

5. VILLAGE COURT
WASTEWATER TREATMENT

COMMITTEE RECOMMENDATIONS

That Council approve:

1. The capital authority for the communal wastewater treatment system for Village Court be increased from \$557,000 to \$1,450,000;
2. The additional capital authority of \$893,000 be funded from the Sewer Capital Reserve Fund;
3. The authority for the contract with CMS Group Inc. be increased from \$557,000 to \$778,943.86 (inclusive of G.S.T.);
4. Authority be established for works and engineering required for the sanitary sewage treatment system, other than the contract with CMS Group Inc., in the amount of \$631,300.00 (inclusive of G.S.T.);
5. Additional security in the amount of \$200,000 be required to guarantee that the CMS system will meet the discharge parameters of the Rideau River;
6. A hook-up charge of \$3,000 to be directed towards the capital cost of the wastewater treatment system for Village Court be imposed under the *Municipal Act*, section 221 upon all residential units comprising the Village Court development, and that increases in this rate be equivalent to annual increases, commencing 1 April 2000, in the interest rate which debentures would bear if issued on the date of the Council approval of this report until 1 April 2005;
7. A monthly charge of \$55 per residential unit to be directed towards the capital and operating cost of the wastewater treatment system for Village Court be imposed under the *Municipal Act*, section 221 upon all residential units comprising the Village Court development and that increases in this rate be equivalent to annual increases in the cost of living until 1 April 2005, at which time the rate is to be re-evaluated by Regional Council;
8. Charges similar to those in recommendations 6 and 7 be imposed upon non-residential development at Village Court on the basis that 500 square feet is equivalent to one residential unit;

9. **The Region be authorised to enter into an operating and maintenance contract for the CMS system for a period of two years;**
10. **Commencing with the commissioning of the CMS Group Inc. wastewater treatment system, the annual operating budget for the Water Environment Protection Division be increased by the amount required to operate the CMS system inclusive of contract administration and overhead, such amount to be identified in the estimates for the 1999 operating budget;**
11. **In the event that the CMS wastewater treatment system is not shown to meet the parameters for discharge for the effluent to the Rideau River, that the Region approve the operation of a holding tank system, on an interim 5 year basis;**
12. **That recommendations 1-10 be dependent upon the CMS system passing a test evaluation showing that the system can produce effluent that meets the requirements of the Ministry of the Environment for the Rideau River watershed.**

DOCUMENTATION:

1. Joint Chief Administrative Officer/ Environment and Transportation/ Finance and Legal report dated 20 July 98 is immediately attached.
2. Extract of Draft Corporate Services and Economic Development Committee Minute, 21 July 98, immediately follows the report and includes a record of the vote.

REGIONAL MUNICIPALITY OF OTTAWA CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA CARLETON

REPORT
RAPPORT

Our File/N/Réf. A.1.4.291
Your File/V/Réf.

DATE 20 July 1998

TO/DEST. Co-ordinator,
Corporate Services and Economic Development Committee

FROM/EXP. Chief Administrative Officer
Environment and Transportation Commissioner
Finance Commissioner
Regional Solicitor

SUBJECT/OBJET **VILLAGE COURT
WASTEWATER TREATMENT**

DEPARTMENTAL RECOMMENDATIONS

That the Corporate Services and Economic Development Committee refer to Regional Council and Council approve:

- 1. The capital authority for the communal wastewater treatment system for Village Court be increased from \$557,000 to \$1,450,000;**
- 2. The additional capital authority of \$893,000 be funded from the Sewer Capital Reserve Fund;**
- 3. The authority for the contract with CMS Group Inc. be increased from \$557,000 to \$778,943.86 (inclusive of G.S.T.);**
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- 5. Additional security in the amount of \$200,000 be required to guarantee that the CMS system will meet the discharge parameters of the Rideau River;**

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8. **Charges similar to those in recommendations 6 and 7 be imposed upon non-residential development at Village Court on the basis that 500 square feet is equivalent to one residential unit;**
9. **The Region be authorised to enter into an operating and maintenance contract for the CMS system for a period of two years;**
10. **Commencing with the commissioning of the CMS Group Inc. wastewater treatment system, the annual operating budget for the Water Environment Protection Division be increased by the amount required to operate the CMS system inclusive of contract administration and overhead, such amount to be identified in the estimates for the 1999 operating budget;**
11. **In the event that the CMS wastewater treatment system is not shown to meet the parameters for discharge for the effluent to the Rideau River, that the Region approve the operation of a holding tank system, on an interim 5 year basis;**
12. **That recommendations 1-10 be dependent upon the CMS system passing a test evaluation showing that the system can produce effluent that meets the requirements of the Ministry of the Environment for the Rideau River watershed.**

BACKGROUND

Village Court is a mixed use (commercial/residential) development proposed for the village of Manotick within the Township of Rideau. The development includes 120 residential units for seniors and 7,500 square feet of commercial development. The project was originally approved on 23 October 1996 (Planning and Environment Committee Report 44) as a demonstration project pursuant to the provisions on Official Plan Amendment No. 47 to the 1988 Regional Official Plan.

