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SAANICH PENINSULA WASTEWATER COMMISSION

Notice of Meeting on **Thursday, May 19, 2016 at 8:30 am**

Saanich Peninsula Treatment Plant Meeting Room, 9055 Mainwaring Road, North Saanich, BC

M. Williams (Chair)	P. Wainwright (Vice-Chair)	R. Barnhart	M. Doehnel
C. Graham	M. Lougher-Goodey	C. Stock	M. Thompson
M. Weisenberger	R. Windsor		

AGENDA

1. Approval of Agenda
2. Adoption of Minutes of March 17, 2016
3. Chair's Remarks
4. Presentations/Delegations
 - No one has registered to speak
5. Proposed Central Saanich Sewer Transfer Agreement (Report #SPWWC 2016-04)
6. Core Area Treatment Program and IRM Status Update (Verbal)
7. Winter Shoreline Bacterial Levels - Core Area and Saanich Peninsula (Report #EEP16-26 forwarded from the Environmental Services Committee)
8. New Business
9. Adjournment

Distribution:

Staff/Town Halls, etc.

R. Lapham
L. Hutcheson
R. Sharma
A. Orr
J. Poncelet
G. Harris

T. Robbins
M. Cowley
D. Robson
I. Sander
M. Montague
Commission file

P. Robins, Central Saanich
D. McAllister, Central Saanich
R. Buchan, North Saanich
P. O'Reilly, North Saanich
R. Humble, Sidney
T. Tanton, Sidney
Tsartlip First Nation



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**Minutes of a Meeting of the Saanich Peninsula Wastewater Commission
Held March 17, 2016 in the Saanich Peninsula Treatment Plant Meeting Room,
9055 Mainwaring Road, North Saanich, BC**

PRESENT

COMMISSIONERS: M. Williams, P. Wainwright, R. Barnhart, M. Doehnel, M. Lougher-Goodey, M. Weisenberger, R. Windsor

STAFF: T. Robbins, General Manager, Integrated Water Services; M. McCrank, Senior Manager, Infrastructure Operations; M. Cowley, A/Senior Manager, Infrastructure Engineering; D. Robson, Manager, Saanich Peninsula & Gulf Island Operations; G. Harris, Senior Manager, Environmental Protection; D. Puskas, Engineer 5; M. Montague (recorder)

GUESTS: M. Underwood, Tsawout First Nation; S. Hallatt, Manager, Aboriginal Initiatives; E. Nahser-Ringer, First Nations Engagement Assistant; G. Orr, Geoff Orr Consulting

The meeting was called to order at 9:15 am.

1. APPROVAL OF AGENDA

MOVED by Commissioner Wainwright and **SECONDED** by Commissioner Lougher-Goodey, that the Saanich Peninsula Wastewater Commission approve the agenda.

CARRIED

2. ADOPTION OF MINUTES

MOVED by Commissioner Lougher-Goodey and **SECONDED** by Commissioner Windsor, that the Saanich Peninsula Wastewater Commission adopt the minutes of the January 21, 2016 meeting.

CARRIED

3. CHAIR'S REMARKS

The Chair's remarks are attached.

4. PRESENTATIONS/DELEGATIONS

There were no presentations/delegations.

5. DISTRICT ENERGY SYSTEM – ENERGY RATE PRICE UPDATE

T. Robbins spoke to the report. He reported that the District Energy System's financial viability with the Panorama Recreation Centre as the only client is very dependent on energy market conditions. Maintaining the Panorama Recreation Centre as a client is crucial so that operation can continue to satisfy the funding grant requirements

MOVED by Commissioner Wainwright and **SECONDED** by Commissioner Barnhart, That the Saanich Peninsula Wastewater Commission:

1. Recommend to the Panorama Recreation Commission to maintain the current DES rate at \$12.015/GJ for 2016 and adjust the rate for 2017 (based on market conditions) as part of the 2017 budget process, and
2. Direct staff to:
 - a. Review the energy rate annually at each budget cycle and adjust as required to reflect market values;
 - b. Explore ways to reduce the DES operating expenses as much as possible;
 - c. Consider non-repayment of the funds that were borrowed from the CRF which supplemented the capital cost construction of the DES; and
 - d. Re-evaluate the financial situation when major equipment fails or when the 10-year operating condition commitment has been met, and present the Commission with an evaluation report on the viability of continuing with DES operation.

