

## Meeting Minutes

### Capital Regional District Board

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Wednesday, September 14, 2016

9:30 AM

6th Floor Boardroom

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#### Special Meeting

Present:

Directors: B. Desjardins (Chair), D. Howe (Vice Chair), M. Alto, R. Atwell, D. Blackwell, S. Brice, J. Brownoff, C. Hamilton, F. Haynes (for V. Derman), L. Helps, M. Hicks, B. Isitt, N. Jensen, W. McIntyre, C. Plant, S. Price, J. Ranns, D. Screech, L. Seaton, C. Stock (for A. Finall), M. Tait, K. Williams, R. Windsor and G. Young

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services; T. Robbins, General Manager, Integrated Water Services; A. Orr, Senior Manager, Corporate Communications; D. Hennigan, Senior Manager, Information Technology and GIS; B. Reems, Corporate Officer, and S. Norton, Deputy Corporate Officer (Recorder)

Also Present: Chief R. Sam, Songees Nation; Core Area Wastewater Treatment Project Board members - J. Bird (Chair), D. Fairburn Vice Chair, J. Burke and C. Smith; and R. Fiorante, Stantec

The meeting was called to order at 9:30 am.

#### 1. APPROVAL OF THE AGENDA

There was a discussion on the placement of the Motion with Notice (Item 3.2) following, instead of preceding, Item 3.1.

**MOVED by Director Helps, SECONDED by Director Plant,  
That item 2.1 follow item 2.9.  
CARRIED**

**MOVED by Director Helps, SECONDED by Director Alto,  
That the agenda be approved as amended.  
CARRIED**

#### 2. PRESENTATIONS/DELEGATIONS

2.2. [16-917](#) Delegation: Rick Illi, CUPE Local 1978 re Item 3.1

R. Illi spoke in favour of publicly-owned, operated and maintained wastewater treatment facilities, including the proposed biosolids facility at Hartland landfill. He noted concerns with public-private partnerships (P3), and requested short contracts if the P3 model was used.

- 2.3.**     [16-918](#)     Delegation: Mark Hancock, CUPE National Union re Item 3.1
- M. Hancock spoke in favour of publicly-owned, operated and maintained wastewater treatment facilities, including the proposed biosolids facility at Hartland landfill. He noted concerns with public-private partnerships (P3), and requested short contracts if the P3 model was used.
- 2.4.**     [16-924](#)     Delegation: Deborah Dickson re Items 2.1 and 3.1
- D. Dickson spoke to her concerns regarding the: nature of the Project Board, tax burden for this project, information on the Triple Bottom Line analysis, accuracy of costs and environmental benefits, engineering consultants, and P3 component.
- 2.5.**     [16-922](#)     Delegation: Michele Coburn, Victoria Sewage Treatment Alliance re Item 3.1
- M. Coburn spoke in favour of the Core Area Wastewater Treatment Project Board recommendations regarding the plan for wastewater treatment and the selected site. She introduced the next speaker, diver Alan Crow. The delegation provided a written submission, on file at Legislative and Information Services.
- 2.6.**     [16-931](#)     Delegation: Allan Crow re Item 3.1
- A. Crow spoke in favour of the Core Area Wastewater Project Board recommendations. He then played a underwater video showing the impact on the marine environment in the area of the current outfalls. The delegation provided a written submission, on file at Legislative and Information Services.
- 2.7.**     [16-932](#)     Delegation: Gina Sundberg re Item 3.1 (late request requires unanimous approval)
- G. Sundberg was unable to be present. Her written submission raised concerns regarding the site selected, McLoughlin Point, for the wastewater treatment facility and requested further comparative studies of the Rock Bay site. A handout of a September 2016 article from Focus Online regarding McLoughlin Point was distributed at the meeting. The delegation provided a written submission, on file at Legislative and Information Services.
- 2.8.**     [16-934](#)     Delegation: Robert Drew re Item 3.1 (late request requires unanimous approval)
- R. Drew requested that every effort be incorporated into the wastewater treatment plant at McLoughlin Point to ensure that no detectable odours escape from the plant and that there are no raw sewage spills into the Inner Harbour. The delegation provided a written submission, on file at Legislative and Information Services.

**2.9.**     [16-923](#)     Delegation: David Langley re Item 3.1

D. Langley was unable to be present at the meeting. His notes, distributed with the agenda, raised concerns regarding the reallocation of engineering costs for each of the three components of the wastewater treatment project as referenced in various places in the Business Case and in the other background documents. The delegation provided a written submission, on file at Legislative and Information Services.

