



**REPORT TO CORE AREA LIQUID WASTE MANAGEMENT COMMITTEE
MEETING OF WEDNESDAY 10 JUNE 2009**

SUBJECT **BYLAW NO. 3615 – A BYLAW TO AUTHORIZE THE BORROWING OF \$12 MILLION FOR THE ESTIMATED COST OF WORKS RELATING TO THE CORE AREA AND WEST SHORE WASTEWATER TREATMENT PROJECT**

PURPOSE

The purpose of this report is to address funding issues for the core area and west shore wastewater treatment project to mid 2010.

BACKGROUND

The initial stage of the planning and land acquisition work for the wastewater treatment project was funded primarily through \$10 million borrowed under Bylaw No. 3461. This source of funding is now virtually exhausted, in large part due to the expenditure of \$6.7 million to purchase a potential treatment plant site in Saanich East.

The next stage of the project, to mid 2010, can be divided into three phases as follows:

1. Completion of work required for submission of the Liquid Waste Management Plan (LWMP) Amendment to the Minister of Environment.

This program development phase will be completed by the end of 2009 and will include:

- Completing the evaluation of options for system configuration, including environmental and social reviews of potential treatment plant sites, public and First Nations consultation and finalization of system cost estimates.
- Selecting a system configuration which will:
 - a) optimize opportunities for resource recovery while minimizing the generation of greenhouse gasses;
 - b) mitigate any potential environmental or social impacts of treatment plant siting;
 - c) minimize the total project cost; and
 - d) comply with regulatory standards.
- Developing a comprehensive business case for the project.
- Submitting a complete LWMP Amendment to the Minister of Environment by 31 December 2009.

2. Program development and implementation.

This phase will commence in fall of 2009 with the effort increasing significantly following submission of the LWMP Amendment and will include:

- Preparation of documents for procurement of treatment facilities.
- Further investigation of opportunities for resource recovery and greenhouse gas reduction.
- Completion of a Stage 2 Environmental Impact Study, as required by the Ministry of Environment, which will gather, evaluate and document field data near proposed outfall locations.
- Refine population and flow projections, as well as performance standards and criteria.

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- Work closely with neighborhoods to further identify opportunities for mitigating any potential impacts of treatment plant siting.

3. Purchase or option treatment plant sites.

When the preferred system configuration and selected treatment plant sites are approved by the Board and the Minister of Environment, the process of optioning and purchasing the required sites can commence.

FINANCIAL IMPLICATIONS

The estimated cost of phases one and two is about \$7 million as indicated in Appendix A, which is Schedule B from the Contribution Agreement dated 11 February 2009 between the Capital Regional District (CRD), province of British Columbia and federal government of Canada. It is expected that the work described in phases one and two will qualify for one-third grants from both the provincial and federal governments. The CRD initially pays for this work and then grant-eligible expenses are submitted to the provincial / federal government for reimbursement.

The estimated cost of phase three cannot reliably be determined at this time. However, an allowance of \$5 million is considered sufficient to fund property acquisition activities to mid 2010.

It is proposed that the work described above be funded through a new borrowing bylaw, Bylaw No. 3615, in the amount of \$12 million.

ALTERNATIVES

1. That the Core Area Liquid Waste Management Committee (CALWMC) recommend to the Board that Bylaw No. 3615 "Liquid Waste Management Core Area and West Shore Service Loan Authorization Bylaw No. 1, 2009" be introduced and read a first time, read a second time and read a third time.
2. That the CALWMC revise Bylaw No. 3615 prior to forwarding to the Board.

SUMMARY

A \$12 million loan authorization bylaw is needed to fund works related to the proposed core area and west shore wastewater treatment project to mid 2010.

RECOMMENDATION

That the Core Area Liquid Waste Management Committee recommend to the Board that Bylaw No. 3615 "Liquid Waste Management Core Area and West Shore Service Loan Authorization Bylaw No. 1, 2009" be introduced and read a first time, read a second time and read a third time.

Dwayne Kalynchuk, PEng
Project Director, Wastewater Treatment Project

Kelly Daniels
CAO Concurrence.

SBM/hr
Attachments: 2

SCHEDULE B - DETAILED DESCRIPTION AND COSTS OF THE PROJECT

B.1 SCOPE OF THE PROJECT

The Capital Regional District (CRD) is responsible for an initiative to provide sewage treatment to seven core area communities of Victoria, Esquimalt, Colwood, Langford, Saanich, View Royal and Oak Bay, equivalent to a population of approximately 330,000 people.

