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TO: Chair and Directors
Electoral Areas Services Committee

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Update on the Extension of Sewer Services South

Purpose

To provide an overview and update on the status of the Sewer Extension South Project given the recent announcement of a new intake under the Investing in Canada Infrastructure Program.

Recommendations from the Chief Administrative Officer:

1. THAT staff proceed with the development of a funding application strategy for the Sewer Extension South Project for consideration by the Electoral Areas Services Committee at its December 6, 2021 meeting.
2. THAT staff proceed with a virtual open house on November 30 and an in-person open house on December 2 at Union Bay Hall on the topic of sewer planning for the Royston and Union Bay communities.

Executive Summary

- Poorly functioning septic systems in the communities of Royston and Union Bay continue to impact the environment including Baynes Sound's rich shellfish resources.
- There are numerous service demands for the area and strategies must be fiscally responsible, respecting capacity to pay. The delivery and timing of services needs to be carefully considered to mitigate financial impacts.
- Over the past three years significant progress has been made on a regional approach for sewer which will allow the Baynes Sound portion of Electoral Area A and K'ómoks First Nation to connect to the Comox Valley sewer system which services Courtenay and Comox.
- This is the most viable option for providing sewer service to the area given poor ground conditions, aging/failing septic systems, significant anticipated growth, and no other viable discharge option for the disposal of treated effluent.
- Partnership with the Comox Valley Sewage Commission provides Electoral Area A with access to a permitted treatment plant without a new outfall or impact to Baynes Sound. It is a lower cost sewage treatment solution.
- Anticipated growth within the Union Bay settlement node presents further opportunity for cost sharing with project partners.
- Due to the high cost of local area collection systems and extending sewer services south, senior government funding continues to be aggressively pursued in order to increase project affordability for existing residents.
- A 2021 grant application was unsuccessful and Comox Valley Regional District (CVRD) staff are now developing a new proposal for a revised application that addresses feedback from the Ministry of Municipal Affairs. This strategy will be presented to the committee at its December 6 meeting for review and approval.

- Given the compressed grant program timelines, community dialogue on the project should begin as quickly as possible. Staff recommend holding a virtual open house on November 30 and an in-person session on December 2 to share progress on sewer planning with the community. Feedback from these events will be considered in the public engagement plan and grant application strategy presented to the committee in December.
- It is also important for residents to understand the implications if a regional system is not supported as doing nothing is no longer considered an option. This may include:
 - Possible septic maintenance regulation;
 - Changes to zoning to reduce development and subdivision opportunities for existing properties;
 - Implementation of other land use management tools to address current and future environmental and public health challenges.
- No decisions will be made about moving forward without further consultation with residents and property owners. The open houses will provide residents with the opportunity to ask questions about past and present project development work, timelines for seeking community assent, and planned next steps to pursue federal/provincial funding.

Prepared by:

Concurrence:

D. Monteith

M. Rutten

Darry Monteith
 Manager of Liquid Waste
 Planning

Marc Rutten, P.Eng.
 General Manager of
 Engineering Services

Government Partners and Stakeholder Distribution (Upon Agenda Publication)

K’ómoks First Nation	✓
Comox Valley Sewage Commission	✓

Background/Current Situation

Wastewater is currently managed by private onsite septic systems within the communities of Royston and Union Bay. Evidence indicating problems with the effectiveness of these systems due to system age, environmental constraints, lot size and density has resulted in significant focus over the years to deliver improved wastewater services to these communities. The environmental impact on Baynes Sound is of particular concern given that the area produces 70 per cent of BC’s cultured shellfish and is a significant economic driver for the region. Baynes Sound is a prized natural feature of the Comox Valley and has important environmental, cultural and recreational value for the community.

The CVRD southern boundary in Electoral Area A is also an area that is expected to experience significant growth under the Regional Growth Strategy (RGS) framework provided public water and sewer services are available. This growth includes the future build out of Union Bay Estates, along with densification and development within the Union Bay settlement node. This anticipated growth presents opportunity to advance sewer servicing for the area through collaboration with KFN and local developers. Working together with project partners can provide significant benefit to existing Electoral Area A residents, allowing opportunities for cost sharing and satisfying the principles and purpose of the RGS. Without the support of project partners residents could face increasing costs as alternative options to resolve septic system impacts are further explored and implemented.

