

VIA EMAIL

May 25, 2012

File: 3144.0003.02

County of St. Paul
5015 - 49 Avenue
St. Paul, Alberta, T0A 3A4

VIA EMAIL: skitz@county.stpaul.ab.ca**Attention:** Sheila Kitz, Chief Administrative Officer**RE: COUNTY OF ST. PAUL NO. 19 – ASHMONT WATER TREATMENT PLANT – UPDATED WORK PROGRAM AND SCOPE CHANGES**

Thank you for the opportunity to present the following updated work program and scope changes for the County of St. Paul No. 19 (County) Ashmont Water Treatment Plant project. The purpose of this letter is to confirm the project direction and to provide the supporting work programs and budget changes to meet the new project scope.

A short summary of the project direction is as follows:

1. Urban completed and submitted the Ashmont WTP (conceptual design) and Ashmont/Lottie Lake Transmission Main (preliminary design) Final Report in October 2011.
2. The County approved Urban's October 20, 2011 Ashmont Water Treatment Plant and transmission line detailed design work program.
3. The transmission line was designed, tendered and awarded to Beretta Pipeline Construction GP Ltd. in the amount of \$1,584,200 on March 14, 2012. We anticipate that construction will begin May 22, 2012.
4. The County approved Urban's work program for construction services submitted March 22, 2012 for an anticipated 12-week construction schedule.
5. The WTP piloting process began and was stopped by Alberta Transportation (AT) (March 9, 2012) mid-process due to new information relating to the Highway 28/63 regional water commission bringing water to Spedden. AT recommended that a capital cost comparison be completed to evaluate the option of connecting to the commission in lieu of a stand-alone WTP. Further to the capital costs, a multiple-account evaluation, including the cost of water, was completed to better understand the future costs of water to the end user. The results of which were presented to County Council on May 8, 2012 and Council decided to pursue a stand-alone WTP in Ashmont as their preferred option.

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6. The County approached AT regarding the opportunity to fund a study (and subsequent infrastructure) to allow the WTP residual water to be directly discharged to the unnamed creek upstream of Batty Lake. We understand that AT has approved this process.

At this time, the current project direction is to:

1. Explore the feasibility to allow a direct residual water discharge to the unnamed creek/Batty Lake.
2. Restart the water treatment plant piloting.
3. Restart the preliminary and detailed design of the WTP.
4. Tender and award the WTP design.
5. Submit a construction services work program for the WTP.
6. Pending outcome of #1 – complete the detailed design/tender/construction services for the residual water line.

Given the project changes above, we have updated our work programs to reflect the scope of work required to complete the project objectives. We have also included scope change requests for work completed to date but not captured in either our original work program or the work programs moving forward. We appreciate your consideration of the following:

1.0 DESCRIPTION OF WORK

1.1 Approved and Completed Scope Changes

a. Ashmont Water Supply Re-Evaluation (Thurber) - \$5,553.03 (+ GST)

During the Ashmont water supply re-evaluation, Thurber required addition scope to remove the observation well pump and install a telemetry data logger to measure the effects of the well pump tests. This work was discussed with Mr. Bryan Bespalko at the time of work (December 2011) and provided the information needed to assess the supply capacity of the existing well.

b. Survey (United Geospatial) - \$10,206 (+GST) *

Additional topographical survey was completed for the following:

1. A second potential WTP site (near the future fire station),
2. Topographic survey of water line alignments to/from the 2nd potential site,

3. Topographic survey of the potential residual water line alignment from the selected Ashmont WTP site as well as the second potential site to the lagoons.

This work was completed as the site selection was not completed at the time of the survey and in an effort to gain efficiencies with the existing survey crew onsite. There is value to the County for both the future firehall construction and for the potential residual discharge line should it prove to be a feasible option.

* Note: \$10,000 from the original WTP budget has been removed as the survey component it covered has already been completed.

c. Urban Systems - \$20,973.60 (+GST)

1. Bird Nest Survey – Urban Systems coordinated and completed a bird nest survey for the original tree clearing along the project corridor.
2. UV disinfection for viruses – Urban Systems worked with Alberta Environment to establish and confirm an acceptable approach for UV disinfection of viruses. This work was completed in order to potentially reduce the capital and life cycle costs associated with a smaller UV reactor.
3. Multiple account evaluation of the potential connection to the Highway 28/63 commission. This work included meetings with the commission, a review of the commission's business case, evaluating the cost of water, summarizing the multiple accounts, and presentation to Council.

1.2 Updated Work Program(s)

a. Residual Water Discharge Study (Urban) – \$82,600 (+GST) [\$101,600 if potential work included]

A more detailed scope of work and budget is attached for reference. Further to our original work program for this study, we have added an optional task (Lake plume modelling analysis - \$19,000) that Alberta Environment may require. Without this task, our work program is consistent with the work program submitted January 20, 2012.

b. Water Treatment Plant (Urban and Specialist Consultants) - \$391,716 (+GST)

A detailed task and fee breakdown is attached for reference. The table below illustrates the difference between the original WTP fee estimate, what has been

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invoiced/completed to date, and the current proposed fee estimate to complete the detailed design, tendering, and award of the WTP.

Fee Summary	WTP
Original Fee Estimate	\$ 420,362.00
Fees Invoiced to Date	\$ 46,458.70
Revised Fee Estimate to Complete	\$ 391,716.00
Difference for Re-start/Scope Change Costs	\$ 17,812.70

In addition to the fee changes, we have attached a revised schedule for your consideration.

If you have any questions regarding the proposed scope changes, revised work programs, schedule or process moving forward, please do not hesitate to contact me at 780-430-4041.

Sincerely,

URBAN SYSTEMS LTD.

A handwritten signature in blue ink, appearing to read "Matthew Brassard", followed by a long horizontal flourish.

Matthew Brassard, P.Eng
Principal

/mb

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