

CORE AREA WASTEWATER TREATMENT PROJECT BOARD

August 24, 2016

Dear Capital Regional District (CRD) Directors,

RE: Core Area Wastewater Treatment Project (CAWTP) Board - Interim Report

Further to our report of August 10, 2016 and in response to your requests for early disclosure, we are pleased to enclose the CAWTP Project Board Interim Report (August 24, 2016).

As noted in our August 10 report to the CRD Board, the enclosed Interim Report is available to the public on the Project Board website at www.coreareawastewater.ca.

As previously noted, we will be providing our final report on September 7, 2016, for consideration at your meeting on September 14, 2016.

Sincerely,

Jane Bird
Chair, Capital Regional District Core Area Wastewater Project Board

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CORE AREA WASTEWATER TREATMENT PROJECT BOARD

Interim Report – Short List of Options

August 24, 2016

1. PROJECT STATUS

The Project Board remains on track to deliver a Project recommendation and business case for consideration by the CRD Board on September 14, 2016, so that the result can be communicated to the provincial government for consideration and to the federal government by September 30, 2016, the federal funding deadline.

The Project Board has completed its review of past technical work and related public comment and input. The Board established a methodology to evaluate the options for wastewater and biosolids treatment. It has established a short list of options and is further analyzing and establishing cost estimates for the shortlisted options to reach a recommendation.

A three-member due diligence panel has been established to review the methodology and conclusions of the Project Board. The process to establish the panel was as follows: a pool of candidates was established, including names put forward by CRD Board members; from the pool, one member was nominated by the CRD Board and one by the Project Board; the third was nominated by those two nominees.

2. WASTEWATER TREATMENT PROJECT GOALS

The CRD's Terms of Reference for the Project Board set out the following goals for the Project:

1. Meet or exceed federal regulations for secondary treatment by December 31, 2020.
2. Minimize costs to residents and businesses (life cycle costs) and provide value for money.
3. Optimize opportunities for resource recovery and greenhouse gas reduction.
4. Deliver a solution that adds value to the surrounding community and enhances the livability of neighbourhoods.

3. METHODOLOGY

The Project Board established a methodology to consider and evaluate alternative options, as follows:

1. For treatment of wastewater and treatment of biosolids:
 - a. assemble a comprehensive list of the options considered by the CRD and its various committees;
 - b. establish screening criteria based on the Project goals;
 - c. apply the criteria to arrive at a short list of options for both wastewater treatment and biosolids treatment.
2. Undertake further analysis of the shortlisted options (including, for example, more detailed cost estimates) and rank the options based on economic, social, environmental and timing considerations, including the themes reflected in the extensive public commentary.
3. Further consider the shortlisted options and identify a preferred option for each of the wastewater and biosolids treatment, which will form the basis of the final recommendation and business case.

The Project Board considered key themes of the prior consultation and extensive public commentary with particular consideration to goal 4 of the Project, as described in the Terms of Reference.

These themes were:

- Concerns regarding the appearance of the facility/proximity to the shoreline/unacceptable setbacks/integration into surrounding public space
- Concern regarding long-term planning and constraints of the site for future growth
- Concerns regarding the overall cost of the facility and cost to CRD taxpayers
- Request for resource recovery/new technologies to be integrated in the facility
- Odour/air quality

4. OPTIONS UNDER CONSIDERATION

A description of the options, the assessment process and outcomes, and a recommendation will be included in the final report. At this juncture, the Project Board has conducted sufficient analysis to establish the short list of options; however, the Project Board continues to receive delegations and will consider that input; with that input and additional analysis the Project Board will provide a recommended option.

At present, the short list of options for the wastewater treatment facility is:

- A single plant at Rock Bay, Victoria
- A single plant at McLoughlin Point, Esquimalt
- Two plants; one at Rock Bay and one at McLoughlin Point

In all cases, the plants provide secondary treatment. The Project Board continues to evaluate the added value of enhanced secondary and/or tertiary treatment.

In all options, biosolids would be conveyed to the Hartland landfill. The Hartland landfill, a 125 hectare site located in Saanich, is the regional solid waste disposal facility owned and operated by the CRD. Hartland landfill receives about 140,000 tonnes of municipal solid waste per year and offers operational synergies and integrated resource management (IRM) opportunities with biosolids processing. The options for specific biosolids treatment and IRM at Hartland are still under review.

The estimated range of program costs is between \$750 million and \$1.1 billion.

5. SENIOR GOVERNMENT FUNDING

Commitments to fund the Project were made by the federal and provincial governments as follows:

Agreement	Maximum Amount
Building Canada Fund – Major Infrastructure Component	\$120 million
Canada – Green Infrastructure Fund Conveyance System Project	\$50 million
Federal – PPP Canada Biosolids	\$83.4 million
Provincial – Contribution Agreement	\$248 million

The federal government departments have recently extended the deadline for their funding to September 30, 2016. However, the federal funding commitments noted in the table above are based on negotiations, including project scope and budgets, which commenced in 2010. The project scope and budgets will need to be updated to reflect the recommended option and amendments will be required to the federal contribution agreements. Therefore it is likely that the amounts in the table above will change.

The provincial government has indicated that following consideration by the CRD it will consider the new business case for its contribution and will do so to accommodate the September 30, 2016 federal deadline.

At this point, the Project Board is assuming that the timing deadline will be met and that the federal and provincial funding, generally as previously committed will be confirmed.

If and to the extent that any of the senior government funding is not available then the CRD contribution would increase.

6. NEXT STEPS

The final report, including the recommended option, will be available publicly on September 7, 2016 and presented to the CRD for their consideration at their meeting on September 14, 2016. Following the CRD meeting, the Project Board intends to make a formal submission to British Columbia to confirm its funding contribution and to Canada to confirm its funding contribution by the funding deadline of September 30, 2016.