To comply with the regulatory requirements of the provincial *Environmental Management Act*, the Capital Regional District (CRD) put together a report entitled *The Core Area Wastewater Management Program - The Path Forward*, a report submitted to the provincial Minister of Environment, outlining the overall program for the provision of wastewater treatment. Based on this and subsequent update reports, the provincial Minister of Environment has provided the CRD with further direction on expectations as the CRD moves forward to complete its Amendment to the Core Area Liquid Waste Management Plan.

The program is composed of five phases: the Decision Process, Program Development, Design, Construction and Commissioning, and Operation. The Decision Phase was completed and the program is currently at the Program Development Phase. The objective of the Program Development Phase is to continue to refine the wastewater management strategy to the point where the design and construction of specific elements can proceed.

The Parties agree to provide funding to the Program Development Phase. The purpose of the Project is to undertake planning and conceptual engineering as well as program development and implementation activities, as outlined in Schedule B.

The planning component of the Project includes a number of discussion papers that summarize various issues related to the wastewater treatment project. There will also be a peer review process to allow the committee to obtain a team of experts to review the options developed by the consulting team. This information will assist the Core Area Liquid Waste Management Committee to make final decisions on the preferred system configuration.

The Project will also include site identification and evaluation, First Nations engagement, and a business case evaluation. The most expensive activity related to this initial component of work is the program development and implementation activity. This activity involves hiring the services of a program manager, lawyers and financial consultants to assist with preparing the various procurement documents. The significant component of this work will be the preparation of 5% preliminary design drawings.

B.2 PROJECT BUDGET AND ELIGIBLE COSTS

Table 1: Total Cost of the Project that are Eligible Costs, by Fiscal Year (\$)

Party	FY 2008/2009		FY 2009/2010	FY 2010/2011	Totals
	Apr 1 - Dec 31	Jan 1 - Mar 31			
Total	2,028,800	830,901	7,073,074	67,225	10,000,000
Canada	0	270,300	2,995,808	67,225	3,333,333
British Columbia	1,352,533	283,634	1,697,166	0	3,333,333
CRD	676,267	276,967	2,380,100	0	3,333,334

Table 2: Detailed Description of Estimated Contributions (\$)

Cost Category	Party	FY 2008/2009		FY 2009/2010	FY 2010/2011	Totals
		Apr 1 - Dec 31	Jan 1 - Mar 31			
Detailed Costs of the Project that are Eligible Costs:						
Conceptual Planning:						
Project Management	Total	111,905	9,867	9,867	0	131,639
	Canada	0	3,289	3,289	0	6,578
	BC	74,603	3,289	3,289	0	81,181
	CRD	37,302	3,289	3,289	0	43,880
Integrated Resource Management Strategy	Total	65,383	0	0	0	65,383
	Canada	0	0	0	0	0
	BC	43,589	0	0	0	43,589
	CRD	21,794	0	0	0	21,794
Greenhouse Gas Management Strategy	Total	173,164	0	0	0	173,164
	Canada	0	0	0	0	0
	BC	115,443	0	0	0	115,443
	CRD	57,721	0	0	0	57,721
Wastewater Flow Management Strategy	Total	286,260	0	0	0	286,260
	Canada	0	0	0	0	0
	BC	190,840	0	0	0	190,840
	CRD	95,420	0	0	0	95,420
Macaulay Point WWTP	Total	110,235	0	0	0	110,235
	Canada	0	0	0	0	0
	BC	73,490	0	0	0	73,490
	CRD	36,745	0	0	0	36,745
Clover Point Wet Weather Flow Management Strategy	Total	213,187	0	0	0	213,187
	Canada	0	0	0	0	0
	BC	142,125	0	0	0	142,125
	CRD	71,062	0	0	0	71,062

