



**REPORT TO:** Chair and Members of the  
Planning and Public Works Committee

**SUBJECT:** Ministerial Approval of the Wainfleet Water and Wastewater Servicing  
Project and Proposed Next Steps

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### **RECOMMENDATION(S)**

That this Committee recommend to Regional Council:

- That staff be directed to develop an implementation program to carry out the conditions imposed by the Minister of the Environment prior to proceeding with the Wainfleet Water and Wastewater Servicing Project, and
- That staff be directed to implement a pre-design Expression of Interest (EOI) process that will assess appropriate adjustments or refinements to the proposed Wainfleet Water and Wastewater Servicing project, and
- That staff prepare a detailed budget outlining costs associated with executing these undertakings.

### **EXECUTIVE SUMMARY**

Following the Minister of the Environment's approval of the proposed Wainfleet Water and Wastewater Servicing Project, this report provides details on provincial conditions that the Region/Township must satisfy prior to its implementation. The report also sets out a recommended process to examine potential system modifications that may reduce project costs, enhance project delivery, and improve the affordability of the servicing project for the Lakeshore Community of Wainfleet.

The report provides Council with details on an Expression of Interest (EOI) process that would be undertaken in the pre-design phase of the project to review appropriate modifications, innovative refinements and cost-effective improvements to the approved Wainfleet project, within the context of the Minister's approval.

### **FINANCIAL IMPLICATIONS**

Sufficient funds are available in Parent Projects ZSW0404 and ZCW0403 to accommodate costs associated with satisfying the Minister's conditions and carrying out

the studies and related work in advance of actual detailed design and construction. Cost details will be provided through normal reporting procedures prior to the commencement of related work.

## **PURPOSE**

This report provides members of the Planning and Public Works Committee with a summary of the Minister of the Environment's affirmative decision permitting the Region and Wainfleet to proceed with the implementation of the Wainfleet Water and Wastewater Servicing Project. This decision is subject to provincial conditions, permits and approvals required for an undertaking of this nature.

This report also seeks approval to establish a process to execute these mandatory conditions and undertake a review of appropriate and cost-effective modifications to the approved servicing systems for the Wainfleet lakeshore area.

## **BACKGROUND**

In January 2003, with the adoption of the recommendations set out in PHD 7-2003 and PWA 7-2003, Council directed the Public Works Department in collaboration with Wainfleet Township to jointly undertake a Class Environmental Assessment (EA). The purpose of the EA was to develop servicing solutions that would address environmental and public health issues related to failing septic systems and contaminated drinking water supplies potentially affecting Wainfleet Lakeshore area residents.

After following the prescribed provincial requirements set out in the Environmental Assessment Act, the completed Class EA documentation was submitted to the Ministry of the Environment in July 2005. On September 25 2006, the Minister of the Environment advised that the Region and Township may now proceed with the Wainfleet Water and Sewer Servicing Project, subject to conditions.

During the Class EA study process, formal and informal private sector overtures were made expressing interest in providing technical, financial, environmental and public/private delivery options related to the project. Following a presentation made by a proprietary technology spokesman on August 30 2006, the Committee directed staff to solicit the interest from a range of technology vendors and engineering firms and assess their submissions in the context of a fair, open and effective review process.

## **REPORT**

### **Minister's Decision**

On September 25 2006, the Minister of the Environment, Laurel C. Broten, having given careful consideration to issues raised during the Environment Assessment (EA) process, rendered a decision to allow the Region and Township to proceed with the Wainfleet Water and Wastewater Servicing project. This decision was made following a thorough

Ministry review of the legislative requirements, technical documentation and public input that took place over a 14-month period.

