

Report to Council



Date: January 17, 2022
To: Council
From: City Manager
Subject: Transformer Purchase – Trade Waste Treatment Facility
Department: Utility Services

Recommendation:

THAT Council receives, for information, the report from Utility Services dated January 17, 2022 with respect to a Transformer Purchase at the Trade Waste Treatment Facility,

AND THAT the 2022 Financial Plan be amended to include \$400,000 for this project funded \$100,000 from the Wastewater Utility and \$300,000 from the City's industry partners.

[Recommendation]

Purpose:

To obtain funding to replace the incoming power transformer, electrical vaults, and high voltage cabling at the Trade Waste Treatment Facility, equipment that has exceeded its life span and is indicating signs of imminent failure.

Background:

The Brandt's Creek Trade Waste Treatment Facility is located at Ethel Street and Weddell Pl. and provides wastewater pre-treatment for the fruit and wine waste effluent from SunRype and Andrew Peller Ltd. ("the Industries").

The facility is owned and operated by the City of Kelowna on behalf of the Industries. The Industries are responsible for all capital and operating costs of the facility and have exclusive rights of use as outlined in an operations agreement between the City and the Industries. City ownership and operation provides the industry partners long term stability for their wastewater treatment.

Discussion:

The incoming power transformer provides power to the facility and the nearby wastewater lift station. The lift station services 100% of the facility effluent and a portion of the domestic sewer flows from the North end of Kelowna.

This project was budgeted for in 2019 at an estimated cost of \$75,000. This cost estimate was based on internal review and the replacement of the existing transformer only. Due to COVID-19 the project was

delayed until 2020. The project team regrouped in 2020 to work on this project and complete a final scope of work with Fortis BC.

The detailed review with Fortis BC revealed that due to the age of the equipment and to meet electrical Utility requirements, the transformer, electrical vaults, and high voltage cabling will need to be replaced. This expanded scope of work will also require engineering design and oversight. The increased equipment replacement and engineering have increased the estimated project cost to \$400,000.

As the transformer powers the adjacent utility lift station the City is responsible to contribute \$100,000 to this project leaving \$300,000 which the Industries have agreed to fund.

Ownership of the transformer will be transferred to the City of Kelowna, which is consistent with the rest of the facility buildings and equipment. The City will recover the project costs by invoicing the Industries forty per cent (\$300,000 x 40%) when the equipment has been ordered in early 2022 and the balance invoiced upon completion of the project in the summer of 2022.

Financial/Budgetary Considerations:

This additional equipment and engineering fees are not part of the City's current financial plan. Staff are recommending the 2022 Financial Plan be amended to include the addition of this \$400,000 project funded \$100,000 from the Wastewater Utility and \$300,000 from the Industry partners.

Conclusion:

In order for the facility to have reliable power source and operation the transformer needs to be renewed. An equitable funding formula has been agreed upon with the Industries given the uses for the site's power.

Internal Circulation:

Financial Planning Manager
Budget Supervisor

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

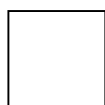
External Agency/Public Comments:

Communications Comments:

Submitted by:

M. Gosselin, Wastewater Operations Manager

Approved for inclusion:



MLogan

cc:

Divisional Director, Financial Services