Cost Category	Party	FY 2008/2009		FY 2009/2010	FY 2010/2011	Totals
		Apr 1 - Dec 31	Jan 1 - Mar 31			
Distributed Wastewater Management Strategy	Total	452,691	53,146	0	0	505,837
	Canada	0	17,715	0	0	17,715
	BC	301,794	17,715	0	0	319,509
	CRD	150,897	17,715	0	0	168,612
Biosolids/ Resource Management Facility	Total	381,991	27,888	0	0	409,879
	Canada	0	9,296	0	0	9,296
	BC	254,661	9,296	0	0	263,957
	CRD	127,330	9,296	0	0	136,626
Cost Estimates	Total	25,000	45,000	14,194	0	84,194
	Canada	0	15,000	4,731	0	19,731
	BC	16,667	15,000	4,731	0	36,398
	CRD	8,333	15,000	4,731	0	28,065
Summary Reporting	Total	0	90,000	57,622	0	147,622
	Canada	0	30,000	19,207	0	49,207
	BC	0	30,000	19,207	0	49,207
	CRD	0	30,000	19,207	0	49,207
Contingency	Total	0	0	50,000	0	50,000
	Canada	0	0	16,667	0	16,667
	BC	0	0	16,667	0	16,667
	CRD	0	0	16,667	0	16,667
West Shore C WWTP	Total	25,000	75,000	35,740	0	135,740
	Canada	0	25,000	11,913	0	36,913
	BC	16,667	25,000	11,913	0	53,580
	CRD	8,333	25,000	11,913	0	45,247
Sub-Total: Conceptual Planning	Total	1,844,816	300,901	167,423	0	2,313,140
	Canada	0	100,300	55,808	0	156,108
	BC	1,229,877	100,300	55,808	0	1,385,985
	CRD	614,939	100,300	55,808	0	771,047
Implementation						
Site Identification and Evaluation	Total	78,020	90,000	330,000	0	498,020
	Canada	0	30,000	110,000	0	140,000
	BC	52,013	30,000	110,000	0	192,013
	CRD	26,007	30,000	110,000	0	166,007

Cost Category	Party	FY 2008/2009		FY 2009/2010	FY 2010/2011	Totals
		Apr 1 - Dec 31	Jan 1 - Mar 31			
Peer Review of Distributed Wastewater Management Strategy	Total	40,000	300,000	90,000	0	430,000
	Canada	0	100,000	30,000	0	130,000
	BC	26,667	100,000	30,000	0	156,667
	CRD	13,333	100,000	30,000	0	143,333
First Nations Engagement	Total	3,984	30,000	120,000	40,000	193,984
	Canada	0	10,000	40,000	40,000	90,000
	BC	2,656	10,000	40,000	0	52,656
	CRD	1,328	10,000	40,000	0	51,328
Business Case Evaluation	Total	61,980	20,000	180,000	0	261,980
	Canada	0	0	0	0	0
	BC	41,320	13,333	120,000	0	174,653
	CRD	20,660	6,667	60,000	0	87,327
Public Education and Consultation	Total	0	90,000	180,000	0	270,000
	Canada	0	30,000	60,000	0	90,000
	BC	0	30,000	60,000	0	90,000
	CRD	0	30,000	60,000	0	90,000
Program Development and Implementation	Total	0	0	6,005,651	27,225	6,032,876
	Canada	0	0	2,700,000	27,225	2,727,225
	BC	0	0	1,281,358	0	1,281,358
	CRD	0	0	2,024,293	0	2,024,293
Sub-Total: Implementation	Total	183,984	530,000	6,905,651	67,225	7,686,860
	Canada	0	170,000	2,940,000	67,225	3,177,225
	BC	122,656	183,333	1,641,358	0	1,947,348
	CRD	61,328	176,667	2,324,293	0	2,562,287
Total Cost of the Project that are Eligible Costs	Total	2,028,800	830,901	7,073,074	67,225	10,000,000
	Canada	0	270,300	2,995,808	67,225	3,333,333
	BC	1,352,533	283,634	1,697,166	0	3,333,333
	CRD	676,267	276,967	2,380,100	0	3,333,334
Estimated Contributions to Eligible Costs	Total	2,028,800	830,901	7,073,074	67,225	10,000,000
	Canada	0	249,701	3,016,407	67,225	3,333,333
	BC	2,028,800	581,200	723,333	0	3,333,333
	CRD	0	0	3,333,334	0	3,333,334

CAPITAL REGIONAL DISTRICT

BYLAW NO. 3615

A BYLAW TO AUTHORIZE THE BORROWING OF \$12,000,000 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 West Shore has also been called the Western Communities in the past;
- E. The works shall include the planning, study, public consultation, site selection, design, land and material acquisition, construction, supply and installation of all material, equipment and components and all construction necessary for the preparation and works relating to wastewater treatment facilities in the Core Area and West Shore;
- F. Other funding sources may be used to fund part of the desired works;
- G. 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 Twelve Million (\$12,000,000) dollars, which is the amount of debt intended to be created by this bylaw;
- H. 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 currently being revised under the direction of the minister under section 24(3) of the *Environmental Management Act*;

- I. 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 the 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;

- J. 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, public consultation, site selection, design, land and material acquisition, construction, supply and installation of all material, equipment and components, and all construction 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 Twelve Million Dollars (\$12,000,000); 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, 2009"

READ A FIRST TIME THIS	day of	2009
READ A SECOND TIME THIS	day of	2009
READ A THIRD TIME THIS	day of	2009

APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS day of 2009

ADOPTED THIS day of 2009

CHAIR

SECRETARY