

Memorandum

PDS-C 1-2024

Subject: Combined Sewer Overflow Control Program Update

Date: January 10, 2024

To: Planning and Economic Development Committee

From: Ilija Stetic, Manager W-WW Infrastructure Planning

The purpose of this memo is to respond to a Council information request about the Combined Sewer Overflow (CSO) Control program outstanding projects and unused funding.

Background

The CSO Control Cost Share Program has been in place since 2007 and is intended to facilitate shared funding for Local Area Municipalities (LAM) projects to help mitigate the impacts of wet weather events on the Region-wide sanitary system and the environment. As a result, the Region benefits from this program by gaining capacity and improved operations at regionally owned trunks, sewage pump stations and wastewater treatment plants, which in return, could be used for growth by reducing and deferring the need for oversizing Regional infrastructure throughout the system. The main purpose of this program is to reduce and remove stormwater that is overwhelming the local sanitary collection system which results in potential basement flooding, overflows to the environment, and reduced system capacity for growth.

The CSO Control and Wet Weather Management Policy was approved by Regional Council in 2007 and revised in 2014. The policy statement recognizes the inter-dependent nature of wastewater collection and treatment systems in Niagara. This policy facilitates the shared funding of strategic, prioritized, and coordinated solutions that mitigate the impacts of wet weather events on municipal sanitary systems and the environment. The policy acknowledges the joint responsibility and shared role of the LAMs and the Region in their efforts to timely eliminate, reduce, and report on the CSO and wet weather flow as they negatively impact the health, safety, environment, and economy of Niagara. The policy promotes the “Optimal Solution.” including the best return on investment, independent of ownership and partnership share between the municipalities for the benefit of all.

The CSO Working Group includes representation from all 11 urban serviced LAMs that meet several times during the year to review the CSO Program, projects, priorities, and improvements. This group has developed administrative procedures and criteria to evaluate project submissions in accordance with the CSO guiding principles. CSO Funding Applications are typically submitted by LAMs in Q1 of each year and evaluated. The ranking system is based on the order of priorities starting with elimination of extraneous flows and continuing with reduction and control of extra flow entering the wastewater collection system. Successful projects are reported to Council in Q2 and the respective funding agreements are then completed. Appendix 1 provides the CSO Control Funding percentages depending on project type and Appendix 2 has the CSO Control Program Terms and Funding Conditions.

Regional staff administer the program and agreements, initiate opening of individual projects for financial tracking, approves Region funding portion of project invoices, follows up on their status and completion with LAM, closes completed or inactive projects with written confirmation from LAM.

Financial Process

Once the CSO Projects are approved, a purchase order is initiated for each of the individual approved projects and the operating funding is encumbered at the end of the year. Encumbered means the funds are set aside specifically for that project application. If the budget is unspent at the end of year, the funding is transferred to the Encumbrance Reserve. The Budget Control By-Law provides that the total amount of each years Encumbrance Reserve gets set up (rolled over) in the next years' operating budget to provide the budget flexibility to allocate funds in line with the LAM timing of project completion. If an encumbered project is completed or cancelled and then closed out in the year with surplus funding remaining, it will result in an operating budget surplus in the year it is completed. The 50% DC portion would be returned to DC reserve and 50% wastewater rate funded portion rolls up as surplus and returned to the wastewater reserve in accordance with reserve policy.

CSO Program Summary 2007 – 2023

From 2007 to 2023, there have been 434 CSO applications/projects approved with 314 closed, and 120 ongoing. The total CSO Program Budget to date includes approximately \$75.7 million awarded for applications/projects with \$44.9 million invoiced, and \$12.2 million is remaining for open projects. There has been

approximately \$18.7 million returned to the reserves due to projects being closed with surplus funds as either under budget or cancelled.

Appendix 3 provides a table with the CSO Program Summary from 2007-2023 showing the total awarded funding, total invoiced, outstanding/remaining balance, amount returned to reserves (either wastewater or development charges), number of approved and closed projects for each municipality.

Appendix 4 provides a table showing the types of works for the CSO applications from 2007-2023 for each municipality. Please note that the number of projects will not be the same as the number of works as multiple works could be included in a project (e.g., sewer separation that included repair or rehabilitation).

Based on CSO applications received, the grand total of estimated CSO volume reduction cumulated to just under nine million cubic meters per year for the entirety of the CSO program from 2007 – 2023. Moving forward, post flow monitoring has been identified as a requirement at the end of a completed project to determine the measured reduction more accurately for inflow and infiltration impacting the sanitary system. As an alternative, hydraulic modeling work and reporting can be used to estimate extraneous flows reduction as well.

CSO Program Improvements

Greater review of the timelines of project starts and completion has been implemented to address the older approved CSO projects with encumbrances. Regional staff connects with LAM representatives on a regular basis for project updates to better understand if these older projects are to proceed, closed, or canceled as priorities may have shifted and focused on other targeted areas. As per the CSO Control Program Terms and Funding Conditions presented in Appendix 2, funding of a project by the Region may expire if the LAM does not invoice the Region within three years of the date of approval. If a project does not proceed, it can be closed and Regional funding will be returned to the reserves.

Regional staff have connected with all LAM representatives from the CSO Working Group on the status of older CSO projects over this year. Based on these discussions, it was agreed that for the 2024 application year, if any CSO projects from 2019 or prior remained open, then the LAM would not be eligible for submitting applications for new projects in 2024. This requirement has been effective to assist with addressing the older projects.

An update to the CSO project remaining budget encumbrances by LAMs to the end of 2023 will be provided to Council in Q2 of 2024 with the 2024 CSO Funding Award Report.

Respectfully submitted and signed by

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