

DATE: August 6, 2020**FILE:** 5340-01**TO:** Chair and Members
Comox Valley Sewage CommissionSupported by Russell Dyson
Chief Administrative Officer**FROM:** Russell Dyson
Chief Administrative Officer***R. DYSON*****RE: COVID-19 Response and Renewal – Comox Valley Sewage Service**

Purpose

To provide the Comox Valley Sewage Commission with a COVID-19 Response and Renewal Plan for the Comox Valley Sewer Service (CVSS).

Recommendations from the Chief Administrative Officer:

THAT the COVID-19 Response and Renewal Action Plan - Option 1, for the Comox Valley Sewer Service, as included with the staff report dated August 6, 2020, be approved.

AND THAT the municipal fee rates for SkyRocket compost provided by Bylaw No. 71 being “Comox Valley Sewerage Service Regulation, Fees and Charges Bylaw No. 71, 2010” be waived until the end of 2022.

Comox Valley Sewage Service Renewal Plan

As part of the Comox Valley Regional District (CVRD) Board’s COVID-19 Response and Renewal Framework, an assessment of the CVRD’s core services is being conducted and is based on five principles:

- Maintaining core services at an affordable cost;
- Sustaining stable services in support of the local economy;
- Adapting to changing community priorities;
- Realigning resources to support community renewal initiatives; and
- Communicating clearly about actions.

This report considers the various tasks for sewer treatment as a core service and identifies certain changes that could be implemented, supporting the five principles above. The demands and needs of the sewer service have not been tempered by COVID-19, and in fact operations at our facilities were initially complicated by crew configuration, personal distance requirements and other COVID safety related necessities.

This report offers two options for the commission’s consideration. Option 1 provides a greater response in terms of reduced costs in years 2021/22 but comes with slightly higher financial risk and greater future increase in year 2023, while Option 2 provides a reduced response with lower financial risk and more gradual future increases.

Operational and Capital Work Plan Modifications

The CVRD’s COVID-19 Renewal Framework includes evaluating CVRD services for fiscal efficiencies and assessing tasks and work plans. The following table lists the necessary and critical tasks, which are those that must continue to be provided to the community in order that water

supply, sewer treatment, parks and waste management (as examples) are delivered. The functional tasks include actions that may be paused, deferred or cancelled outright. Finally, the renewal actions describe tangible and/or systemic changes to deliver renewed public services.

Operational and Capital Work Plan Modifications
<p>Necessary Tasks</p> <p><u>Sewer conveyance and treatment</u> Status quo required to ensure continued compliance with regulatory requirements and continued conveyance, treatment and discharge of wastewater from more than 45,000 residential, commercial, institutional, and industrial customers within the service area.</p>
<p>Critical Tasks</p> <p><u>Liquid Waste Management Plan (LWMP) – conveyance solution; treatment level; resource recovery opportunities</u> Recommendations for preferred conveyance, treatment and resource recovery opportunities have been delayed to November 2020 due to COVID-19 constraints on public engagement. However staff have used the additional time to undertake a higher level of due diligence on key project components to increase confidence in the outcome of the planning process.</p> <p><u>Comox Valley Water Pollution Control Centre odour control upgrades</u> Progress on this critical project has not been significantly delayed; completion is still expected before summer 2021.</p>
<p>Functional Tasks Highlights</p> <p>The 2020 work plan for the CVSS remains largely unchanged after a thorough assessment throughout the COVID-19 response phase. The essential nature of the service means that most functional tasks are directly related to ensuring continued delivery of wastewater conveyance, treatment and discharge services to the community. Some opportunities exist, and assessment of these has been done to ensure that proposed changes do not lead to higher costs and lower affordability over the middle and longer term.</p>
<p>Renewal Actions</p> <p>1. Reduce increases to the service revenue requirements over the next two years:</p> <ul style="list-style-type: none"> • Currently scheduled increases to the municipal requisition are being driven by increasing costs associated with borrowing for projects to be authorized by the LWMP. • Because the CVSS revenue is supplied in large part by municipal requisition (levy), the COVID-19 pandemic is not expected to have a significant impact on CVSS revenues. • Nonetheless, staff have identified a number of opportunities for reducing service revenue requirements in the short term to assist the community during the COVID-19 recovery phase. • These opportunities have been assessed and summarized in Appendix A. Reduction examples include: <ul style="list-style-type: none"> ○ Deferred fiber optic cable installation between the biosolids compost facility and landfill leachate treatment plant. ○ Removal of infrastructure replacements at the Courtenay and Jane Place pump stations that will be redundant with the LWMP conveyance project scope.