CARRIED

6. PROPOSED BIOSOLIDS LAND APPLICATION IMPACT STUDY

G. Harris spoke to the report. He noted that biosolids contaminant assessments will not fully determine environmental and human health risk levels due to the relative lack of toxicity thresholds for emerging substances. In addition, contaminant analyses costs can be expensive especially if a comprehensive emerging, nonemerging and legacy contaminant assessment is desired by the SPWWC. Finally, any assessments undertaken on historic SPWWTP land application locations would be significantly confounded by any more recent farming or other activities. CRD Board direction on regional biosolids management has not yet been determined. Without knowing the ultimate environmental destination of SPWWTP sludge/biosolids, a biosolids project or research study is not recommended at this time.

MOVED by Commissioner Wainwright and **SECONDED** by Commissioner Lougher-Goodey, that the Saanich Peninsula Wastewater Commission refer the item back to staff to provide a budget estimate for a highly focused study looking at emerging contaminants at a site where biosolids have been previously applied vs typical farmland on the peninsula.

CARRIED
3 OPPOSED

MOVED by Commissioner Lougher-Goodey and **SECONDED** by Commissioner Wainwright, that the Saanich Peninsula Wastewater Commission receive the staff report for information.

CARRIED

7. CORE AREA WASTEWATER/SAANICH PENINSULA WASTEWATER SERVICES – JOINT INITIATIVES UPDATE

T. Robbins spoke to the report.

MOVED by Commissioner Lougher-Goodey and **SECONDED** by Commissioner Wainwright, that the Saanich Peninsula Wastewater Commission appoint Mayor Ryan Windsor as a ‘voting’ member from the Peninsula Wastewater Commission to the select committee.

CARRIED

MOVED by Commissioner Windsor and **SECONDED** by Commissioner Barnhart,
That the Saanich Peninsula Wastewater Commission supports the idea of Integrated
Resource Management.

CARRIED

MOVED by Commissioner Windsor and **SECONDED** by Commissioner Wainwright,
That the Saanich Peninsula Wastewater Commission advise the Select Committee they
are open to the idea of an Integrated Resource Management (IRM) pilot on the Saanich
Peninsula Wastewater Treatment Plant site, and other alternative sites on the Peninsula,
based on information from staff.

MOVED by Commissioner Wainwright and **SECONDED** by Commissioner Windsor,
That the motion be amended to include “that the Saanich Peninsula Wastewater
Commission would also like consideration given to an IRM pilot at Hartland Landfill”.

CARRIED

The main motion

CARRIED

MOVED by Commissioner Windsor and **SECONDED** by Commissioner Lougher-
Goodey, that the Saanich Peninsula Wastewater Commission appoint Mike Williams as
a ‘non-voting liaison’ from the Saanich Peninsula Wastewater Commission to the select
committee.

CARRIED

**8. REQUEST TO WAIVE SAANICH PENINSULA WATER AND WASTEWATER
DEVELOPMENT COST CHARGES**

MOVED by Commissioner Wainwright and **SECONDED** by Commissioner Lougher-
Goodey, that the Saanich Peninsula Wastewater Commission direct staff to prepare draft
amendments to the Saanich Peninsula Water and Wastewater Development Cost
Charge Bylaw No. 3208 for the Commissions’ review, that would allow for the
Commissions to waive the development cost charges payable under the Bylaw for the
following eligible development types: ‘not-for-profit rental housing, including supportive
living housing’ and ‘for-profit affordable rental housing’.

CARRIED

9. NEW BUSINESS

There was no new business.

10. ADJOURNMENT

MOVED by Commissioner Windsor, **SECONDED** by Commissioner Doehnel,
That the Saanich Peninsula Wastewater Commission meeting be adjourned at 10:42 am.

CARRIED

CHAIR



**REPORT TO SAANICH PENINSULA WASTEWATER COMMISSION
MEETING OF THURSDAY, MAY 19, 2016**

SUBJECT PROPOSED CENTRAL SAANICH SEWER TRANSFER AGREEMENT

ISSUE

The Capital Regional District (CRD) and the District of Central Saanich (Central Saanich) are proposing to transfer sewer collection infrastructure assets and land from the CRD to Central Saanich.

BACKGROUND

At the September 2015 meeting of the Saanich Peninsula Wastewater Commission, CRD staff presented a draft letter (Attachment 1) that was to be sent to Central Saanich staff, seeking to transfer ownership of sewer infrastructure assets currently held by the CRD to Central Saanich. The process to transfer portions of the sewer collection, and trunk sewer system and associated pump stations and land/encumbrances was initiated in 2003, but was never completed because the CRD still held debt on the assets. This debt was fully paid in 2006. Central Saanich has historically operated the assets being considered under the proposed transfer.

