

DATE: May 11, 2018

FILE: 5330-20/CVWTP

TO: Chair and Directors
Comox Valley Water Committee

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Comox Valley Water Treatment Project – Permitting Update

Purpose

To provide an update on the progress towards securing key Comox Valley Water Treatment Project (the project) permits.

Recommendation from the Chief Administrative Officer:

This report is presented for information only.

Executive Summary

The project requires permits from two key provincial ministries prior to starting construction. The status of these permits affects our upcoming grant application, as the project needs to show it is “shovel ready” to maximise our chances of grant funding.

The project has applied for a Certificate Exemption from the Ministry of Environment Environmental Assessment Office (EAO). This process is ongoing and is currently in the working group phase. Comox Valley Regional District (CVRD) need support from K’ómoks First Nation (KFN) before the EAO will provide an exemption.

Several permits are required from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (the ministry) including additional water license capacity to meet the water consumption needs of our growing community for the next 25 years. CVRD need to resolve water availability concerns related to the new water license, as well as gain KFN support before receiving ministry permits.

There are a wide range of water demands on Comox Lake, and the recently implemented Water Sustainability Act reinforces that fish flows are the highest priority. Given the complexity of this topic, staff will be providing a presentation to help explain the following in greater detail:

- BC Hydro holds the license to all water in the system, supply of water to the community comes fourth on the list of priorities after fish flows, power generation, and flood control;
- There is a strong advantage in partnering with the KFN on water towards our shared objective of long term water security;
- Commitments to protect fish health during drought years by implementing stage three water restrictions is appropriate and necessary to provide rationale for an additional water license.

Background

CVRD staff are working intensively with agency stakeholders to secure the necessary permits and approvals required to proceed with the project. The most important permits and approvals are listed in Table No.1 below. Each of these permits/approvals will require KFN support.

Table No.1

Permit/Approval	Agency	Description
Environmental Assessment Office exemption	EAO	Province directed project to apply for exemption to environmental assessment process due to minimal project impacts
Change of works	FLNRO	Shift of intake from river to lake
Section 37	FLNRO	Reallocation of BC Hydro water to CVRD
Water license	FLNRO	Increase required to meet 25 year projected demand
Water use agreement	BC Hydro	As holder of all water in watershed, BCH needs to agree to reallocate water before new license approved

The EAO exemption process is underway and expected to be completed in summer 2018. This is a streamlined version of the EAO certificate process for projects, like ours, which can show no significant adverse effects. Stringent environmental controls still apply to the project construction and operations.

The Change of Works permit is a relatively straightforward technical exercise expected to be approved this fall.

The water license application and water use agreement with BC Hydro are strongly linked and are requiring significant consultation, a high level of effort and pose the highest risk to the project schedule.

The existing Comox Valley water license has a peak annual withdrawal capacity of 9.1 million cubic meters per year. In June 2013, the CVRD applied for a new water license in the amount of five million cubic meters per year to meet projected water demand over the first phase of life of the new project. That application was referred back to CVRD later in 2013 as the ministry identified that there was no unrecorded water to license, suggesting CVRD approach BC Hydro to reallocate their water.

The difficult issue is water availability during the dry summer months. The province and BC Hydro are reluctant to approve additional water withdrawal from the lake given that BC Hydro has been unable to meet minimum fish flow requirements in the Puntledge River over the past several summers. In fact, the summer of 2015 was so dry that the river could have been reduced to a trickle if the rains hadn't started early that year. During July and August of that year the CVRD voluntarily went to stage three watering restrictions, and showed significant reductions to water consumption.

Two-Pronged Approach: Further Study Work

The CVRD is working directly with a local biologist recommended by BC Hydro to confirm that the additional proposed Comox Valley Water System (the system) withdrawal will not significantly impact fish in the Puntledge River. This argument will largely be based on the insignificance of future water withdrawals for the system when compared to the total fish flows. Once the additional licensed capacity is fully utilized in approximately 25 years, the system will account for less than five per cent of total consumption from the limited amount of storage in the lake. Additionally, the

system will very likely be required to commit to escalating water restrictions as drought conditions intensify in the watershed. Commitments to protect fish health by moving to Stage 3 water restrictions when needed, are appropriate and in line with other regions in the province.

Two-Pronged Approach: Partnering with KFN

Even with these commitments to protect fish health, the province has outstanding concerns. The potential exists that increased license capacity for the CVRD alone may not be approved. This highlights the strong advantage of partnering with KFN on water issues of joint interest. The partnership has several important synergies:

1. KFN has negotiated significant water allocations through and related to the treaty process;
2. KFN are interested in water servicing of treaty lands in the south region;
3. KFN support is necessary for provincial approval of several key permits/licenses;
4. The Water Treatment Plant has the capacity to treat sufficient water for KFN lands; and
5. CVRD have infrastructure which could be extended to service KFN lands.

A partnership is a significant step in resolving water availability concerns due to the possible aggregation of license requests on the system. CVRD continue to work with KFN towards a possible partnership in this regard.

Our analysis and biological work will demonstrate that our joint anticipated water extraction will not have a significant impact on fish health. Working with the KFN should provide a strong rationale that water is being allocated in a sustainable manner. Moving forward, staff will continue to provide regular updates on the project’s permitting process to the Comox Valley Water Committee.

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Stakeholder Distribution (Upon Agenda Publication)

K’ómoks First Nation	✓
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