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**MALIVIEW SEWER LOCAL SERVICES COMMISSION**  
Notice of Meeting on **Tuesday, October 5, 2021 at 12:00 PM**  
Creekside Meeting Room, 108 121 McPhillips Ave, Salt Spring Island, BC

Gary Holman      Brian Travelbea      Laura Travelbea      Jodie Miller

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**AGENDA**

**1. Territorial Acknowledgement / Call Meeting to Order**

**2. Limited Space Meeting Resolution**

That this resolution applies to the Maliview Sewer Local Services Commission for the meeting being held on October 5, 2021, and that the attendance of the public at the place of the meeting will be limited in accordance with the applicable requirements or recommendations under the Public Health Act, despite the best efforts of the Commission because:

- a. The available meeting facilities cannot accommodate more than (10) people in person, including members of the Commission and staff, and
  - b. There are no other facilities presently available that will allow physical attendance of the Commission and the public in sufficient numbers;
- and

That the Commission is ensuring openness, transparency, accessibility and accountability in respect of the open meeting by the following means:

- a. By making the meeting agenda, as well as the other relevant documents, available on the CRD website, and directing interested persons to the website by means of the notices provided in respect of the meeting,
- b. By making the minutes of the meeting available on the CRD website following the meeting.

**3. Approval of Agenda**

**1-2**

**4. Adoption of the Minutes of October 22, 2020**

**3-5**

**5. Chair and Director Reports**

**6. New Business**

**6.1 Maliview Wastewater Treatment Plant Upgrade Results of Virtual Open House – Process and Next Steps**

**6-9**

That the Maliview Sewer Local Services Commission receive this report for information.

**6.2 Transfer From Capital Reserve And Community Works Funds For Detailed Design For Maliview Wastewater Treatment Plant Upgrade**

**10-13**

That the Maliview Sewer Local Service Commission recommends to the Capital Regional District Board that the Maliview Sewer 2021 Capital Plan to be amended to include additional funding of \$66,521 in total for the Maliview Waste Water Treatment Upgrade project, funded from the Capital Reserve Fund (\$8,732) and the Community Works Fund (\$57,789).

**7. Outstanding Business - None**

**8. Adjournment**



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**Minutes of the Highland Water and Sewer Services Commission (Maliview)  
Held Thursday October 22, 2020, in the Lions Hall, 103 Bonnet Ave, Salt Spring Island,  
BC**

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**Present:**       **Commission Members:** Laura Travelbea, Brian Travelbea, Director Holman  
                  **Staff:** Karla Campbell, Senior Manager; Allen Xu, Manager Engineering; Tracey  
                  Shaver, Recording Secretary.  
                  **Participant:** Sharon Bywater

Chair Travelbea called the meeting to order at 1:00 PM.

**1. Approval of Agenda**

**MOVED** by Commissioner L. Travelbea, **SECONDED** by B. Travelbea,  
That the meeting agenda of October 22, 2020 for Maliview Sewer Service Commission be  
approved.

**CARRIED**

**2. Adoption of Minutes of November 21, 2019**

**MOVED** by Commissioner B. Travelbea, **SECONDED** by Director Holman,  
That the Maliview Sewer Service Commission meeting minutes from November 21, 2019  
be approved.

**CARRIED**

**3. Chair and Director Report – no reports**

**4. New Business**

**4.1 Request to Increase Budget to Develop Detailed Engineering Design and  
Cost Estimates for the Maliview Wastewater Treatment Plant Upgrading**

- Background and planning strategies reviewed
- Need regulatory approval of concept design
- Detail design not necessary for grant approval but will get project shovel ready
- Unknowns for project are archeologic and geotechnical (contingency in budget to address)
- Current treatment plant design fits within footprint of property
- Tight timeline to complete construction and meet regulatory requirements (end of 2022)
- Alternative 2 would delay project if the grant is not received

**MOVED** by Commissioner B. Travelbea, **SECONDED** by Director Holman,  
That the Highland Water and Sewer (Maliview) Service Commission recommends  
that the Capital Regional District Board amend the Highland Water and Sewer  
(Maliview) service Five Year Financial Plan to include a project for Maliview WWTP  
Upgrade Design in year 2020 with the total budget of \$257,620 funded by the  
combination of capital reserve fund (\$22,000) and Community Work Fund  
(\$235,620).