Since last Fall, CRD staff have been working with Central Saanich staff to assemble asset and financial information associated with the proposed transfer. At their meeting of May 9, 2016, the District of Central Saanich Committee of the Whole considered the attached report (Attachment 2) on this matter and endorsed the staff recommendation.

ALTERNATIVES

Alternative 1

That the Saanich Peninsula Wastewater Commission endorse the proposed transfer of sewer infrastructure assets in principle and direct staff to conduct due diligence and prepare a transfer agreement for consideration at a future Commission meeting in 2016.

Alternative 2

That the Saanich Peninsula Wastewater Commission not endorse the proposed transfer of sewer infrastructure assets in principle and direct staff to consider further options to resolve the rights and responsibilities of the CRD and Central Saanich respecting the sewer assets.

IMPLICATIONS

Alternative 1 - If the proposed transfer proceeds, the sewer infrastructure assets being considered under the transfer would formally become assets of Central Saanich. The proposed transfer is an administrative process and there are generally no operational changes being contemplated under this transfer. Central Saanich staff have been operating the sewer assets since the early 1970's and the operational costs have historically been borne by Central Saanich system users. It is proposed that the administrative costs associated with the proposed transfer would be funded from the reserve funds associated with the assets, which has a balance of approximately \$1.4 million.

Alternative 2 - Should the Commission not wish to proceed with the proposed transfer, an agreement to formalize the rights and responsibilities of Central Saanich to operate the sewer system facilities on CRD property should be concluded. This would be subject to negotiations with Central Saanich.

CONCLUSION

The sewer infrastructure transfer would provide clarity of ownership and responsibilities between the CRD and Central Saanich, which would mitigate liability and help manage risk while bringing consistency with the rest of the Saanich Peninsula municipal sewer system ownership and operations.

RECOMMENDATION

That the Saanich Peninsula Wastewater Commission endorse the proposed transfer of sewer infrastructure assets in principle and direct staff to conduct due diligence and prepare a transfer agreement for consideration at a future Commission meeting in 2016.



Ted Robbins, B.Sc., C.Tech.
General Manager, Integrated Water Services

TR:mm

Attachments: 2

ATTACHMENT 1

September 8, 2015

File:

David McAllister, PEng, MSc, MBA
Director of Engineering and Public Works
District of Central Saanich
1903 Mount Newton Cross Road
Saanichton, BC V8M 2A9

Dear Mr. McAllister:

RE: TRANSFER OF SEWER INFRASTRUCTURE ASSETS

The Capital Regional District (CRD) is seeking to transfer ownership of sewer infrastructure assets currently held by the CRD to the District of Central Saanich. The process to transfer portions of the trunk sewer system and associated pump stations to Central Saanich was initiated in 2003, but was never completed because the CRD still held debt on the assets. That debt was fully paid in 2006. The following provides a brief history on this matter:

- The Central Saanich sewer system was constructed in 1971 – the sewer collection system was designed and constructed by Central Saanich and the main trunk sewers, pumping stations and sewage treatment plant were designed, constructed, and financed by the CRD.
- Upon completion, Central Saanich assumed responsibility for the operation of the entire sewer system until 1989, when the CRD took over operation of the sewage treatment plant and Central Saanich continued operation of the sewer collection system, trunk sewers and pumping stations.
- The CRD continued ownership of the Central Saanich trunk sewers and pumping stations as the CRD was responsible for the debt and associated debt servicing costs on this infrastructure

