

DATE: September 20, 2018

FILE: 5330-20/SSP

TO: Chair and Members
South Sewer Select Committee

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Work plan to advance service negotiations with the Comox Valley Sewage Commission

Purpose

To introduce a work plan to address those items identified by the Comox Valley Sewage Commission (Sewage Commission) as requiring further review prior to a final decision being made on the provision of service to Baynes Sound-Denman/Hornby Islands (Electoral Area A).

Recommendation from the Chief Administrative Officer:

This report is presented for information only.

Executive Summary

- At the May 15, 2018 meeting, the Sewage Commission provided support, in principle, to receive wastewater from Electoral Area A, subject to the satisfactory resolution of further service negotiations on matters related to governance, terms of service, financial impact and regulatory considerations.
- Further work is required to address those items identified by the Sewage Commission and advance service negotiations. All costs associated with this work are to be borne by Electoral Area A.
- Staff have prepared a work plan including engaging the services of external consultants to complete a governance study and additional technical evaluation through the Comox Valley Sewage Service (CVSS) Liquid Waste Management Plan (LWMP). An estimated \$40,000 in professional fees is required to complete this work.
- Staff recommend that this work be advanced, independent of a decision on the retention of Gax Tax General Strategic Priorities Fund (GSPF) funding.
- A final decision from the Sewage Commission will inform any future wastewater planning for the area.
- Staff will present this report to the Sewage Commission at the next meeting scheduled for December 4, 2018.

Prepared by:

D. Monteith

Darry Monteith
Manager of Liquid Waste Planning

Concurrence:

M. Rutten

Marc Rutten, P.Eng.
General Manager of Engineering
Services

Background/Current Situation

Comox Valley Regional District (CVRD) staff have developed a revised wastewater servicing concept to address continued environmental impacts from failing septic systems in Royston and Union Bay. The proposal would see wastewater from defined areas within Electoral Area A conveyed north to the Comox Valley Water Pollution Control Centre (CVWPCC) for treatment and discharge to the environment. Areas to be serviced would include:

- Royston and Union Bay, including Kensington Island Properties development lands
- K'ómoks First Nation (KFN) development lands

This is a complex proposal requiring consideration and approval from the Sewage Commission. The Sewage Commission has provided support in principle to receive wastewater from Electoral Area A, subject to the satisfactory resolution of further service negotiations on matters related to governance, terms of service, financial impact and regulatory considerations.

To address those items identified by the Sewage Commission and advance service negotiations, the following work plan is proposed. From this work proposed terms of service will be identified for consideration and approval.

(1) Governance Study

Budget: \$20,000

Delivery date: January 2019

The CVRD will obtain the services of a local government consultant to review service delivery models for further consideration by the South Sewer Select Commission (SSSC) and Sewage Commission.

The governance study will build on work completed by Leftside Partners Inc. and Neilson-Welch Consulting Inc., on utilities governance options and work completed by Stewart McDannold Stuart on South Sewer governance.

Proposed scope of work:

- Identify relevant service delivery models, options may include participation in the CVSS or other possible service agreement arrangements;
- Identify and discuss impacts to service control, including representation, voting structure and decision making;
- Identify and discuss the impacts of future projected service populations;
- Review similar models in other jurisdictions to identify best practices and challenges;
- Engage with CVRD and member municipality staff, the SSSC, and the Sewage Commission to understand concerns and challenges;
- Engage with KFN to understand their interests;
- Provide recommendations for further consideration by the SSSC and Sewage Commission.

The proposed governance study will be undertaken during winter 2018 with recommendations presented to both the SSSC and the Sewage Commission in early 2019.

(2) CVSS Stage One LWMP

Budget: \$20,000

Delivery date: June 2019

Electoral Area A wastewater flows will be included in stage one of the CVSS LWMP process to assess the impacts and sizing of conveyance infrastructure, and regulatory considerations. Stage one of the CVSS LWMP is underway and expected to be complete by June 2019.

The engineering consulting contract for the CVSS LWMP has been awarded to WSP. Additional budget will be required for WSP to assess the impact of Electoral Area A wastewater flows on the options being evaluated in stage one. The cost of completing this work is estimated at \$20,000.

If the Sewage Commission approves the provision of service to Electoral Area A, those wastewater flows will be further incorporated into stage two and three of the CVSS LWMP.

(3) Financial Impact Analysis

Budget: internal staff resources

Delivery date: January 2019

CVRD staff will complete a high-level financial impact analysis to evaluate:

- Impact of capital improvement cost charge contributions from new Electoral Area A participants on CVSS capital works reserves and borrowing for planned capital upgrades;
- Impact of additional service participants on municipal requisition amounts.

This work will be completed over the coming months, with results presented to both the SSSC and the Sewage Commission in early 2019. This analysis will also be updated as the CVSS LWMP progresses through future stages and capital costs are further refined.

Policy Analysis

At the April 19, 2017 meeting, the SSSC passed the following motions:

THAT preliminary support be requested from the Sewage Commission to conduct further analysis on a south sewer service option for partnering with the Comox Valley Sewage Service;

AND FURTHER THAT subject to receipt of preliminary support from the Sewage Commission the board rise and report.

At their May 15, 2018 meeting, the Sewage Commission passed the following motions:

THAT the Comox Valley Sewage Commission support in principle receipt of wastewater from those defined areas within Baynes Sound-Denman/Hornby Islands (Electoral Area A) identified in the staff report dated May 11, 2018, subject to the satisfactory resolution of further service negotiations on matters related to governance, terms of service, financial impact and regulatory considerations;

AND FURTHER THAT the impact of accepting wastewater from Electoral Area A be evaluated through Stage One of the Comox Valley Sewage Service Liquid Waste Management Plan (LWMP);

AND FURTHER THAT staff be directed to report back to the Comox Valley Sewage Commission with detailed analysis on governance, terms of service, financial impact and regulatory considerations to support a final decision on provision of service to Electoral Area A and incorporation of Electoral Area A flows into Stage Two and Three of the LWMP;

AND FINALLY THAT all costs associated with the related analysis and planning be borne by Electoral Area A.

Options

This report is presented for information only.

Financial Factors

The 2018-2022 Financial Plan for the Electoral Area A – Baynes Sound Feasibility Studies service, Function 151, includes \$1,254,232 for professional fees related to South Sewer project work and funded by community works funds.

The cost of completing the proposed governance study and technical evaluation is estimated at \$40,000. Staff will utilize the available budgetary allowance to complete this work. The \$40,000 is still considered eligible for the use of community works funds.

Legal Factors

The proposed governance study will explore options for the delivery of wastewater conveyance and treatment services to those defined areas within Electoral Area A. Any analysis and findings associated with this work will align with the *Local Government Act* (RSBC 2015 c.1) and CVRD bylaws and policies. Bylaw updates will be presented for consideration if necessary to implement any aspects of this review.

A local service area for sewage collection will also need to be established for participating areas within Electoral Area A. This will be a traditional local service area under the CVRD's Electoral Areas Services Committee, similar to the many water local service areas that already exist.

Regional Growth Strategy Implications

Union Bay is one of the three settlement nodes identified by the Regional Growth Strategy (RGS) to accommodate compact forms of development. A community sewer system would allow growth and development in the area. Adequate servicing, particularly in the Union Bay region, will be necessary to ensure the implementation of the RGS.

There has been concern in the past that the inclusion of rural participants in the CVSS could facilitate undesirable densification outside of municipal boundaries. However implementation of the RGS and Rural Comox Valley Official Community Plan over the past several years has limited densification to settlement nodes such as Union Bay. Development outside of these areas is constrained by a four hectare minimum lot size for subdivision.

Intergovernmental Factors

The area that is proposed to be serviced falls entirely within the traditional territories of the KFN. The KFN continue to be strong project partners with significant land holdings in the area and maintain representation on the SSSC.

The CVSS is governed by the Sewage Commission whose membership includes representatives from the Town of Comox, City of Courtenay and the Department of National Defence. Support from the Sewage Commission is required if Electoral Area A wastewater flows are to be treated at the CVWPCC.

Interdepartmental Involvement

Engineering Services staff will work closely with staff from Legislative Services and Financial Services as this concept is further developed.

Citizen/Public Relations

The CVRD recognizes and fully respects the 2016 South Sewer Project referendum results and will ensure that a proper public engagement process continues as this option is further developed.

Public consultation during the south region LWMP and South Sewer Project development has shown that Electoral Area A residents are aware of the wastewater challenges in the area and understand that a solution still needs to be found which protects the natural environment and provides cost effective wastewater treatment. Many Electoral Area A residents are supportive of affordable, centralized wastewater treatment.