**2.1.**     [16-908](#)     Presentation: Jane Bird, Chair, Core Area Wastewater Project Board

J. Bird introduced the Project Board members who were present and thanked them and staff who helped with the work to date in developing the Business Case. She outlined the next steps in the process to receive provincial and federal funding once the Business Case is approved by the CRD Board. She noted that the presentation was high-level and did not include detailed technical information and offered a more in-depth, separate session after the Business Case was approved.

Using a Powerpoint presentation, Ms. Bird reviewed:

- Project Board - Terms of Reference
- Plan Summary
- Project Board Goals and Objectives

J. Bird responded to questions regarding:

- level of tertiary treatment and what contaminants will be removed
- future use of tertiary-treated water following investment in technology and increased demand
- impact on the quality and quantity of leachate at the landfill
- pipeline to landfill versus trucking untreated biosolids
- mitigation/amenities for District of Saanich for hosting two facilities (attenuation tank at Haro Woods and biosolids treatment at landfill)

Continuing the presentation, D. Fairburn reviewed:

- components of Class "C" estimates for the program costs
- capital program budget totaling \$765 million
- estimated CRD contribution by household by municipality, with average of \$245 per household
- sources of funding

D. Fairburn responded to questions regarding:

- the differences/savings in the program cost estimates from 2012, i.e 2010 dollars to 2016 dollars, reduced biosolids treatment investment
- methodology used to estimate CRD contribution by household, including capital, life cycle and operating costs

Continuing the presentation, J. Bird reviewed:

- revised design of wastewater treatment plant at McLoughlin Point
- reduced scope of treatment of residual solids at landfill

- planning process to develop Integrated Resource Management (IRM) strategy
- funding for Colwood concept proposal

J. Bird concluded by noting that the 13 recommendations that form the basis of the Business Case meet the goals for the project as outlined in the Project Board's Terms of Reference, and they are submitted for consideration as a package.

The Board went into recess from 11:22 am to 11:32 am.

Board Chair Desjardins called the meeting to order at 11:32 am and then vacated the chair in order to take part in the discussion.

Vice Chair Howe assumed the chair. Vice Chair Howe stated that he was appointed by the CRD Board as a member of the Core Area Wastewater Treatment Project Board.

J. Bird and R. Lapham responded to further questions on the presentation regarding:

- building inspection responsibilities
- producing fuel pellets versus treatment and storage of residual solids in a biocell at the landfill pending future investment in IRM
- management of odour and groundwater contamination

### 3. SPECIAL MEETING MATTERS

#### 3.1. [16-909](#) Core Area Wastewater Treatment Project Board Recommendations

Discussion ensued on the amending motion, which called for requesting the federal government to allow the CRD to decide whether or not to proceed with a P3 operating model for the residual solids treatment facility at the landfill, and to limit any operating agreements under a P3 model to five years. The following information was distributed and referenced in the discussion: a Federation of Canadian Municipalities resolution adopted at the June 2014 annual conference that urged the federal and provincial government to ensure that a significant majority share of the New Building Canada Fund be prioritized toward local government infrastructure projects, and a November 18, 2015 article in The Globe and Mail newspaper regarding the new federal government's intention to drop the public-private requirement for infrastructure funding.

In responding to questions on the impact of the amendment, J. Bird and D. Fairburn noted:

- the need to consider the recommendations in the Business Case as a whole package
- P3 Canada's requirement for value for money
- the risks associated with changing the funding sources at this stage
- there would be built-in performance standards for the 'concessionaire' contract in order to transfer the risk
- the need for competing proposals to get low life-cycle costs over a long period
- the need for a longer-term operating agreements in order for the private partner to achieve a return on the investment

**MOVED** by Director Isitt, **SECONDED** by Director Helps,

1. That the Capital Regional District Board receive the Final Report dated September 7, 2016 as submitted by the Core Area Wastewater Treatment Project Board for information;
2. That the Capital Regional District Board receive the Due Diligence Report dated September 6, 2016 for information; and
3. That the Capital Regional District approve the Business Case attached as Appendix 1 to the Final Report as submitted by the Core Area Wastewater Treatment Project Board.