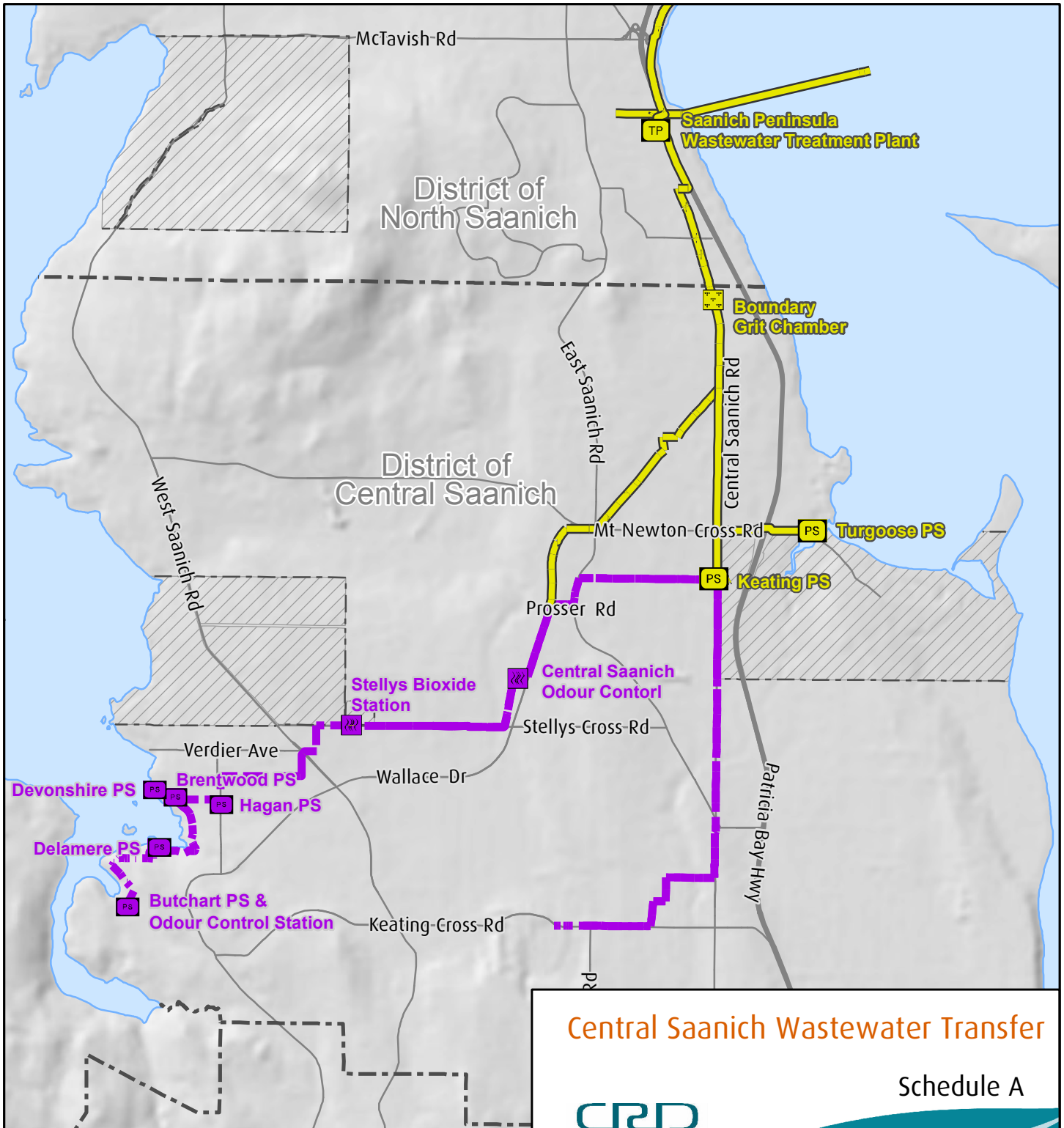
In addition to the physical assets, Capital Reserve Funds associated with the assets have been set aside for the maintenance and eventual replacement of these assets. The assets being contemplated to transfer are detailed conceptually on the attached drawing.

I will be advising the Saanich Peninsula Wastewater Commission of this request at their September 17, 2015 meeting. Once you have had an opportunity to review this request, I would be happy to discuss this matter further at your convenience, please contact me at 250.360.3061 or trobbsins@crd.bc.ca. I look forward to working collaboratively with you and your staff in the preparation of a transfer agreement.

Yours truly,

Ted Robbins
General Manager, Integrated Water Services

TR:mm
Attachment:



Central Saanich Wastewater Transfer

Schedule A



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0 250 500 1,000 1,500 Metres

UTM Zone 10N NAD 1983



DISCLAIMER

Important This map is for general information purposes only. The Capital Regional District (CRD) makes no representations or warranties regarding the accuracy or completeness of this map or the suitability of the map for any purpose. **This map is not for navigation.** The CRD **will not be liable** for any damage, loss or injury resulting from the use of the map or information on the map and the map may be changed by the CRD at any time.

-  Wastewater Main CRD Ownership
-  Treatment Plant CRD Ownership
-  Pump Station CRD Ownership
-  Degrit Chamber CRD Ownership
-  Wastewater Main Ownership Transferred to Central Saanich
-  Pump Station Ownership Transferred to Central Saanich
-  Odour Chamber Ownership Transferred to Central Saanich



The Corporation of the District of Central Saanich

For Committee of the Whole meeting on May 9, 2016

To: Patrick Robins,
Chief Administrative Officer

File: 5340-01-2016

From: Paul Murray
Director of Financial Services

Priority: <input type="checkbox"/> strategic <input checked="" type="checkbox"/> operational
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David McAllister
Director of Engineering

Date: May 2, 2016

Re: Transfer of Sewer Infrastructure Assets

RECOMMENDATION:

That Administration and Finance Committee recommend Council endorse the proposed transfer of sewer infrastructure assets and direct staff to conduct due diligence and prepare a transfer agreement for consideration at a future Council meeting in 2016.

