



**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 12, 2020**

SUBJECT **Investing in Canada Infrastructure Program – Green Infrastructure Grant
Application for the Juan de Fuca Water Distribution Service and Magic Lake
Estates Wastewater Service Projects**

ISSUE SUMMARY

To seek approval to proceed with two *Investing in Canada Infrastructure Program* (ICIP) - *Green Infrastructure – Environmental Quality* grant applications for the Juan de Fuca Water Distribution Service - Anderson Cove Water Service Extension in East Sooke (JDF) and the Magic Lake Estates (MLE) Wastewater Service (Pender Island) - System Renewal projects.

BACKGROUND

A new Federal/Provincial grant program, *Investing in Canada Infrastructure Program* (ICIP) - *Green Infrastructure – Environmental Quality Sub-Stream* (the Grant) will fund up to 73.33% of eligible project costs. The 2020 intake is the second intake under this program and supports cost-sharing of infrastructure projects in communities across the province. Both the JDF and MLE services are requesting to submit grant applications. The program application submission deadline is February 26, 2020. The applications require a Capital Regional District (CRD) Board resolution in support of the application and project including the funding commitment.

Application 1 – Juan de Fuca Water Distribution Service - Anderson Cove Water Service Extension

The Anderson Cove area of East Sooke, which represents approximately 30 single family residential properties, relies on ground water sources for domestic water supply. To date, the Juan de Fuca Water Distribution system has not been extended to the area to allow connection.

Further to a previous unsuccessful grant application in 2016, the Juan de Fuca Electoral Area Director requested that the Juan de Fuca Water Distribution Service submit another application for the Anderson Cove project. At its January 7, 2020 meeting, the Juan de Fuca Water Distribution Commission recommended to proceed with an ICIP grant application. The staff report and attachments are attached as Appendix A.

Project Overview and Costing

In order to extend the Juan de Fuca water distribution system to Anderson Cove, the project would encompass the following:

- 1,855 metres of 250 millimeter (mm) and 150mm diameter water main and appurtenances.
- The total project costs are estimated at \$2.055 million.
- Total grant eligible costs are estimated at \$1.99 million including engineering and contingency amounts.
- Reimbursable costs are estimated at \$1.46 million (73.33% of \$1.99 million).

- Ineligible costs are estimated at \$65,000.
- Total costs to be borne by the benefitting property owners are estimated at \$530,000 (26.67% of \$1.99 million) plus ineligible costs of \$65,000, which totals \$595,000.

All of the benefitting property owners (30 in total) have committed to the Juan de Fuca Electoral Area Director, through a petition, to bear their share of the project costs.

Application 2 – Magic Lake Estates Service - Wastewater System Renewal

The MLE wastewater system, located on Pender Island, requires extensive upgrades to both the collection and treatment systems due to their age, condition and capacity. At its December 10, 2019 meeting, the Magic Lake Estates Water and Sewer Committee directed staff to proceed with an ICIP grant application and they are expected to further support that direction on February 11, 2020, with approval of a recommendation in a staff report. The staff report and attachments are attached as Appendix B.

Before the direction to proceed with a grant application, on November 23, 2019, the electors of the MLE sewer service approved borrowing up to \$6 million to complete upgrades to the system. The CRD Board has since adopted Bylaw No. 4320, MLE Wastewater System Loan Authorization Bylaw No. 3, 2019.

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 likely fund upgrades related to sewer pipe and manhole replacement as the Province believes that the replacement of these components should be the local utility's responsibility; the service area is expecting to fund these collection system improvements.

Project Overview

In order to remediate the MLE sewer system, the project would encompass the following:

- Improvements to the Schooner wastewater treatment plant
- Removal of the Cannon wastewater treatment plant and supply of new pump station
- Rebuild six pump stations
- Replace 6.4 kilometers (km) of asbestos cement pipe and appurtenances
- Install 0.75km of new force main and appurtenances

Project Costing

- The total project costs are estimated at \$12.15 million.
- Total grant eligible costs are estimated at \$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 appurtenances).
- 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.

- Current elector approval is for \$6 million so the estimated difference of \$0.76 million would be funded by the service or the scope of the pipe replacement program would be reduced in the short term.

