

**REPORT TO PARKS & ENVIRONMENT COMMITTEE
MEETING OF WEDNESDAY, MAY 22, 2019**

SUBJECT **Amendment to Millstream Meadows Capital Plan**

ISSUE

To seek an amendment of the Millstream Meadows remediation project capital plan.

BACKGROUND

The Millstream Meadows site is a 32-acre property in the District of Highlands that was used for the unregulated disposal of septage and other trucked liquid waste between the early 1940s and 1985 (see Appendix A for site location plan and other figures). The Capital Regional District (CRD) acquired the property in 1984 and closed the site in 1985. Since then, 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 approved by, the Province.

Upon completion of remediation, the CRD will obtain a Certificate of Compliance to demonstrate compliance with provincial legislation. This provincial certification will reassure the public that the property does not pose risk to health or the environment, and allow the site potential to be fully realized to generate economic development opportunities within the District of Highlands.

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. While the site is much closer to its goal of a risk-based Certificate of Compliance than before, recent investigations have revealed contamination extends farther than anticipated and additional investigations will be required to delineate the western extent of groundwater contamination. Contamination has been successfully delineated to the north, east, and south.

The CRD and the Province continue to conduct the investigations and assessments necessary to demonstrate regulatory compliance, however additional funding (described below) is required to determine the western extent of groundwater contamination. It is anticipated that lateral delineation will be achieved through a final program of deep bedrock drilling and groundwater sampling. Well placement will be based on expert review of information gathered to date, and using methods consistent with the Science Advisory Board for Contaminated Sites in BC. See Appendix B for more information regarding current and planned remedial activities at the site.

As a precautionary measure, the CRD continues to provide bottled drinking water to nearby residents and monitor nearby well water quality. The analytical results confirm that well water quality has and continues to meet provincial and federal drinking water standards.

FINANCIAL IMPLICATIONS

The CRD Board approved the overall project budget of \$13.6M in the 2019-2023 capital plan on March 10, 2019. At the end of 2018, \$12.1M of the total budget had been spent and committed,

with remaining funding of \$1.4M planned for 2019-2020. Project costs are shared between the CRD and the province at 61% and 39% respectively. The 61% CRD share of the project budget has been funded through Municipal Finance Authority debt, requisition, Hartland tipping fees and septage disposal service capital reserve.

Due to the additional investigations required to determine the western extent of groundwater contamination, additional funding of approximately \$0.78M is now anticipated to complete the project in 2020 as planned. The revised total overall project cost is estimated to be \$14.3M.

Staff propose to fund the additional \$0.78M through the following sources:

- provincial grant contributions of \$0.46M
- capital fund on hand-interest earnings of \$0.12M
- septage disposal service reserve fund of \$0.2M

Use of the septage disposal service reserve fund is consistent with the historical funding model for Millstream remediation, as septage generated funds were used during initial stages of remediation at the site in 2008. The reserve fund is not currently allocated for a specific purpose, and the septage disposal service and Millstream Meadows service share the same participants, being all 13 municipalities and Juan de Fuca Electoral Area.

By funding the additional \$0.78M as outlined above, the projected remediation completion date (end of 2020) can be maintained, and there is no anticipated additional borrowing required, and no anticipated impact on planned requisitions and Hartland tipping fee contributions beyond 2019-2020.

If funding the additional \$0.78M as outlined above is not approved, extension of the project schedule would be required, and new requisitions and additional Hartland tipping fee contributions would be sought in 2020-2021 to complete the project.

ALTERNATIVES

Alternative 1

That the Parks & Environment Committee recommend to the CRD Board:

That the capital plan be amended to increase the total project budget to \$14.3M from \$13.6M, with the additional project budget of \$0.78M funded from a combination of provincial contribution, capital fund on hand and the reserve fund from Septage Disposal service in the year of 2019-2020.

Alternative 2

That the project continues under the current approved \$13.6M total budget, and additional funds required are obtained through additional requisition and Hartland tipping fees contributed in 2020-2021.

ENVIRONMENTAL IMPLICATIONS

Although there is residual contamination above environmental standards at the site, the property is closed to the public and there are no confirmed exposure pathways for nearby residents. Additionally, site-related contamination has not been observed in the CRD's offsite domestic well monitoring program. Remaining proposed project activities will complete definition of

contamination extent, evaluate and mitigate any associated risk and include a plan to ensure there are no unacceptable future risks associated with the site.

INTERGOVERNMENTAL IMPLICATIONS

The CRD has re-initiated an application for rezoning to District of Highlands Industrial zone (M1). The rezoning is consistent with the District of Highlands' Official Community Plan and will maximize potential redevelopment opportunities for the site, as well as land value upon divestment.

Ongoing monitoring, site remediation and certification will result in public reassurance that the property does not pose a risk to neighbouring developments or the public, allow the site potential to be fully realized and generate economic development within the District of Highlands. Completing the remediation will also deliver on CRD's commitments under the cost-sharing agreement with the Province. The Province is fully supportive of the revised budget and plan to complete the remediation by the end of 2020.

CONCLUSION

The Millstream Meadows Remediation project objectives are to protect human health and the environment, meet regulatory requirements and prepare the site for divestment. Remediation and rezoning will ensure that the site potential and property value can be maximized. Significant progress has been made in understanding site contaminant distribution, and work continues to meet BC Ministry of Environment and Climate Change Strategy requirements to obtain a Certificate of Compliance.

RECOMMENDATION

That the Parks & Environment Committee recommend to the Capital Regional District Board:

That the capital plan be amended to increase the total project budget to \$14.3M from \$13.6M, with the additional project budget of \$0.78M funded from a combination of provincial contribution, capital fund on hand and the reserve fund from Septage Disposal service in the year of 2019-2020.

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Attachments: Appendix A – Site Drawings
Appendix B – Current Status and Next Steps