Supply Commission, but are there to consider regional (as opposed to sub-regional) water supply issues.

The Act required the CRD to establish a Regional Water Supply Commission (RWSC), with the following purpose:

- a) to foster the provision of high-quality water for current and future users of the water supply service, and
- b) to encourage effective conservation of the water supply and stewardship over the water supply catchment area in cooperation with local governments, First Nations, the provincial government and the public.

Appointment to the Regional Water Supply Commission follows the CRD regional director appointments, with a total of 22 elected officials on the commission, with provision for alternate members. Based on population, some municipalities have more than one seat on the commission including Saanich (5), Victoria (4) and Langford (2), whereas the three Saanich Peninsula municipalities (North Saanich, Central Saanich and Sidney) have one seat each. In addition, the commission utilizes a weighted vote structure for certain votes, with total assigned votes of 87. Under this legislated structure, North Saanich (3 votes), Central Saanich (4 votes) and Sidney (3 votes) have a combined assigned voting strength of 10 of the total 87 assigned votes.

The RWSC has a much broader mandate than the SPWC, which includes but is not limited to: watershed protection, water quality, disaster planning and post-disaster mitigation, and regional levels of service. In February 2025, the CRD released a Draft Regional Water Supply Strategic Plan, which set commitments and strategic priorities to help guide the Regional Water Supply service for the next 30 years.

2.3 Water Advisory Committee

At the same time as the RWSC was created, a Water Advisory Committee (WAC) was also established, which is a public advisory committee comprised of representatives from First Nations, environmental and scientific organizations, residents and ratepayers, and other groups. The purpose of the advisory committee is to review options for water supply, water quality and water conservation; take into consideration the social and environmental impacts of the options; and make recommendations to be forwarded to the Regional Water Supply Commission.

The Water Advisory Committee is structured to consist of 10 to 15 members with a diversity of background, interests and geography. Committee members serve a two-year term to a maximum participation of three terms (i.e. six years), and the committee meets every 3 to 5 times a year as required (minimum of 2 meetings). Currently there are 14 members on the WAC, which includes one member from the Saanich Peninsula Water Commission (currently the Vice-Chair of the SPWC). In November 2024, the Terms of Reference of the WAC was amended to expand First Nations representation to include one representative from each First Nation in the CRD, who may participate at their pleasure as ex officio members.

2.4 Juan de Fuca Water Distribution Commission

Also in 1997, the Act required the CRD to establish a water distribution local service area for the District of Metchosin, City of Colwood, Town of View Royal, District of Langford and Juan de Fuca Electoral Area, as well as the District of Highlands and Town of Sooke. A standing committee of the board known as the Juan de Fuca Water Distribution Commission (JdFWDC) was established by bylaw, consisting of the 8 elected officials representing their respective jurisdictions based on CRD voting strength. As the boundaries of the JdFWDC are not adjacent to the Saanich Peninsula Water system, and that service addresses water distribution (rather than water supply) within its respective local service area, it is not directly affected by the potential amalgamation of the Saanich Peninsula Water Commission with the Regional Water Supply Commission.

2.5 Governance Summary and Observations

The Saanich Peninsula Water Commission and Regional Water Supply Commission both have similar functions which is “to foster the provision of high-quality water for current and future users of the water supply service”, as noted in the legislation which created the RWSC. From a governance perspective, a number of initial observations are presented below, which will be important factors when considering potential options with respect to amalgamation:

- The Saanich Peninsula Water Commission currently consists of 10 appointed members (1 available seat) including both elected officials and community members (including First Nations), each with an equal and unweighted vote.
- The Regional Water Supply Commission consists only of elected officials comprising 22 members from their respective communities, with representation and weighted voting strength based on the CRD formula (1 per 25,000 population).
- The Regional Water Supply Commission receives advice from the Water Advisory Committee, a public advisory committee comprised of commission, technical and community representatives. One representative from each First Nation in the CRD may participate as an ex officio member at their pleasure.
- The peninsula communities (North Saanich, Central Saanich, and Sidney) already have one commissioner each on the Regional Water Supply Commission, meaning that there is currently some general overlap in water supply governance between the Saanich Peninsula Water Commission and Regional Water Supply Commission, notwithstanding the legislative difference in commission makeup and voting strength.
- The Regional Water Supply Commission addresses strategic regional issues related to watershed protection, water quality, water conservation and levels of service, whilst the Saanich Peninsula Water Commission historically has been limited to operations and maintenance, capital planning with respect to its assets, and setting of rates.
- A potential amalgamation would see the Saanich Peninsula Water Commission letters patent dissolved, with its functions and decision-making authority transferred to the Regional Water Supply Commission. This would require consent from two-thirds of the participants (i.e. 2 of the 3 municipalities) as well as

approval from the Inspector of Municipalities. It would also require two-thirds consent from the Regional Water Supply Commission to accept the transfer of assets and liabilities.

- Based on the current CRD voting strength formula, there would likely be no change to the makeup of the 22-member Regional Water Supply Commission, as there is currently one commissioner each from the District of North Saanich, District of Central Saanich and Town of Sidney.
- Non-elected representation currently on the Saanich Peninsula Water Commission would be lost, but this could be supplemented by the Water Advisory Committee, which currently has representation from the SPWC Vice-Chair. Note that the Water Advisory Committee is advisory in nature.
- Future decision-making regarding water supply in the Saanich Peninsula could potentially be addressed more holistically and comprehensively by the Regional Water Supply Commission, based on one water supply for the entire region that it serves. This needs to be balanced against the potential loss of local control and representation from the Saanich Peninsula Water Commission, whether actual or perceived.

3. OPERATIONS OVERVIEW

This section provides an overview of operations and maintenance for the Saanich Peninsula Water system, which is managed by staff within the CRD's Infrastructure and Water Services (IWS) Department, operating from its satellite facility located at the Saanich Peninsula Wastewater Treatment Plant.

3.1 Water System Overview

CRD staff maintains an asset inventory of the Saanich Peninsula Water system, which can be summarized in the following categories:

- 35 kilometres of watermains
- 3 kilometres of intakes and drains
- 5 kilometres of abandoned mains
- 6 storage reservoirs
- 6 pumping stations
- 13 pressure control stations
- 20 meter stations
- 1 rechlorination station
- 10 hydrants
- 305 valves

A more detailed breakdown of the 35km of active watermains by age and type is provided in the following tables and figures:

Table 1: Saanich Peninsula Water System – Watermains by Age

Age	# of Segments	Length (m)	% of Total
1940-1949	4	720	2%
1970-1979	21	1,860	5%
1980-1989	99	14,292	41%
1980-1989	154	14,276	41%
1980-1989	30	3,562	10%
TOTAL	308	34,710	100%

Table 2: Saanich Peninsula Water System – Watermains by Material Type

Material Type	# of Segments	Length (m)	% of Total
AC - Asbestos Cement	56	10,471	30%
DI - Ductile Iron	137	16,806	48%
FG – Permastrand	2	265	1%
PVC – Polyvinyl Chloride	82	6,331	18%
ST – Steel	31	838	2%
TOTAL	308	34,711	100%

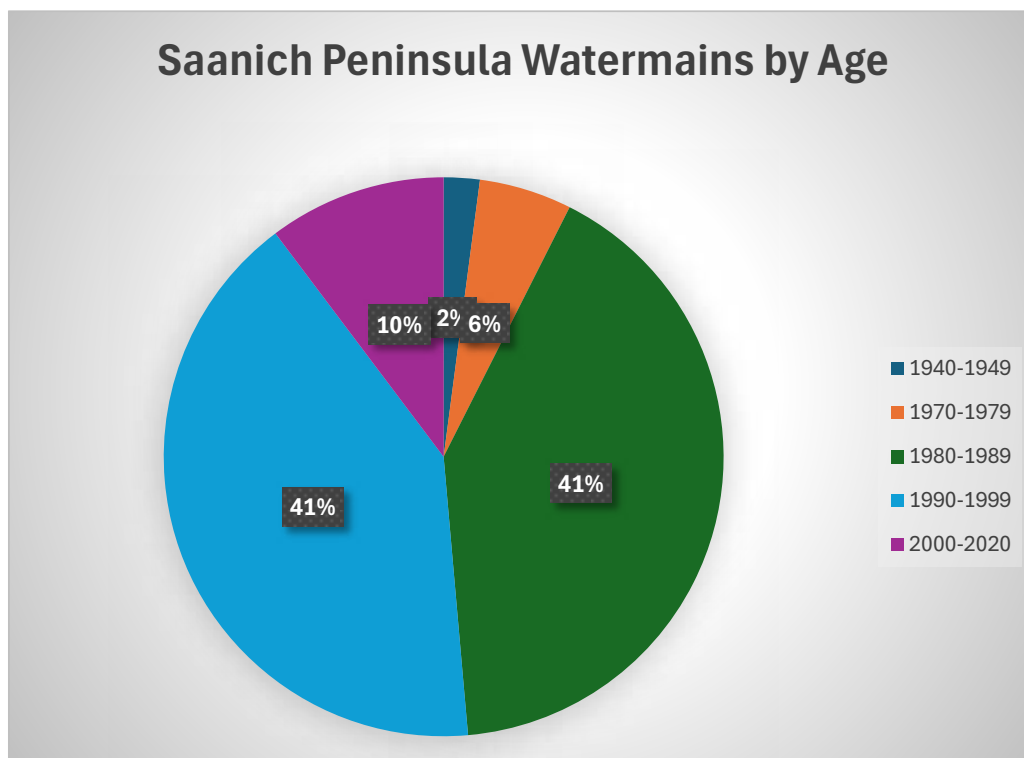
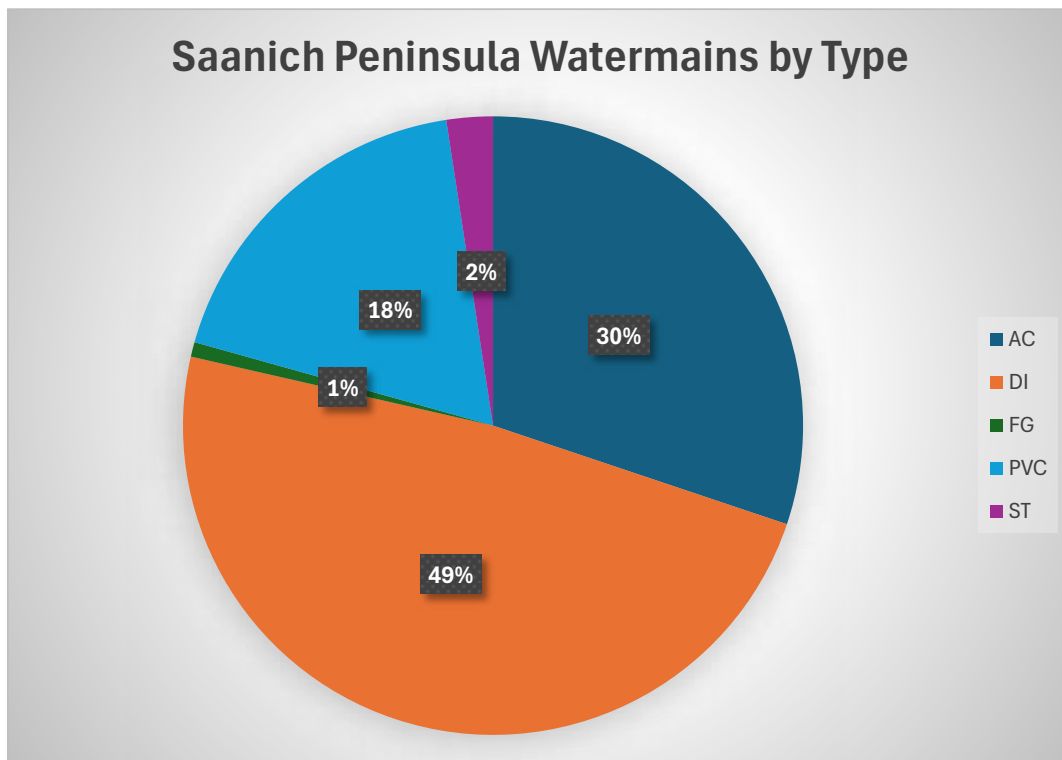
Figure 2 - Saanich Peninsula Watermains by Age

Figure 3 - Saanich Peninsula Watermains by Type

The average lifespan of water assets will vary depending on the type of asset (e.g building, reservoir, pump station, watermain, etc.), material, soil conditions, and other factors. With respect to watermain type, the majority are Ductile Iron (49%), followed by Asbestos Cement (30%) and then PVC (18%).

The majority (82%) of the Saanich Peninsula watermains were installed in the 1980s and 1990s, and as such are between 25 and 45 years old. Only 10% of the system was installed in the last 25 years, while 2% (720 metres) of the watermains were installed in the 1940s.

3.2 Asset Valuation

Since 2009, all local governments in British Columbia are required to account for and report their tangible capital assets as per the Public Sector Accounting Board (PSAB) 3150. This includes the acquisition/original construction cost, depreciation/amortization, and current book value. Based on these parameters, the estimated book value of infrastructure and assets for the Saanich Peninsula Water system is \$22.05 million, based on an acquisition value of \$40.63 million and accumulated depreciation of \$18.58 million. See Table 3 for more detailed information.

Table 3: Cost and Accumulated Depreciation Values for Assets (Dec. 31, 2023)

Asset Class	Description	Acquisition Value	Accumulated Depreciation	Book Value
1000	Land	\$1,100,045	(\$0)	\$1,100,045
2000	Buildings	\$27,448	(\$15,371)	\$12,077
3050	Equipment	\$1,733,620	(\$1,500,105)	\$233,516
4000	Work in Progress	\$1,716,347	(\$0)	\$1,716,347
5000	Engineering Structures	\$35,950,994	(\$16,971,202)	\$18,979,792
6000	Other Assets	\$97,191	(\$97,191)	\$0
	TOTAL	\$40,625,646	(\$18,583,869)	\$22,051,777

While PSAB 3150 requirements are suitable for accounting purposes within a local government's financial statements, they are less helpful in planning for the long-term management and eventual replacement of the water system infrastructure components. For this, an asset management plan is a common tool used by local governments to determine infrastructure condition, replacement value and timing, and developing a long-term financial strategy for sustainable service delivery. It is our understanding that the CRD has begun undertaking an Asset Management Plan for the Saanich Peninsula Water system with deliverables over the next 12 to 18 months.