While Village Court is to be provided water from the central water supply, the treatment for the sewage is proposed to be through a system provided by the CMS Group-Water Treatment System. The system is based on “Rotordisk” technology supplemented by a pilot tertiary treatment of activated alumina to meet the Ministry of the Environment’s strict discharge criteria for phosphorus in the sensitive Rideau River watershed.

At the time of the original approval of this project in October, 1996, all costs related to the sanitary sewage treatment system were the responsibility of the developer and the developer was required to post 100% security for the cost of the system prior to the registration of the development agreement. In the spring, 1997, the developer sought relief from the requirement for full security and sought to have the Region guarantee the financing of the sewage treatment system, which the developer represented as being \$557,000. Following a report whereby staff, noted “the risk associated with the new technology”, recommended that both these requirements be confirmed, Council adopted the following at its meeting of 25 June 1997:

1. That staff be delegated to negotiate mutually agreeable terms for a letter of credit with the developer of Village Court, and that this item return to Planning and Environment Committee only in the event that an agreement cannot be reached.
2. That staff develop a financing plan acceptable to the Region and the developer and that the Regional Chair be authorised to sign the necessary agreements.

Pursuant to these instructions, staff brought forward the following recommendations to Corporate Services and Economic Development Committee on 2 July 1997 and to Regional Council on 9 July 1997:

1. The Region assume the financial responsibility for the construction of the communal wastewater treatment system for Village Court;
2. \$557,000 be allocated from the Sewer Capital Reserve Fund for the cost of the communal wastewater treatment system for Village Court;
3. The cost of the construction for the communal wastewater treatment system for Village Court be recovered by a *Municipal Act*, subsection 221(2) charge on Village Court and any other lands utilising the system based upon assessment;
4. The *Municipal Act*, subsection 221(2) be based on a recovery period of 20 years;
5. Subject to the satisfactory operation of the communal wastewater treatment system, staff be authorised to undertake any necessary environmental assessments to permit lands other than those in Village Court to utilise the system; and
6. The developer for Village Court be required to file a letter of credit in the amount of \$285,000 prior to the commencement of the construction of the communal wastewater system.

These recommendations were adopted by Council. Upon their adoption, staff requested the developer to forward the documentation related to the sanitary sewage treatment system so that it could be legally assigned to the Region. It immediately became apparent that while the developer had included in its request for assistance the cost of the works to be built by CMS, the civil and structural works, such as the holding tank, which for purposes of reliability forms an integral part of the treatment system, had not been included in the cost estimate. In addition, while it had been anticipated from the start in October, 1996 that the Region would ultimately assume ownership of the system and responsibility for its operation, sufficient allowance for the costs of the remote SCADA monitoring system, separate diesel generator and other works that would be required by the Region were also not included. Finally, the cost estimates provided by the developer to the Region in June-July, 1997 did not include engineering for design or quality assurance (e.g. contract supervision) for anything other than the CMS system.

In the result, the full costs for the sewage treatment facility, (i.e. the CMS system, including all civil and structural works) are now estimated as follows:

| <u>ITEM</u> | <u>COST</u> |
|---|-----------------------|
| Revised CMS Contract (includes CMS' contract supervision and quality assurance) | \$727,984.92 |
| Storage Tank (est.) | \$450,000.00 |
| Design and Quality Assurance For Tank (est.) (structural, mechanical, civil, architectural) | \$90,000.00 |
| <u>Stand-By Diesel Generator (est.)</u> | <u>\$50,000.00</u> |
| SUB-TOTAL | \$1,317,984.92 |
| Goods and Services Tax (7%) | <u>\$92,258.94</u> |
| TOTAL | \$1,410,243.86 |

DISCUSSION

The revised CMS contract of \$727,984.92 consists of the following:

- original CMS contract \$548,340.57;
(Regional authority of \$557,000 was based solely on the above)
- RMOC specific requirements approximating \$49,400;
- modifications to design to comply with MOE, Building and Electrical Code requirements approximating \$146,900 (this amount includes increased engineering fees of \$61,000);
- less credits of \$16,700 pertaining to design changes.

As stated in the recommendations adopted by Council in July, 1997, the cost of the sanitary sewage treatment system was to be apportioned on the basis of assessment amongst the residential units and commercial development comprising Village Court. At a cost of \$557,000, it was the opinion of staff that a reasonable prospect existed that the Region would be able to recover the cost of the sewage treatment system.

However, at a total cost of \$1.45M, the ability of the Region to recover its investment in Village Court becomes significantly more difficult. As noted in the report to Corporate Services and Economic Development Committee dated 2 July 1997, the CMS system is estimated to have a capacity of 150 cubic metres per day of which 70-120 cubic metres per day will be utilised by the Village Court development. The prospect therefore does exist that between 30-80 cubic metres will be available for other development within Manotick and that through the allocation of the capacity to a broader base, the chances that the Region might recover its investment would be increased.