Regarding issues and concerns raised by area residents in requesting a Part II Order (i.e. requesting that the process be restarted under the individual EA requirements as opposed to a Class EA), the Minister noted that she is satisfied with the work done to date by the Region and Township and additional work that will be carried out in connection with provincial conditions. In her correspondence, the Minister noted that:

*"I am satisfied that the extent of the severity of the problem has been adequately demonstrated through these studies and reviews, and that the Project is warranted to address environmental and health problems associated with the failure and malfunctioning of the existing septic systems..."*

*I am satisfied that the Region and Township considered a reasonable range of solutions, including innovative technologies..."*

*I am satisfied that the results of the VAE (viz. Value Analysis Exercise) are reasonable, effective and impartial..."*

*I am satisfied that no significant concerns have been identified that undermine the effectiveness of the proposed Project."*

### **Conditions of EA Approval**

The Minister's decision to allow the preferred solution to be implemented is conditional upon the Region and Township satisfying a number of prescribed conditions and other permits and approvals required in undertakings of this nature. To address issues raised in correspondence during the Class EA process and satisfy public concerns, the Minister requested that additional and updated information be gathered. These issues relate to the cost evaluation used to evaluate alternatives, the social impact of the project, potential effects to the natural environment within the proposed right-of-way, consultation with the public and possible areas of archaeological potential. These topics form the basis of the Minister's conditions on the project, as summarized below:

- **Cost Evaluation And Sharing Plan** - A cost evaluation/sharing plan must be prepared for the project. The plan will include detailed cost estimates based on the most up-to-date information available; various cost-sharing scenarios between the Province, Region, Township and benefiting property owners; and contingency measures to be followed if external funds are not secured.
- **Social Impact Assessment** - In addition to information previously provided in the Class EA documents, the Minister requires that a social impact assessment be prepared. This must address the financial impacts of the cost-sharing scenarios and a determination as to whether benefiting property owners would be caused long-term hardship as a result of the project.
- **Natural Resource Impact Assessment** - As part of the project's detailed design, the Minister requires that a site-specific natural resources impact assessment be undertaken that builds upon the ecological investigations completed as part of the

Class EA submission. This will focus on the proposed facility alignment and pumping station sites and evaluate potential construction impacts and mitigation. This condition includes a commitment by the proponent to follow an environmental monitoring program during and after construction.

- Archaeological Assessment - The Minister requires the preparation of a Stage 1 Archaeological Assessment along the proposed infrastructure right-of-way to determine if the project will impact areas of archaeological potential. If evidence of archaeological resources is encountered, further work may be warranted in accordance with provincial regulations.
- Public Consultation - the Minister requires that the public continue to be consulted through to completion of construction of the project. At a minimum, this includes one public open house to present the findings of the above-noted studies, solicitation of public comment into the findings of these reports, and filing of the reports for public review.
- Report on How Provincial Conditions Were Satisfied – Along with copies of the aforementioned reports, the Region will be required to advise the MOE as to how these conditions were fulfilled.

As is customary in the assignment of such provincial conditions, their implementation must be completed in advance of any construction related to the project. Staff will provide details on how these conditions are to be satisfied in a separate report.

### **Refinement of Preferred Servicing Solution**

In February 2005, after an extensive review of the proposed water and wastewater servicing scheme for the Wainfleet Lakeshore area, the Value Analysis (VA) expert panel identified a variety of servicing alternatives that have potential to add value and reduce cost. The VA Team recommended design and construction techniques that could minimize excavation and dewatering costs, reduce component sizing and result in substantial savings in life cycle costs. In PWA 101-2005, staff recommended that such alternatives and innovative technologies recommended by the VA Team be considered at the detailed design stage of the project, following EA approval.

Subsequently, verbal and written expressions of interest were received from the private sector regarding their possible involvement in the various aspects of the Wainfleet Servicing project, including its design, construction, project management, financing, ownership and operation. In response, Council adopted the staff recommendation set out in PWA 172-2006 that a fair, open and effective review process be adopted to properly assess innovative technologies and project delivery approaches.

Council then directed staff to conduct an assessment of alternative approaches that have the potential to reduce costs and enhance the functionality of the approved servicing systems. This assessment would be undertaken following a decision of the Minister of the Environment on the Wainfleet Class EA.

