

Despite finding capital cost savings, the VA Team agreed that the overall project cost estimate for the modified “baseline” solution should be substantially increased. This will provide higher built-in contingency allowances.

Because field work has not yet been completed and the design is still at a conceptual level, VA Team members recommended that additional funds be budgeted to cover potential unforeseen costs. Possible significant “unknowns” include extensive rock excavation, large-scale construction dewatering, design and construction changes, inflation, and unpredictable costs related to the bidding process, material costs, etc.

The VA Team recommended an upward cost revision to \$65.5 million. Using refined capital costs developed at the workshop, the VA Team suggested that the adjusted “baseline” project range for both water and wastewater facilities should be conservatively established at \$50 million to \$72 million.

Was the Value Analysis Exercise Worthwhile?

In hindsight, we can positively say “YES”. The VA process brought together the best available experts to identify the best solution.

Within a compressed 7-day workshop, all possible options were examined. Experts presented scientific evidence confirming the seriousness of the public health situation. The workshop introduced technical information underscoring the need to address environmental contamination risks.

Public Advisory Committee (PAC) members and local politicians were presented with a first hand understanding of local conditions and the results of additional technical studies. The PAC witnessed an open and unbiased process that confirmed the need for community-wide services, ensured that options were properly and fairly defined, and correctly identified the most appropriate solution.

The VA Team recommended ways to save money that will be considered in the baseline project’s final design. Results were used to support the Township’s COMRIF funding application. They will also be incorporated into the Class Environmental Assessment document that will be submitted for Ministry of Environment approval.

The Township's COMRIF Application

In early January 2005, the Township submitted an application for funding under the Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF) program. Based on the VA Team recommendations, the Township's COMRIF application was revised and resubmitted at an estimated cost of \$53 million.

If approved in total, this cost would be equally shared by the federal, provincial and Township governments. About \$35 million (67%) would be provided by senior governments, leaving about \$17.7 million (33%) to be paid by benefiting property owners in the Lakeshore area.

The Township's COMRIF application was submitted in March and a funding decision is expected by the end of May 2005. Niagara Region will not participate in COMRIF funding, but will contribute to Regional components of the new water and wastewater system.