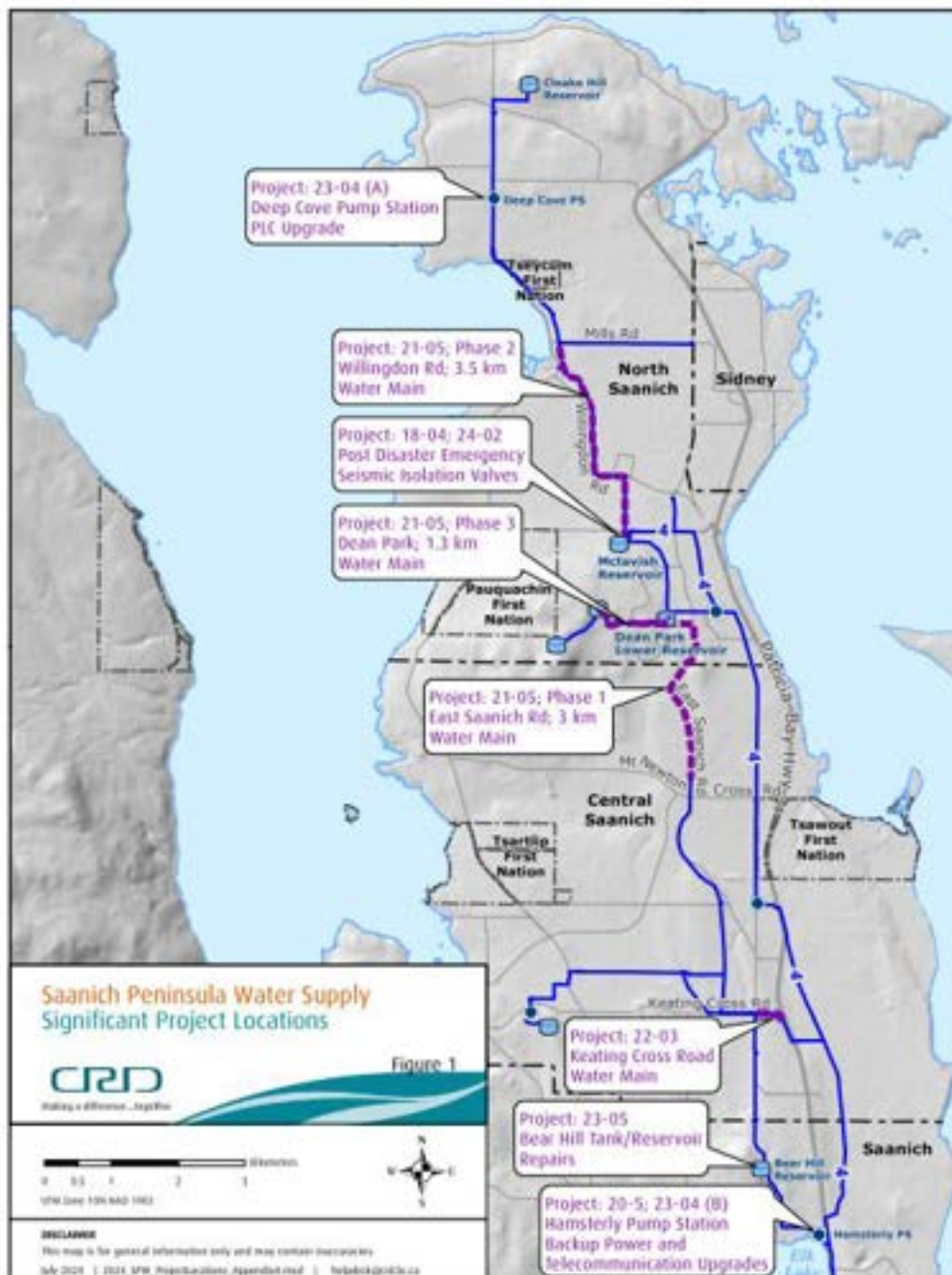
For 2025 budgeting purposes, the estimated Total Expenditures for the Saanich Peninsula Water service is \$8.325 million which is broken down as follows: \$1.882 million for Operating (23%), \$5.524 million for Bulk Water (66%), \$700,000 for Transfer to Capital and Other Reserves (8%), and \$219,300 for Debt Servicing (3%). See Appendix C for more detailed information and the next section for further discussion and analysis.

Based on discussions with IWS staff, there are an estimated 5 Full Time Equivalents (FTEs) dedicated to Saanich Peninsula Water operations, who also provide some support to water operations on the Southern Gulf Islands. Additional operations and management support is provided by Regional Water Supply and Juan de Fuca Water staff, as well as core support from the CRD for administrative, corporate, financial, legal, and other services (an overhead allocation of approximately \$206,000 has been accounted for in the Total Operating Expenditures).

Centralized capital delivery services amongst all the water services are provided and paid for on a project-by-project basis, with engineering and planning functions shared within Regional Water Supply services.

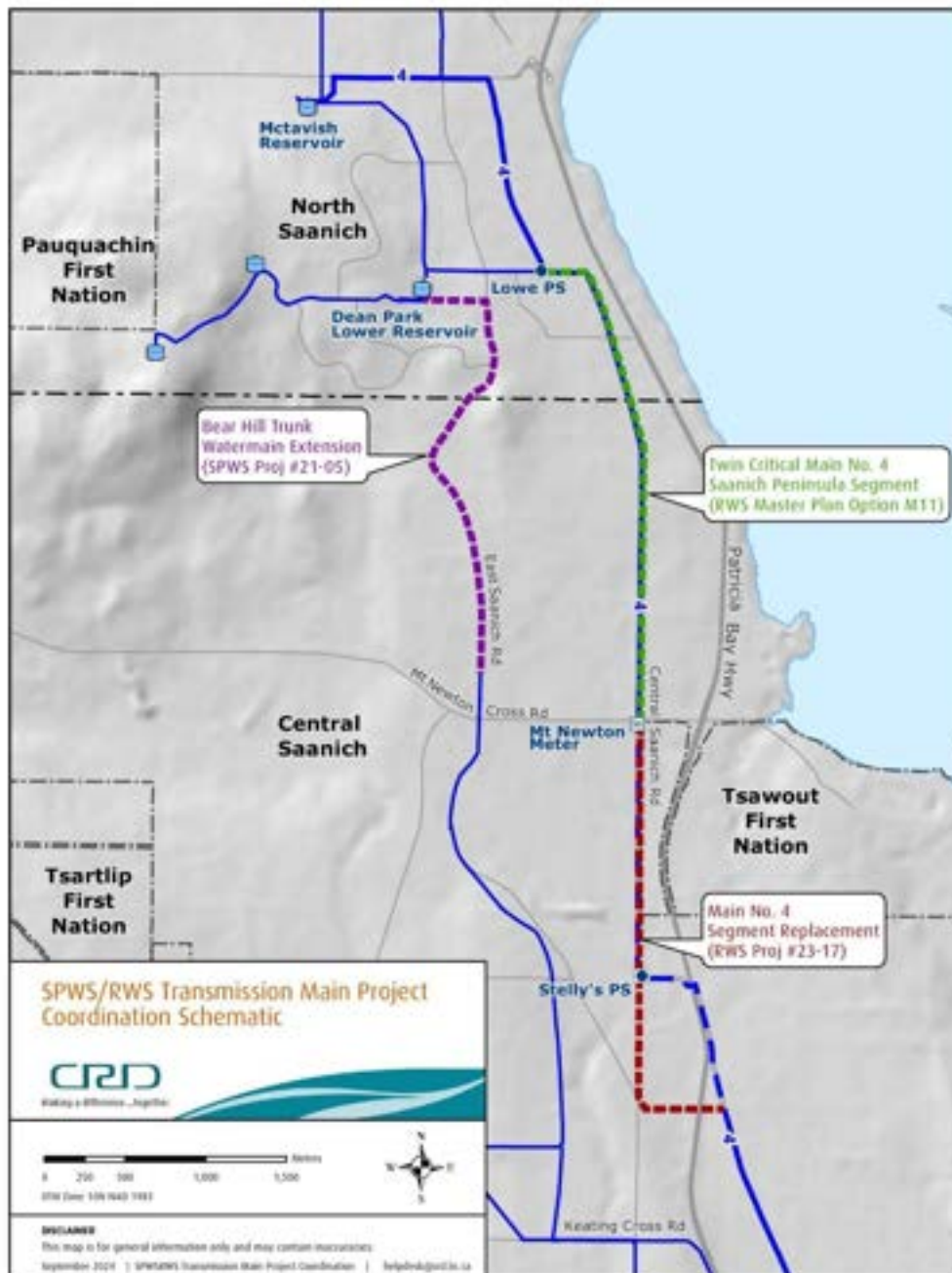
3.3 Capital Works Program

The budget in Appendix C also provides details on the proposed five-year capital expenditure plan for the Saanich Peninsula Water Commission, which totals approximately \$20.65 million and is shown graphically on Figure 4.



One of the more unique capital water projects is a coordinated effort between the Saanich Peninsula Water service and Regional Water Supply service for the Bear Hill Trunk Extension (see Figure 5). This is a new ~3-kilometre section of trunk watermain which will provide benefits to the Regional Water Supply system by improving redundancy and overall resilience of the network. As such, up to 50% of the estimated \$20.5 million (+/- 20%) capital cost is being funded by the Regional Water Supply service, with the other half to be funded by the Saanich Peninsula Water service through a previously approved loan authorization bylaw. The Bear Hill Trunk Extension is being bundled with the Main No. 4 Segment Replacement as one project, and is currently going through a Request for Proposal (RFP) process which closes on July 16, 2025.

Figure 5 – Bear Hill Trunk Extension and Main No. 4 Replacement



3.4 Water Supply versus Distribution

There are numerous components of the Saanich Peninsula Water system (e.g. large diameter transmission mains) which, in essence, operate as an extension of the Regional Water Supply system, by providing wholesale water to the boundary of the three Saanich Peninsula municipalities (North Saanich, Central Saanich, and Sidney), for them to distribute to ratepayers via their respective municipal water systems. However, based on review and discussions with IWS staff, there are also infrastructure components which are more aligned with water distribution, such as reservoir storage and smaller diameter water mains which only service one municipality. This may become an important factor to distinguish between regional water supply and local water distribution, when considering potential scenarios for the amalgamation of the Saanich Peninsula Water service with the Regional Water Supply service.

3.5 Operations Summary and Observations

From an operations perspective, a number of observations are presented which will be important factors when considering potential options:

- Although they are separate CRD services currently governed by two separate commissions, in many ways the Saanich Peninsula Water system operates as an extension of the Regional Water Supply system, as it provides the transmission of bulk water to its 3 partner communities for local distribution by each municipality.
- There are currently assets within the Saanich Peninsula Water system that solely benefit a single municipality, rather than strictly provide water supply for the sub-regional service.
- Approximately 5 FTEs are directly assigned to Saanich Peninsula Water service operations, who also provide support for Gulf Island water operations, whilst receiving additional operational support from Regional Water Supply and/or Juan de Fuca Water from time to time. This includes both water supply mains as well as more operationally complex reservoirs.
- Amalgamation may provide some efficiencies and operational savings, but these will likely be broad estimates due to the current inter-relationship between the water systems.
- Regional Water Supply service is currently providing up to 50% funding for the Bear Hill Trunk Extension, as it will provide long-term benefits to the regional water system, by providing redundancy and resiliency in the mains due to the interconnectedness of the water supply network. It is currently being tendered along with Main No. 4 Segment Replacement to promote construction efficiency and economies of scale.
- Historically, the focus of the Saanich Peninsula Water Commission was on operations and maintenance, with strategic planning being undertaken at the regional level. Depending on the amalgamation scenario chosen, this may be leading to different levels of services related to asset replacement and resiliency and emergency preparedness.
- The CRD maintains an inventory of water system components and has accounted for the amortization and book value of the assets. Undertaking an Asset Management Plan for the Saanich Peninsula Water system will help to further identify the condition, replacement cost, and long-term financial strategy to support sustainable service delivery.

4. FINANCIAL OVERVIEW

This section provides an overview of the financial components of the Saanich Peninsula Water service, including current expenditures, water rates, reserve funds, and debt servicing.

4.1 2025 Expenditures Budget

The following table provides a summary of the approved 2025 Expenditures Budget for the Saanich Peninsula Water service. Further details and a breakdown of the category expenditures can be found in Appendix C.

Table 4: Saanich Peninsula Water 2025 Expenditures Budget

Category	Amount	% of Total
Operating Expenditures	\$1,882,221	23%
Bulk Water Expenditures	\$5,523,840	66%
Capital Expenditures and Transfers	\$700,000	8%
Debt Servicing	\$219,300	3%
TOTAL EXPENDITURES	\$8,325,361	100%

As noted in Table 4, Operating Expenditures makes up a relatively small portion (23%) of Total Expenditures for the Saanich Peninsula Water Commission. Within that amount for operating expenditures, approximately \$1.224 million of the \$1.882 million goes towards operations staff, with an additional \$206,000 being allocated to standard overhead for other support staff from the CRD (e.g. administration, corporate services, finance, legal, communications, etc.).

Roughly two-thirds (66%) of the Total Expenditures for the Saanich Peninsula Water services goes towards the purchase of bulk water from the Regional Water Supply service. This is essentially a flow-through expense, as it is added to the amount required to be recovered from the municipal partners, as reflected in the water rates in the next section.

4.2 Water Rates

Table 5 below shows the approved water rates for 2025 applicable to the Saanich Peninsula Water service area. The water rates generate approximately 97% of the total revenue used to fund annual expenditures.

Table 5: Water Rates Summary (2025)

Category	Rate (per m ³)
CRD bulk water purchase rate (charged to Saanich Peninsula Water Commission)	\$0.8631
Saanich Peninsula retail water rate (charged to individual municipalities – North Saanich, Central Saanich, Sidney)	\$1.2575
Agricultural Research Station rate	\$1.2927
Agricultural water rate	\$0.2105

The SPWC purchases bulk water from the CRD (Regional Water Supply service) at a rate of \$0.8631 per cubic metre, which represents the Bulk Water Expenditure line item of \$5.5 million shown in Table 4. It then sells it to each individual municipality in the Saanich Peninsula at \$1.2575 per cubic metre. The difference between the two (\$0.3944 per m³) represents the remaining annual expenditures of approximately \$2.8 million. This differential will be important when reviewing the various scenarios with respect to potential amalgamation.

There are two additional water rates related to agricultural users, including a specific rate for the Agricultural Research Station (Centre for Plant Health), and a reduced rate for all bona fide agricultural water users. For the latter, the CRD (through the Regional Water Supply service) subsidizes the difference between the agricultural water rate and the retail rate, which is accounted for as an expenditure on the RWSC budget (see Appendix D).

4.3 Reserve Funds

The SPWC maintains three separate reserve funds for various capital replacement purposes. As of December 31, 2024 the funds and their balances are shown in the following table:

Table 6: Saanich Peninsula Water Reserve Fund Balances (as of Dec 31, 2024)

Description	Reserve Balance
SPWS DCC Capital Reserve Fund	\$2,145,815
SPWS Capital Reserve Fund	\$3,664,382
SPWS Equipment Replacement Reserve Fund	\$1,670,050

The DCC (Development Cost Charges) Capital Reserve Fund is a statutory reserve which can only be used to fund projects outlined in the Saanich Peninsula Water DCC Bylaw program. The Bylaw was last updated in 2018, and at that time the cost of the projects identified was less than the amount in the DCC Reserve Fund. As such, the Saanich Peninsula Water DCC rates were set to \$0, and the DCC reserves will be applied against the DCC project costs when they are constructed, in order to draw down the DCC reserve balance accordingly. The other two reserve funds are less strict in their application, and are used to fund general capital expenditures and equipment replacement respectively, in accordance with the approved budget.

4.4 Debt Servicing

At present, there is no long-term debt that is active within the Saanich Peninsula Water service area. As previously noted in Section 3.2, SPWC will be funding half of the Bear Hill Trunk extension (RWSC will fund the other half), with construction estimated to begin in late 2025 / early 2026. In preparation for this capital expenditure, the CRD (with appropriate municipal consent) authorized the *Saanich Peninsula Water Works Facilities Loan Authorization Bylaw No. 1*, which was adopted on October 13, 2021. This bylaw authorizes the CRD to borrow up to \$12.9 million dollars through the Municipal Finance Authority (MFA) for a term not exceeding 15 years. Once the debenture is activated (anticipated to start in 2026), then the estimated annual payment of \$1,210,343 will be applied within the Saanich Peninsula Water service area. Revenues to offset the additional debt payment will come from proposed increases to the retail water rate (see Appendix C), with the projected 2026 water rate at \$1.4919 per m³, or an 18.6% increase over the 2025 rate.

4.5 Asset Retirement Obligation

In April 2022, a new requirement came into effect as part of PSAB 3280 to address Asset Retirement Obligations (ARO) in order to account for the legal obligations associated with the retirement of tangible capital assets. This is especially important for items that could be potentially hazardous or require special treatment at time of their disposal. For the Saanich Peninsula Water service, the long-term disposal (or discontinued use) of approximately 10.5 km of Asbestos Cement (AC) watermains will need to be factored into the ARO calculations. If the

decommissioned AC watermains require removal and disposal (rather than abandonment in place), then this will have additional cost implications over the disposal of other watermain types (e.g. PVC). As part of the Asset Management Plan currently underway for the Saanich Peninsula Water system, it would be helpful to incorporate the consideration of the future replacement and disposal of the AC watermains, as well as other potential Asset Retirement Obligations. This could be undertaken simultaneously with the Asset Management Plan, or as part of the next phase in the plan.

