
MEETING TYPE AND DATE:	REGULAR COUNCIL MEETING – DECEMBER 7, 2021
AUTHOR:	UTILITIES DEPARTMENT
SUBJECT:	INVESTING IN CANADA INFRASTRUCTURE GRANT APPLICATION

ESSENTIAL QUESTION: Does Council support submitting a grant application to aid in funding the Wastewater Treatment Plant Phase 5 upgrades to the District's wastewater collection and treatment system.

OPTIONS:

- A. THAT a grant application be submitted to the Investing in Canada Infrastructure Program in the amount of \$15,000,000 for the Phase 5 of the Wastewater Collection and Treatment System project;
AND THAT the 2022-2026 Financial Plan be amended to identify borrowing in the amount of \$4,000,500 to cover the District's 26.67% portion of the project, contingent on the grant application being successful.
- B. THAT a grant application not be submitted to the Investing in Canada Infrastructure Program for Phase 5 of the Wastewater Collection and Treatment System project.
- C. THAT a grant application be submitted to the Investing in Canada Infrastructure Program for a project within the parameters of the Investing in Canada Infrastructure Program application requirements as identified by Council.

EXECUTIVE SUMMARY:

By the end of 2025, more than \$30 million dollars of improvements are required for the District of Lake Country's sanitary collection treatment and disposal systems. These improvements have been identified in the District's Wastewater Master Plan and laid out within the Draft – Stage 2 Liquid Waste Management Plan (LWMP), a completed copy of which is currently under review by the Ministry of Environment and Climate Change.

The LWMP authentically engages each stakeholder, lays out the community's long-term liquid waste management plan, and seeks Ministry of Environment & Climate Change Strategy approval to have the authority, in accordance with Operating Certificates (OCs), to manage, collect & treat wastewater, and to return cleaned water to the environment. The LWMP splits the identified upgrades to the sanitary sewer system into two phased projects; Phase 4 and Phase 5. The Phase 4 upgrade is currently under construction, while the Phase 5 portion is undertaking preliminary design exercises. Completion of the Phase 4 and 5 upgrades to the Wastewater Treatment Plant are critical to ready the facility for 20+ years of growth and to meet new, stringent regulations for redundancy and returning cleaned water to the environment.

For the District to meet the objectives within Section 9.3 of the Official Community Plan, senior government funded grants must be utilized to ensure that the District of Lake Country can continue to grow in a sustainable and environmentally conscious manner.

The Provincial and Federal governments have committed up to \$270 million towards the Investing in Canada Infrastructure Program (ICIP) - Green Infrastructure – Environmental Quality Program to support cost-sharing of infrastructure projects in communities across the province, with total senior government contributions up to 73.33% of the project value.

A resolution from Council supporting the grant application is required with each submitted application as part of the ICIP Green Infrastructure – Environmental Quality grant program.

Key Information:

The District can only submit one grant application under the Investing in Canada Infrastructure Program – Green Infrastructure – Environmental Quality; the application for which has a deadline of January 26th, 2022.

Relevant Observations:

For the District to meet the objectives within the Official Community Plan, senior government funded grants must be utilized to ensure that the District can continue to grow in a sustainable, environmentally conscious manner.

Strategic Questions:

What are the key improvements required to ensure effective treatment? The identified program is deemed the most effective way forward, as identified in the LWMP. This application for grant funding is the next step in a broader program that will be needed to support community sewer expansion both for growth and servicing existing areas of the community.

Strategic Relevance & Community Sustainability:

Wastewater treatment is vital to protecting public health and the environment. Limiting flows is not practical or even possible once users are connected. The District is expected to reach capacity limits by 2025, with regards to future development.

Key Result:

Increased capacity and redundancy of the wastewater treatment facility, while creating a long-term, sustainable path forward for treated water to be safely returned to Okanagan Lake

Desired Benefit of Key Result:

Sustainable growth of the community's wastewater system, which helps to ensure future growth and retrofit sewer programs.