**CARRIED**

**4.2 Highland Fernwood Water Conservation Plan**

- Water conservation plan is needed as part of the grant application
- Plan is to achieve 20% water loss reduction and to 10% water use reduction in ten years by 2030
- Need distribution system repairs and water conservation education to accomplish

**MOVED** by Commissioner B. Travelbea, **SECONDED** by Director Holman, That Highland Water and Sewer Service Commission recommend the Electoral Areas Committee recommend to the Capital Regional District Board endorse the Water Conservation Plan Dated October 14, 2020.

**CARRIED**

**4.3 Maliview Wastewater Treatment Plant Upgrade Loan Authorization and Amend Service Establishment-Process and Next Steps**

- Discussion on communication strategies to rate payers regarding choices
- Choices for style of voter ascent and loan amortization rates as will be surveyed for best possible outcomes
- Determine who is eligible to vote
- Proof of secure funding is necessary for grant approval; Loan Bylaws to be held at third reading until grant award is known

**MOVED** by Commissioner B. Travelbea, **SECONDED** by Director Holman, The Highland Water and Sewer Local Service Area recommends the Electoral Areas Committee recommends to the Capital Regional District Board:

1. That Bylaw 4370, "Maliview Sewer System Loan Authorization Bylaw No. 1, 2020" be introduced and read a first, second, and third time.
2. That Bylaw 4373, "Maliview Estates Sewerage Local Service Establishment Bylaw No. 1, 1991, Amendment Bylaw No. 1, 2020" be introduced and read a first, second, and third time.
3. Present the project and funding option to the ratepayers in the first quarter of 2021; and bring forward a report to the Commission on the results of the public engagement, and ratepayer's preferred electoral assent process.

**CARRIED**

**5. Outstanding Business- none**

**6. Next Meeting: TBA**

**7. Adjournment**

**MOVED** by Commissioner L. Travelbea, **SECONDED** by B. Travelbea,

That the meeting be adjourned at 2:50 pm.

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**CHAIR**

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**SENIOR MANAGER**



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**REPORT TO MALIVIEW LOCAL AREA SERVICES COMMISSION  
MEETING OF TUESDAY, OCTOBER 5, 2021**

**SUBJECT Maliview Wastewater Treatment Plant Upgrade Results of Virtual Open House - Process and Next Steps**

**ISSUE SUMMARY**

To summarize the feedback received from the Maliview Wastewater Treatment Plant Upgrade Virtual Open House, survey responses, and next steps to advance the infrastructure upgrade project.

**BACKGROUND**

At the October 22, 2020 Maliview Sewer Local Service Commission meeting, staff were requested to present the Maliview Wastewater Treatment Plant upgrade project and funding options to the ratepayers in the first quarter of 2021; and bring forward a report to the Commission on the results of the public engagement, and ratepayers' preferred electoral assent process.

The virtual open houses were held on March 23, 24, and 25, 2021 and attended by approximately 11 participants who were provided information on the treatment plan upgrade. There was Survey feedback received from 17 residents within the service area (one response was from outside the service area and was therefore, ineligible to complete the survey). The Maliview Sewer System is comprised of 94 parcels of land on which 100 Single Family Equivalents (SFEs) are presently connected to the system.

A numerical summary of the responses received from the survey form follows (additional comments were noted in the survey summary report attached in Appendix A):

Questions	Responses	
	NO	YES
Do you live in the Maliview sewer service area	1	17
Do you feel you have received enough information to have a good understanding of the issues and challenges associated with the Maliview wastewater system?	4	12
Do you think upgrades are required on the Maliview wastewater system?	0	15
Do you support a decision to borrow in order to proceed with the upgrade?	4	13
There are two options for obtaining ratepayer approval (electoral assent). Which option do you wish to proceed with?	Referendum	3
	Alternative Approval Process	9
	I need more information	5
Which of the two borrowing amounts presented to you prefer?	\$2.21 million	6
	\$221,000	5
	I need more information	4

**Maliview Sewer Location Services Commission – October 5, 2021**  
**Maliview Wastewater Treatment Plant Upgrade Results of Virtual Open House - Process and Next Steps** **2**

Which amortization period do you prefer?	20 year	7
	25 year	2
	30 year	5
Rate the following factors from the most important (1) to the least important (4) factor influencing your answer in the previous question.	Total Score	Overall Ranking
– Cost to property owner	53	1
– Successful in obtaining a grant	40	2
– Environmental impacts of not completing the work	35	3
– Regulatory compliance	32	4

