

**REPORT TO CORE AREA LIQUID WASTE MANAGEMENT COMMITTEE
MEETING OF WEDNESDAY, 10 OCTOBER 2007**

SUBJECT **BYLAW NO. 3461 – A BYLAW TO AUTHORIZE THE BORROWING OF \$10 MILLION FOR THE ESTIMATED COST OF WORKS RELATING TO THE CORE AREA AND WEST SHORE WASTEWATER TREATMENT FACILITIES**

PURPOSE

The purpose of this report is to address funding issues for the next phase of the Core Area and West Shore wastewater treatment project.

BACKGROUND

The first stage of the planning work necessary for the provision of sewage treatment for the Core Area and West Shore was completed over an 11-month period and submitted to the minister of environment on 29 June 2007.

The second stage of the project will include a variety of activities, including the following:

- investigation of potential sites for wastewater treatment
- environmental and social reviews of potential sites
- First Nations and public consultation on siting and other issues
- negotiation of options for site acquisition
- preparation of a business case for the project
- consideration of alternative governance structures and setup of the selected structure
- refinement of population and flow projections
- preliminary engineering to further refine performance standards and criteria
- engineering support for development of the business case
- further investigation of opportunities for resource recovery and beneficial use
- preparation of reports, credential call and proposal call documents and submissions to the Ministry of Environment
- meetings with the steering committee and advisory committee and other agencies and interest groups
- preparation of documents for procurement of treatment facilities
- land acquisition
- construction procurement

The cost of the work for the next phase is expected to be about \$10 million. The attached spreadsheet prepared by consultants, Associated Engineering, outlines the cash flow projection.

Grants have been requested from the province related to the above costs. This request has been referred to the Treasury Board for consideration. Only the amounts net of grants received will be borrowed.

ALTERNATIVES

1. That loan authorization Bylaw No. 3461 be introduced and read a first time, read a second time and read a third time by the Board.
2. That the 2008 costs of the project be charged to the Core Area and West Shore Liquid Waste Management Plan operating budget.

FINANCIAL IMPLICATIONS

The \$10 million to be authorized for borrowing represents less than 1% of the estimated final cost of providing sewerage treatment for the Core Area and West Shore. It is expected that the expenditures funded by this bylaw will qualify for one-third grants from both the provincial and federal governments.

SUMMARY/CONCLUSIONS

A \$10 million loan authorization bylaw is needed to fund works related to the proposed Core Area and West Shore sewage treatment system to the end of 2008.

RECOMMENDATIONS

That the Core Area Liquid Waste Management committee recommend to the Board that Bylaw No. 3461, "Liquid Waste Management Core Area and West Shore Service Loan Authorization Bylaw No. 1, 2007," be introduced and read a first time, read a second time and read a third time.

Seamus McDonnell, PEng
Senior Manager, Engineering Services

Dwayne Kalynchuk, PEng
General Manager, Environmental Services
Concurrence

Kelly Daniels
CAO Concurrence

COMMENTS

SBM/cl
Attachments: 2

**Capital Regional District
Core Area Wastewater Management Strategy - General Assistance**

File: 20062935.01 A.01.00
Last Revision: August 24, 2007
Prepared: D. Shiskowski / R. Corbett
Checked:

Subject: Option 2-1
 Cash Flow Projection

Yellow-shaded cell donates assumed/input value

Capital Item	Total Capital Expenditure ^{1,2}	Cash Flow Projection											Sum Check	
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
Macaulay WWTP	\$ 571,890,325	\$ 5,718,903	\$ 22,875,613	\$ 28,594,516	\$ 85,783,549	\$ 114,378,065	\$ 114,378,065	\$ 114,378,065	\$ 85,783,549					\$ 571,890,325
Macaulay Twinned Outfall	\$ 8,715,720	\$ 87,157					\$ 784,415	\$ 7,844,148						\$ 8,715,720
Saanich East WWTP	\$ 60,765,120	\$ 607,651	\$ 5,468,861	\$ 27,344,304	\$ 27,344,304									\$ 60,765,120
Saanich East Outfall	\$ 2,247,960	\$ 22,480	\$ 202,316	\$ 2,023,164										\$ 2,247,960
West Shore B WWTP	\$ 49,116,600	\$ 491,166		\$ 4,420,494	\$ 22,102,470	\$ 22,102,470								\$ 49,116,600
West Shore B Outfall	\$ 12,768,600	\$ 127,686			\$ 1,149,174	\$ 11,491,740								\$ 12,768,600
Clover Point Wet-Weather TP	\$ 92,158,981	\$ 921,590				\$ 8,294,308	\$ 41,471,541	\$ 41,471,541						\$ 92,158,981
Biosolids Facility	\$ 86,116,212	\$ 861,162		\$ 3,875,230	\$ 3,875,230	\$ 25,834,864	\$ 25,834,864	\$ 25,834,864						\$ 86,116,212
Clover Point Pump Station and Force Main	\$ 28,683,720	\$ 286,837				\$ 2,581,535	\$ 12,907,674	\$ 12,907,674						\$ 28,683,720
West Shore Interceptor	\$ 25,646,400	\$ 256,464					\$ 2,308,176	\$ 11,540,880	\$ 11,540,880					\$ 25,646,400
Northeast Trunk Improvements	\$ 14,637,480	\$ 146,375				\$ 1,317,373	\$ 6,586,866	\$ 6,586,866						\$ 14,637,480
Land Purchase	\$ 46,000,000	\$ 460,000	\$ 22,770,000	\$ 22,770,000										\$ 46,000,000
	\$ 998,747,118	\$ 9,987,471.18	\$ 51,316,790	\$ 89,027,708	\$ 140,254,726	\$ 186,000,355	\$ 204,271,601	\$ 220,564,038	\$ 97,324,429	\$ -	\$ -	\$ -	\$ -	\$ 998,747,118

Base year for capital expenditure² = 2007
 Annual inflation allowance³ = 3.40% per year

Capital Item	Cash Flow Projection ⁴											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Macaulay WWTP	\$ 5,913,346	\$ 24,457,599	\$ 31,611,447	\$ 98,058,707	\$ 135,190,271	\$ 139,786,740	\$ 144,539,489	\$ 112,090,374	\$ -	\$ -	\$ -	
Macaulay Twinned Outfall	\$ 90,121	\$ -	\$ -	\$ -	\$ -	\$ 958,670	\$ 9,912,645	\$ -	\$ -	\$ -	\$ -	
Saanich East WWTP	\$ 628,311	\$ 5,847,065	\$ 30,229,328	\$ 31,257,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Saanich East Outfall	\$ 23,244	\$ 216,308	\$ 2,236,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
West Shore B WWTP	\$ 507,866	\$ -	\$ 4,886,888	\$ 25,265,213	\$ 26,124,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
West Shore B Outfall	\$ 132,027	\$ -	\$ -	\$ 1,313,615	\$ 13,582,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Clover Point Wet-Weather TP	\$ 952,924	\$ -	\$ -	\$ -	\$ 9,803,539	\$ 50,684,295	\$ 52,407,561	\$ -	\$ -	\$ -	\$ -	
Bosolids Facility	\$ 890,442	\$ -	\$ 4,284,095	\$ 4,429,754	\$ 30,535,769	\$ 31,573,986	\$ 32,647,501	\$ -	\$ -	\$ -	\$ -	
Clover Point Pump Station and Force Main	\$ 296,590	\$ -	\$ -	\$ -	\$ 3,051,270	\$ 15,775,067	\$ 16,311,420	\$ -	\$ -	\$ -	\$ -	
West Shore Interceptor	\$ 265,184	\$ -	\$ -	\$ -	\$ -	\$ 2,820,929	\$ 14,584,203	\$ 15,080,066	\$ -	\$ -	\$ -	
Northeast Trunk Improvements	\$ 151,352	\$ -	\$ -	\$ -	\$ 1,557,082	\$ 8,050,115	\$ 8,323,818	\$ -	\$ -	\$ -	\$ -	
Land Purchase	\$ 475,640	\$ 24,344,682	\$ 25,172,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Inflated Dollars	\$ 10,327,045	\$ 54,865,654	\$ 98,420,781	\$ 160,324,414	\$ 219,844,936	\$ 249,649,801	\$ 278,726,637	\$ 127,170,440	\$ -	\$ -	\$ -	\$ 1,199,329,709

Notes:

1. With the exception of the land purchase values, the total capital expenditures are in 2007 dollars as extracted from DN_DMS_Option_2-1_LCA.xls. The land purchase value was obtained from Table 4-1 of the Supporting Report (July 13/07).
2. Costs shown in the upper table are in 2007 dollars and have not been inflated to reflect the actual year of expenditure.
3. Annual inflation factor adjusted to reflect overall 20% inflation factor over the Program as per the Supporting Report.
4. Cost shown in the lower table are in stipulated year's dollars based on the inflation rate shown.