**MOVED** by Director Isitt, **SECONDED** by Director Plant,

That the main motion be amended:

- a) to add the following wording at the end of 3: “, subject to the clarification of federal funding requirements noted in Point 4 and the direction noted in Point 5; and”
- b) to add new points 4 and 5:  
“4. That the Capital Regional District direct the Project Board and staff to request that the Federal Government update funding agreements to provide the Capital Regional District with the discretion to decide whether or not to proceed with a P3 operating model for the proposed residual solids treatment facility at Hartland; and  
5. That the Capital Regional District direct the Project Board to limit the term of any operating agreement for a residual solids facility at Hartland to a period not to exceed 5 years, should the Government of Canada insist that a P3 operating model be pursued for the residual solids treatment facility at Hartland.”

**MOVED** by Director Helps, **SECONDED** by Director Blackwell,

That the question be called on the amending motion.

**CARRIED**

**OPPOSED** Alto, Atwell, Brownoff, Haynes, Isitt, Jensen, Plant, Seaton

The amending motion was put.

**DEFEATED**

**OPPOSED** Alto, Blackwell, Brice, Brownoff, Desjardins, Hamilton, Haynes, Helps, Jensen, Screech, Seaton, Young

J. Bird, D. Fairburn and R. Lapham answered further questions regarding:

- design of wastewater treatment plant to meet earthquake and tsunami standards
- responsibility for traffic management during construction
- protocol for cooperation and alignment with municipal projects during the system conveyance and collection upgrades
- no amenity package contained in costs for District of Saanich related to residual solids treatment facility at landfill but concerns with respect to traffic, odour and possible groundwater contamination to be addressed; mitigation for Haro Woods attenuation tank previously addressed
- confidence in costs estimates and contingency risk

**MOVED** by Director Helps, **SECONDED** by Director Blackwell,

That the meeting be extended past the three-hour time limit.

**CARRIED**

Alternate Director Stock left the meeting 12:52 pm.

The Board went into recess for lunch at 12:52 pm and reconvened at 1:06 pm.

Vice Chair Howe called the meeting to order at 1:06 pm

J. Bird, D. Fairburn and R. Lapham answered further questions regarding:

- flexibility in the handling of the residual solids at the landfill to allow Integrated Resource Management in future
- CRD ownership of the biocell material
- private operator's (concessionaire) responsibilities for management and treatment of residual solids
- community liaison
- project governance and Project Board reporting to Core Area Liquid Waste Management Committee and Board
- reduced capital and operating cost of residual solids P3 project due to elimination of dryers
- cost comparisons
- additional groundwater monitoring for landfill
- Project Board commitment to work with Colwood regarding its concept proposal
- legal risk regarding working with previously preferred proponent

Director Tait provided an update the the District of Sooke's wastewater treatment facility as the topic had been raised by speakers.

Debate ensued on the main motion and the Business Case recommendations.

**The question was called on the main motion, as follows:**

**MOVED by Director Isitt, SECONDED by Director Helps,**

- 1. That the Capital Regional District Board receive the Final Report dated September 7, 2016 as submitted by the Core Area Wastewater Treatment Project Board for information;**
- 2. That the Capital Regional District Board receive the Due Diligence Report dated September 6, 2016 for information; and**
- 3. That the Capital Regional District approve the Business Case attached as Appendix 1 to the Final Report as submitted by the Core Area Wastewater Treatment Project Board.**

**CARRIED**

**OPPOSED Atwell**

**3.2. [16-903](#)**

Motion With Notice: Motion on Core Area Wastewater Treatment Project Board Options - Director Derman

Vice Chair Howe vacated the chair at 2:31 pm and Board Chair Desjardins assumed the chair.

**MOVED by Alternate Director Haynes, SECONDED by Director Williams,  
That the CRD Board accept the business case put forward by the Project Board as a Public Sector Comparator on the condition that the Project Board adopts a procurement process that:**

- Provides opportunity and encouragement for the private sector to bring forward proposals that minimize net life cycle cost to taxpayers while optimizing environmental benefit, especially GHG reduction.**
- Insures that the opportunity provided to the private sector is performance driven rather than prescriptive and is unfettered by factors such as pre-chosen**

sites and assumed system design.

The Chair ruled the motion inconsistent with the previously adopted motion (item 3.1).

**4. NEW BUSINESS - None**

**5. ADJOURNMENT**

**MOVED** by Director Helps, **SECONDED** by Director Blackwell,  
That the meeting be adjourned at 2:35 pm.  
**CARRIED**

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**CHAIR**

**CERTIFIED CORRECT:**

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**CORPORATE OFFICER**