

**REPORT TO ENVIRONMENTAL SERVICES COMMITTEE
MEETING OF WEDNESDAY, JULY 21, 2021**

SUBJECT **Millstream Meadows Remediation Project Update**

ISSUE SUMMARY

To update the committee of the current South Highlands Local Area Planning process, and the potential implications on the Millstream Meadows remediation project.

BACKGROUND

The Millstream Meadows site is a 32-acre property in the District of Highlands (Highlands) that was used for the unregulated disposal of septage and other trucked liquid waste between the early 1940s and 1985 (Appendix A). Since 2005, the CRD and the Government of British Columbia (the Province) have worked cooperatively to investigate and remediate contamination at the property, with the end goal of divestiture. The overall project approach, schedule and budget is managed in cooperation with, and is approved by, the Province.

Upon completion of remediation, the Capital Regional District (CRD) plans to obtain a risk-based, commercial land use Certificate of Compliance to demonstrate compliance with provincial contaminated sites legislation. This provincial certification will confirm that site remediation and the management plan will protect human health and the environment, and will allow the site's redevelopment potential to be fully realized to generate economic development opportunities within the Highlands. Commercial land use was set as the remedial target, in accordance with Highlands' Official Community Plan (OCP).

In 2007-2008, contractors removed 76,000 tonnes of contaminated soil from the site, and although a significant portion of the contamination was removed at that time, soil and groundwater contamination remains. Since 2016, the CRD has implemented a multi-phase Detailed Site Investigation intended to fully delineate the degree and extent of contamination, which is a requirement of the BC Ministry of Environment and Climate Change Strategy (ENV).

In the fall of 2020, the District of Highlands began developing a Local Area Plan (LAP) for the South Highlands, including the Millstream Meadows site, which will ultimately inform an update of its Official Community Plan. Several task force meetings have been held in recent months and the summaries have been uploaded to the District's website. According to published LAP task force meeting minutes, there is a forthcoming proposal for a new "Green Economy Land Use" or "Sustainable Gateway Land Use" designation for the Millstream Meadows site and surrounding properties. The proposed future land uses include: green campus, conservation, eco-industrial, recreation, climate change mitigation/amelioration, carbon off-setting, and community uses. The most recent task force meeting has also proposed alternative land use, "Greenbelt Land Use", which would seek to restrict further development of these lands (i.e., no additional commercial, industrial or residential use), with the objective of allowing the land to passively regenerate over time.

The land use changes, as proposed, would have significant implications on the Millstream Meadows site remediation and the future of the site. The proposed land uses do not align with the remediation target land use for the site (i.e., contaminated sites regulation [CSR] commercial land use). Rather, it aligns more closely with CSR high-density residential or park land uses. Changing the site's remedial target at this stage in the project would significantly increase the overall cost and delay the remedial timeline.

IMPLICATIONS

Financial Implications

The CRD Board has approved an overall project budget of \$14.7M. Project costs are shared between the CRD and the province at 61% and 39%, respectively. The CRD's 61% share has been funded through: Municipal Finance Authority debt, requisition, Hartland tipping fees and the septage disposal service capital reserve.

While the financial implications of the proposed change in land use designation at the site have not been formally evaluated, altering the remedial target to a more stringent land use would result in a significant increase in environmental consulting, investigation and remediation costs. The proposed land use changes could also negatively affect cost recovery for the project, if the value of the property is negatively affected by rezoning.

Environmental & Climate Implications

The current remediation will ensure there are no unacceptable current or future risks associated with the site, provided the future land use is for commercial or industrial purposes.

Intergovernmental Implications

In 2019, the CRD reinitiated an application for rezoning to Highlands Industrial Zone (M1). The rezoning is consistent with the Official Community Plan and would maximize potential redevelopment opportunities for the site and land value upon divestment. The Highlands placed a hold on the CRD application, pending the Local Area Plan process. If the zoning, as determined by the Highlands, is inconsistent with the land use assumptions from the site remediation, the property would be at risk of becoming an undevelopable brownfield.

The proposed land use changes are not consistent with the cost-share agreement between the CRD and the Province and will have financial implications on the Millstream Meadow site remediation, and will compromise the future development and use of the site. Staff have committed to meeting with provincial representatives to determine their expectations for cost recovery of remedial funds. The CRD and the Province may be aligned in a position to oppose the potential changes in land use under the OCP.

CONCLUSION

After 14 years, the Millstream Meadows property remediation project is nearing completion, at a total cost of approximately \$14.7M. The remedial target of commercial land use under provincial legislation was selected to best reflect the zoning listed in the District of Highlands' Official Community Plan (OCP). Recently, under the local area planning process for the South Highlands,

there is a proposal to alter the land use designation for the Millstream Meadows site and surrounding properties under the OCP. Proposed land use changes do not reflect the agreed-upon remedial target for the site, and will have negative financial implications to the Millstream Meadow site remediation, and will put future divestment of the site at risk.

RECOMMENDATION

The Environmental Services Committee recommends to the Capital Regional Board:

That this staff report be received for information.

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ATTACHMENT

Appendix A: Site Location Plan