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends to the Capital Regional District Board that:

1.
 - a) Staff be directed to prepare and submit an application for *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality Sub-Stream* grant funding for the Juan de Fuca Water Distribution Service – Anderson Cove water service extension project; and,
 - b) The CRD Board supports the project and commits to its share of the project, estimated at \$595,000, upon completion of a formal successful service area petition and approval of a loan authorization bylaw.
2.
 - a) Staff be directed to prepare and submit an application for *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality Sub-Stream* grant funding for the Magic Lake Estates Wastewater Service - System Renewal Project; and,
 - b) The CRD Board supports the project and commits to its share of the project funding as a result of the successful November 2019 referendum to borrow up to \$6.0 million to fund the service area's project funding contribution, and the CRD Board's adoption of loan authorization Bylaw No. 4320.

Alternative 2

The Electoral Areas Committee recommends to the Capital Regional District Board that:

1. Staff be directed not to proceed with a grant application for an *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality* grant for the Juan de Fuca Water Distribution Service – Anderson Cove water service extension project.
2. Staff be directed not to proceed with a grant application for an *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality* grant for the Magic Lake Estates Wastewater Service - System Renewal Project.

IMPLICATIONS

Application 1 – Juan de Fuca Water Distribution Service for Anderson Cove

Financial Implications

There is an estimated \$5,000 cost to hire a consultant to prepare an application that will be paid with Community Works Fund monies offered by the Juan de Fuca Electoral Area Director. The grant application will not, nor the project as a whole, result in any capital costs for the Juan de Fuca Water Distribution Service. If the project is completed, on-going infrastructure operating costs will be funded through the water rate revenue.

Land Use Policy Implications

Leading up to the 2016 grant application, at its October 12, 2016 meeting, the CRD Board resolved to permit the extension of water service to the Anderson Cove area, deeming the extension in accordance with Action 1.1(5) of the 2003 Regional Growth Strategy (RGS). The RGS has since been updated (January 2018). The proposed Anderson Cove water service extension aligns with RGS Objective 2.2 (Manage Regional Infrastructure Services Sustainably) and the principles and policies set out thereunder, namely:

- The service extension will service existing dwellings/lots only, replacing ground water wells for domestic water supply
- The negative financial impacts to those currently serviced will be minimized as the benefitting property owners will be funding the initial capital (in excess of grant funding) and on-going operating costs
- The proposed service extension falls within the Juan de Fuca Electoral Area outside the Urban Containment Policy Area, but within the East Sooke water service area referenced under RGS Objective 2.2, Policy 2.b.

Application 2 – Magic Lake Estates Wastewater System Renewal

Financial Implications

If the recommendation is approved, staff will complete and submit the grant application at an estimated cost of \$10,000. The Magic Lake Estates Water and Sewer Committee approved the cost to complete the application from the Capital Reserve Fund at its December 10, 2019 meeting. If the grant is approved, there could be a benefit to the community of up to \$5.39 million. If the grant is not 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 regulations and will benefit the environment.

CONCLUSION

The *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality Sub-Stream* grant has created an opportunity for applications to be received from two services within the CRD:

- Juan de Fuca Water Distribution Service - water service extension to the Anderson Cove area in East Sooke.
- Magic Lake Estates Wastewater Service - System Renewal Project.

Both projects have the support of their respective Commission and Committee and the service area ratepayers.

RECOMMENDATION

The Electoral Areas Committee recommends to the Capital Regional District Board that:

1.
 - a) Staff be directed to prepare and submit an application for *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality Sub-Stream* grant funding for the Juan de Fuca Water Distribution Service – Anderson Cove water service extension project; and,
 - b) The CRD Board supports the project and commits to its share of the project, estimated at \$595,000, upon completion of a formal successful service area petition and approval of a loan authorization bylaw.
2.
 - a) Staff be directed to prepare and submit an application for *Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality Sub-Stream* grant funding for the Magic Lake Estates Wastewater Service - System Renewal Project; and,
 - b) The CRD Board supports the project and commits to its share of the project funding as a result of the successful November 2019 referendum to borrow up to \$6.0 million to fund the service area's project funding contribution, and the CRD Board's adoption of loan authorization Bylaw No. 4320.

Submitted by:	Ted Robbins, B.Sc., C.Tech., General Manager, Integrated Water Services
Concurrence:	Nelson Chan, M.B.A., C.P.A., C.M.A., Acting Chief Administrative Officer
Concurrence:	Robert Lapham, M.C.I.P., R.P.P., Chief Administrative Officer

ATTACHMENTS

Appendix A: January 7, 2020, Report to the Juan de Fuca Water Distribution Commission

Appendix B: February 11, 2020, Report to the Magic Lake Estates Water and Sewer Committee