BACKGROUND:

The Central Saanich Sewer System was constructed in 1971. The system was designed and constructed by the municipality and the main sewers, pumping stations and sewage treatment plant were designed, constructed and financed by the Capital Regional District.

Central Saanich operated the system until 1989 when the Capital Regional District took over operation of the treatment plant while Central Saanich continued operation of the majority of the collection system, trunk sewers and pump stations noted in purple on the attached map. This represents a variety of sewer collection system infrastructure that primarily serves the Central Saanich municipality just upstream from the Keating X Road Pump Station through Brentwood Bay to the Butchart Pump Station and Odour Control facility.

Ownership of the land and assets remained with the Capital Regional District as the Regional District remained responsible for the debt and debt servicing costs of that infrastructure. This debt was recently paid out.

The majority of these assets are not considered by the regional district to be part of the

regional trunk sewer system and from a pragmatic perspective may likely have been operated as part of the municipal system since 1989.

The assets included in the proposed transfer include the following, all of which would be verified through a due diligence process if the process proceeds:

- *Fifteen Sewer Rights of Way in various locations*
- *Three Foreshore Rights of Way in Brentwood Bay*
- *Two Fee Simple Properties (Josephine Road and Central Saanich Road)*
- *Central Saanich Trunk Sewer*
- *Hagan, Devonshire Butchart and Delamare Brentwood Pump Stations*
- *Three odour control facilities*
- *Interconnecting gravity and forcemains*
- *Capital Reserve Funds approximating \$1.4 million dollars*

Given that the debt has been paid out and no debt service liabilities exist, the transfer of assets proposal is being contemplated by Peninsula Wastewater Commission and direction sought from Central Saanich Council.

Discussion:

Since 1989 the majority of the infrastructure (purple coloured) has been operated by the municipality as part of the municipal system. A contract for odour control is managed by the Regional District. The system is in overall fair to reasonable condition for its age and there are a small number of individual sections that warrant further condition assessment work as part of due diligence should the transfer process move forward.

The cost to operate the majority of the sewer system (purple in attached map) has been included in the Central Saanich Sewer operating budget for many years. Capital costs have been funded by the municipality from time to time via the accumulated reserves from Central Saanich or regional sewer requisition process as well. There is no additional financial impact on Central Saanich sewer user charges from this transfer as any future costs to upgrade or repair via the regional district would be funded by Central Saanich in any event. There is also no additional financial impact on Saanich Peninsula Wastewater Commission operations or the municipalities of North Saanich and Sidney.

Approximately \$1.4 million in reserve funds have been accumulated from Central Saanich municipal contributions over the years and this would be transferred to Central Saanich Municipal Sewer Capital Reserves as part of this transaction.

The CRD has indicated that there are no outstanding claims, litigation or governmental inquiries pending with regard to the infrastructure and this would be confirmed as part of the due diligence process if the transfer proceeds.

Alternate Options Considered:

Should the Municipality not wish to proceed with the transfer, an agreement to formalize the rights and responsibilities of the Municipality to operate the system on Regional

District property and using their facilities should be concluded. This would be the subject of negotiation with the Regional District, if in fact they wish to entertain such an agreement.

The status quo could also be maintained, although with some significant risk as no formal agreement (although thirty years of past practice) exists to allow for municipal operation of these assets or responsibility for liability should a system break occur. This is not recommended.

Summary:

This is an administrative restructuring transfer process contemplated for post debt repayment by the Regional District. Costs to operate this system have generally been borne by system users in Central Saanich and this would not change as a result of the transfer.

The transfer will provide clarity of ownership, simplify operations, mitigate liability and help manage risk while bringing consistency with the rest of the peninsula system. The municipality's ability to manage the system would also be simplified via the streamlined ownership as further repairs or improvements would not require the approval of the Peninsula Wastewater Commission or Capital Regional District.

Administrative costs of the transfer process would be expected to be borne by the Capital Regional District and the transfer concluded before end of 2016, should both the Municipality and Saanich Peninsula Wastewater Commission decide to proceed.

Should the process of transfer be endorsed in principle, staff from the municipality and regional district would complete their own due diligence work and develop a transfer agreement for consideration by Central Saanich Council and the Peninsula Wastewater Commission later in 2016.

Respectfully submitted,

Paul Murray
Director of Financial Services

David McAllister
Director of Engineering

***Administrator's Recommendation:
I concur with the recommendation
contained in this report.***

***Patrick Robins
Chief Administrative Officer***