

DATE: August 4, 2015

FILE: 5330-20/SSP

TO: Chair and Directors
Electoral Areas Services Committee

FROM: James Warren
Acting Chief Administrative Officer

RE: Federation of Canadian Municipalities green municipal fund grant application –
south sewer project

Purpose

To obtain approval for the submission of a grant application for the south sewer project (SSP) under the Federation of Canadian Municipalities green municipal fund (FCM-GMF).

Policy analysis

FCM-GMF guidelines require evidence of ministerial or municipal board approval to borrow funds, and a signed municipal council resolution describing our organizational commitment to, and financial support for, the project and GMF funding application.

Bylaw No. 2422, being the “Regional District of Comox-Strathcona Liquid Waste Management Planning Service Bylaw No. 2422, 2002” provides planning services to the rural areas with regard to liquid waste management.

To describe Comox Valley Regional Districts (CVRDs) commitment to the “green” portion of the FCM-GMF, a demonstration of membership to a climate action program such as the Partners for Climate Protection program is required. The CVRD has demonstrated its commitment to climate action in multiple ways, including signing on to the *Climate Action Charter* in 2007, and participation in the FCM Partners for Climate Protection program.

Bylaw No. 120 being the “Comox Valley Regional District Regional Growth Strategy Bylaw No. 120, 2010” and Bylaw No. 337 being the “Rural Comox Valley Official Community Plan Bylaw No. 337, 2014” have adopted a target of a 50 per cent reduction in community greenhouse gas emissions by 2030, and many of the policies and objectives within are intended to mitigate the impacts of climate change by working towards this target.

Executive summary

The SSP involves a partnership between the CVRD, the K`ómoks First Nation (KFN), and the Village of Cumberland (VoC). In March 2013, the project partners received \$15 million in funding from the gas tax-general strategic priorities fund, also known as the Union of British Columbia Municipalities (UBCM) Strategic Priorities Fund (SPF), to construct the first phase of the SSP. Phase one of the SSP will include construction of a new wastewater collection, conveyance and treatment system for the south region of the CVRD.

In the July 10, 2013 report to the electoral area services committee (EASC) titled “South Sewer Regulatory Options”, staff outlined the rationale and recommendation for a liquid waste management plan (LWMP) and environmental impact study (EIS) to authorize the project and

outfall for the south region. The CVRD south region LWMP process was initiated in April 2014, and in March 2015 a screening process carried out with input from all key community, industry and agency stakeholders selected a preferred solution: a centralized treatment facility in the south region with discharge of advanced secondary treated effluent through a combined outfall off Cape Lazo.

When the LWMP was initiated for the CVRD in April 2014 the preliminary capital cost for phase one was estimated at \$45 million. Construction costs escalation and the selection of a combined outfall off Cape Lazo over the previously preferred and closer outfall location in Baynes Sound have combined to push the current estimated cost for phase one up to \$57 million. These costs are class 'C' estimates with an accuracy of +/- 30 per cent. Cost estimates of a higher accuracy are being developed along with the required level of design over the winter of 2015/16.

Even with the support of the \$15 million UBCM SPF fund, project costs remain high as this fund now represents less than 1/3 of the total capital costs. Project partners continue to explore opportunities for additional sources of funding to further reduce costs to Electoral Area 'A' residents and improve project affordability. For the fourth year in a row the project partners submitted an application in June 2015 under round seven of the P3 Canada fund. Funding from P3 Canada could contribute an additional 1/4 of the total capital costs.

Opportunity also exists under the FCM-GMF for a low interest loan of up to \$10 million dollars combined with a grant for up to 15 per cent (maximum \$1.5 million dollars) of the loan amount. The Government of Canada endowed the FCM with \$550 million to establish the GMF. For municipal governments, loans are offered at competitive rates that are typically lower than other municipal financing sources. The fund supports partnerships and leveraging of both public and private-sector funding to reach higher standards of air, water and soil quality, and climate protection. Projects in the wastewater sector must include an advanced level of treatment, must offer knowledge value for other municipalities, and meet minimum effluent quality standards. The preferred solution selected by the CVRD LWMP process will meet or exceed the FCM-GMF eligibility requirements. Applications for this round are being accepted until September 15, 2015.

The FCM-GMF is not considered to be a federal contribution and there would be no conflicts with existing funding if the project partners are awarded these funds. There are no other departments within the CVRD competing for this round of FCM-GMF funding.

SSP staff are seeking approval to submit an application to the FCM-GMF for the maximum loan and grant combination of \$10 million to assist in construction of the south sewer project.

Recommendations from the acting chief administrative officer:

THAT an application be submitted to the FCM-GMF towards SSP capital costs;

AND FURTHER THAT if the application for funding is successful, the balance remaining after all sources of grant funding have been applied will be borrowed on behalf of area residents in accordance with requirements for electoral assent as described in the Local Government Act.

Respectfully:

J. Warren

James Warren
Acting Chief Administrative Officer

Prepared by:

K. La Rose

Kris La Rose, P.Eng
Manager of liquid waste planning

Concurrence:

M. Rutten

Marc Rutten, P.Eng.
General manager of engineering
services branch