Having received a positive response from the Minister, staff now proposes to initiate an effective review process involving the solicitation of interest from a range of technology vendors, engineering groups and business consortia. With the assistance of appropriate technical experts and staff, constituted in the form of an expert panel, it is proposed that a pre-design Expression of Interest (EOI) process be executed over a reasonable time encompassing a few months.

At the conclusion of the pre-design EOI process, recommendations will be made to Council regarding how the approved Wainfleet Water and Wastewater project can be refined to incorporate the most appropriate ideas, technology, and implementation approach to achieve enhanced affordability, reduced costs and construction completion. The aim of this exercise will be to introduce those refinements that have the greatest potential for reduction in design, construction and operating costs into the system in a manner that is approvable and satisfies provincial requirements.

The expert panel that will be created to technically and financially review submissions received under the pre-design EOI process will be composed of participants representing the following generic categories:

- Civil Engineering Expertise - an experienced civil engineering firm with appropriate expertise in municipal water and wastewater servicing and related construction experience would be engaged
- Water and Wastewater Systems Operations - a senior member(s) of Public Works' Operations Management Team (OMT) would be involved in the expert panel to address operations and maintenance issues
- Project Finance and Risk Control - expertise in financial management, business case assessment and capital/life cycle costing would be provided through the Corporate Services Department, or upon their advisement.
- Public Health and Safety Issues - a representative of the Public Health Department would be engaged as a member of the expert panel
- Legal Matters - legal advice with regard to "design and build" submissions or other project/service delivery options would be provided through the Legal Services Division of Corporate Services
- Environmental Approvals - expertise in the area of project approval under the provincial Environmental Assessment Act would be secured through consultant services
- Local Knowledge - A Wainfleet Township staff representative would be invited to join the expert panel, or others as warranted

Full or partial utilization of the above noted expertise and resources, or others as warranted, would depend on the nature of the private sector submissions received during the pre-design EOI process.

## EOI Process Timeline

The following provides an overview of the implementation schedule for the proposed pre-design EOI process:

<b>Steps in Pre-design EOI Process</b>	<b>Schedule</b>
• Establishment of Expert Panel	November, 2006
• Engagement of Consultants	November, 2006
• Solicitation of Pre-design EOI submissions	November, 2006
• Review of Pre-design EOI submissions	January, 2007
• Request for Supplementary Data and Proponent Interviews (optional)	February, 2007
• Recommendations to Council	March, 2007

## EA Approval Implications

The outcome of the EOI exercise will undoubtedly require an assessment of the recommended modifications in the context of the approval under the provincial Environmental Assessment Act. The approval of the preferred solution requires the Region/Township to implement the project in a manner in which it was developed and designed, as set out in the EA submission.

Under the Act, any significant modification to the project after the approval of an EA document requires the preparation of an Addendum. The Addendum describes the circumstances necessitating the proposed changes, their environmental implications and what would be done to mitigate negative environmental impacts.

Notice of the filing of an Addendum must be given to all affected members of the public and provincial review agencies, as well as all who were notified in the preparation of the original EA document. A 30-day period is allowed for public/agency review of the Addendum, during which a Part II Order (a.k.a. project “bump-up”) may be requested by any member of the public.

During the Addendum review period, no construction work can be undertaken. In our experience, the prescribed 30-day review period is frequently protracted to allow Ministry staff additional time to undertake a comprehensive examination of prevailing issues. Because of the risk of potentially jeopardizing the existing MOE approval for this project, (which may delay or restart all or part of the EA process) all modifications/innovations to

the approved water and wastewater systems must be carefully considered in the context of provincial legislation.

A report will be prepared for Committee once the outcome of the review process has been completed, early in the new year. This will also establish the next steps that will be warranted at that time.

Submitted by:

Approved by:

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Ian Neville, MPA, P.Eng.  
Commissioner of Public Works

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Mike Trojan  
Chief Administrative Officer

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