4.6 Finance Summary and Observations

From a finance perspective, a number of observations are presented which will be important factors when considering potential options with respect to amalgamation:

- Both the Saanich Peninsula Water service and Regional Water Supply service utilize water rates (based on per m³ usage) as its main form of revenue, as opposed to parcel taxes or flat user rates.
- In 2025, total expenditures for Saanich Peninsula Water service are budgeted at approximately \$8.325 million, with nearly two-thirds of that amount (\$5.524 million) allocated to Bulk Water Expenditures to the Regional Water Supply service.
- The Saanich Peninsula Water service purchases bulk water from the Regional Water Supply service at \$0.8631 per m³ and then re-sells it to the municipalities within the Saanich Peninsula at \$1.2575 per m³. Bulk water is a “flow through” expenditure and would not be a specific line item under an amalgamation scenario. The difference in the two rates (\$0.3944 per m³) represents the amount required to fund the rest of the Saanich Peninsula Water operations, and this difference is one of the main financial considerations for the 3 municipal partners to consider amalgamation.
- As part of the construction of the Bear Hill Trunk extension in late 2025 / early 2026, 50% of the estimated \$20.5 million (+/- 20%) capital cost is being funded by Regional Water Supply service, with the other half funded by Saanich Peninsula Water service through an approved loan authorization bylaw of up to \$12.9 million. This would require an annual payment of up to \$1,210,343 over the next 15 years (depends on the actual amount of the debenture), with revenues to offset the debt payment coming from proposed increases to the retail water rate.
- In 2022, a new accounting standard (PSAB 3280) requires all local governments to consider its Asset Retirement Obligations (ARO) for all tangible capital assets. For the Saanich Peninsula Water system, there are approximately 10.5 km of Asbestos Cement watermain which will need to be factored into the ARO calculations, depending on how they will be disposed of at the end of their useful lives.
- At the end of 2024, the Saanich Peninsula Water service had approximately \$7.5 million in capital reserves, of which \$2.1 million was in a statutory Development Cost Charges (DCC) reserve fund and can only be used on future DCC projects. The remaining reserves are able to be utilized on various capital and equipment expenditures based on approved budgets.
- Any consideration of amalgamation options will need to factor in all sources of revenues and expenditures, capital reserves, and current and future financial obligations.

5. OPTIONS REVIEW

Previous sections of this report have provided an overview of governance, operations and finance as well as the set of initial project considerations identified in the introduction. Based on this background analysis, the following section outlines the potential impacts of amalgamation of the Saanich Peninsula Water service into the Regional Water Supply service based on those same three lenses. While there are a number of potential options to consider, this report provides two amalgamation scenarios for further deliberation by the CRD, commission members and interested parties, as well as a review and potential considerations for the status quo.

In addition to the three categories above (governance, operations and finance), an overarching consideration should be given to the guiding principle of “benefiter pay”. That is, if the benefits to the service are realized at a more local level (as opposed to regional) and more specifically for a single municipality only, then the ownership, operations and funding should ideally rest with that individual jurisdiction.

5.1 Scenario 1 – Complete Amalgamation

In this scenario, all assets and liabilities of the Saanich Peninsula Water system would be transferred to the Regional Water Supply system, and the service would be dissolved. The three municipalities on the Saanich Peninsula would purchase bulk water directly from the Regional Water Supply service, for distribution to their respective local residents and ratepayers.

5.1.1 Governance Impacts

As part of the amalgamation process, the letters patent of the Saanich Peninsula Water Commission would be dissolved, with all assets and liabilities being transferred from the Saanich Peninsula Water service to the Regional Water Supply service. This would require a vote from at least two-thirds of the participants (i.e. two of the three municipal Councils), as well as approval from the provincial Inspector of Municipalities.

With respect to the Regional Water Supply service, amalgamation would also require approval by the Regional Water Supply Commission to accept the assets and liabilities, with at least a two-thirds vote from its participants. Both the provincial legislation (*Capital Region Water Supply and Sooke Hills Protection Act*), corresponding CRD bylaws that created both the regional service (Bylaw No. 2537), and the Regional Water Supply Commission (Bylaw No. 2539) already incorporate the three Saanich Peninsula municipalities as participants in the service. As such, it does not appear that any legislative amendments are anticipated with regard to the governance structure of the Regional Water Supply service or the Regional Water Supply Commission.

Any previous water purchase agreements between each of the three municipalities and the Saanich Peninsula Water service would be transferred to the Regional Water Supply service. This may require approval from the Regional Water Supply Commission and CRD Regional Board, to be consistent with current practices with the other municipalities.

Aside from the administrative requirements, the more significant impact to governance is the potential loss of sub-regional decision-making currently taking place at the Saanich Peninsula Water Commission. Depending on one's viewpoint, amalgamation can be seen either as a loss of local representation or the elimination of a layer of bureaucracy and process. Given that representation from each of the three Saanich Peninsula municipalities currently exists on the Regional Water Supply Commission, at a high-level it may appear that the Saanich Peninsula Water Commission is currently an extra layer of governance amongst the many CRD commissions and committees.

That said, a few important considerations that were previously highlighted bear repeating in this section. First, the structure and impact to the voting strength of the three Saanich Peninsula municipalities would be different at the regional level, with only 3 of 22 Regional Water Supply Commission seats/unweighted votes, and 10 of 87 assigned votes for items which required weighted voting. This may come into effect during the consideration of capital projects which may impact residents of the Saanich Peninsula, but it would be no different than a Commissioner from the City of Victoria considering the regional water benefits to a project in the District of Sooke, for example.

The other important consideration due to potential amalgamation is the loss of non-elected members currently on the Saanich Peninsula Water Commission, as the Regional Water Supply Commission is comprised only of elected officials. As previously noted, there is community representation on the Water Advisory Committee, which currently includes a dedicated seat for a representative from the Saanich Peninsula Water Commission. We would recommend that if amalgamation were to occur that the Saanich Peninsula Water Commission seat on the Water Advisory Committee remain, if not permanently then at least for a transition period (e.g. five years).

Finally, amalgamation would change how First Nations representation is addressed, from one voting seat on the Saanich Peninsula Water Commission to a number of ex officio (i.e. non-voting) seats on the Water Advisory Committee, with one potential seat for each First Nation in the Capital Regional District.

5.1.2 Operations Impacts

As previously mentioned, all operations staff currently servicing the Saanich Peninsula Water system are CRD employees, working alongside Regional and Juan de Fuca water employees at Infrastructure and Water Services. Any transition of operations due to amalgamation would be relatively seamless, with any additional support from CRD administration, planning, finance, etc. also continuing as part of the overhead allocation provision in the budget. Given the current coordination amongst CRD staff for water supply and distribution services, and given that all existing Saanich Peninsula water infrastructure would be transferred, there is not anticipated to be any operational efficiencies as part of this amalgamation scenario. There will be some time savings for administration, finance and technical staff who currently support the Saanich Peninsula Water Commission meetings, but this is relatively nominal given the number of committees and commissions that staff support throughout the CRD.

One potential operational advantage to amalgamation is the opportunity to have a consistent level of service between the two water systems that provide similar function. For example, the Regional Water Supply Master Plan only considers the strategic long-term growth and resiliency planning for the regional system. Amalgamating the two systems would ensure that long-term planning extended to and across the Saanich Peninsula Water system, with services and infrastructure investments being prioritized holistically across the combined system.

5.1.3 Financial Impacts

As previously shown in Section 4.1, the Saanich Peninsula Water service operates on a budget of approximately \$8.325 million (2025) of which \$5.523 million is a “flow through” expense for bulk water expenditures, which would no longer apply under an amalgamated service. Under this scenario, and for simplicity purposes, the remaining \$2.802 million in annual operating expenses would be added to the Regional Water Supply budget, which is approximately \$44.959 million (2025) as detailed in Table 7 below. Adding the additional Saanich Peninsula Water costs to the Regional Water Supply budget (see Table 8) results in a total combined budget of \$47.761 million, or an increase of approximately 6.2%. If this increase was applied directly to the current bulk water rate of \$0.8631 per m³, this would theoretically raise the bulk water rate for all Regional Water Supply service users to \$0.9166 per m³.

Table 7: Regional Water Supply 2025 Expenditures Budget

Category	Amount	% of Total
Operating Expenditures	\$19,777,854	44%
Conveyance Fee for Service to First Nations	\$480,000	1%
Agricultural Water Rate Funding	\$1,850,000	4%
Capital Expenditures and Transfers	\$20,263,914	45%
Debt Servicing	\$2,587,255	6%
TOTAL EXPENDITURES	\$44,959,023	100%

Table 8: Regional Water Supply and Saanich Peninsula Water Budget Combined

Category	Regional Budget	Combined Budget	\$ Change (%)
Operating Expenditures	\$19,777,854	\$21,660,075	\$1,882,221 (9.5%)
Conveyance Fee for Service to First Nations	\$480,000	\$480,000	No Change
Agricultural Water Rate Funding	\$1,850,000	\$1,850,000	No Change
Capital Expenditures and Transfers	\$20,263,914	\$20,963,914	\$700,000 (3.5%)
Debt Servicing	\$2,587,255	\$2,806,555	\$219,300 (8.5%)
TOTAL EXPENDITURES	\$44,959,023	\$47,760,544	\$2,801,521 (6.2%)

Currently, the Saanich Peninsula retail water rate for 2025 is \$1.2575 per m³. Based on the assumptions in this scenario, theoretically that rate could drop to \$0.9166 per m³, or a potential savings for each of the three Saanich Peninsula municipalities of \$0.3409 per m³. With the 2025 demand estimate for the Saanich Peninsula Water system at 6,400,000 cubic metres, this results in a potential combined savings of \$2,181,760. This is a theoretical estimate based on broad assumptions, and would require additional detailed analysis and calculations to further refine the potential financial impacts.

Finally, it was previously noted that the CRD will likely be activating its previously approved \$12.9 million debenture for the Bear Hill Trunk Extension in 2026, to be paid for by the Saanich Peninsula Water service. Under this amalgamation scenario, as all infrastructure is being transferred to the Regional Water Supply service, it is assumed that this long-term debenture would go with it. This would increase the financial impact for all Regional Water Supply service participants by approximately \$1.21 million (approximately 2.7% of current Total Expenditures), annually for the next 15 years.

5.1.4 Reserve Funds

As shown in Table 6, there is approximately \$7.5 million in capital reserve funds which would transfer from the Saanich Peninsula Water service to the Regional Water Supply service. Of that amount, approximately \$2.1 million would be placed in a statutory DCC Reserve fund to be used only on capital

projects outlined in the Saanich Peninsula Water DCC program. The remaining funds would be folded into the Regional Water Supply capital reserve and equipment reserve funds respectively.

5.1.5 Timing of Transition

It is our understanding that a typical municipal consent process would take approximately 2 to 3 months, with another 2 to 3 months for Provincial review and approval once a bylaw has been passed (i.e. total of 4 to 6 months). Given that water rates are set annually at the beginning of the calendar year, the ideal transition time would be January 1st. It may be possible to initiate the transition mid-year, but it would require further discussion with CRD Finance. Given the upcoming review and discussion with the Commissions, consultation and engagement with interested parties, and legislative requirement, the anticipated timing for transition could potentially be on January 1, 2027.

5.2 Scenario 2 – Partial Amalgamation

By the nature of how they were created, the Regional Water Supply service consists of infrastructure related to water supply, whereas the Juan de Fuca Water Distribution service consists of infrastructure related to water distribution. Because the Saanich Peninsula Water service was created from the dissolution of three water improvement districts, it has elements of both water supply and water distribution. Some infrastructure provides trunk water supply throughout the Saanich Peninsula, whilst other infrastructure provides water distribution services to a single jurisdiction. Working with CRD staff, the following table identifies infrastructure within the Saanich Peninsula Water service that functions as water distribution infrastructure to a single municipality, and as such could be transferred to that respective municipality prior to dissolution of the Saanich Peninsula Water Commission. As such, only the regional supply infrastructure components would be transferred to the Regional Water Supply service, with the remaining water infrastructure considered part of the local jurisdictions' distribution system could be divided amongst each municipality, as per Table 9 and Appendix E. This is a high-level infrastructure assessment for the purpose of this report; further analysis, review and discussions with each of the three municipalities will be required to confirm potential ownership transfer of water distribution infrastructure under this scenario.

Table 9: Potential Transfer of Infrastructure Ownership

Transfer Ownership from Saanich Peninsula Water Commission to:	Infrastructure Description
District of North Saanich	<ul style="list-style-type: none"> • Cloake Hill Reservoir • Dean Park Lower PS and Reservoir • Dean Park Middle PCS, PS and Reservoir

Transfer Ownership from Saanich Peninsula Water Commission to:	Infrastructure Description
	<ul style="list-style-type: none"> • Dean Park Upper Reservoir • Deep Cove PS • Amity PCS • Bazen Bay PCS • Towner PCS • Trunk Main from Towner PCS to Cloake Hill Reservoir • Trunk Main from Dean Park Lower Reservoir to Dean Park Upper Reservoir
District of Central Saanich	<ul style="list-style-type: none"> • Dawson Upper Reservoir • Dawson Upper PS • East Saanich PCS • Martindale PCS • Meadowbank PCS • Slugget PCS • Stelly's PCS • Trunk Main from Martindale PCS to Dawson Upper Reservoir • Keating Trunk Main
Town of Sidney	<ul style="list-style-type: none"> • McDonald Park PCS
Capital Regional District – Regional Water Supply Commission	<ul style="list-style-type: none"> • All remaining water supply infrastructure • Future Bear Hill Trunk Extension (construction starting in late 2025 / 2026) • Centre for Plant Health water service

5.2.1 Governance Impacts

All of the preceding governance impacts outline in Scenario 1 are pertinent to this scenario. The main difference is that any language in the letters patent and/or bylaws which speaks to the transfer of assets and liabilities would need to be more precise, as there are four jurisdictions – District of North Saanich, District of Central Saanich, Town of Sidney and CRD (through the Regional Water Supply service) – who would be taking on the ownership and responsibility of the various water assets.

5.2.2 Operations Impacts

As noted in the previous section, due to the integrated working relationship within IWS amongst the various water supply and distribution services, there is currently staff coordination and efficiencies that have been established. Under this scenario, all local water distribution infrastructure would be transferred to the three Saanich Peninsula municipalities, and as such would lessen operational responsibilities at the CRD staffing level. Given the need for CRD staff to maintain operations for the remaining Saanich Peninsula Water supply infrastructure, as well as continue to support Gulf Island water operations, we have estimated a potential reduction of 2 FTEs for current CRD water operations, i.e. from 5 FTE to 3 FTE, or a 40% reduction.

Given the magnitude of some of the water distribution assets being potentially transferred to each municipality, some jurisdictions may have concerns about the capacity of their current water operations staff to take on these additional assets. Further discussion and consultation with each municipality would need to take place. An option that could be further explored is to have the CRD take on distribution system operations as a backstop, either as a temporary transition measure or potentially under a longer-term contractual arrangement.

5.2.3 Financial Impacts

Similar to Scenario 1, all bulk water expenditures would no longer be required as part of amalgamation. Under this scenario, we have accounted for a 40% savings to operating expenditures (based on 2 FTE reduction), and a 50% savings to capital expenditures due to the potential ownership transfer of distribution infrastructure from the Saanich Peninsula Water service to their respective municipalities. Also, we have not included any existing debt servicing for 2025, as it assumes that the Bear Hill debenture projected to start in 2026 would be borne by the Regional Water Supply service, given its overall benefits to regional supply. See Table 10 below for more information.

Table 10: Potential Cost Efficiencies and Allocation to Regional Water Supply

Category	Current SPWC	Potential Transfer to Regional	% Allocation
Operating Expenditures	\$1,882,221	\$1,129,333	60% (2 FTE savings)
Bulk Water Expenditures	\$5,523,840	\$0	0%
Capital Expenditures	\$700,000	\$350,000	50%

Category	Current SPWC	Potential Transfer to Regional	% Allocation
Debt Servicing	\$219,300	\$0	0% (Bear Hill debenture projected to start in 2026)
TOTAL EXPENDITURES	\$8,325,361	\$1,479,333	18%

Based on these assumptions, Table 11 shows the potential impact to the Regional Water Supply service budget when combined with the reduced Saanich Peninsula Water service operation costs. The overall impact to the Regional Water Supply service budget is approximately \$1.48 million, or approximately 3.3% increase from the current budget.

