

**REPORT TO MAGIC LAKE ESTATES WATER AND SEWER LOCAL SERVICES COMMITTEE
MEETING OF TUESDAY, FEBRUARY 11, 2020**

SUBJECT Investing in Canada Infrastructure Program - Green Infrastructure Grant
Application for the Magic Lake Estates Wastewater System Renewal Project

ISSUE SUMMARY

A Capital Regional District (CRD) Board resolution is required to endorse the *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality*, grant application for the Magic Lake Estates (MLE) wastewater system renewal project.

BACKGROUND

Staff have been working with the MLE Water and Sewer Committee and the community to address the issues facing the aging and failing sewer infrastructure in Magic Lake Estates. The condition of the MLE wastewater infrastructure has been well documented in past reports and presented at a number of Public Open House meetings held on November 22, 2014; June 6, 2015; February 27, 2016; and April 27, 2019. On November 23, 2019, the electors of the MLE sewer service approved borrowing \$6 million to complete Phase 1 upgrade to the system.

The estimated cost to complete the entire upgrades (Phase 1, 2 and 3) is about \$12.15 million. Therefore, at the December 10, 2019 committee meeting, the Committee directed staff to proceed with the preparation of the ICIP grant application to help fund the remainder of the project. The new grant program will fund up to 73.33% of eligible costs with the MLE sewer property owners funding the remaining eligible costs of 26.67% plus any ineligible project costs. The 2020 intake (which has an application deadline of February 26, 2020) is the second intake under this program and is to support cost sharing of infrastructure projects in communities across the province.

Project Overview

The proposed scope of work to complete the entire project (Phase 1, 2 and 3) was summarized on an information board that was presented at the April 27, 2019 open house (see Attachment 1).

The new grant program will fund upgrades that promote environmental quality improvements including upgrades to Schooner wastewater treatment plant (WWTP), decommissioning of Cannon WWTP (by pumping to Schooner), and upgrades at all six pump stations. The program will not fund upgrades related to sewer and manhole replacement as the Province believes that the replacement of aging sewers to be the local utility's responsibility.

Project Costing

- Total eligible costs are estimated at about \$7.35 million including engineering and contingency amounts.
- Reimbursable costs are estimated at \$5.39 million (73.33% of \$7.35 million).
- Ineligible costs are estimated at \$4.8 million (for sewer pipe and manhole replacement).
- Total costs to be borne by the MLE sewer property owners are estimated at \$1.96 million (26.67% of \$7.35 million) plus ineligible costs of \$4.8 million which totals \$6.76 million.

Project Funding

As noted, the grant program could provide up to \$5.39 million and the MLE sewer property owners would be responsible for \$6.76 million. The MLE sewer service electors recently approved borrowing up to \$6 million, so the remaining \$0.76 million would have to be either trimmed from the scope or funded from the MLE sewer capital reserve fund (CRF) in the future (the CRF only has about \$0.22 million at the end of 2019).

Because the MLE sewer property owners has already approved funding up to \$6 million, that could make the ICIP grant application more favourable to senior governments due to the certainty of the community's commitment.

ALTERNATIVES

Alternative 1

That the Magic Lake Estates Water and Sewer Local Services Committee recommends to the Electoral Areas Committee and the Capital Regional District Board that:

1. Staff be directed to submit an application for an *Investing in Canada Infrastructure Program - British Columbia – Green Infrastructure - Environmental Quality* grant for the project's grant-eligible costs for the Magic Lake Estates Wastewater System Renewal Project; and,
2. The recent referendum approval to borrow up to \$6 million be used to commit to the community's 26.67% share of costs for the Magic Lake Estates Wastewater System Renewal Project.

Alternative 2

That the Magic Lake Estates Water and Sewer Local Services Committee directs staff not to proceed with a grant application to the *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality* program.

IMPLICATIONS

If the recommendation is approved, staff will complete and submit the grant application at an estimated cost of \$10,000. The Committee approved the cost to complete the application from the Capital Reserve Fund at their December 10, 2019 committee meeting. Should the grant be approved, there could be up to a \$5.39 million benefit to the community. Should the grant not be approved, Phase 1 of the project can still commence at an estimated cost of \$6 million that was approved by referendum. Improvements to the wastewater system are required and will start to bring the service back into compliance with the regulations and benefit the environment.

CONCLUSION

At the request of the Magic Lake Estates Water and Sewer Local Services Committee, staff have commenced with preparing an application to the *Investing in Canada Infrastructure Program*. A resolution from the Capital Regional District Board is required to endorse the application. The deadline for submitting the grant application is February 26, 2020.

RECOMMENDATION

That the Magic Lake Estates Water and Sewer Local Services Committee recommends to the Electoral Areas Committee and the Capital Regional District Board that:

1. Staff be directed to submit an application for an *Investing in Canada Infrastructure Program - British Columbia – Green Infrastructure - Environmental Quality* grant for the project's grant-eligible costs for the Magic Lake Estates Wastewater System Renewal Project; and,
2. The recent referendum approval to borrow up to \$6 million be used to commit to the community's 26.67% share of costs for the Magic Lake Estates Wastewater System Renewal Project.

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ATTACHMENT

Attachment 1: Magic Lake Estates Open House Board – Proposed Phased Upgrades and Costs

Proposed Phased Upgrades and Costs

Phase 1: Initial Upgrades

Proposed Upgrades	Cost Estimate (2019 \$)
Improvements at Schooner WWTP: <ul style="list-style-type: none"> • Sewage screen and grit removal • New equalization tank • Electrical upgrades (with temp seacan building) • Standby generator 	\$1.7M
Renew 3 Pump Stations (Buccaneer, Galleon and Schooner) <ul style="list-style-type: none"> • Pumps • Valves • Piping • Electrical kiosk 	\$1.1M
Pipe Replacement: <ul style="list-style-type: none"> • Replace 4.6km of failing asbestos cement pipe • Rehabilitate 84 manholes • Install 0.75km of 100mm PVC forcemain (in common trench) for future Cannon Pump Station 	\$3.2M
Total	\$6M

Phase 2: Second Phase

Proposed Upgrades	Cost Estimate (2019 \$)
Improvements at Schooner WWTP: <ul style="list-style-type: none"> • Add second aeration tank • Replace clarifiers • Electrical upgrades in a permanent building 	\$2.1M
Replace Cannon WWTP: <ul style="list-style-type: none"> • Install new pump station to divert flow to Schooner WWTP • Decommission Cannon WWTP 	\$0.9M
Total	\$3M

Phase 3: Final Upgrades

Proposed Upgrades	Cost Estimate (2019 \$)
Improvements at Schooner WWTP: <ul style="list-style-type: none"> • Replace manual sludge thickening tanks with new thickening system 	\$0.7M
Renew 3 Remaining Pump Stations: (Capstan, Cutlass and Masthead) <ul style="list-style-type: none"> • Pumps • Valves • Piping • Electrical Kiosk 	\$0.85M
Pipe Replacement: <ul style="list-style-type: none"> • Replace 1.8km of failing asbestos cement pipe • Rehabilitate 36 manholes 	\$1.6M
Total	\$3.15M