Based on the feedback received from the 17 residents that participated in the survey the majority agree they have received enough information and that upgrades are required. The majority of responses favour borrowing however there is a split between borrowing the full \$2.21 million versus \$221,000 subject to risk and uncertainty of obtaining a grant. The number of respondents who responded were unevenly split between borrowing funds over a 20 year amortization versus a 30 year amortization. Bylaw 4370, “Maliview Sewer System Loan Authorization Bylaw No. 1, 2020” was given third reading on November 18, 2020 to borrow \$2,210,000 with an amortization period of 20 years.

The most important factors influencing the community’s choices appear to be renewing the infrastructure, affordability, and protecting the environment. This seems to indicate that although people are concerned with affordability they are willing to pay for and invest in renewing the infrastructure and protecting the environment.

At this time the CRD is awarding a contract for engineering services to provide detailed design for upgrading the Maliview Wastewater Treatment Plant and provide Class A cost estimates. The CRD anticipates completed designs and cost estimates in November/December 2021. It is also expected that a grant award announcement will be made in the fourth quarter of 2021. As we are entering into a post-COVID time period, the CRD is seeing escalating construction costs. A combination of factors such as inflation, shortages and stockpiling of materials and supplies, freight, and construction demand are the main drivers for cost increase. Contractors are unable to guarantee fixed-bid pricing therefore shortening the duration for which they will guarantee prices. This is very problematic for contractors, who must typically guarantee a price to an owner long before a contractor orders materials.

It is recommended that the alternative approval process to attain electoral assent on the borrowing requirements be deferred until the detailed designs and updated cost estimates are provided. This will allow staff time to review and refine the project budget requirements and if necessary amend the bylaw borrowing amounts to complete the upgrades. The CRD may be notified of the results of a grant award by that time. The impact will be the pushing of the ability to securing project funding by way of electoral approval into 2022 and a later start date for construction.

**IMPLICATIONS**

Upon receipt of the detailed design cost estimates staff will refine the budget for the Commission review and provide an updated recommendation for a borrowing amount and implication on options for amortization periods. If directed to proceed staff anticipate an alternative approval process on the basis of borrowing to commence in March or April 2022.

**CONCLUSION**

The Maliview wastewater system was originally constructed in the early 1970s. Since its original construction, there were modifications and upgrades to the system to address performance issues. The existing plant has been experiencing difficulties in consistently meeting the permitted treatment quality requirements. The plant upgrade is needed to address non-compliance violations. At the preliminary design stage in September 2020 the total cost of the project was estimated at \$2,210,000 and staff submitted an application for up to 90% ICIP grant funding towards the cost of the project that is intended to increase the plant's capacity to treat and/or manage wastewater. There is a lengthy legislative process involved in obtaining electoral assent to securing borrowing approval. From the time the Board approves assent voting and receiving statutory approval it can take up to seven or eight months to finalize borrowing to tender the construction project. With escalating construction costs, regulatory procedures to obtain electoral borrowing assent there is significant probability of rising cost pressures on the projected construction budget. In this regard, it is prudent to await the detailed design and updated cost estimates to ensure sufficient funding contingencies are in place to proceed with a borrowing bylaw.

**RECOMMENDATION**

That the Maliview Sewer Local Services Commission receive this report for information.

Submitted by:	Karla Campbell, BPA, Senior Manager, Salt Spring Electoral Area
Concurrence:	Ted Robbins, B. Sc., C. Tech., Acting Chief Administrative Officer

**ATTACHMENT(S)**

Appendix A: Alternative Approval Process – optional timelines



**Maliview Sewer Location Services Commission – October 5, 2021**  
**Maliview Wastewater Treatment Plant Upgrade Results of Virtual Open House - Process and Next Steps**