Table 11: Regional Water Supply and Revised Saanich Peninsula Water Budget Combined

Category	Regional Budget	Combined Budget	\$ Change (%)
Operating Expenditures	\$19,777,854	\$20,907,187	\$1,129,333 (5.7%)
Conveyance Fee for Service to First Nations	\$480,000	\$480,000	No Change
Agricultural Water Rate Funding	\$1,850,000	\$1,850,000	No Change
Capital Expenditures and Transfers	\$20,263,914	\$20,613,914	\$350,000 (1.7%)
Debt Servicing	\$2,587,255	\$2,587,255	No Change
TOTAL EXPENDITURES	\$44,959,023	\$46,438,356	\$1,479,333 (3.3%)

If this applied directly to the current bulk water rate of \$0.8631 per m³, this would theoretically raise the bulk water rate for all Regional Water Supply users to \$0.8916 per m³. Based on the assumptions in this scenario, the Saanich Peninsula Water retail rate would drop from \$1.2575 per m³ to \$0.8916 per m³, or

a potential savings for each of the three Saanich Peninsula municipalities of \$0.3659 per m³. With the 2025 demand estimate for the Saanich Peninsula Water service at 6,400,000 cubic metres, this results in a potential combined savings of \$2,341,760. This savings in bulk water could be used to offset potential increases in municipal operations expenditures required to manage the additional assets. Similar to Scenario 1, the Regional Water Supply service would also take on the Bear Hill debenture starting in 2026, at approximately \$1.21 million for 15 years.

The biggest difference with this scenario versus Scenario 1 is that a significant amount of existing water distribution infrastructure is being transferred directly to the municipalities which directly benefit from those assets. This transfers the annual operations and maintenance and long-term capital refurbishment and replacement of the water distribution infrastructure. At this time, without a detailed asset inventory and Asset Management Plan in place, it is difficult to quantify the exact value of infrastructure being transferred to each of the Saanich Peninsula municipalities. This would need to be further refined once the Asset Management Plan is completed.

5.2.4 Reserve Funds

With reference to Table 6, the \$2.1 million in DCC reserves would remain in a statutory DCC Reserve fund to be used only on capital projects outlined in the Saanich Peninsula Water DCC program. The remaining funds in the capital reserve and equipment reserve funds would be divided amongst the four participants – CRD Regional Water Supply service, District of North Saanich, District of Central Saanich, and Town of Sidney. In fairness, this could be divided based on the proportional value of the infrastructure assets being transferred to each jurisdiction, to be developed as part of the Asset Management Plan.

5.2.5 Timing of Transition

The timing of transition for this scenario is the same as Scenario 1. Given the upcoming review and discussion with the Commissions, consultation and engagement with interested parties, and legislative requirement, the anticipated timing for transition could potentially be on January 1, 2027.

5.3 Scenario 3 – Status Quo

This option maintains both the Saanich Peninsula Water system and Regional Water Supply system as two separate and distinct services within the Capital Regional District. All assets and liabilities, revenues and expenditures, and capital reserves remain with the Saanich Peninsula Water service, and there is no transition period required.

Even though it remains status quo, there are a few opportunities for potential improvement as noted below:

- Complete the Asset Management Plan for the Saanich Peninsula Water service (currently in progress) in order to create a better asset inventory, condition assessment, capital refurbishment and replacement program, and long-term financial plan for sustainable service delivery.
- Undertake an Asset Retirement Obligation (ARO) review for the Saanich Peninsula Water service to determine the potential financial impact of the disposal of select infrastructure components (i.e. Asbestos Cement watermain) at the end of their useful lives.
- Continue dialogue between the Saanich Peninsula Water Commission and Regional Water Supply Commission, in order to identify areas of common interest and opportunities for collaboration on capital projects that are mutually beneficial.

6. CONSULTATION AND ENGAGEMENT

Although the Saanich Peninsula Water system does not provide direct water service to individual customers but rather to the three communities within the sub-regional service, there will likely be a broader interest in this study that goes beyond the 3 municipal partners, should there be interest from the Saanich Peninsula Water Commission in exploring options other than the status quo.

Once the Draft Report has been reviewed by the Saanich Peninsula Water Commission, there are a number of interested parties to be consulted with, including the following:

- Regional Water Supply Commission – review Draft Report in order to gauge initial response to potential amalgamation scenarios.
- Saanich Peninsula municipalities (District of North Saanich, District of Central Saanich, Town of Sidney) – review Draft Report and scenarios and discuss the potential impacts (operational, financial, administrative, etc.) for each participant.
- Centre for Plant Health – review water infrastructure servicing the property to confirm ownership and responsibility.

7. SUMMARY AND NEXT STEPS

The Capital Regional District is responsible for providing potable drinking water to over 430,000 residents and property owners within its jurisdiction. Within the mainland portion of Greater Victoria, this is managed by the CRD through a number of established services, each with its own operational, financial, and governance structures, including the following:

- Regional Water Supply service – watershed and source protection, regional water supply of treated water to all municipalities and one electoral area. Supported by the Regional Water Supply Commission and Water Advisory Committee.
- Juan de Fuca Water Distribution service – local water distribution to 6 municipalities and 1 electoral area within the Western Communities. Supported by the Juan de Fuca Water Distribution Commission.
- Saanich Peninsula Water service – combination of water supply and some components of water distribution to 3 municipalities within the Saanich Peninsula. Supported by the Saanich Peninsula Water Commission.

Given that the Saanich Peninsula Water service pre-dated the Regional Water Supply service by two decades, and the subsequent overlap of some infrastructure being related to water supply, it is prudent at this time to consider the potential amalgamation of the Saanich Peninsula Water service into the Regional Water Supply service to create a more comprehensive and cohesive water supply system for the CRD.

This report provides an overview of the governance, operations and finance components of the Saanich Peninsula Water service and considers a number of potential amalgamation scenarios, as follows:

- Scenario 1 (Complete Amalgamation) – transfers all existing Saanich Peninsula Water assets and liabilities (for both water supply and distribution infrastructure) to the Regional Water Supply service.
- Scenario 2 (Partial Amalgamation) – transfers the existing water supply assets from Saanich Peninsula to Regional, and existing water distribution infrastructure to their respective municipalities (District of North Saanich, District of Central Saanich, Town of Sidney) as appropriate.
- Scenario 3 (Status Quo) – maintains ownership and governance of water assets within the current service delivery structure.

The following are potential next steps within the scope of this study:

- Review the Draft Report with Saanich Peninsula Water Commission and seek their direction on whether to further investigate Scenario 1 or 2 and proceed with consultation, or move forward with Scenario 3 and not undertake any further work on this project.
- If Scenario 1 or 2 is under consideration, then present the Draft Report to the Regional Water Supply Commission to gauge their initial response on potential amalgamation scenarios.

- Continue work on the Asset Management Plan for the Saanich Peninsula Water system to better understand the age/condition of the infrastructure, replacement value, and long-term strategies to manage the water assets.
- Consider adding an Asset Retirement Obligation (ARO) review for the Saanich Peninsula Water service to the Asset Management Plan work, in order to determine the potential financial impact of the disposal of select infrastructure components (i.e. Asbestos Cement watermains) at the end of their useful lives.
- Once the Asset Management Plan has produced estimated replacement values for the water infrastructure, then begin consultation with the District of North Saanich, District of Central Saanich and Town of Sidney to review the amalgamation scenarios and further analyze the potential service delivery, operational and financial implications of each scenario on the individual municipalities (update and finalize Draft Report accordingly).
- Complete the consultation and engagement program before finalizing the document and reporting back to the Saanich Peninsula Water Commission to consider options moving forward.

APPENDIX A

Saanich Peninsula Water Commission Letters Patent (consolidated version)

**SAANICH PENINSULA WATER COMMISSION
LETTERS PATENT**

(Scanned consolidated version)

CANADA

PROVINCE OF BRITISH COLUMBIA

ELIZABETH the SECOND, by the Grace of God, of the United Kingdom, Canada, and Her Other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

To all to whom these presents shall come -

GREETING	(WHEREAS pursuant to the provisions
	(
	(of section 766 of the Municipal Act,
Minister of	(
Municipal Affairs	(the Capital Regional District was
And Housing	(
	(incorporated by Letters Patent issued
	(
	(on the 1 st day of February, 1966:

AND WHEREAS pursuant to the provisions of section 29A of the Municipal Act it has been deemed to be desirable and in the public interest that the Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, being improvement districts incorporated under the Water Act be dissolved and all of the assets, rights, claims, obligations, liabilities, contracts, agreements, and bylaws of the said Brentwood Waterworks District be transferred to The Corporation of the District of Central Saanich and further that all of the assets, rights, claims, obligations, liabilities, contracts, agreements, and bylaws of the said Deep Cove Waterworks District be transferred to the District of North Saanich and further that all of the assets, rights, claims, obligations, liabilities, contracts, agreements and bylaws of the said Sidney Waterworks District be transferred to the Town of Sidney:

AND WHEREAS it is deemed to be desirable and expedient that the Capital Regional District be granted the function of water supply for the area comprised of the lands within the boundaries of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney:

NOW KNOW YE THAT, by these presents, We do order and proclaim that the following be added to the objects, powers, obligations, duties, limitations, and conditions of the Capital Regional District:

DIVISION XVII - WATER SUPPLY (SAANICH PENINSULA).

1. Only the member municipalities of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney participate in this function and share in the cost thereof:
2. The regional district is empowered to purchase water and to acquire, design, construct, reconstruct, purchase, maintain and operate facilities and to acquire all such real property, easements, rights-of-way, licences, rights, or authorities for the purpose of supplying water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution by those municipalities in conformity with the planning policies contained in the Official Community Plans and Official Regional Plans adopted under the provisions of the Municipal Act and for the purpose of supplying water to the Department of Agriculture of the Government of Canada for distribution within its system and for its use only and not for resale.

[Section 2 amended March 19, 1986.)

3. The regional district is empowered by by-law to fix rates and charges for the supply of water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution only within municipal boundaries except with the consent of the Regional Board, and for the supply of water to the Department of Agriculture of the Government of Canada for distribution within its system and for its use only and not for resale, and the provisions of section 640 of the Municipal Act, mutatis mutandis, apply to the regional district.

[Section 3 amended March 19, 1986.)

4. For the purpose of this function all assets, rights, claims, obligations, liabilities, contracts and agreements of the participating member municipalities with respect to water supply only, including those formerly held by the Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, are hereby transferred to the regional district in trust for the use and enjoyment and fulfillment by the participating member municipalities, provided, however, that the transfer of real property together with any improvements thereon may at the discretion of the municipality be by lease to the regional district for water supply purposes. Any initial lease entered into in accordance with the provisions of this paragraph shall be at a nominal rental of \$1.00 (one dollar) per annum and the term shall not exceed ten years and it shall be renewable upon such terms agreeable to the owner municipality and the regional district, provided however in the event of a dispute between the two parties relative to cite renewal of the lease any issue in dispute shall be referred to the Comptroller of Water Rights whose decision shall be binding upon both parties.

5. For the purpose of this function bylaws of the participating member municipalities, including those of the former Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, shall be deemed to be bylaws of the regional district where such bylaws or parts thereof relate to water supply, and the said bylaws or applicable parts thereof, as the case may be, shall be administered by the regional district and be amended or repealed by the Regional Board on the advice of the Saanich Peninsula Water Commission herein provided for.
6. For the year 1977 only, that part of the annual budget of the regional district which includes provision for the function granted by this Division shall, before coming into force and effect, be approved by the Inspector of Municipalities.
7. The annual net cost attributable to the function granted by this division, including annual debt charges, shall be apportioned among the member municipalities liable to share such costs on the following basis:
 - (a) Annual debt charges forming part of the annual net cost shall be reduced by subtracting therefrom the amount to the credit of a reserve fund created pursuant to Capital Regional District Bylaw No. 512 cited as the "Saanich Peninsula Water Supply Debt Reserve Fund Bylaw No. 1, 1978" as of December 31st of the immediately preceding year.
 - (b) The annual net cost as adjusted pursuant to (a) above shall be apportioned:
 - (i) by an amount equal to 0.115 dollars per thousand dollars on the total hospital assessment for the current year for all member municipalities and apportioned on that basis.
 - (ii) the balance of the net cost as follows:

1/3 on school assessments for the immediately preceding year within the benefiting specified areas as established by member municipalities for the purpose of water supply;

1/3 on the census population of the member municipalities as certified by the Inspector of Municipalities;

1/3 on the number of water connections in each member municipality as of 31st December of the immediately preceding year.

[Section 7 amended September 27, 1984.]

8. For the purposes of subsection (7) of section 786 of the Municipal Act, the Inspector of Municipalities may establish the amount of debt that may be incurred for this function.

9. There is hereby established a Saanich Peninsula Water Commission which shall consist of eleven members as follows:
- (1) (a) three members, one each appointed annually from and by the Council of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney, respectively;
 - (b) three members, one each appointed on or before the 31st day of December, 1976, from and by the Board of Trustees of the Brentwood Waterworks District, the Deep Cove Waterworks District, and the Sidney Waterworks District respectively, each of whom shall hold office for a period of three years; and thereafter their successors, respectively, shall be appointed annually by the Councils of the Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney.
 - (c) those members of the Council of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney, who are Directors of the Regional Board of the Capital Regional District;
 - (d) two members appointed annually by the Regional Board of the Capital Regional District, each of whom shall be a resident of one of the participating municipalities but a person other than a member of the Board or of the Councils of The Corporation of the District of Central Saanich, the District of North Saanich or the Town of Sidney.
- (2) the Saanich Peninsula Water Commission shall, at its first meeting in each year, appoint a Chairman and a Vice-Chairman from and by the members thereof to hold office for that year or until a successor is appointed;
 - (3) should a member of the Commission appointed under sub-paragraph (1)(b) hereof resign, or for some other reason vacate or cease to hold office, the Minister of Municipal Affairs and Housing shall appoint a successor, provided however, that this provision shall cease to operate beyond the year 1979.
 - (4) There shall also be appointed annually from and by the Councils of The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney respectively an alternate member who shall take the place of and have the vote of a specified member appointed pursuant to the provisions of clause (a) of sub-paragraph (1) of paragraph 9 in the case of any necessary absence from a meeting of the commission, and notice of appointment shall be given to the secretary of the commission appointed pursuant to paragraph number 13 before the alternate member may vote on any matter before the commission.

[Subsection (4) added in amendment of April 27, 1978.]

10. It shall be the duty of the Saanich Peninsula Water Commission to:
 - (1) advise the Regional Board on water supply matters on its own initiative or where such matters are referred to it be the Regional Board or the Council of a participating member municipality.
 - (2) act as liaison between the Regional Board and the member municipalities.
11. The Regional Board may, by bylaw, delegate such administrative powers to the Saanich Peninsula Water Commission as may be deemed expedient.
12. All matters concerned with the function or water supply granted by this Division, requiring legislative action by the Regional Board shall be referred to the Saanich Peninsula Water Commission at least thirty days before being acted upon by the Regional Board.
13. The Regional Board shall appoint a Secretary who shall be responsible for the preparation, maintenance and safe preservation of the minute books and other records of the transactions and other business of the Commission.
14. The Minutes and reports of the Saanich Peninsula Water Commission shall be submitted to the Regional Board and to the participating member municipalities.

AND THAT the Letters Patent of the Capital Regional District be deemed to be amended so as to conform to the premises as and from the date, of these supplementary Letters Patent.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and the Great Seal of Our said Province to be hereunto affixed.

