

**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, DECEMBER 11, 2019**

SUBJECT **Amendment No. 12 to Core Area Liquid Waste Management Plan – Update**

ISSUE SUMMARY

Oak Bay's submission of an interim report required under the Minister of Environment and Climate Change Strategy's conditional approval of Amendment No. 12 of the Core Area Liquid Waste Management Plan (LWMP).

BACKGROUND

Under the Environmental Management Act and Municipal Wastewater Regulation, the BC government seeks to ensure environmental and health protection by mandating that sanitary sewer overflow events must not occur during storm events with a less than five-year return period, unless a plan is developed and implemented as part of a liquid waste management plan to eliminate overflows. The Uplands neighbourhood in Oak Bay (Humber and Rutland catchments) has a combined sanitary and stormwater sewer that is prone to overflowing to the nearshore marine environment 6-10 times per year.

Amendment No. 8 (2008) of the LWMP included the District of Oak Bay's commitment to separate combined sewers in the Uplands catchments by 2015. Oak Bay was unable to meet this commitment, and subsequently requested Amendment No. 12 to the LWMP in early 2017 with revised timelines for combined sewer separation (2027 and 2047 for the Humber and Rutland catchments, respectively). Another key LWMP commitment to address sanitary overflows is to reduce maximum daily wet weather flows in the core area sanitary sewer to less than four times average dry weather flow by 2030. Meeting this commitment will require the Capital Regional District (CRD) and core area municipalities to make significant investments in upgrades to aging sanitary sewer components to reduce Inflow and Infiltration (I&I) over the coming decade. Oak Bay's highest priority for I&I reduction identified in the LWMP is separation of combined sewers.

On June 20, 2018, the BC Minister of Environment and Climate Change Strategy (the Minister) provided conditional approval of Amendment No. 12 to the LWMP (Appendix A). One of the conditions was the provision of additional information by December 31, 2019, including the following:

- a cost/benefit analysis of various timeframes for combined sewer separation in Oak Bay, including the minimum consultant recommended timeline of four years, the proposed 2027-2047 timeline and something in between; the cost benefit analysis should include property tax implications for residents of the various options; and
- a plan with timeline for rehabilitation of the existing combined sewer pipeline in Oak Bay to be repurposed as a sanitary sewer pipeline, informed by instream flow monitoring.

Amendment No. 12 (<https://www.crd.bc.ca/project/wastewater-treatment-project/plans-reports-and-agreements/core-area-liquid-waste-management-plan-amendment-archive>) and a February 2019 consolidation of the LWMP are accessible on the CRD website.

On November 13, 2019, Oak Bay provided a report titled *Program Update: Combined Sewer Separation in Oak Bay* (the report) to the CRD in response to the minister's requirements (Appendix B). CRD staff have identified that the report does not substantially address the minister's requirements. Specifically, the report does not include cost/benefit analyses for the three timeframes requested, nor does it include an evaluation of property tax implications for residents. The report also does not include a plan and timeline for rehabilitation of the existing combined sewer to address infiltration after it is repurposed as a sanitary sewer. Oak Bay has provided its rationale for exclusion of these points in the report it submitted (Appendix B).

The report does present information pertaining to Oak Bay's asset management strategy for sanitary and storm water conveyances, and a qualitative evaluation of accelerating the timeline from that, which was proposed in Amendment No. 12. The report also discusses creation of a Sanitary Sewer Master Plan in 2021, where rehabilitation of combined sewers would be prioritized alongside other sanitary sewers in Oak Bay. Oak Bay's position is clear that any acceleration of the timeline is contingent on external funding from senior levels of government, and the report does not present or discuss options available to Oak Bay, including reallocating existing funds, or raising additional funds (taxation, borrowing, etc.) to accelerate the project.

ALTERNATIVES

Alternative 1

That staff be directed to forward the District of Oak Bay's submission to the Minister of Environment and Climate Change Strategy, together with the additional high-level financial analysis, including Tax Impact and Total Project Cost by Scenario (attached as Appendix C), to specifically address the Minister's requirements under the Core Area Liquid Waste Management Plan.

Alternative 2

That staff be directed to forward the District of Oak Bay's submission to the Minister with a cover letter indicating that while the report does not specifically address the Minister's requirements under the Core Area Liquid Waste Management Plan, we request that the Minister give consideration to the District of Oak Bay's submission.

IMPLICATIONS

Environmental & Social Implications

The implications of delaying combined sewer separation are continued overflow events from emergency outfalls at Humber and Rutland streets. This will result in beach closures and advisories to manage the increased risk of exposure to residents and pets to fecal bacteria.

Oak Bay's report highlights that much of its sanitary and stormwater conveyance system is at, or very near, the end of its useful life, and is due for replacement this decade. Any decisions pertaining to increasing investment in sanitary or storm water asset renewal is likely to have service implications for Oak Bay residents.

Intergovernmental Implications

If the Minister determines that the requirements of his conditional approval were not met, he may reconsider the approval of Amendment No. 12. If this were to occur, Oak Bay's combined sewers would be out of compliance with the Municipal Wastewater Regulation.

Oak Bay's inability to meet its previous commitment to separate combined sewers by 2015, and its decision to not specifically address the requirements imposed by the minister in his conditional approval of Amendment No. 12, indicates the municipality is unable to accelerate their proposed timeline without financial inputs from senior levels of government.

While the responsibility for combined sewer separation lies with Oak Bay, the LWMP is managed by the CRD on behalf of all core area municipalities. Failure by a municipality to meet commitments held within the LWMP may result in reputational risk to the CRD, and reduce confidence that CRD core area municipalities are capable of meeting commitments pertaining to managing wet weather flows and I&I reduction prior to 2030.

Financial Implications

The responsibility and associated financial risk pertaining to maintenance and replacement of municipal infrastructure, including combined sewer separation, lies with Oak Bay. In its report, Oak Bay contemplated some financial implications, but the estimated cost and revenue impact of the three timeframes requested was not quantified.

CRD staff have completed a high-level evaluation of the potential financial implications for Oak Bay under several construction scenarios and feel that it is important to include this information with the submission, as requested by the Minister. Appendix C contains both a table and a graph to summarize the estimated project costs and the related revenue requirements of both tax and debt financing.

In the coming years, there are also potential financial implications for the CRD, and all core area municipalities associated with installation of additional wet weather treatment capacity, if the I&I reduction commitments in the LWMP are not met by 2030.

CONCLUSION

The District of Oak Bay has provided a summary report in response to the BC Minister of Environment and Climate Change Strategy, as a condition of approval of Amendment 12 of the Core Area Liquid Waste Management Plan. CRD staff have identified some deficiencies in the submission and have completed a high-level, preliminary financial analysis for the CRD Board's consideration to support the submission. Staff recommend that a cover letter be forwarded to the Ministry with Oak Bay's submission, which highlights the issues raised herein. If the minister is not satisfied with the submission, he may reconsider approval of Amendment No. 12.

RECOMMENDATION

That staff be directed to forward the District of Oak Bay's submission to the Minister of Environment and Climate Change Strategy, together with the additional high-level financial analysis, including Tax Impact and Total Project Cost by Scenario (attached as Appendix C), to

specifically address the Minister's requirements under the Core Area Liquid Waste Management Plan.

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ATTACHMENTS

Appendix A: Minister's Conditional Approval Letter of Amendment No. 12 – June 20, 2018

Appendix B: Program Update: Combined Sewer Separation in Oak Bay – November 2019

Appendix C: Summary – Tax Impact and Total Project Cost by Scenario – December 2019