

Ministry of Community, Sport and Cultural Development
BRIEFING NOTE FOR MINISTER

Ref #: 150612

FOR MEETING

Date: June 14, 2012

Title: Minister's meeting with City of Colwood to discuss wastewater treatment alternatives on Tuesday, June 19, 2012 at 11:00 a.m.

Staff attending: Glen Brown, Executive Director, Local Government Infrastructure and Finance Branch.

Issue: The City of Colwood is requesting Ministry of Community, Sport and Cultural Development (Ministry) support for investigation of an alternative to the Capital Regional District's (CRD) Wastewater Treatment Project that would require a delay in the process of the CRD Project. Attending from the City of Colwood will be: Mayor Carol Hamilton.

Background:

- Sewer service to the City of Colwood (Colwood) was initially provided under the Capital Regional District (CRD) Letters Patent established in 1967; at that time Colwood was an Electoral Area.
- The CRD now provides Colwood with sewer service under the CRD Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995. The sewer service includes trunk sewers, treatment, outfall, etc., as related to sewage disposal.
- This bylaw identifies Colwood as a participating area, along with the other members of the core area including: Saanich, Victoria, Oak Bay, Esquimalt, View Royal and Langford.
- Any desire to alter the CRD sewer service bylaw would require approval of the CRD Board and the Inspector of Municipalities.
- The disposal of sewage to the ocean is authorized under the *Environmental Management Act* through a Liquid Waste Management Plan (LWMP) authorized by the Environment Minister.
- The CRD LWMP is an approved plan under the *Environmental Management Act* and includes the commitment to complete the Core Area Wastewater Treatment Project (Project). This Project will construct a wastewater treatment system to treat sewage generated in the seven core area communities.

Families First Considerations:

- The least-cost alternative for residents is to confirm the federal-provincial funding that is currently feasible for the currently-proposed wastewater treatment project.
- The CRD has publically reported an estimated per household cost of \$210 - \$500 per year, depending on the municipality and structure of municipal cost-sharing agreements, and assuming one-third funding from each of the provincial and federal governments.

First Nations Considerations:

- In general, First Nations are supportive of the current LWMP and the wastewater treatment Project, and the CRD continues to keep them apprised of the project.

Discussion:

- The Mayor's letter states that Colwood Council seeks to explore opportunities for liquid waste treatment and resource recovery with interested developers.
- Colwood desires a delay to the currently-proposed CRD wastewater treatment project to support them undertaking such studies.
- A delay in the process of the CRD project, or any other potential revision of the approved LWMP, would require an amendment from the Environment Minister.
- Consideration of a delay would first need to be brought to the CRD Board, who would subsequently make a decision on whether or not to request an amendment.
- The approved LWMP includes the CRD wastewater treatment project and has senior government funding that is both imminent and time sensitive. Any delay in the project could jeopardize senior government funding, greatly increasing the cost to core area families.
- The wastewater treatment Project currently approved in the CRD LWMP does not limit opportunities for local resource recovery. As well, the plan includes a future Westshore wastewater treatment plant which is envisioned to be located in Colwood.
- If applied, green development alternatives, from innovative site-specific sewage treatment to low-flow toilets, could reduce the per-capita cost of sewage service in Colwood since the CRD has proposed basing the cost of service on the flow produced by each member municipality.
- Over the past year-and-a-half, the Ministry of Community, Sport and Cultural Development (Ministry) provided significant assistance to Colwood, with a significant investment of staff time and expertise, to rationalize its sewer services from 45 local service areas to only five. Work included consolidating related debt, standardizing cost recovery, and establishing a new system of development cost charges and will result in reduced administration costs for the management of 45 services and in providing greater certainty to developers.

Recommended Response:

- Over the past year-and-a-half, the Ministry provided significant assistance to the City of Colwood with rationalizing its sewer services from 45 local service areas to only five, including consolidating related debt, standardizing cost recovery, and establishing a new system of development cost charges. I trust these changes have proven of value to your administration through providing greater certainty to developers and administrative ease to City of Colwood staff, which no longer needs to manage 45 individual services.

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Ministry of Community, Sport and Cultural Development
BRIEFING NOTE FOR MINISTER

Ref #: 150811

FOR INFORMATION

Date: July 29, 2012

Title: Capital Regional District Wastewater Treatment Project

Issue: June 2012 Update

Background:

On August 25, 2010, the Minister of Environment approved Amendment No. 8 to the Capital Regional District (CRD) Core Area Liquid Waste Management Plan (Plan). An outcome of this Plan is for wastewater treatment for the core area of the CRD to be implemented by 2016.

- The core area includes Victoria, Oak Bay, Saanich, Esquimalt, View Royal, Langford, and Colwood; and
- Sewage from Central Saanich and North Saanich and Sidney, already receives secondary treatment at the Saanich Peninsula Wastewater Treatment Plant.

The project costs have changed over time to reflect improved estimates, cost escalations and inflation. The original cost estimate of \$1.2 billion was reduced in the CRD's 2010 business case to \$743 million (capital costs only, not including land, financing) and even further reduced in the CRD's 2012 business case to approximately \$700 million (capital costs only, not including land, financing).

- The 2012 cost estimate has additional inflation, financing and risk transfer costs bringing the current total project estimate to approximately \$884 million.

S13, S17

S13, S17 One-third of provincial eligible costs to a maximum contribution of \$248 million. The provincial contribution of \$248 million is one-third of the original cost estimate of \$743 million and supports greater than one-third of the current capital cost estimate.

The provincial contribution will support the two Public-Private Partnership components of the project – the wastewater treatment plant and the bio-solids/energy centre. The contribution agreement will include several standard approval conditions.

S13, S17

Families First Considerations:

Two-thirds senior government funding will reduce the tax burden on families in the core area, which includes the cities of Victoria, Langford and Colwood; the districts of Oak Bay and Saanich; the Township of Esquimalt; and the Town of View Royal.

The CRD has estimated the annual cost per household, assuming two-thirds funding, to vary among municipalities between \$250 and \$500. Municipalities will be billed based on the quantity of sewage discharged to the CRD trunk mains. Without senior government funding, the annual cost to the taxpayer would be between about \$750 and \$1,500 per household.

First Nations Considerations:

For the last several years, the CRD has been in discussion with First Nations.

In general, First Nations are supportive of the current plan as no new discharge location is required and the provision of sewage treatment reduces environmental impacts.

Discussion:

The project is in its program development phase. The Plan's current target completion date is mid-2019 and the Minister of Environment for the Province has indicated that he is willing to discuss an extension to the current 2016 deadline if the CRD requests one.

S13, S17

- Discussion included that the terms of the Commission, as described in the Contribution Agreement (Agreement), may alleviate some of the concerns presented by the mayors and that the Ministry will continue with its due diligence, working with the CRD and federal government and drafting of the Agreement.

As part of its funding conditions, the Province requires the CRD to maximize recovery of resources (water, energy, nutrients) from the waste streams, while minimizing costs and greenhouse gas emissions.

S13, S17

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