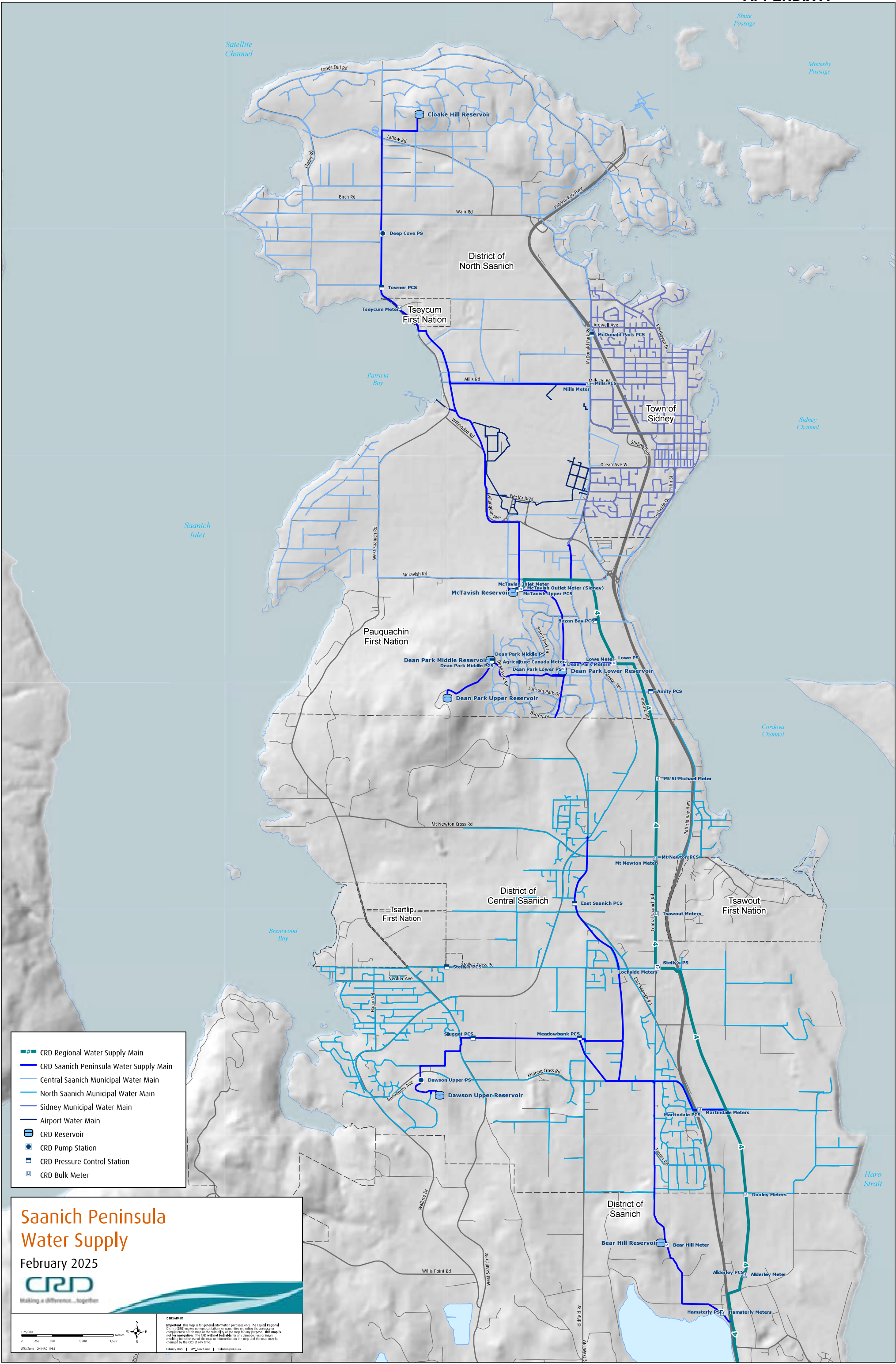
WITNESS, Colonel, the Honourable Walter S. Owen, Q.C., LL.D., Lieutenant- Governor of Our said Province of British Columbia, in Our City of Victoria, in Our said Province, this 22nd day of December in the year of Our Lord one thousand nine hundred and seventy-six and in the twenty-fifth year of Our Reign.

By Command.

D. Phillips
Acting Provincial Secretary and
Minister of Travel Industry.

APPENDIX B

Saanich Peninsula Water Service Map



APPENDIX C

Saanich Peninsula Water Service 2025 Budget Summary

APPENDIX A

CAPITAL REGIONAL DISTRICT

Program Group: CRD-Saanich Peninsula Water Supply	2025 BUDGET REQUEST						FUTURE PROJECTIONS			
	2024 BOARD BUDGET 2	2024 ESTIMATED ACTUAL 3	2025 CORE BUDGET 4	2025 ONGOING 5	2025 ONE-TIME 6	TOTAL (COL 4, 5 & 6) 7	2026 8	2027 9	2028 10	2029 11
SUMMARY										
1										
<u>OPERATING EXPENDITURES:</u>										
ALLOCATION - OPERATIONS	1,171,082	1,045,952	1,224,190	-	-	1,224,190	1,248,690	1,273,685	1,299,173	1,325,173
UTILITIES	231,205	224,100	238,150	-	-	238,150	242,191	247,035	251,976	257,016
OPERATING - OTHER COSTS	189,748	191,370	213,660	-	-	213,660	220,841	230,725	241,353	252,793
ALLOCATION - STANDARD OVERHEAD	168,071	168,071	206,221	-	-	206,221	212,287	216,656	221,117	225,670
TOTAL OPERATING EXPENDITURES	1,760,106	1,629,493	1,882,221	-	-	1,882,221	1,924,009	1,968,101	2,013,619	2,060,652
*Percentage increase over prior year board budget			6.94%			6.94%	2.22%	2.29%	2.31%	2.34%
TOTAL BULK WATER EXPENDITURES	5,180,160	5,261,100	5,523,840	-	-	5,523,840	6,089,445	6,998,550	7,885,545	8,853,240
<u>CAPITAL EXPENDITURES & TRANSFERS</u>										
TRANSFER TO CAPITAL RESERVE FUND	800,000	983,625	600,000	-	-	600,000	400,000	400,000	400,000	400,000
TRANSFER TO EQUIPMENT REPLACEMENT FUND	50,000	50,000	100,000	-	-	100,000	150,000	150,000	200,000	200,000
TOTAL CAPITAL EXPENDITURES & TRANSFERS	850,000	1,033,625	700,000	-	-	700,000	550,000	550,000	600,000	600,000
<u>DEBT SERVICING</u>										
DEBT-INTEREST & PRINCIPAL	102,000	-	219,300	-	-	219,300	1,210,343	1,210,343	1,210,343	1,210,343
TOTAL DEBT EXPENDITURES	102,000	-	219,300	-	-	219,300	1,210,343	1,210,343	1,210,343	1,210,343
TOTAL EXPENDITURES	7,892,266	7,924,218	8,325,361	-	-	8,325,361	9,773,797	10,726,994	11,709,507	12,724,235
<u>SOURCES OF FUNDING-OPERATIONS</u>										
REVENUE -WATER SALES	(7,665,966)	(7,785,700)	(8,048,251)	-	-	(8,048,251)	(9,622,841)	(10,573,135)	(11,552,686)	(12,564,394)
REVENUE -OTHER	(226,300)	(138,518)	(277,110)	-	-	(277,110)	(150,956)	(153,859)	(156,821)	(159,841)
TOTAL SOURCES OF FUNDING FROM OPERATIONS	(7,892,266)	(7,924,218)	(8,325,361)	-	-	(8,325,361)	(9,773,797)	(10,726,994)	(11,709,507)	(12,724,235)
ged										
<u>SOURCES OF FUNDING-REQUISITION</u>										
PROPERTY TAX REQUISITION FOR DEBT	-	-	-	-	-	-	-	-	-	-
TOTAL REQUISITION	-	-	-	-	-	-	-	-	-	-
TRANSFER FROM PRIOR YEAR	-	-	-	-	-	-	-	-	-	-
TRANSFER TO FOLLOWING YEAR										
TOTAL CARRY FORWARD (SURPLUS)/ DEFICIT	-	-	-	-	-	-	-	-	-	-
TOTAL SOURCES OF ALL FUNDING	(7,892,266)	(7,924,218)	(8,325,361)	-	-	(8,325,361)	(9,773,797)	(10,726,994)	(11,709,507)	(12,724,235)
Percentage increase over prior year's board budget			5.49%			5.49%	17.40%	9.75%	9.16%	8.67%
Water Rate \$ per cu. m.	\$ 1.1978					\$ 1.2575				
Percentage increase	4.71%					4.99%				

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2025 to 2029

Service No.	2.610	Carry Forward from 2024	2025	2026	2027	2028	2029	TOTAL
	Saanich Peninsula Water Supply							

EXPENDITURE

Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$690,000	\$490,000	\$300,000	\$300,000	\$300,000	\$100,000	\$1,490,000	
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	\$2,665,000	\$15,510,000	\$1,569,000	\$1,950,000	\$1,100,000	\$525,000	\$20,654,000	
Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$3,355,000	\$16,000,000	\$1,869,000	\$2,250,000	\$1,400,000	\$625,000	\$22,144,000	

SOURCE OF FUNDS

Capital Funds on Hand	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debenture Debt (New Debt Only)	\$0	\$12,900,000	\$0	\$0	\$0	\$0	\$12,900,000	
Equipment Replacement Fund	\$40,000	\$240,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,040,000	
Grants (Federal, Provincial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Donations / Third Party Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Fund	\$3,315,000	\$2,860,000	\$1,669,000	\$2,050,000	\$1,200,000	\$425,000	\$8,204,000	
	\$3,355,000	\$16,000,000	\$1,869,000	\$2,250,000	\$1,400,000	\$625,000	\$22,144,000	

APPENDIX D

Regional Water Supply 2025 Budget Summary

APPENDIX A

CAPITAL REGIONAL DISTRICT

Program Group: CRD-Regional Water Supply			2025 BUDGET REQUEST				FUTURE PROJECTIONS			
	2024 BOARD BUDGET	2024 ESTIMATED ACTUAL	2025 CORE BUDGET	2025 ONGOING	2025 ONE-TIME	TOTAL (COL 4, 5 & 6)	2026	2027	2028	2029
SUMMARY	2	3	4	5	6	7	8	9	10	11
1										
<u>GENERAL PROGRAM EXPENDITURES:</u>										
WATERSHED PROTECTION	6,787,022	6,721,464	6,879,383	52,342	-	6,984,067	7,123,748	7,266,223	7,411,548	7,559,779
WATER OPERATIONS	7,385,305	7,568,379	7,842,702	295,839	-	8,138,541	8,322,590	8,533,263	8,753,440	8,979,453
WATER QUALITY	2,045,342	2,047,559	2,133,179	-	-	2,133,179	2,176,457	2,220,606	2,265,668	2,311,647
CROSS CONNECTION	800,530	797,456	836,509	-	-	836,509	862,038	886,837	913,347	939,791
DEMAND MANAGEMENT	761,302	763,011	859,872	-	-	859,872	878,943	900,088	923,930	946,867
INFRASTRUCTURE ENGINEERING	577,530	577,530	595,345	-	-	595,345	613,320	625,600	638,094	650,894
FLEET OPERATION & MAINTENANCE	(479,755)	(479,755)	(577,541)	-	-	(577,541)	(589,092)	(600,874)	(612,892)	(625,149)
ASSET & MAINTENANCE MANAGEMENT & GM SUPPORT *	602,891	437,017	807,882	-	-	807,882	828,617	849,363	871,169	893,602
TOTAL OPERATING EXPENDITURES	18,480,167	18,432,661	19,377,331	348,181	-	19,777,854	20,216,621	20,681,106	21,164,304	21,656,885
<i>Percentage increase over prior year's board budget</i>			4.85%			7.02%	2.22%	2.30%	2.34%	2.33%
CONVEYANCE FEE FOR SERVICE TO FIRST NATIONS	900,000	450,000	480,000	-	-	480,000	500,000	525,000	550,000	575,000
AGRICULTURAL WATER RATE FUNDING	1,800,000	1,800,000	1,850,000	-	-	1,850,000	1,900,000	1,950,000	2,000,000	2,050,000
			2.78%			2.78%	2.70%	2.63%	2.56%	2.50%
<u>CAPITAL EXPENDITURES & TRANSFERS</u>										
TRANSFER TO WATER CAPITAL FUND	17,450,000	18,213,025	19,500,000	-	-	19,500,000	21,000,000	23,000,000	25,000,000	27,000,000
TRANSFER TO EQUIPMENT REPLACEMENT FUND	479,755	479,755	577,541	-	-	577,541	589,092	600,874	612,892	625,149
TRANSFER TO DEBT RESERVE FUND	108,040	35,040	186,373	-	-	186,373	580,090	422,090	597,890	301,090
TOTAL CAPITAL EXPENDITURES & TRANSFERS	18,037,795	18,727,820	20,263,914	-	-	20,263,914	22,169,182	24,022,964	26,210,782	27,926,239
<u>DEBT SERVICING</u>										
DEBT - INTEREST & PRINCIPAL	2,896,242	2,874,791	2,587,255	-	-	2,587,255	4,809,274	9,166,280	13,256,825	17,889,131
TOTAL DEBT EXPENDITURES	2,896,242	2,874,791	2,587,255	-	-	2,587,255	4,809,274	9,166,280	13,256,825	17,889,131
<u>DEFICIT TRANSFERRED TO FOLLOWING YR</u>										
TRANSFER TO FOLLOWING YEAR DEFICIT CARRY FORWARD										
TOTAL EXPENDITURES	42,114,204	42,285,272	44,558,500	348,181	-	44,959,023	49,595,077	56,345,350	63,181,911	70,097,255
<u>SOURCES OF FUNDING</u>										
REVENUE - SALES	(41,278,152)	(41,522,220)	(43,842,409)	(348,181)	-	(44,190,590)	(48,432,927)	(55,341,200)	(62,001,961)	(69,214,105)
REVENUE - OTHER	(836,052)	(763,052)	(768,433)	-	-	(768,433)	(1,162,150)	(1,004,150)	(1,179,950)	(883,150)
TOTAL SOURCE OF FUNDING FROM OPERATIONS	(42,114,204)	(42,285,272)	(44,610,842)	(348,181)	-	(44,959,023)	(49,595,077)	(56,345,350)	(63,181,911)	(70,097,255)
TRANSFER FROM PRIOR YEAR	-	-	-	-	-	-	-	-	-	-
TRANSFER TO FOLLOWING YEAR SURPLUS CARRY FORWARD										
TOTAL SOURCES OF FUNDING	(42,114,204)	(42,285,272)	(44,610,842)	(348,181)	-	(44,959,023)	(49,595,077)	(56,345,350)	(63,181,911)	(70,097,255)
<i>Percentage increase over prior year's board budget</i>			5.93%			6.76%	10.31%	13.61%	12.13%	10.95%
Water Rate \$ per cu. m.	\$ 0.8094					\$ 0.8631	\$ 0.9441	\$ 1.0767	\$ 1.2039	\$ 1.3414
<i>Percentage increase over prior year</i>	5.14%					6.63%	9.39%	14.04%	11.82%	11.42%

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2025 to 2029

Service No.	2.670	Carry Forward from 2024	2025	2026	2027	2028	2029	TOTAL
	Regional Water Supply							

EXPENDITURE

Buildings	\$8,000,000	\$11,050,000	\$500,000	\$0	\$0	\$0	\$11,550,000
Equipment	\$8,550,000	\$14,643,500	\$3,690,000	\$3,425,000	\$2,015,000	\$2,565,000	\$26,338,500
Land	\$320,000	\$33,580,000	\$4,080,000	\$975,000	\$2,645,000	\$865,000	\$42,145,000
Engineered Structures	\$14,785,000	\$44,875,000	\$35,980,000	\$57,585,000	\$76,510,000	\$50,020,000	\$264,970,000
Vehicles	\$881,000	\$1,926,250	\$773,000	\$855,000	\$495,000	\$355,000	\$4,404,250
	\$32,536,000	\$106,074,750	\$45,023,000	\$62,840,000	\$81,665,000	\$53,805,000	\$349,407,750

SOURCE OF FUNDS

Capital Funds on Hand	\$21,220,000	\$52,468,000	\$19,150,000	\$20,560,000	\$22,390,000	\$26,150,000	\$140,718,000
Debenture Debt (New Debt Only)	\$0	\$40,500,000	\$24,700,000	\$41,200,000	\$58,780,000	\$27,100,000	\$192,280,000
Equipment Replacement Fund	\$691,000	\$1,376,250	\$773,000	\$855,000	\$495,000	\$355,000	\$3,854,250
Grants (Federal, Provincial)	\$6,000,000	\$6,000,000	\$0	\$0	\$0	\$0	\$6,000,000
Donations / Third Party Funding	\$4,625,000	\$5,730,500	\$400,000	\$225,000	\$0	\$200,000	\$6,555,500
Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$32,536,000	\$106,074,750	\$45,023,000	\$62,840,000	\$81,665,000	\$53,805,000	\$349,407,750

APPENDIX E

Saanich Peninsula Water Service – Supply vs. Distribution Infrastructure



Making a difference...together

DISCLAIMER

Important This map is for general information purposes only. The Capital Regional District (CRD) makes no representations or warranties regarding the accuracy or completeness of this map or the suitability of the map for any purpose. **This map is not for navigation.** The CRD **will not be liable** for any damage, loss or injury resulting from the use of the map or information on the map and the map may be changed by the CRD at any time.