Requisites:

N/A

Unintended Outcomes:

It is possible that a successful grant application may hinder future infrastructure grant applications; however, these required upgrades have been identified as the District's largest risk to infrastructure servicing.

BACKGROUND/HISTORY

As identified in the Wastewater Master Plan, recent hydrogeological study has indicated that the Wastewater Treatment Plant's maximum continuous discharge rate through the existing ground infiltration is rapidly nearing capacity.

In early 2020, an application to fund the WWTP Phase 4 Upgrade was submitted to the 1st intake of the Investing in Canada Infrastructure Program – Green Infrastructure – Environmental Quality Program; the District was unsuccessful in this application.

DISCUSSION/ANALYSIS**Legislation & Applicable Policies**

A resolution from Council supporting the grant application is required with each submitted application as part of the ICIP grant program.

Technical Considerations:

- **Impact on Infrastructure and Other Municipal Services**

- Failure to pursue senior government grant programs will have a detrimental impact on District sewer infrastructure and by extension, Municipal Services.
- **Impact on Staff Capacity and Financial Resources (Cost/Benefit Analysis)**
 - Capital infrastructure projects of this size and magnitude do put increased strain on Staff, as it takes large amounts of time, effort, and technical skill to execute these projects successfully. That being considered, current staffing levels will be sufficient to complete this project.
 - The District's 26.67% portion of the project represents a \$4,000,500 commitment. A 20 year loan to cover these costs would result in estimated annual debt payments of \$278,203, \$2,352,294 in total interest and \$5,564,061 in total payments over the life of the loan at the Municipal Finance Authority's current 20 year interest rate of 2.94%.
 - The cost of borrowing would be recovered through Development Cost Charges (DCC's) to reflect the fact that expansion in capacity from this project is to support future development in the District. Municipalities may borrow to finance a project before receiving sufficient development cost charges. In the event where future DCC's are insufficient to cover debt repayment, Council may consider alternative debt repayments at that time including borrowing from reserves or an increase or implementation of taxation.
 - In order to proceed with this loan, a loan authorization bylaw would need to be approved by the Inspector of Municipalities and approval of the electors would be required before adoption of the bylaw. Sections 623 and 760 of the *Local Government Act* require a one month quashing period after approval of the electors has been received, where an application can be made to the Supreme Court to set aside the loan authorization bylaw before final approval will be provided by the Inspector of Municipalities. Section 182 of the *Community Charter* restricts local governments to financing long term debt with their local regional district through the Municipal Finance Authority of British Columbia (MFA).

Comments from Other Government Agencies, Council Committees and Relevant Stakeholders:

As District Staff continue to complete an approved Liquid Waste Management Plan (LWMP), other government agencies, Council committees and all other relevant stakeholders have been engaged and notified of the District's current and future plans for the Wastewater Treatment Plant; this includes the return of treated water to Okanagan Lake. All parties hold an understanding of the current state of wastewater treatment and disposal, with little-to-no negative feedback received.

Consultation, Public Feedback, and Communication to and from the Public and the Applicant:

As mentioned previously, the District continue to work toward completion of an approved LWMP, which includes full, meaningful consultation and engagement with all stakeholders. In fully discussing the current state of the District's wastewater treatment and disposal, little-to-no negative feedback has been received.

ANALYSIS OF OPTIONS FOR CONSIDERATION:

The District can apply for an alternative project (water/wastewater), within the parameters of the grant application requirements, but no other projects are sufficiently advanced at this time to support a strong grant application.

Respectfully Submitted,

Ryan Niddery, ASCT, RSE, LEED AP BD+C
ENGINEERING TECHNICIAN
UTILITIES DEPARTMENT

This report has been prepared with the collaboration of the following individuals:

COLLABORATORS	
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This report has been prepared in consultation with the following departments:

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