As was stated in the July, 1997 report however, it must be remembered that before the CMS system can be utilised for development other than Village Court, a further environmental assessment will be necessary. It cannot be assumed that the conclusion of such an environmental assessment will be that the CMS system should be utilised for other lands within the Village.

Nevertheless, as stated by staff in the original report dated 21 October 1996 to Planning and Environment Committee meeting of 22 October 1996 recommending that the necessary planning and environmental approvals be given for the Village Court Development, the Regional Official Plan encourages the type of innovative housing for seniors that Village Court represents. There is a distinct lack of housing within the rural areas of Ottawa-Carleton to meet the needs of seniors needing some degree of care within their homes.

In addition should the CMS system be shown to work, the Region, and others within the Rideau River watershed will have another option to meet the watershed's stringent phosphorous discharge requirements.

The Region through its agreement with CMS will be requiring that it provide appropriate third party acceptance of the design and construction of the civil works for the installation of the CMS plant, and that such works be provided quality assurance by others to the satisfaction of the Environment and Transportation Commissioner. Similar conditions will be put in place as required for works and engineering required for the sanitary sewage treatment system, other than the contract with CMS Group Inc.

As a result, notwithstanding the significant degree of financial risk posed to Regional taxpayers in continuing with this project as its increased wastewater treatment capital and operating costs, staff are recommending that the Region pursue the installation of the CMS system. However, in order to minimise the financial risk, and the risk to the Rideau River watershed, staff are presently negotiating with CMS to have a test conducted of the tertiary portion of their wastewater

treatment system. It is anticipated that this test would be conducted in the fall of 1998. Should the system pass the test, meeting the parameters for discharge to the Rideau River, it is proposed that the Region continue with the installation of the system at Village Court. Testing would be funded from the Short Term Initiatives Account.

Should the CMS system fail to meet the relevant discharge parameters, the Region will of course have the strong possibility of taking legal action against CMS. However, even in this scenario, staff recommend continuing with the Village Court development. The Ministry of the Environment has stated to the Region in a letter that it will look favourably upon an application for a certificate of approval for a holding tank to service Village Court on an interim basis for a period of up to five years. It is staff's opinion that the storage tank for the CMS system could be utilised as such a holding tank. During this period, another permanent solution would have to be found to deal with the wastewater from Village Court, and perhaps other areas in Manotick. With Village Court fully occupied, staff estimate that the cost of hauling the sewage to be approximately \$175,000 per year.

RECOVERY OF COSTS

As noted above, it is possible that a conclusion of any further environmental assessment could be that the CMS system is not appropriate for service of any land beyond Village Court. On the other hand, the most optimistic scenario for the Region is that the environmental assessment would be concluded by 1 January 2002 and that 80 cubic metres of capacity would be available and utilised in 2002. While the Region does have the statutory authority to require other lands than Village Court to connect to the CMS system, the installation and approval of this system was not based upon the exercise of such statutory authority. Staff therefore recommend that any connection to the CMS system for lands other than Village Court be on a voluntary basis. If this voluntary approach is accepted by Regional Council, although it is the opinion of Regional staff that sufficient landowners will be found in the village core who wish to connect to the CMS system to utilise any excess capacity, it cannot be guaranteed that such will be the case.

ADDITIONAL SECURITY

In July, 1997, the developers agreed to provide approximately 50% of what they represented to be the cost of the sewage treatment system to the Region as security, \$285,000. Given the true cost of the system, staff believe it is appropriate to require additional security, in at least a total amount of \$200,000, be provided to the Region. CMS has agreed to provide a \$65,000 letter of credit upon completion of the construction of their system and full payment by the Region. Staff thus recommend that the developers be required to provide a further \$135,000 in security.

*Approved by C.M. Beckstead,
Chief Administrative Officer*

*Approved by M.J.E. Sheflin, P.Eng.
Environment and Transportation Commissioner*

*Approved by J.C. LeBelle,
Finance Commissioner*

*Approved by Donald W. Wilson
for J. Douglas Cameron, Regional Solicitor*

FINANCIAL DEPARTMENT COMMENT

Funds are available from the Sewer Capital Reserve Fund.

*Approved by Tom Fedec
for J.C. LeBelle, Finance Commissioner*

Extract of Draft Minute
Corporate Services and
Economic Development Committee
21 July 1998

VILLAGE COURT
WASTEWATER TREATMENT

- Joint Chief Administrative Officer, Finance Commissioner,
Regional Solicitor and Environment and Transportation Commissioner's
report dated 20 Jul 98

Moved by R. Cantin

That the Corporate Services and Economic Development Committee move Out of Camera and resume in open session.

CARRIED

That the Corporate Services and Economic Development Committee recommend to Regional Council and Council approve:

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12. **That recommendations 1-10 be dependent upon the CMS system passing a test evaluation showing that the system can produce effluent that meets the requirements of the Ministry of the Environment for the Rideau River watershed.**

CARRIED as amended
(D. Beamish, P. Hume and
R. van den Ham dissented)