June 2025 | [Arc_SaanichPeninsulaAttorney_36x24.mxd](#) | [helpdesk@crd.bc.ca](#)

Saanich Peninsula Water Commission Amalgamation Study

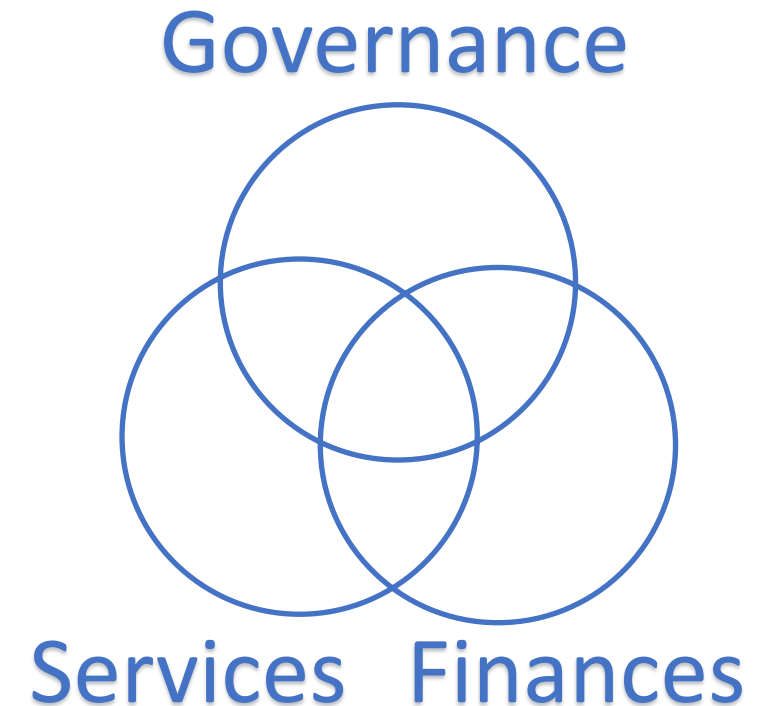
Presentation to Regional Water
Supply Commission

November 20, 2024



Outline

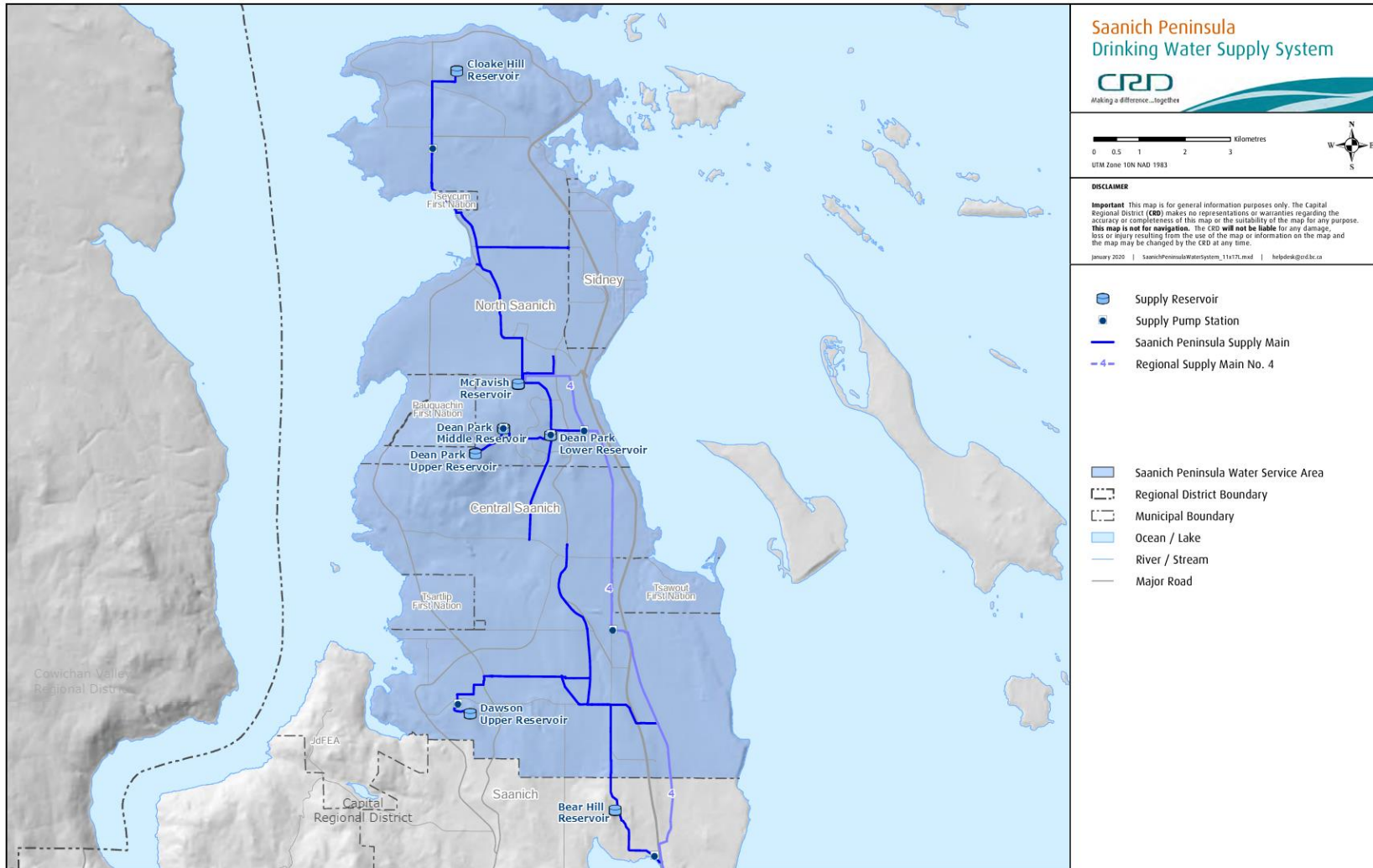
- Introductions
 - Dan Huang, RPP, MCIP – Principal, Connections Planning
- Background / Study Scope
- High Level Overview
 - Services / Water System
 - Finances
 - Governance
- Initial Analysis and Observations
- Next Steps
- Questions / Discussion



Background / Scope

- 1976 – Saanich Peninsula Water Commission established by letters patent (dissolution of 3 improvement districts) as a sub-regional service, to provide potable water supply to Sidney, North Saanich and Central Saanich
- 1997 – Regional Water System established for the capital region through provincial legislation, transferring assets, liabilities, management to CRD
- Saanich Peninsula water system is connected seamlessly to Regional Water system – it essentially purchases bulk water from Regional system and sells it to the 3 municipal partners for distribution to residents and ratepayers
- Scope of study is to review the pros and cons, and other considerations of the potential amalgamation of Saanich Peninsula water into the Regional Water system.

Services / Water System Overview



- 35km watermains
- 6 storage reservoirs
- 6 pumping stations
- 13 pressure control stations

Services / Water System Overview

- 2024 Total Operating Expenditures = ~\$7.9M, of which ~\$2.7M (34%) were for base operating and capital expenditures, and debt financing
- San Pen essentially operates as an extension of the Regional Supply water system (except for storage capacity)
- 2024 Capital Works program = ~\$11M, Five-Year Capital program = ~\$22M
- Majority of capital program is for the Bear Hill Transmission Main (~\$14.7M) and other renewal and resiliency works
- Capital works servicing the Saanich Peninsula have regional benefits (e.g. Bear Hill) and vice versa.

Financial Overview

- SPWC purchases bulk water from Regional Water at \$0.8094 / m³ and then re-sells it to the 3 municipalities at \$1.1978 per m³ (wholesale rate)
- Difference in wholesale and bulk water rate (approx. **\$0.39 per m³**) is the main financial consideration for the 3 partners to consider amalgamation
- Capital Reserves = ~\$7.6M, of which \$2.1M in DCC reserves to remain within Saanich Peninsula DCC water boundary
- Capital Debt = \$12.9M MFA debenture for 5-year capital projects (e.g. Bear Hill)
- Asset Retirement Obligation (ARO) – as per PSAB 3280, long term disposal requirements for Asbestos Cement (AC) watermain replacement

Governance Overview

- Saanich Peninsula Water Commission (SPWC) consists of 11 appointed members, including elected officials and community representatives
- Regional Water Supply Commission (RWSC) is comprised of 22 members, all elected officials from their respective communities
- Water Advisory Committee is a public advisory committee comprised of technical and community representatives
- Amalgamation would see the SPWC fold into the RWSC, with potential size to be determined (likely the same due to current San Pen representation)
- Non-elected representation currently on SPWC would be lost, could be added to Regional Water Advisory Committee

Initial Analysis and Observations

- There are mutual servicing and operational benefits between Saanich Peninsula and Regional water systems
- Currently working with IWS staff to determine potential operational and/or administrative efficiencies due to amalgamation
- Amalgamation will provide potential additional funding for 3 municipal partners, based on the current difference between the bulk water rate and wholesale rate
- Ensure that identified 5-year capital projects for Saanich Peninsula maintain the same priority within a larger Regional Water capital program
- Future decision-making would be addressed at a more regional level – perceived loss of local control vs. one region / one water supply system

Next Steps

- Continue to work with CRD staff to refine operations, administration, finance and governance considerations – Nov 2024
- Prepare Draft Report – Dec 2024
- Present to Saanich Peninsula Water Commission and Regional Water Supply Commission – Jan/Feb 2025

Questions? / Discussion?

Saanich Peninsula Water Commission Amalgamation Study

Presentation to Regional Water
Supply Commission

November 20, 2024

Thank you!



**REPORT TO SAANICH PENINSULA WATER COMMISSION
MEETING OF THURSDAY, JANUARY 18, 2024**

SUBJECT **Saanich Peninsula Water Commission Amalgamation with the Regional Water Supply Commission – Feasibility Study**

ISSUE SUMMARY

To inform the Saanich Peninsula Water Commission of a referral motion from the District of Central Saanich and to seek direction.

BACKGROUND

At its meeting of November 14, 2023, the District of Central Saanich Council approved the following referral motion:

That the Saanich Peninsula Water Commission investigate the possibility of amalgamation with the Regional Water Supply Commission.

In the late 1970s, the Capital Regional District was directed to establish a Saanich Peninsula Water Service to take on the water supply and expansion role previously undertaken by the Brentwood Waterworks District, Deep Cove Waterworks District, and the Sidney Waterworks District. The purpose of the service was to undertake the function of water supply, including obtaining land, rights of way, and facilities for doing so.

Votes are not weighted, and are conducted as one-member, one-vote. Membership is made up of each participant's regional directors, an additional council representative, and a public representative, along with a single First Nation representative and a single agricultural organization representative.

In the late 1990s, subsequent to the creation of the Saanich Peninsula Water Commission, the Regional Water System was created and the Province passed the Capital Region and Sooke Hills Protection Act, *SBC 1997, c 5* ("CRSHPA"), and its regulation, to transfer the management of the watershed and lands to the Capital Regional District (CRD).

Three governance bodies were created:

- The Regional Water Supply Commission, now operated by commission Bylaw No. 2539, "Regional Water Supply Commission Bylaw No. 1, 1997",
- The Water Advisory Committee, whose basic membership is set by the CRSHPA and its terms of reference, and
- The Juan de Fuca Water Distribution Commission, now operated by commission Bylaw No. 2540, "Juan de Fuca Water Distribution Commission Bylaw No. 1, 1997".

The CRSHPA gave the management of the water quality, system planning, and bulk delivery to the Regional Water Supply Commission, and created a separate Western Communities system expansion and service delivery function to be managed by the Juan de Fuca Water Distribution Commission.

The Regional Water Supply Commission is a delegated, administrative commission, responsible for major decisions relating to the service. Its voting is weighted in accordance with the weighted voting in the *Local Government Act*. Administration and operation decisions as well as contracts and property decisions are weighted, with other decisions unweighted. This mirrors the Board's weighted voting requirements.

Membership of the Commission is made up based on council appointments equal to the number of directors that participant has on the regional board, and the Juan de Fuca Electoral Area Director. There are no public members, First Nation, or agricultural members on the Commission, however, the advisory committee includes representation for First Nations and agricultural members.

The Regional Water Supply system includes a 130-kilometer transmission system which moves water from the treatment facilities to each of the individually run distribution systems. In the case of the Saanich Peninsula, the Regional Water Supply supplies bulk water to Saanich Peninsula Water which in turn supplies water to the individual municipal and First Nations distribution systems. Currently, Saanich Peninsula Water System is operated as an extension of the Regional Water System, providing a similar service to the Regional Water Transmission division, and sharing common operating procedures and emergency response and preparedness systems.

Though the infrastructure could be operated as a continuous water system, the current governance structure has created a delineation between the two-systems. This structure allows greater autonomy to the Saanich Peninsula communities to define their own service level expectations but also may limit the opportunities for operational efficiencies. By amalgamating the two systems there is potential for increased operational efficiencies, elimination of administrative burden, and improved redundancy and resiliency of the system.

ALTERNATIVES

Alternative 1

1. That staff be directed to undertake a feasibility study to explore the implications of amalgamating the Saanich Peninsula Water Commission with the Regional Water Supply Commission; and,
2. That this report be referred to the Regional Water Supply Commission for information.

Alternative 2

That staff be directed to seek the endorsement of proceeding with a feasibility study from the District of Central Saanich, the District of North Saanich and the Town of Sidney and report back to the Commission.

IMPLICATIONS

Service Delivery Implications

The CRD would engage a third party to consider both the implication of the amalgamation to the Saanich Peninsula Water Commission municipal participants, as well as the Regional Water Supply Commission. The scope of the study would consider such aspects as:

- The conversion of the Saanich Peninsula letters patent.
- How the existing infrastructure and liabilities would be valued and transferred.

- Membership, representation and voting on the Regional Water Supply Commission, as well as implications to the membership at the Water Advisory Commission.
- Potential limitations on First Nations membership, representation and voting rights at the Regional Water Supply Commission.
- Review of operational efficiencies related to staffing, technology systems and procedures.
- The role of First Nations and how they would like to be involved in decision-making.
- Streamlining of Water Rate structure and Development Cost Charge programs.
- Recommendations on steps and timing of transition to minimize impacts.

Currently, the Saanich Peninsula Water Supply service has no outstanding debt obligations. However, with the 2024-2028 Capital Plan requiring the issuance of new debt the study will be timed to return recommendations before future obligations are incurred.

It is estimated this study would cost approximately \$40,000 and be funded through the current operating budget with no amendments to approved rates. It is expected the study will take approximately six months to complete from the time of initiation.

Intergovernmental Implications

Upon completion of the study the findings would be presented to the Saanich Peninsula Water Commission. The Saanich Peninsula Water Service could be amended by two-thirds participant consent and Inspector of Municipalities approval. Conversion from Letters Patent requires service participants to consent to any change by two-thirds consent. This would also be done by municipal consent on behalf.

The Regional Water Service already includes the three Saanich Peninsula participants but may require an amendment to identify that it is not merely bulk supply but now also undertaking distribution to those communities. Any amendments to the Regional Water Supply Service Establishing Bylaw would require Regional Board approval, consent of the participants and Inspector of Municipalities. The typical process for municipal consent takes two months, with eight to 12 weeks for Provincial review once a bylaw is passed.

Change to commission bylaws may be done by the CRD Board with three readings and adoption at a regular meeting. No ministerial or participant approval is required.