Wastewater management planning progress

Extensive liquid waste management planning efforts have been undertaken in Royston and Union Bay, most recently culminating in the South Sewer Project. An unsuccessful 2016 referendum on that project resulted in the consideration of alternative solutions for Electoral Area A wastewater, including the option of connecting to the Comox Valley sewer system (CVSS).

In 2018, the Comox Valley Sewage Commission supported a request put forward by Electoral Area A to analyze the impacts of extending regional sewer services south. Analysis confirmed that connecting to the CVSS is currently the most viable option for providing sewer service to Electoral Area A given poor ground conditions, significant anticipated growth and no practical solution for effluent discharge in the Baynes Sound region. Analysis also showed financial benefits to all partners through improved efficiencies and economies of scale.

In 2020, following review of these findings, the Sewage Commission agreed to receive untreated wastewater from Royston, Union Bay and KFN south lands. This decision provides these communities the option of having wastewater treated at the Comox Valley Water Pollution Control Centre and discharged via the existing outfall at Cape Lazo, eliminating the need for a separate treatment plant in the south and a new authorization for discharge.

Agreement to provide sewer service to Electoral Area A and KFN south lands was an unprecedented decision for the Sewage Commission, requiring significant political determination. Historically, sewer service has only been offered within municipal boundaries. For Electoral Area A, a partnership with the Comox Valley Sewage Commission provides opportunity for cost efficiencies and allows residents to leverage prior investment made in existing wastewater conveyance and treatment infrastructure thereby increasing overall project affordability and simplifying permitting and authorizations required for project implementation. Secured access to the marine outfall at Cape Lazo eliminates the need for a new discharge into Baynes Sound; a concern previously raised by the community, stakeholders and government partners during consultation on the South Sewer Project.

Next steps

Due to the high cost of local area collection systems and extending sewer services south, senior government funding continues to be aggressively pursued in order to increase project affordability for residents. Most recently, a grant application was submitted to the Investing in Canada Infrastructure Program for the sewer conveyance works required to connect Union Bay to the CVSS. However, in mid-July 2021, the CVRD was notified that due to high interest in the grant program, the project was not selected for funding.

Following notification of the unsuccessful application, CVRD staff met with staff from the Ministry of Municipal Affairs to discuss opportunities to improve future funding applications for the project. Ministry staff provided feedback related to the project scope and risk profile, and offered suggestions for improvements in developing a revised application to better meet grant program criteria.

In mid-October, the Province opened a third intake under the Investing in Canada Infrastructure Program with an application deadline of January 26, 2022. Staff are currently developing a strategy for a revised application package that addresses ministry feedback and provides opportunity for public engagement. This strategy will be presented to the committee at its December 6 meeting for review and approval and will include a public engagement plan with options for an elector assent process in 2022 should the funding application be successful. Staff will also continue collaborating with project partners to ensure cost sharing opportunities are fully explored in order to deliver the most cost-effective community sewer option to Royston and Union Bay residents.

Given the compressed grant program timelines and the upcoming holiday season, it is recommended that community dialogue on the project begin as quickly as possible. Staff are recommending holding an in-person and virtual open house to share progress on sewer planning with the community. Feedback from these events will be considered in the public engagement plan and grant application strategy presented to the committee in December. The proposed dates for these events are Tuesday, November 30 for the virtual open house and Thursday, December 2 for an in-person open house at the Union Bay Hall.

Additional considerations

If the extension of sewer services does not advance in a timely manner, the use of land use planning tools and new regulation should be considered to ensure existing environmental and public health challenges aren't made worse by increasing growth and development pressure in the area. This could include septic maintenance regulation, changes to zoning or the implementation of other land use management tools.

Future growth of Electoral Area A – Baynes Sound affects planning for the delivery of all core services to existing and future residents including sewer, water, fire, parks and transit and transportation. Thoughtful planning in the timing and delivery of services to the area through a holistic and long-term lens will ensure services are provided in the most cost-effective manner, with a focus on ensuring existing residents can obtain affordable and reliable services with increasing growth and development pressures in the region. As sewer servicing plans are advanced, CVRD staff will work to coordinate the impact and timing of other local initiatives with potential cost implications to residents and seek opportunities for collaboration on these matters in the interest of fiscal responsibility and responsible service delivery.