- When these proposed cost reductions are implemented it is possible to hold the municipal requisition at \$6.6 M for the next two years without higher than anticipated increases in the latter three years of the plan
- However, at this point in time the sewer service is part way through an extensive LWMP planning process that will see future capital and debt costs increase significantly. Capital cost projections are not well known, are based on preliminary engineering and a yet to be completed options evaluation as well as further public consultation. Considering this, it would be more prudent for the Sewage Commission to contribute any savings towards reserves to either use for future COVID-19 response or as required to fund service expenditures.
- The following table provides two options for the municipal requisition for the commission’s consideration:

	2020	2021	2022	2023*	2024
Current	\$6.4M	\$6.8M	\$7.2M	\$7.6M	\$8.3M
Option 1	\$6.4M	\$6.6M	\$6.6M	\$7.6M	\$8.3M
Option 2	\$6.4M	\$6.8M	\$7.2M	\$7.6M	\$8.3M

- Although Option 2 above makes no change to the requisition additional funds as summarized in Appendix A will be contributed towards reserves in years 2021 and 2022.
 - If the Sewage Commission supports a change, staff will embed the changes for 2021 and 2022 into the proposed 2021-2025 financial plan to be brought forward for approval in early 2021.
 - Implementing Option 1 will reduce CVSS revenue by \$800,000 over the current five year financial plan. While implementing Option 2 will increase reserve contributions by this same amount.
 - Per Appendix A, the proposed cost savings for 2020, 2021 and 2022 equate to approximately \$788,000, leaving the reserve contributions for these years just \$12,000 less than under the current financial plan.
 - The Comox Valley Sewage Advisory Committee supported proceeding with Option 1 at their meeting on July 30, 2020.
2. Waive the municipal fee rate for SkyRocket compost until the end of 2022 to help reduce municipal costs, decrease pressure on the sale of Comox Strathcona Waste Management organics compost, reduce excess product leftover at the end of the year, and potentially stimulate lasting additional municipal public works demand for SkyRocket.
 3. Participation in an inter-regional Mutual Aid Agreement (MAA) with neighboring regional districts and municipalities, and a separate local Comox Valley MAA with smaller water and sewer purveyors to ensure the Comox Valley Water System and Comox Valley Sewer System are covered in case staffing falls below emergency levels, and that we are doing our part to provide the same comfort to smaller purveyors in the Comox Valley.

Summary

The delivery of wastewater conveyance, treatment and discharge services is critical to the residents, businesses and institutions of the Comox Valley. Without impacting the compliant management of wastewater, staff have identified temporary reductions in service costs that will translate to lower municipal requisition over the short to mid-term.

Citizen/Public Relations

The municipal requisition is allocated to Courtenay, Comox and soon the Department of National Defence based on their proportion of the wastewater processed by the system. These wastewater costs form but one line item in the financial plans for each; exactly how the proposed reduction in the municipal requisition will effect users will be different for each jurisdiction.

Prepared by:

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Attachments: Appendix A – “Function 336 Covid-19 renewal plan proposed financial plan amendments”

Appendix A – Function 336 COVID-19 Renewal Plan Proposed Financial Plan Amendments

Comox Valley Sewer Service - Capital					
	2020	2021	2022		
Fiber connection from compost facility to leachate plan.	(\$25,000)			Delay	Delay installation of new fibre connection to 2023.
Courtenay & Jane Place pump station upgrades.		(\$499,000)	(\$217,000)	Decrease	Removing budget for replacement of items covered in implementation of LWMP conveyance.
Minor capital.		(\$27,000)	(\$30,000)	Decrease	Removing items that will be covered in related capital projects.
Total Cost Reduction	(\$25,000)	(\$526,000)	(\$237,000)		