

# Report to Council



**Date:** March 16, 2020

**To:** Council

**From:** City Manager

**Subject:** Application for an Infrastructure ICIP Grant – Kelowna Septic System Elimination and Sewer Connection Project

**Department** Infrastructure Engineering

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## **Recommendation:**

THAT Council receives, for information, the report from the Utilities Planning Manager dated March 16, 2020, with respect to an application for an Investing in Canada Infrastructure Program (ICIP) Grant - Kelowna Septic System Elimination and Sewer Connection Project;

AND THAT Council authorizes staff to apply for an ICIP Grant - Kelowna Septic System Elimination and Sewer Connection Project in the amount of \$12.44M, as outlined in this report;

AND THAT Council authorizes the Mayor and City Clerk to execute the Kelowna Septic System Elimination and Sewer Connection Grant and provide overall grant management, if the application is successful;

AND FURTHER THAT the 2020 Financial Plan be amended to include the grant and supporting reserve funding, if the application is successful.

## **Purpose:**

To consider staff's recommendation to apply for the second program intake of the Investing in Canada Infrastructure Program - Green Infrastructure Environmental Quality Program.

## **Background:**

Aging septic fields are a continued risk to the quality of water in the Okanagan, and their removal has long been a goal for the City and communities throughout the Okanagan basin. There are approximately 2,000 properties that remain on septic service that have the potential to be connected to the City Wastewater Utility. The City maintains an aggressive policy through its Subdivision and Servicing Bylaw 7900 and Sanitary Service Connection Area Bylaw 11540 to reduce reliance on septic fields. The policies have been effective on new development, however existing properties on septic have been slow to connect due to high costs and because some systems remain operational. Residents often comment that the cost of connecting to the wastewater system is not affordable without grant funding support.

For this grant application, the City of Kelowna is adopting a slightly different approach to previous funding requests. The proposed project will ultimately replace 800 aging septic fields and connect these properties to the wastewater utility at fair and equitable cost. The funding for the City component leverages secured funding in existing individual Sewer Connection Area reserves (approximately \$4.58M) to eliminate septic system use in the North Rutland, Rialto, St. Amand and small components of the Okaview area. The targeted areas have septic systems that were installed between 30 to 65 years ago. We estimate that most are near the end of their service life.

The application also includes a funding request for a new sewer crossing of Mission Creek on KLO Road. This project element will be a key component moving forward to route sanitary from the Hall Road area in the future. The City will then look at future applications to address the full Hall Road sewer collection area.

The City is applying for a \$12.44M grant from the Investing in Canada Infrastructure Program (ICIP) – Green Infrastructure – Environmental Quality Sub-Stream. This represents a 73% grant for a project anticipated to cost \$17M. Customers will be required to pay fees according to the Sewer Connection Area Bylaw 11540 to connect. No Local Area Service processes will be initiated as part of this project. As part of the application process, a Council resolution is required indicating support for the current proposed activities and willingness to provide overall grant management.

**Internal Circulation:**

Community Planning Department Manager  
Divisional Director, Corporate Strategic Services  
Divisional Director, Infrastructure  
Budget Supervisor  
Grants & Special Projects Manager  
Infrastructure Engineering Manager  
Transportation Engineering Manager  
Utility Services Manager

**Financial/Budgetary Considerations:**

- The City is requesting a \$12.4M grant from the Investing in Canada Infrastructure Program (ICIP) – Green Infrastructure – Environmental Quality Sub-Stream - Sanitary Sewer Connection Area Water Quality Enhancement Project;
- Sewer Construction Funding will be provided from select Sewer Connection Reserves;
- Wastewater Utility funding was approved for the KLO Bridge Crossing in 2020 Provisional Budget.

**Considerations not applicable to this report:**

Existing Policy:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:

Rod MacLean, P. Eng.  
Utilities Planning Manager

**Approved for inclusion:**

A square box containing a handwritten signature in black ink, which appears to be 'A. Newcombe'.

A. Newcombe, Infrastructure Divisional Director

cc: Deputy City Manager  
Divisional Director, Community Planning & Strategic Investments  
Divisional Director, Corporate Strategic Services  
Divisional Director, Corporate Strategic Services  
Divisional Director, Financial Services  
Divisional Director, Infrastructure  
Divisional Director, Partnership & Investments  
Divisional Director, Planning & Development Services  
Infrastructure Operations Department Manager