Options

A solution needs to be found which protects Baynes Sound and the natural environment and provides cost-effective wastewater treatment for the communities of Royston and Union Bay. Given the significant opportunity to increase project affordability through senior government funding and partner contributions, staff recommend proceeding with project development work at this time.

Financial Factors

Further project development work is required to support a new funding application and public engagement. This work will require technical, communications and administrative capacity. There is approximately \$712,474 in community works funds (CWF) allocated to the Sewer Extension South Project that is available to support this work. It is estimated that approximately \$40,000 will be needed for this upcoming project development work. The remaining \$672,474 will be available for other aspects of project implementation. As project needs are further clarified, additional resourcing requirements will be identified and addressed in the 2022-2026 financial plan.

A separate report has been developed for consideration by the committee at its November 8 meeting regarding remaining allocations of CWF under the existing funding agreement that expires in 2024.

Strategic Considerations: Strategic Drivers and Regional Growth Strategy

CVRD Board Strategic Drivers:							
Fiscal Responsibility	✓	Climate Crisis and Environmental Stewardship and Protection	✓	Community Partnerships	✓	Indigenous Relations	✓

A regional approach to wastewater management and environmental protection will benefit the entire Comox Valley and is in alignment with each of the CVRD Board’s strategic drivers. The Sewer Extension South Project is being developed in cooperation with KFN as a key partner, supports environmental protection of Baynes Sound and sustainable development in Electoral Area A, and provides the most cost-effective solution for providing sewer service to the communities of Royston and Union Bay.

CVRD Regional Growth Strategy Goals:							
Housing		Ecosystems, Natural Areas and Parks	✓	Local economic development	✓	Transportation	
Infrastructure	✓	Food Systems		Public Health & Safety	✓	Climate Change	✓

Union Bay is one of the three settlement nodes identified by the RGS to accommodate compact forms of development. MG Policy 1B-1 of the RGS states that growth in settlement nodes shall be accommodated through improvements to public infrastructure, including the provision of appropriate sewer services.

The three settlement nodes, settlement expansion areas (including Royston), and a portion of KFN lands are considered in the RGS as *Core Settlement Areas*.

Infrastructure Policy 5D-4 of the RGS states that the majority of growth should be focused in *Core Settlement Areas* where appropriate sewer servicing exists. Directing growth to these areas alleviates sprawl pressure within the surrounding rural settlement areas, and ensures that servicing costs will be spread over more users. Growth needs to be planned in accordance with the availability of public servicing and public servicing can be made financially viable by growth. With or without growth in the settlement expansion areas and settlement nodes, sewage servicing has to be addressed to resolve existing public and environmental health impacts from septic systems.

Intergovernmental Factors

The area that is proposed to be serviced falls entirely within the traditional territories of the KFN. The KFN continue to be strong project partners with significant land holdings in the area.

The CVSS is governed by the Comox Valley Sewage Commission, whose membership includes representatives from the Town of Comox, City of Courtenay and the Department of National Defence. On-going collaboration with the Sewage Commission will be required as the expansion of the CVSS service area to include portions of Electoral Area A is advanced.

Citizen/Public Relations

Public consultation during the south region Liquid Waste Management Plan and South Sewer Project development has shown that Electoral Area A residents are aware of the wastewater challenges in the area and understand that a solution still needs to be found which protects the natural environment and provides cost-effective wastewater treatment.

There is expected to be significant interest in the Sewer Extension South Project from residents in Royston and Union Bay. The last point of contact with residents was through a community newsletter sent to households in Royston, Kilmarnock and Union Bay in May 2020. An invitation to an online and in-person open house will be mailed to these same properties should EASC approve these engagements proposed for November 30 and December 2.

It is necessary to engage residents prior to the grant application in January 2022, in order to report back to the province as part of a fulsome grant application that demonstrates community dialogue about the need for a regional service. Importantly, residents must understand the implications if a regional system is not supported as doing nothing is no longer considered an option. This may include:

- Possible septic maintenance regulation;
- Changes to zoning to reduce development and subdivision opportunities for existing properties; and
- Implementation of other land use management tools to address current and future environmental and public health challenges.

Following these open houses, a comprehensive public engagement plan will be brought forward for the committee's consideration at its December 6 meeting. The intent of this strategy will be to ensure residents are provided with comprehensive information leading up to an assent process (timing to be determined) in 2022.