CONCLUSION

Further to the November 14, 2023 referral motion from the District of Central Saanich Council, staff have reviewed the original rationale for the creation of the Saanich Peninsula Water Service and the scope of the Regional Water Supply Service. Staff have found that there may be an unnecessary layer of governance which was required in 1976, prior to the creation of the Regional Water Supply Service that could be eliminated with potentially no impact to the level of services and with improved efficiencies for the users.

RECOMMENDATION

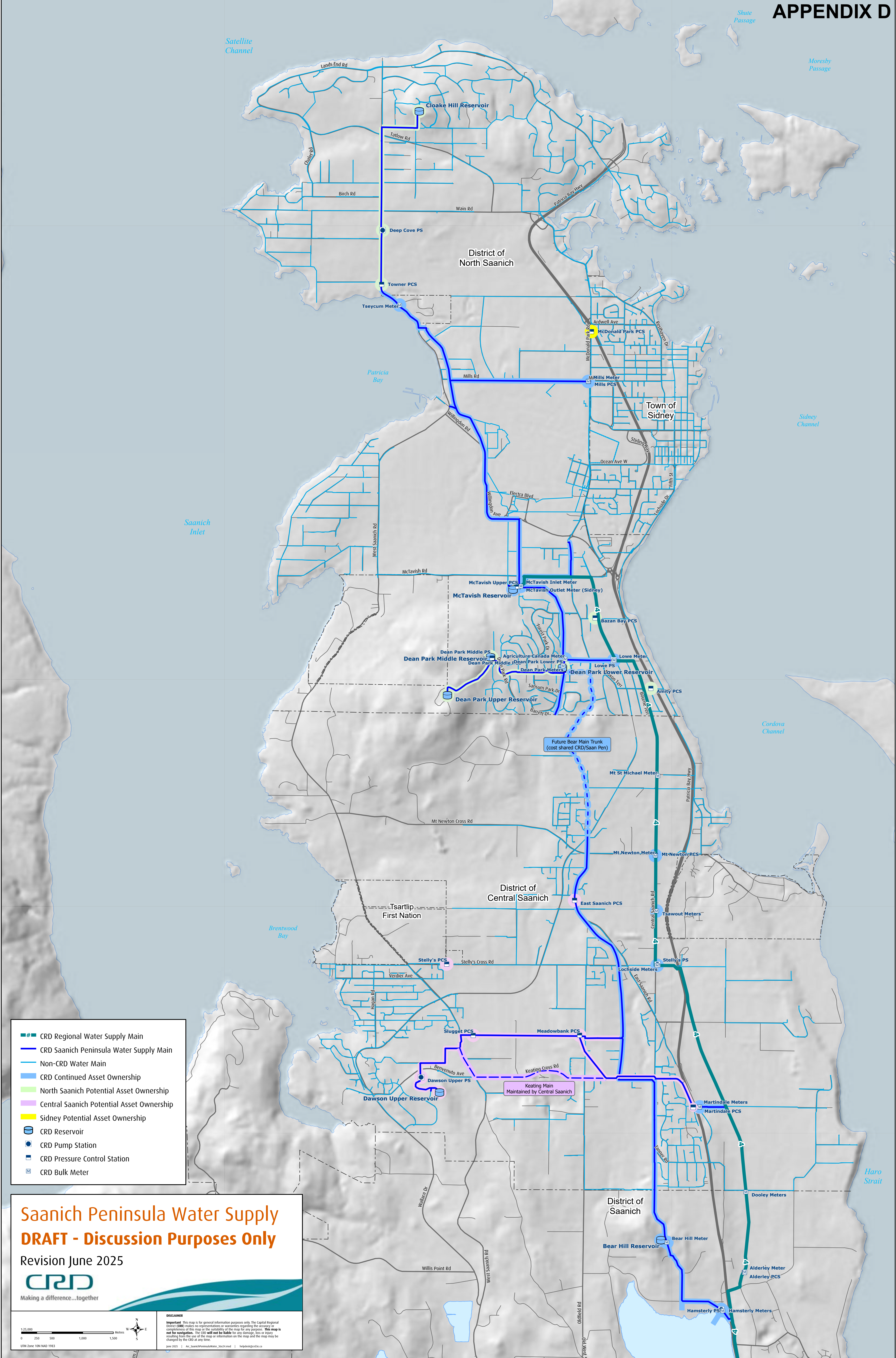
1. That staff be directed to undertake a feasibility study to explore the implications of amalgamating the Saanich Peninsula Water Commission with the Regional Water Supply Commission; and,

2. That this report be referred to the Regional Water Supply Commission for information.

Submitted by:	Alicia Fraser, P. Eng., General Manager, Integrated Water Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Supplementary Letters Patent




- CRD Regional Water Supply Main
- CRD Saanich Peninsula Water Supply Main
- Non-CRD Water Main
- CRD Continued Asset Ownership
- North Saanich Potential Asset Ownership
- Central Saanich Potential Asset Ownership
- Sidney Potential Asset Ownership
- CRD Reservoir
- CRD Pump Station
- CRD Pressure Control Station
- CRD Bulk Meter

Saanich Peninsula Water Supply

DRAFT - Discussion Purposes Only

Revision June 2025



Making a difference...together

1:25,000

0 250 500 1,000 1,500

UTM Zone 10N NAD 1983

DISCLAIMER

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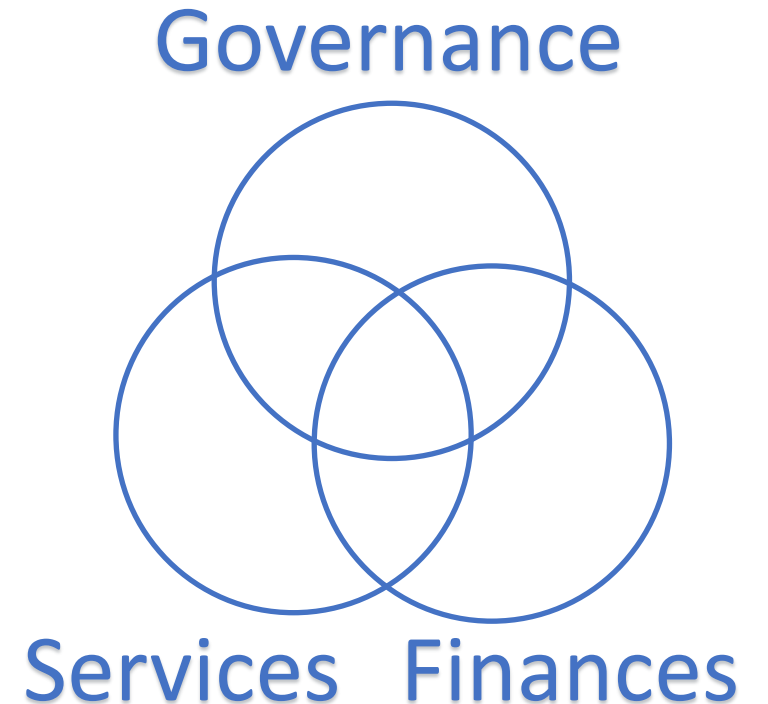
Saanich Peninsula Water Commission Amalgamation Study

Draft Report Presentation to
Regional Water Supply Commission
September 17, 2025



Outline

- Introductions – Dan Huang, Connections Planning
- Project Background / Study Scope
- Draft Report – Current Overview
- Draft Report – Options Consideration
 - Scenario 1 – Complete Amalgamation
 - Scenario 2 – Partial Amalgamation
 - Scenario 3 – Status Quo
- Other Considerations
- Summary and Next Steps
- Questions / Discussion



Background / Scope

- 1976 – Following dissolution of 3 improvement districts, the Saanich Peninsula Water Commission was established by letters patent as a sub-regional service, to provide potable water supply to Sidney, North Saanich and Central Saanich.
- 1997 – Regional Water Supply system established through provincial legislation for the majority of the capital region, transferring assets, liabilities, and management to CRD.
- Today, the Saanich Peninsula Water system is connected seamlessly to Regional Water Supply system – it purchases bulk water from the regional system and sells it to the 3 municipal partners for distribution to local residents and ratepayers.
- Scope of study is to review the pros and cons (and other considerations) of the potential amalgamation of the Saanich Peninsula Water system into the Regional Water Supply system.

Draft Report – Current Overview

- The Draft Report provides an overview of governance, operations and finances for both Saanich Peninsula Water system and the Regional Water Supply system.
- It was presented to Saanich Peninsula Water Commission on July 17, 2025 who recommended presenting it to the Regional Water Supply Commission (today).
- Governance Overview
 - Saanich Peninsula Water Commission consists of elected officials and community members, including First Nations, with unweighted votes (1 seat = 1 vote).
 - Regional Water Supply Commission consists of elected officials only from their respective communities (including the 3 peninsula municipalities). Voting is based on CRD weighted/non-weighted vote structures.
 - Water Advisory Committee provides advice to regional commission – TOR recently revised to include participation from all First Nations in the CRD (ex officio).

Draft Report – Current Overview

- Operations Overview

- Saanich Peninsula Water service maintains both sub-regional water supply and distribution infrastructure for the peninsula municipalities, based on its historical origins.
- Regional Water Supply service provides water source, treatment and supply throughout the CRD (except for the peninsula).
- There are currently assets within the Saanich Peninsula Water system that solely benefit a single municipality, rather than strictly provide water supply for the sub-regional service.
- Approximately 5 FTEs are directly assigned to Saanich Peninsula Water service operations, who receive additional operations support from time to time from staff at Regional Water Supply and/or Juan de Fuca Water. This includes both water supply mains as well as more operationally complex reservoirs.

Draft Report – Current Overview

- Financial Overview

- Both Saanich Peninsula Water and Regional Water Supply utilize water rates (based on a per m³ usage) as its main form of revenue.
- Saanich Peninsula Water purchases bulk water from Regional Water Supply at \$0.8631 per m³ and flows it through to each peninsula municipality at \$1.2575 per m³. The rate differential (\$0.3944 per m³) funds the remainder of Saanich Peninsula water operations.
- Saanich Peninsula Water infrastructure valued at \$22 million (book value), which is much less than its replacement values (Asset Management Plan underway will update these values).
- Regional Water Supply will be providing up to 50% capital funding for the Bear Hill Trunk Extension as it provides long-term benefits to the regional water system. The other half will be funded by Saanich Peninsula Water user from an approved loan authorization bylaw.

Draft Report – Options Consideration

- The Draft Report considers potential amalgamation scenarios based on the lenses of governance, operations and financial considerations.
- An overarching considerations should be given to the guiding principle of “**benefiter pay**”. If the benefits of a service (or infrastructure component) are realized at a more local level, and more specifically for an individual municipality, then the ownership, operations and funding should ideally rest with that individual jurisdiction.

Scenario 1 – Complete Amalgamation

- All assets and liabilities of the Saanich Peninsula Water system would be transferred to the Regional Water Supply system, and the service would be dissolved.
- The three municipalities on the Saanich Peninsula would purchase bulk water directly from the Regional Water Supply service, for distribution to their respective local residents and ratepayers.
- Would require a vote from at least two-thirds of the participants (i.e. two of the three municipal Councils) and approval from the Inspector of Municipalities.
- Would also require two-thirds consent from the Regional Water Supply Commission participants.

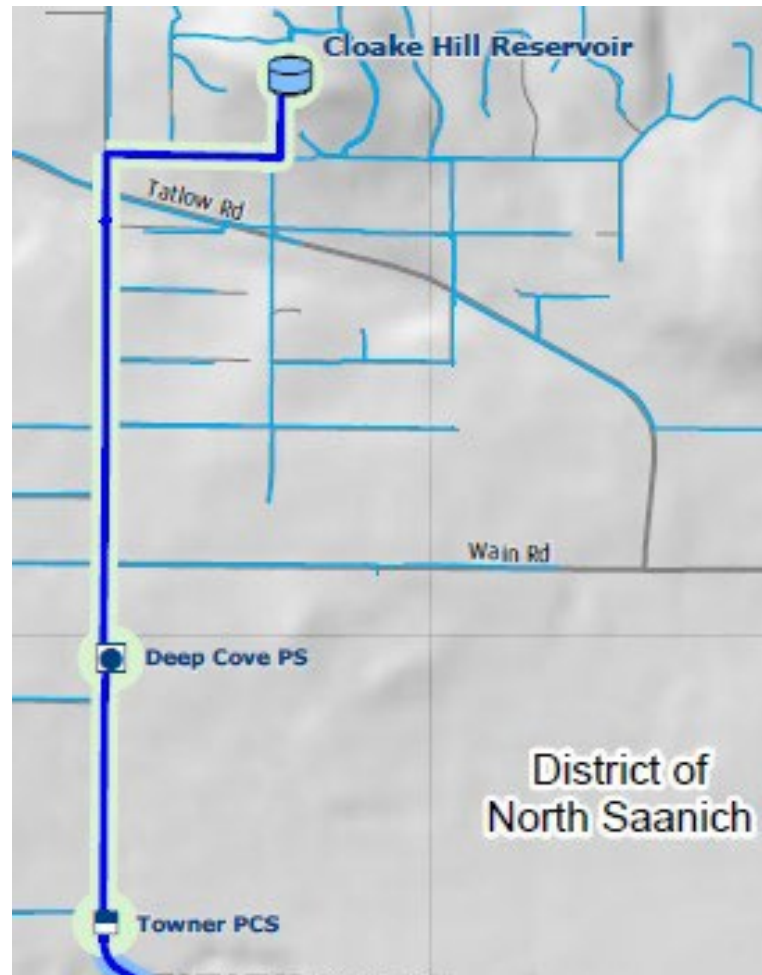
Scenario 1 – Complete Amalgamation

- Transfer of operations would be relatively seamless, although additional efficiencies are not anticipated under this scenario (nominal admin. savings).
- Benefits to long-term strategic infrastructure investments being prioritized and planned across the combined system.
- Does not align with “benefiter pay” principle, given the localized distribution infrastructure being transferred to regional water.
- Financial impacts – increases regional water budget by \$2.8 million (6.2% increase), theoretical water rates:
 - Regional – from \$0.8631 to \$0.9166 per m³ (increase of \$0.0535 per m³)
 - Peninsula – from \$1.2575 to \$0.9166 per m³ (decrease of \$0.3409 per m³)

