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**REPORT TO PORT RENFREW UTILITY SERVICES COMMITTEE
MEETING OF THURSDAY 19 MARCH 2009**

SUBJECT AGREEMENT BETWEEN THREE POINT PROPERTIES LTD. AND THE CAPITAL REGIONAL DISTRICT TO CONSTRUCT WATER AND SEWER OFF-SITE WORKS

PURPOSE

To provide the Port Renfrew Utility Services committee (PRUSC) an update on the proposed servicing agreement between Three Point Properties Ltd. (TPPL) and the Capital Regional District (CRD) to construct off-site works for the Port Renfrew water and the Port Renfrew sewer local service areas for purposes of servicing lands owned by TPPL.

BACKGROUND

TPPL has purchased a number of large parcels of land adjacent to the Port Renfrew water local service area and the Port Renfrew sewer local service area and desires to have these lands included into local service areas. The CRD has set out the improvements to the sewer system and to the water system required to be completed as a condition of expanding the two areas to include the TPPL lands. TPPL wishes to have the CRD Board establish a new service over the TPPL lands to be included in the sewer and water local service area. Under the new service the CRD would borrow funds for the project and would recover the cost of annual debt servicing from the TPPL lands only, and not from the Port Renfrew water or Port Renfrew sewer local service areas.

To facilitate operation of the new assets by CRD, the CRD Board would amend the establishing bylaws for the Port Renfrew sewer and Port Renfrew water local service areas to include the TPPL lands delineated in the two new service areas established for debt servicing.

DISCUSSION

Water System Off-Site and On-Site Works

The CRD, under the new water service, would finance the construction of the following off-site works as conditions of the Port Renfrew water service area boundary amendment:

- Development of the groundwater well site consisting of interconnections from the two production wells (TPPL and CRD) to a new water treatment and booster station.
- Construction of the new water treatment and booster station with hydrogen sulfide stripping, disinfection, pumping, controls and SCADA monitoring system and standby power.
- Relocation of water reservoir to a higher elevation and increasing storage capacity.
- Construction of a new feeder main to the reservoir. (separate from the system main from the reservoir).
- Construction of a pressure reducing station to avoid excess pressure in lower Beach Camp.

TPPL, as the developer, would be responsible for the following water system on-site works:

- Installation of new mains, services and infrastructure required to extend servicing to their lands as they are developed.

Port Renfrew Utility Services Committee – 19 March 2009

Re: Extension of Water and Sewer Systems

Page 2

- Turn over of the new infrastructure to the CRD to operate as components of the Port Renfrew water system.
- Provision of rights of way or property required for CRD to construct, take over, maintain, replace or otherwise operate the extended water system.

Sewer System Off-Site and On-Site Works

The CRD, under the new sewer service, would finance the construction of the following off-site works as conditions of the Port Renfrew sewer system boundary amendment:

- Installation of new sewer outfall and pumped main with a nominal capacity of 1,600m³/day.
- Installation of new membrane bioreactor waste treatment facility with influent screening and grit removal and washing, flow equalization to 400m³/day, daily treatment to 200m³/day, standby power, sludge thickening, control building and electrical and controls system.
- Installation of upgraded pumps, controls at the existing treatment plant and construction of a new interconnect main from the upgraded pump station to the treatment plant.

TPPL, as the developer of their lands, would be responsible for the installation of the following on-site works:

- Gravity sewage mains and service laterals to each parcel of land developed on the system.
- Construction of pumping stations with forcemain, standby power, and SCADA control system to interconnect low lying areas to the gravity system.
- Turnover of the new infrastructure to the CRD to operate as components of the Port Renfrew sewer system.
- Provision of rights of way or property required for CRD to construct, take over, maintain, replace or otherwise operate the extended sewer system.

Sewer System Improvement Costs

Preliminary construction costs for the various components of the system are itemized following. Costs for administration, project management, contingency and inflation are not included in the costs. The costs are provided for information only:

Wastewater plant	\$1,830,575
Outfall and connecting main	\$631,000
Interconnection from Beach Camp	<u>\$572,000</u>
Construction	\$3,033,575

Water System Improvement Costs

New Well head, pump, site works	\$72,000
New water treatment/ pump station	\$590,000
Intermediate Booster Station	\$773,000
Relocate Reservoir	\$60,000
PRV station	\$17,000
Mains to / from reservoir	\$513,000
Reservoir access, creek crossing, ROW	<u>\$127,000</u>
Construction	\$2,152,000

Snuggery Cove

Portions of the new developments would be serviced from the main system installed for Snuggery Cove. CRD would seek to expand the Snuggery Cove water service area to include those new parcels which benefit from the Snuggery Cove service. In this manner, costs now paid by existing parcel owners in the area would generally be reduced.