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<b>ALTERNATIVE APPROVAL PROCESS</b>
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1. Maliview to decide final loan option and amortization period	October/November
2. CRD Board amend of third readings of Loan Authorization Bylaw	November 10/ December 8
3. Send amended Loan Authorization bylaw to Inspector of Municipality	November 12/December 10
4. Prepare Updated Public Engagement Strategy and Educational Materials	December
5. Open House to Update Ratepayers on the Project and Alternative Approval Process	December 2021/ January 2022
6. Commission to Review Results of Public Feedback from Open House	January 2022
7. CRD Board to establish deadline for receiving elector response forms; authorizes approval of electors in local area service; and establishes total number of electors and elector response form	February 9
8. Approval of Inspector of Municipalities	mid-March
9. Issue Notice of Alternative Approval Process by way of publication in two consecutive editions of the newspaper	March 23 & 30
10. Deadline for receiving elector response forms.	April 28
11. Board receives Certificate of Results and adopts bylaw	May 11
12. 30-day quashing period ends	June 9
13. Apply for Certificate of Approval	June 13
14. Prepare construction tender	Aug - Sept
15. Secure initial draw on MFA Loan	November



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**REPORT TO MALIVIEW LOCAL AREA SERVICES  
COMMISSION MEETING OF TUESDAY, OCTOBER 5, 2021**

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**SUBJECT      TRANSFER FROM CAPITAL RESERVE AND COMMUNITY WORKS FUNDS  
FOR DETAILED DESIGN FOR MALIVIEW WASTEWATER TREATMENT  
PLANT UPGRADE**

**ISSUE SUMMARY**

To consider transferring sufficient funds from the Capital Reserve Fund to cover the project costs for detailed engineering designs of the Maliview Wastewater Treatment Plant project. (WWTP).

**BACKGROUND**

The Maliview Wastewater Treatment Plant is a secondary treatment facility providing treatment for approximately 100 residences on Salt Spring Island.

The Maliview WWTP is currently experiencing challenges in consistently meeting regulatory requirements on effluent quality.

On October 24, 2019, Ministry of Environment (MoE), conducted an inspection under Environmental Management Act (EMA), 242. A letter dated January 30, 2020 informed that the inspection determined that the Capital Regional District is out of compliance with the Municipal Wastewater Regulations. Additionally, Environment Canada conducted similar inspections and tests and its Enforcement Branch issued a warning letter on September 19, 2019 which outlined further steps if corrective actions are not taken including financial penalties, orders, injunctions or prosecutions.

It was found that additional treatment would be required to meet environmental quality requirements and recommended plant upgrades include a new Moving Bed Biofilm Reactor (MBBR) process integrated into the treatment process. Preliminary design was completed by Associated Engineering (AE) in October 2020. In order to meet the effluent discharge requirements of the Municipal Wastewater Regulations, detailed engineering design up to and including the issuance of Issued for Construction drawings needs to be started immediately in order to meet the Ministry of Environment deadline for compliance.

Staff requested a proposal to undertake detailed design, with an option to also undertake contract administration services during construction from Associated Engineering. Associated Engineering delivered both the wastewater treatment options analysis and preliminary design technical memos for the CRD so are well acquainted with the details of the project. The cost for detailed designs and tender documents is \$258,561, not including project management and contingency. The total additional funds required is \$3,000 from Capital Reserve Fund, and \$58,000 Community Works Funds (CWF). The Electoral Area Director has confirmed a contribution of additional CWF to cover eligible costs for the detailed designs.

The intent of this report is to request that the budget be increased to cover the proposed detailed design costs. Note that since the initial estimate and proposal was submitted in 2020 that costs for detailed design have increased by 10% and that costs for project management have increased by 40%. These represent 63% and 8% of the total costs respectively so the greatest dollar impact came from the detailed design increase. Further, an application for Wastewater Discharge under the *Environmental Management Act* has now been included in the scope, something not included in 2020, and that now accounts for 16% of the total costs. This added scope is the main reason for the disproportionate increase in project management costs. Additionally, costs have been increasing generally in the market for engineering and design services.

Expedient approval of this increase will enable the CRD to meet the compliance deadline committed to the MOE and Environment Canada and avoid the imposition of any fines or penalties. The CRD committed to the, completing the upgrades to bring the facility into compliance by the end of 2022. In order to comply and meet this deadline, any delay to this project must be avoided and approval of this transfer in a timely manner is imperative in order that the engineering consultant can begin design work immediately. The schedule in the current proposal from the consultant has design work beginning in mid-July 2021 with construction completion in November 2022. CRD staff are ready to award this work to the engineering consultant and still meet the end of 2022 deadline.