CAPITAL REGIONAL DISTRICT

BYLAW NO. 3461

**A BYLAW TO AUTHORIZE THE BORROWING OF \$10 MILLION FOR THE ESTIMATED COST
OF WORKS RELATING TO THE CORE AREA AND WEST SHORE
WASTEWATER TREATMENT FACILITIES**

WHEREAS:

- A. By Supplementary Letters Patent, Division VII, dated the 28th day of December, 1967, as amended by further Supplementary Letters Patent, the Capital Regional District was granted the function of acquisition, design, construction, operation, maintenance, renewal and administration of trunk sewers and sewage disposal facilities within all member municipalities of the Regional District, except the electoral areas of Sooke and Outer Gulf Islands;
- B. Under Bylaw No. 2312, "Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995", and as amended by subsequent bylaw, the Capital Regional District converted the function of trunk sewers and sewage disposal facilities for the Core Area and Western Communities portion of the Regional District, under Sections 774.2(3) and 796 of the *Local Government Act*;
- C. It is deemed desirable to fund works relating to wastewater treatment facilities in the Core Area and West Shore;
- D. The works shall include the planning, study, pilot testing, public consultation, site selection, land and material acquisition, preparation of procurement documents, design, construction, supply and installation of all material, equipment and components and all works necessary relating to the provision of wastewater treatment facilities in the Core Area and West Shore, including resource recovery works;
- E. Other funding sources may be used to fund part of the desired works;
- F. The estimated cost of the facilities designed, constructed and installed as aforesaid including expenses incidental thereto to be funded from debt servicing, is the sum of Ten Million (\$10,000,000) dollars, which is the amount of debt intended to be created by this bylaw;
- G. The Capital Regional District Core Area Liquid Waste Management Plan, dated July 12, 2000, was approved by the Minister of Water, Land and Air Protection, March 26, 2003, in accordance with Section 24(5) of the *Environmental Management Act*, and is subsequently being amended under the direction of the minister under Section 24(3) of the *Environmental Management Act*;
- H. Under Section 5 of the Regional District Liabilities Regulation, adoption of a bylaw does not require electoral approval if the liability is to be incurred for the purpose of:
 - (1) submitting a waste management plan under Section 24(2) of the *Environmental Management Act* for approval by the minister,
 - (2) preparing or revising, under the direction of the minister under Section 24(3)(a) of the *Environmental Management Act*, a waste management plan respecting the management of municipal liquid waste, or

- (3) implementing all or part of, or an amendment to, a waste management plan approved by the minister under Section 24(5) of the *Environmental Management Act* respecting the management of municipal liquid waste, and
- (4) the inspector of municipalities approves the proposed liability;

I. It is proposed that the financing of the said works to be acquired, designed and constructed is to be undertaken by the Municipal Finance Authority of British Columbia pursuant to proposed agreements between that Authority and the Capital Regional District.

NOW THEREFORE, the Board of the Capital Regional District in open meeting assembled enacts as follows:

1. The Board is hereby empowered and authorized to undertake and carry out or cause to be carried out the planning, study, pilot testing, public consultation, site selection, land and material acquisition, preparation of procurement documents, design, construction, supply and installation of all material, equipment and components, and all works necessary for the sewerage facilities herein before described and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - (a) to borrow upon the credit of the Capital Regional District a sum not exceeding Ten Million Dollars (\$10,000,000); and
 - (b) to acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with construction of the said facilities.
2. The maximum term for which debentures may be issued to secure the debt intended to be created by this bylaw is 15 years.
3. This bylaw may be cited as "Liquid Waste Management Core Area and West Shore Service Loan Authorization Bylaw No. 1, 2007".

READ A FIRST TIME THIS	day of	2007
READ A SECOND TIME THIS	day of	2007
READ A THIRD TIME THIS	day of	2007
APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS	day of	2007
ADOPTED THIS	day of	2007

CHAIR

SECRETARY