

March 19, 2009

The Honourable Barry Penner
Minister of Environment
PO Box 9047 Stn Prov Govt
Victoria, BC V9W 9E2

Dear Minister Penner:

RE: RESPONSE TO LETTER OF 24 FEBRUARY 2009 TO CAPITAL REGIONAL DISTRICT – CORE AREA AND WEST SHORE WASTEWATER TREATMENT PROJECT

Thank you for your letter of 24 February 2009. You raised a number of issues to which I would like to respond.

Your letter mentions outstanding discussion papers; these papers have since been submitted to your staff. We continue to meet with your staff on a frequent basis to inform them of our progress and solicit their input on various planning aspects.

In your letter of 24 February you noted the six objectives originally cited in your letter of 17 December 2007. We would like to update you on our progress towards meeting these objectives for the Liquid Waste Management Plan (LWMP).

1. *Meet the regulatory standard for liquid waste.*
All of the strategic directions under consideration for wastewater management meet all current provincial and federal standards. In addition, we are trying to anticipate potential future criteria by observing trends around the world and emerging issues in the environmental management area. We are ensuring that our planning provides the flexibility to adapt to these future changes. Because of constraints on site size we are likely to use technologies that actually exceed provincial standards; however, this produces a high quality effluent for potential water reuse.
2. *Minimize total project cost to the taxpayer by maximizing economic and financial benefits, including beneficial reuse of resources and generation of offsetting revenue.*
We have now completed a comprehensive economic analysis of various strategic directions. This analysis includes capital costs, annual operating and maintenance costs, greenhouse gas (GHG) costs / credits and annual revenues from resource recovery opportunities. While providing cost effective wastewater management is one of the three program goals adopted by our Board, we are finding that "maximizing economic benefits" through resource recovery does not necessarily lead to the "minimum total project cost to the taxpayer". There is a cost to take advantage of resource recovery opportunities. At some point, costs begin to outweigh potential revenues. We expect our final strategy will strike a balance resulting in the best value to taxpayers while achieving significant resource recovery now and in the future.
3. *Optimize distribution of infrastructure based on number 2 above.*
We have a significant investment already in wastewater sewer system infrastructure. Our planning to date has demonstrated that we and our member municipalities can optimize this investment by adopting a distributed wastewater management approach that will see the construction of several wastewater treatment facilities. This will also allow us to reach our wet weather flow management goals earlier in a more cost-effective manner. We have not

stopped there. We are investigating emerging waste management approaches, such as urine separation, that would perhaps ultimately allow a change in the use of some sewers to "resource transport" to a central processing facility.

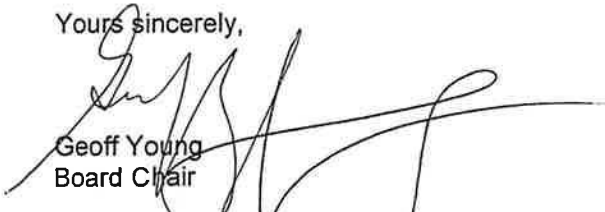
4. *Aggressively pursue opportunities to minimize and reduce greenhouse gas emissions.*
Greenhouse gas management is one of the cornerstones of the program. Our work to date has allowed a relative comparison of the impacts of various strategic directions. While we have yet to build the final quantitative model on finite Greenhouse Gas (GHG) reductions, the early signs are that we can achieve significant reductions compared to a more "traditional" wastewater management approach.
5. *Optimize "smart growth" results.*
Our staff and consultant team have been working closely with local government planners in developing wastewater management strategies that complement the goals set in the Regional Growth Strategy. Our distributed wastewater management approach fits well with the ultimate development of nodal growth areas. Planning is flexible enough to not only include small developments such as the Dockside Green project that you mention, but also innovation on a much larger scale such as urine separation, as mentioned above, and perhaps a very aggressive region-wide internal water recycling program.
6. *Examine the opportunity to save money, transfer risk and add value through a public private partnership.*
We have retained a consultant to focus on cost allocations within the CRD and are developing a business case to work to meet requirements in this area.

We will also examine the issue of fair cost allocation should a member municipality wish to withdraw from the service, or should treatment facilities built by a new development or an institution reduce the demand on the system. We must be aware, of course, that withdrawal by a municipality in some cases will greatly increase the costs borne by other members. The regional wastewater system crosses municipal borders and we would not wish to lose the benefit of the regional district as a provider of cost-effective service to the whole core area.

We are currently refining our direction for distributed wastewater management and expect to report this to you in our June 30, 2009 progress report. Thank you again for your support and encouragement.

Should you or your ministry staff have any questions please contact Dwayne Kalynchuk, Project Director, Core Area Wastewater Treatment, by telephone at 250-360-3092 or by e-mail at dkalynchuk@crd.bc.ca.

Yours sincerely,



Geoff Young
Board Chair

cc: Randy Alexander, Regional Environmental Protection Manager
CRD Board of Directors
Kelly Daniels, CRD Chief Administrative Officer
Dwayne Kalynchuk, CRD Project Director, Core Area Wastewater Treatment
Larisa Hutcheson, Acting General Manager, Environmental Services Department