Table 1 below summarizes the costs for Detailed Design based on a proposal from Associated Engineering (B.C.) Ltd. (AE) dated July 6<sup>th</sup>, 2021. Their fee includes Project Management, Detailed Design, a Waste Discharge Application to meet the requirements of the Environmental Management Act as well as the Tendering Phase. At the end of this scope, the CRD will be ready to award a construction contract to the selected contractor. Also included in Table 1 is an allowance for internal CRD costs of 10% of AE’s price to include for CRD review, management and coordination of the AE work. A 10% contingency is also included.

**Table 1 Detailed Design Projected Cost Summary**

<b>Detailed Design</b>	<b>Amount</b>
Consultant Fees	\$258,561
SSI Eng. Project Management	\$ 25,856
Contingency	\$ 25,856
<b>Total</b>	<b>\$310,273</b>

Table 2 below summarizes the original budget and costs to date from the initial conceptualization of the project and includes amounts for the preliminary design and the original estimate for detailed design. From this, the costs to date are deducted providing the amount of funding yet available to complete detailed design. The remaining funds are made up of \$17,124 from the Capital Reserve Fund and \$226,628 from the CW Fund (Gas Tax) for a total of \$243,752.

**Table 2 Initial Project Budget Summary and Funds Remaining**

<b>Maliview Sewer Plant Upgrade</b>	<b>Amount</b>
Initial Budget for preliminary design	\$ 57,900

Initial Budget for Detailed Designs	\$257,620
<b>Total Initial Budget</b>	<b>\$315,520</b>
Total Spent	\$ 71,768
<b>Remaining Balance</b>	<b>\$243,752</b>

Table 3 below lays out the additional funding requirements taking the difference between the remaining costs from Table 1 (\$310,273) less the available funds from the initial budgets from Table 2 (\$243,752) resulting in the amount of further funding required (\$66,521). This amount is further broken down as to its sources, either the Capital Reserve Fund or the Community Works Fund.

**Table 3 Additional Funding Requirements**

<b>Capital Reserve Fund</b>	<b>Amount</b>
Capital Reserve Fund Remaining	\$ 17,124
Capital Reserve Funds Required	\$ 25,856
<b>Additional CRF Funding</b>	<b>\$ 8,732</b>
<b>Community Works Funding</b>	
CWF Remaining	\$226,628
CWF Required	\$284,417
<b>Additional CWF Funding</b>	<b>\$57,789</b>
<b>Total Funding Required</b>	<b>\$66,521</b>

**ALTERNATIVES**

*Alternative 1*

That the Maliview Sewer Local Service Commission recommends to the Capital Regional District Board that the Maliview Sewer 2021 Capital Plan to be amended to include additional funding of \$66,521 in total for the Maliview Waste Water Treatment Upgrade project, funded from the Capital Reserve Fund (\$8,732) and the Community Works Fund (\$57,789).

*Alternative 2*

That the Maliview Sewer Local Service Commission not approve the 2021 Capital Plan Amendment and refer the report back to staff requesting further information.

**IMPLICATIONS**

**Alternative 1**

Approval of the increase in funding will allow the project to proceed on schedule, maintain continuity of the engineering consultant’s staff and experience with the project and avoid the delays in re-tendering the work and bringing a new consultant on board and the inefficiencies associated with this.

**Alternative 2**

Not approving the Capital Plan Amendment will delay progress on the project, risk the imposition of penalties and fines from regulatory bodies for missed deadlines and create inefficiencies in the design work remaining.

**CONCLUSION**

The next phase of the Maliview Wastewater Treatment Plant, detailed design and tendering, is a top priority. An increase in project funding will allow for a timely award of the detailed design for the Wastewater Treatment Plant and enable the CRD to meet the MoE deadlines and avoid non-compliance penalties.

**RECOMMENDATION**

That the Maliview Sewer Local Service Commission recommends to the Capital Regional District Board that the Maliview Sewer 2021 Capital Plan to be amended to include additional funding of \$66,521 in total for the Maliview Waste Water Treatment Upgrade project, funded from the Capital Reserve Fund (\$8,732) and the Community Works Fund (\$57,789).

Submitted by:	Dean Olafson, P. Eng., MBA, Engineering Manager, Salt Spring Island
Concurrence:	Karla Campbell, BPA, Senior Manager, Salt Spring Electoral Area
Concurrence:	Rianna Lachance, BComm, CPA, CA, Senior Manager, Financial Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer