



**REPORT TO CORE AREA LIQUID WASTE MANAGEMENT COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 9, 2024**

SUBJECT Core Area Wastewater Service Esquimalt Nation Capacity Allocation Request

ISSUE SUMMARY

To provide an overview of a request from x^wsepsum (Esquimalt Nation) for additional capacity at the McLoughlin Point Wastewater Treatment Plant (MPWWTP) and to outline the process for the transfer of treatment capacity is laid out in Section 9 of Bylaw 2312 (attached as Appendix A).

BACKGROUND

The treatment capacity of the McLoughlin Point Wastewater Treatment Plant is 108 megalitres per day (ML/d) measured on the basis of Average Dry Weather Flows (ADWF). Design capacity is allocated to participants as shown below.

Participant Area	Allocated ADWF Capacity (MLD)	% of Total
Colwood	4.70	4.35%
Esquimalt	7.10	6.57%
Esquimalt Nation	0.07	0.06%
Songhees Nation	0.66	0.61%
Langford	14.12	13.07%
Oak Bay	6.62	6.13%
Saanich	32.89	30.45%
Victoria	38.30	35.46%
View Royal	3.54	3.28%
Total	108.00	100.00%

The bylaw also sets out the ADWF and Peak Wet Weather Flow (PWWF) allocations for all participants who purchased capacity at the MPWWTP.

The capacity allocations by participant and the actual measured ADWF and PWWF, (for the period from October 1, 2022 to September 30, 2023) are noted in the table below.

McLoughlin WWTP Allocations and Actual Measured ADWF and PWWF: 2023

Participant Area	Allocated ¹ ADWF Capacity (MLD)	ADWF ² (Jun + Jul + Aug, 2023)		Allocated ¹ PWWF Capacity (MLD)	PWWF ³ (Between Oct 1 to Sep 30)	
		MLD	% of Allocated Capacity		MLD	% of Allocated Capacity
Colwood	4.70	2.81	59.8%	18.80	5.37	28.5%
Esquimalt	7.10	4.44	62.5%	28.40	21.77	76.6%
Esquimalt Nation ⁴	0.07	0.06	85.7%	0.28	0.21	74.5%
Songhees Nation	0.66	0.53	80.3%	2.64	1.82	68.8%
Langford	14.12	9.36	66.3%	56.48	15.49	27.4%
Oak Bay	6.62	5.35	80.8%	26.48	37.96	143.3%
Saanich	32.89	20.92	63.6%	131.56	49.72	37.8%
Victoria	38.30	27.99	73.1%	153.20	99.07	64.7%
View Royal	3.54	1.96	55.4%	14.16	3.75	26.5%
Total	108.00	73.42	68.0%	432.00	235.14	54.4%

¹ Allocated ADWF and PWWF Capacity are set in Bylaw 2312

² ADWF is measured from June 1 to August 31 and divided by 91 days.

³ PWWF for the period of Oct 1, 2022 to Sep 30, 2023 occurred on December 24, 2022 (it excludes overflow volumes)

⁴ Esquimalt Nation's flow is calculated on a correlation with adjacent catchments. A new flow meter is being installed in 2024.

Esquimalt Nation has requested an increase in capacity from 0.07 ML/day ADWF to 0.14 ML/d ADWF to accommodate their growing needs. As shown in the above table, Esquimalt Nation reached 86% of its capacity in 2023, nearing maximum allocation. Esquimalt Nation is seeking to secure allocation to meet their development goals in the short term and may also seek additional capacity in the coming years, contingent on their future economic opportunities.

Bylaw No. 2312 allows for a participant to buy capacity from another participant and Section 9 sets out the process for the Transfer of Treatment Capacity. Section 9(6) states that:

A participating area that permanently transfers allocated treatment capacity (the Transferor) must be compensated by the recipient for the cumulative debt servicing and capital costs paid by the Transferor to the date of the transfer, including interest costs and interest foregone, in relation to the transferred capacity, as calculated by the Regional District.

To purchase capacity, Esquimalt Nation would need to remit the cumulative debt servicing and capital costs incurred by the transferor to the date of transfer including interest and opportunity costs. Said another way, this is the net value of all debt and capital assets incurred by the transferring participant from 2013 until the date of purchase by Esquimalt Nation.

The Capital Regional District (CRD) has estimated additional wastewater treatment capacity is \$200,000 to \$300,000 for 0.1 ML/d. This would result in an estimated cost of between \$140,000 and \$210,000 for the additional 0.07 ML/d. It's critical to understand that this involves point-in-time information including, but not limited to, accumulated depreciation, interest and principal impacts, and life cycle improvements. This estimate will be refined as part of the negotiation.

NEXT STEPS

On September 26, 2024, the CRD sent letters to each of the municipal Chief Administrative Officers summarizing the details above (sample letter attached as Appendix B). The letter seeks consideration of the request and asks participants willing to consider relinquishing the requested 0.07 ML/d capacity or a portion of that amount, to respond with their interest by October 25, 2024 and the amount they could relinquish.

As outlined in Bylaw 2312 Section 9, once the CRD has received a response from the participants the CRD will lead the negotiation of the reallocation of capacity.

If no willing participants are identified, CRD can appoint an arbitrator. The arbitrator appointed under Bylaw No. 2312 Section 9 subsection (4) may require one or more participating areas to transfer treatment capacity to another participating area, provided the transferring participating area is not expected to use more than 95% of its respective allocated treatment capacity within 10 years from the requested date of the transfer.

IMPLICATIONS

First Nation Implications

Historically, First Nations have expressed concerns that their opportunities for economic development and housing for their members, already constrained by Indian Act-imposed barriers to on-reserve development and economic growth, are further limited by available water and wastewater servicing. To ensure development within Esquimalt Nation can be maintained, it is hoped that this request will be supported by one or more willing participants on a voluntary basis.

CONCLUSION

This report provides the Core Area Liquid Waste Management Committee with a summary of the capacity allocation request received from Esquimalt Nation (Esquimalt Nation) and the steps that are underway in order to commence the negotiation of a transfer of treatment capacity in accordance with the process outlined within Bylaw No. 2312.

RECOMMENDATION

There is no recommendation. This report is for information only.

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ATTACHMENT(S)

- Appendix A: Bylaw No. 2312
- Appendix B: Sample Letter