Scenario 2 – Partial Amalgamation

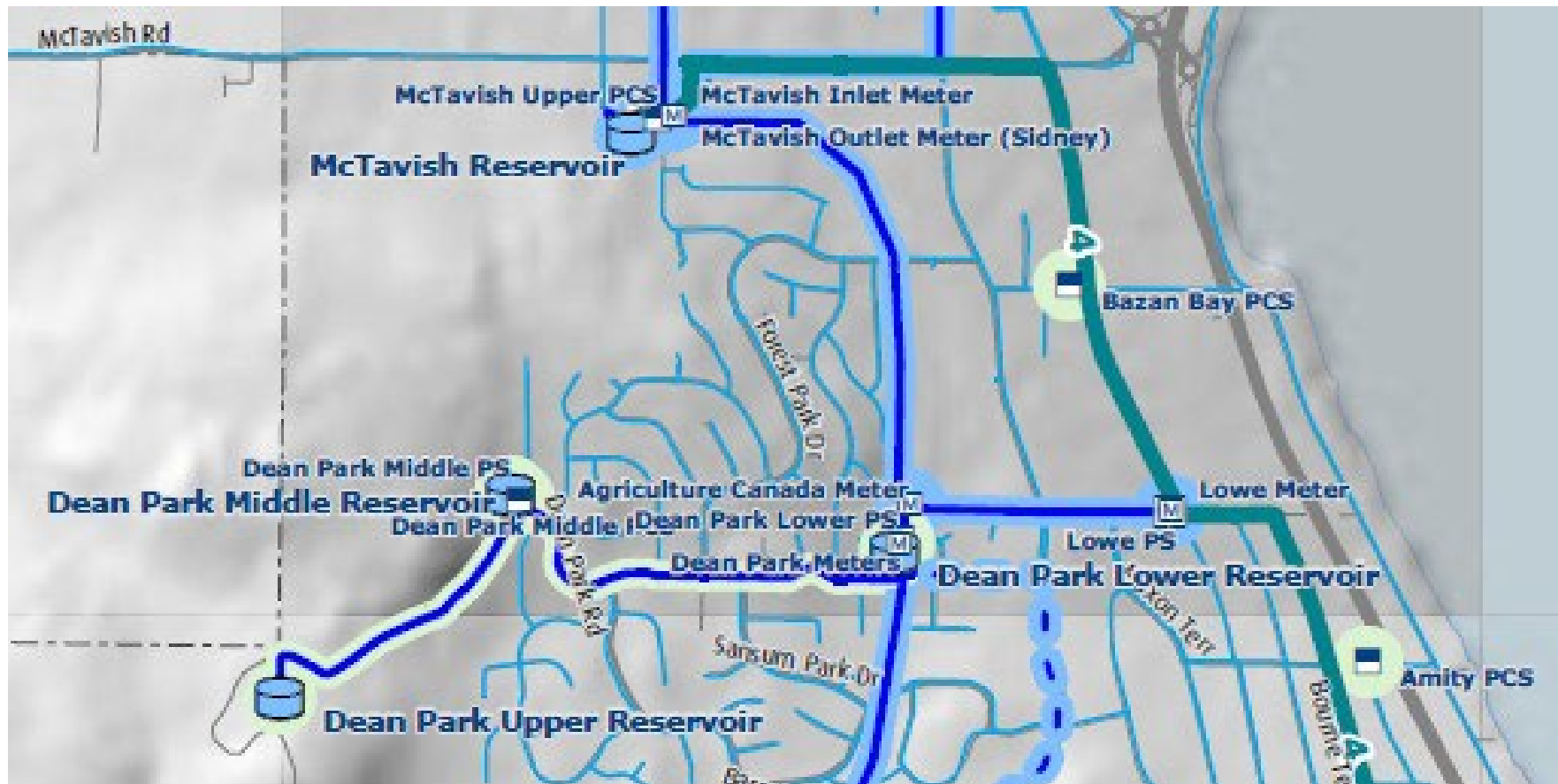
- All assets related to water **supply** would be transferred to the Regional Water Supply system, and assets related to water **distribution** would be transferred to the peninsula municipality which benefits from the distribution infrastructure.
- Two-thirds vote of the participants applies, similar to Scenario 1.
- The three municipalities on the Saanich Peninsula would purchase bulk water directly from the Regional Water Supply service, for distribution to their respective local residents and ratepayers.
- Each municipal Council would likely need to review and approve the transfer of select water distribution infrastructure into respective ownership, maintenance and operations.

Scenario 2 – Potential Transfer of Water Distribution Infrastructure (N. Saanich)

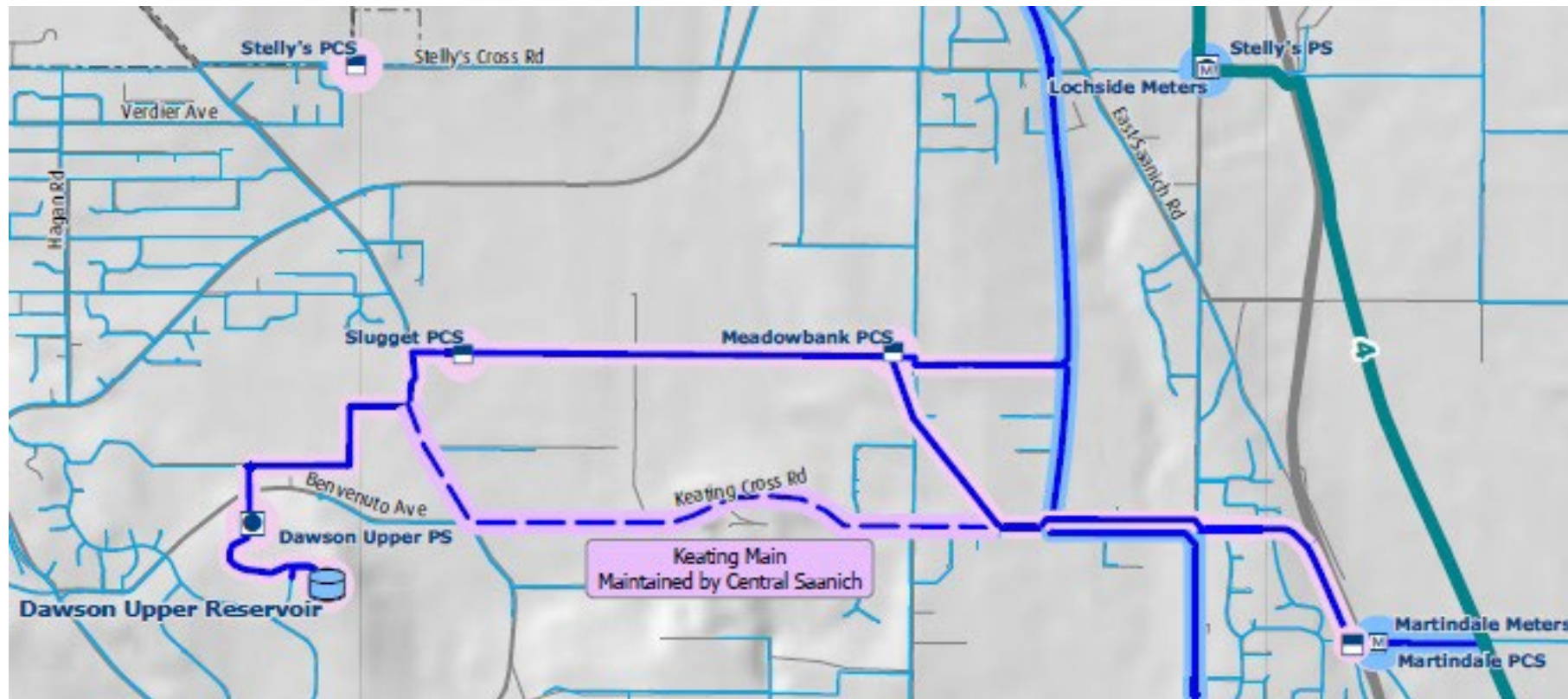


- CRD Regional Water Supply Main
- CRD Saanich Peninsula Water Supply Main
- Non-CRD Water Main
- CRD Continued Asset Ownership
- North Saanich Potential Asset Ownership
- Central Saanich Potential Asset Ownership
- Sidney Potential Asset Ownership
- CRD Reservoir
- CRD Pump Station
- CRD Pressure Control Station
- CRD Bulk Meter

Scenario 2 – Potential Transfer of Water Distribution Infrastructure (N. Saanich)

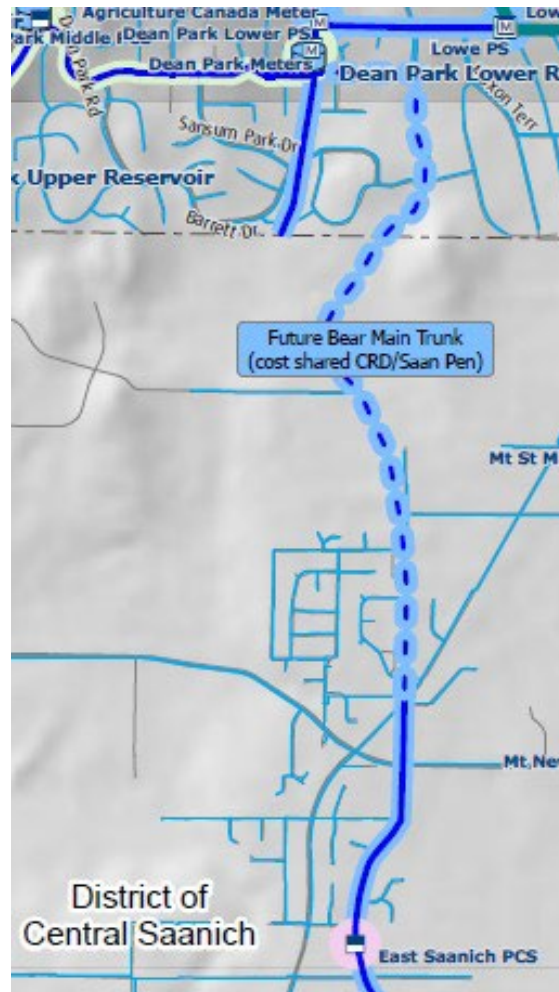


Scenario 2 – Potential Transfer of Water Distribution Infrastructure (C. Saanich)



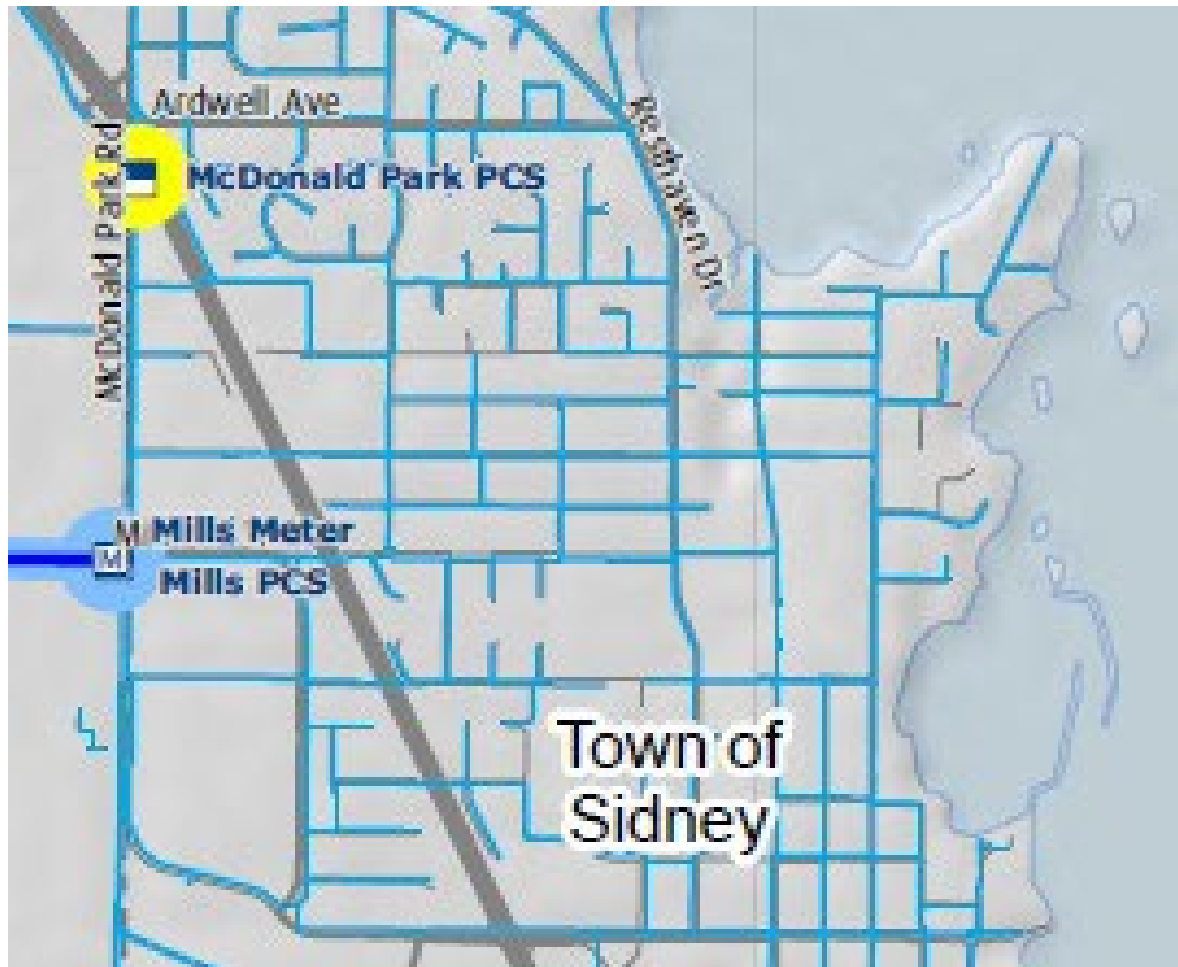
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- CRD Pressure Control Station
- CRD Bulk Meter

Scenario 2 – Potential Transfer of Water Distribution Infrastructure (C. Saanich)



- CRD Regional Water Supply Main
- CRD Saanich Peninsula Water Supply Main
- Non-CRD Water Main
- CRD Continued Asset Ownership
- North Saanich Potential Asset Ownership
- Central Saanich Potential Asset Ownership
- Sidney Potential Asset Ownership
- CRD Reservoir
- CRD Pump Station
- CRD Pressure Control Station
- CRD Bulk Meter

Scenario 2 – Potential Transfer of Water Distribution Infrastructure (Sidney)



- CRD Regional Water Supply Main
- CRD Saanich Peninsula Water Supply Main
- Non-CRD Water Main
- CRD Continued Asset Ownership
- North Saanich Potential Asset Ownership
- Central Saanich Potential Asset Ownership
- Sidney Potential Asset Ownership
- CRD Reservoir
- CRD Pump Station
- CRD Pressure Control Station
- CRD Bulk Meter

Scenario 2 – Partial Amalgamation

- Aligns closely with “benefiter pay” principle, given that localized water distribution infrastructure remains with each respective municipality.
- Transfer of water distribution infrastructure to municipalities would result in potential CRD operational efficiencies of ~40% (from 5 FTE to 3 FTE).
- Some municipalities may be challenged to immediately take on additional water distribution infrastructure. An option to explore with CRD providing an operational backstop (either temporary transition or potential long-term contractual arrangement).
- Financial impacts – increases regional water budget by \$1.5 million (3.3% increase), municipal budget impacts TBD. Theoretical water rates:
 - Regional – from \$0.8631 to \$0.8916 per m³ (increase of \$0.0285 per m³)
 - Peninsula – from \$1.2575 to \$0.8916 per m³ (decrease of \$0.3659 per m³ – potential savings may be offset by additional operating costs for water distribution infrastructure)

Scenario 3 – Status Quo

- Maintains both the Saanich Peninsula Water system and Regional Water Supply system as two separate and distinct services within the Capital Regional District.
- All assets and liabilities, revenues and expenditures, and capital reserves remain with the Saanich Peninsula Water service.

Other Considerations

- Reserve Funds – Approx. \$7.5 million in capital reserves, \$2.1 to remaining in a statutory DCC Reserve Fund. Remaining \$5.4 million would be apportioned depending on potential scenario.
- Asset Management Plan – currently underway, will provide a more accurate replacement value of the various water infrastructure components to assist in the better delineating the assets under Scenario 2.
- Asset Retirement Obligation – recommend adding this to the Asset Management Plan review, to determine the potential financial impact of the disposal of select infrastructure components (i.e. Asbestos Cement watermains) at the end of their useful lives.
- Timing of Transition (Scenario 1 or 2) – ideally at the beginning of the calendar year, i.e. January 1, 2027. A mid-year transition is possible but is a bit more complicated fiscally.

Consultation and Engagement

- Depending on the scenario to be considered by the Saanich Peninsula Water Commission for further review, there are a number of interested parties to be consulted with, including the following:
 - Regional Water Supply Commission – review Draft Report in order to gauge initial response to potential amalgamation scenarios.
 - Saanich Peninsula municipalities (District of North Saanich, District of Central Saanich, Town of Sidney) – review Draft Report and scenarios and discuss the potential impacts (operational, financial, administrative, etc.) for each participant.
 - Centre for Plant Health – review water infrastructure servicing the property to confirm ownership and responsibility.

Next Steps

- Continue work on Asset Management Plan (and Asset Retirement Obligation) to better identify replacement costs for Saanich Peninsula Water system infrastructure (supply & distribution) – Fall 2025.
- Report back to Saanich Peninsula Water Commission and seek direction regarding next steps: Scenario 1 or 2 = further analysis/consultation, Scenario 3 = status quo (no further analysis) – end of 2025.
- Complete consultation and engagement program and finalize analysis and reporting based on direction from the Commission – early 2026.

Questions? Discussion?

Saanich Peninsula Water Commission Amalgamation Study

Draft Report Presentation to
Regional Water Supply Commission
September 17, 2025

Thank you!