Phasing

With the downturn in the real estate market, the proposed development is intended to be phased. It is initially proposed to complete the development of subdivision directly behind the community centre. This area, consisting of approximately 42 lots, would be proposed for construction in 2009 as the Phase 1 development. To complete this phase, the CRD would require all off-site water system upgrades to be completed, including relocation and reconnection of the water reservoir. In addition, to provide for interim sewerage of the Phase 1 lands, an interim upgrade of the existing wastewater plant is necessary. This would provide additional treatment capacity and an increase in wastewater effluent quality. Any further development of the TPPL lands would be postponed until the new wastewater plant and outfall were in service.

Wastewater Plant Registration

CRD staff are exploring the option to amend the existing Ministry of Environment permit for Phase 1. Any proposal to construct a new plant and outfall must be registered with the Province of BC under the Municipal Sewage Regulation (MSR). The CRD, as ultimate owner and operator of the new works, would sign on to the MSR.

Implications to the Service Areas

The project evaluation process has provided CRD staff a better understanding of the costs of meeting new sewage discharge regulations and the cost of infrastructure renewal. Should the current proposal for sewer works not move forward as planned, the committee will need to explore with CRD staff how to, in future, provide funds for meeting new provincial regulations and for infrastructure renewal. For the water system, the implications of not having the project proceed include the need to fund a basic structural upgrade and roof for the existing plant as well as funding for upgrades to the electrical service, provision of standby power, provision of H₂S stripping equipment, and completion of the ROW commitments to the land owner. While these costs may be expended over a period of years, the resultant cost to a homeowner will be significant.

The proposed project, in the long term, will impact many other services and community assets besides the sewer and water local services. The CRD is developing a master servicing agreement, recognizing this impact, which will commit the developer to:

- Participate in funding of future fire department upgrades in concert with the expansion of the present fire service area to include newly developed housing on the Three Point lands.
- Participate in funding of future solid waste facility upgrades in concert with the expansion of the solid waste service area, as required.
- Participate in dedication of lands for community or linear parks as may be deemed desirable for the community.
- Participate in dedication of lands for community administration and recreation as may be deemed desirable.

This agreement will form part of the presentation package to the community and the CRD Board at the time of establishing the new water and sewer service areas.

Operating Cost Sharing

Operating costs for the sewer system would continue to be recovered by way of parcel tax and user fee from all properties receiving service from the present or the extended system. The Port Renfrew sewer local service area would be expanded to include the new TPPL service area for this purpose. The cost of the new treatment works and additional pumping stations would be higher than the existing system. CRD would seek assistance from the developer to offset costs in the initial years of operation to maintain an operating cost similar to that assessed to a homeowner today.

Timing of Process

Discussions with the developer indicate a willingness to proceed to complete the necessary agreements and bylaws over the next few months to be in a position to commence construction of works on the Phase 1 development. CRD staff from Environmental Services, Planning and Protective Services and Finance and Corporate Services Departments have been meeting regularly in support of this timetable. Draft agreements and establishing bylaws will be presented to the committee for consideration as part of the approval process.

ALTERNATIVES

1. That the Port Renfrew Utility Services Committee receive this report for information.
2. That the Port Renfrew Port Renfrew Utility Services Committee request further information from staff.

FINANCIAL IMPLICATIONS

Under the proposed project there should be little direct cost to those parcels currently in the water and sewer local service areas. If the project is not completed as proposed, the CRD will need to agree to a plan with the committee to set aside funds for upgrade of the systems in future. As the potential costs of proceeding in this manner may be high, either the project would need to be funded by a borrowing or funded annually over a long period of time. Operating cost increases for the expanded water system should not be excessive, hence with additional properties added to the system, unit costs to owners and users may decline. The sewer costs can only be maintained with support from the developer to offset operating costs in the early years of operation, while new customers are being connected.

SUMMARY/CONCLUSIONS

The TPPL proposal negotiations have been progressing, with a number of CRD departments involved, to bring a project to the community and the CRD Board this spring. The preferred proposal from TPPL is to have the CRD Board establish a new service to borrow funds to construct sewer works for the Port Renfrew sewer system expansion and the Port Renfrew water system expansion. It is possible the off-site sewer works may be phased with an interim upgrade of the existing wastewater plant carried out to permit the servicing of the Phase 1 development behind the community centre, consisting of some 40 lots, with the development of any further lands to be delayed pending the completion of the proposed new wastewater plant and outfall.

CRD staff have identified the requirements for a servicing agreement committing the developer to participation in expansion of other works such as provision of additional fire fighting capacity, alterations to solid waste transfer facilities and provision of other community amenities such as linear parks, community parks or lands for expanded recreation or administration facilities.

Port Renfrew Utility Services Committee – 19 March 2009
Re: Extension of Water and Sewer Systems
Page 5

Staff have identified the need to commence, with the committee, development of an alternate plan for infrastructure upgrade or replacement in future, should the present project not proceed as planned.

RECOMMENDATION

That the Port Renfrew Utility Services Committee receive this report for information.



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