



Staff Report

Request for Decision

TO: Committee of the Whole - March 27, 2025

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services

SUBJECT: **Water Licence Amendment Lower Crown Raw Water Reservoir**

OVERVIEW

Purpose of Report:

This report presents the Board with options for considering an application to amend the Sunshine Coast Regional District's (SCRD's) existing Water Licence in support of the development of the Lower Crown Raw Water Reservoir with the shíshálh Nation. The report also requests a Board decision to either accept, reject, or propose alternative direction regarding staff's recommendations outlined below.

Recommendation(s):

- (1) THAT an application for a Water Licence Amendment in support of the development of the Lower Crown Raw Water Reservoir with the shíshálh Nation be submitted to the Ministry of Water Land and Resource Stewardship;**
 - (2) AND THAT a Letter of Support from the shíshálh Nation for this application be requested.**
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BACKGROUND

In support of efforts to address the current water supply shortage for the Chapman Water System during dry summers, the shíshálh Nation, in partnership with the SCRD, applied to the Disaster Mitigation Adjustment Fund (DMAF) for two water reservoirs and upgrades to the Chapman Water Treatment Plant.

On January 16, 2025, the Federal Government announced the approval of just over \$117 million toward the "Sunshine Coast Water Security Project" to the shíshálh Nation to support this project. The application to DMAF and project were \$132 million, and the shíshálh Nation is eligible for 100% funding toward Indigenous Government owned assets, whereas the SCRD is eligible for 40% funding for its portion of the project, the Chapman Water Treatment Plant.

The first reservoir, the Lower Crown Reservoir, will be built at the site of the Lower Crown gravel pit at Heidelberg Sechelt Mine, which has been mined out. One of the regulatory requirements for the construction and operation of such a reservoir is approval under the *Water Sustainability Act*. The SCRD has several Water Licences related to the use of water from the Chapman Watershed and any supporting infrastructure (e.g., dams, intakes, and reservoirs). One of these licences would need to be amended to authorize the construction and storage of Chapman Creek water in the Lower Crown Reservoir before it is used to produce potable water.

DISCUSSION AND ANALYSIS OF OPTIONS

The application for a Water Licence Amendment in support of the development of the Lower Crown Raw Water Reservoir is required to include a detailed description of the required amendment and engineering drawings of the proposed infrastructure and how it will be operated. While staff are still working with the shíshálh Nation and their consultants on the completion of the engineering design and operational processes, staff from the Ministry of Water Land and Resource Stewardship (WLRS) suggested to submit the application for them to start their review process in a timely manner and to provide feedback on the application before the engineering drawings are finalized. This timely submission of the application would reduce the risk that the issuance of the requested Water Licence Application would impact the overall project timeline for the development of the Lower Crown Raw Water Reservoir.

The proposed Water Licence Amendment would include the addition of the Lower Crown Reservoir to the listed authorized works under these water licences. Such application would subsequently, at a minimum, be reviewed on the following aspects:

- Land lease and operating agreements between SCRD and shíshálh Nation;
- Public safety;
- Environmental implications; and,
- Implications to other right holders (including other Water Licence holders and First Nations).

These items will therefore be discussed in the initial application package or will be identified as documents that will be submitted at a later date. Documents that will need to be submitted at a later date include a Land Lease Agreement and an Operating Agreement. The environmental and engineering assessment completed to date have not raised any concerns about potential public safety and environmental implications resulting from this project. More details about this will be presented at a Special Committee of the Whole planned for April 17, 2025.

Staff anticipate that the initial application package will be ready for submission within the next several weeks. Therefore, staff are now seeking Board support to proceed with the submission. Since the original scope of the Lower Crown Reservoir Feasibility Assessment Project did not include submitting this application, a separate Board approval is required before staff can move forward.

OPTION 1 – Submission of Water Licence Amendment Application

Should the Board support the submission of this Water Licence Amendment Application, it is recommended requesting a Letter of Support from the shíshálh Nation for inclusion in the application package. The inclusion of such letter would negate the need for WLRS to undertake formal consultation with the shíshálh Nation.

The submission of the application does not bind the SCRD in any way to the actual development and operations of the Lower Crown Raw Water Reservoir. The SCRD could at any

point in time amend or cancel the application before the Water Licence might be amended, or not use any rights granted under an amended Water Licence Application if issued.

The application fee is anticipated to be less than \$1,000 and is suggested to be funded from the remaining Lower Crown Reservoir Feasibility Assessment Project budget.

If the Committee chooses this option, the following recommendation could be considered, as follows:

- (1) THAT an application for a Water Licence Amendment in support of the development of the Lower Crown Raw Water Reservoir be submitted to the Ministry of Water Land and Resource Stewardship;**
- (2) AND THAT a Letter of Support from the shíshálh Nation for this application be requested.**

OPTION 2 – No submission of Water Licence Amendment Application

An alternative for the Committee to consider would be to hold off on a decision to submit this Water Licence Amendment Application until more information is available on the operational, legal, and financial implications associated with the operations of the Lower Crown Raw Water Reservoir.

This option is not recommended. If the Committee chooses to go with Option 2, the following recommendation could be considered:

- (1) THAT staff bring back the submission of the Water Licence Amendment Application in support of the development of the Lower Crown Raw Water Reservoir to a future Committee meeting once the operational, legal, and financial implications associated with the operations of the Lower Crown Raw Water Reservoir have been considered by the Board.**

FINANCIAL IMPLICATIONS

In November 2023, the Board approved a \$100,000 budget for the Lower Crown Reservoir Feasibility Assessment Project. As part of the 2025 budget process additional funding of \$424,241 was approved to support the confirmation of the feasibility of the Lower Crown Raw Water Reservoir and an additional second reservoir. The combined available project budget is sufficient to fund the application fee for the Water Licence Amendment, which is estimated to be less than \$1,000.

The financial implications associated with the actual development and operations of the Lower Crown Raw Water Reservoir itself will be presented to the Committee once they are better understood.

LEGISLATIVE IMPLICATIONS

The General Manager of Infrastructure Services is listed as the holder of all SCRD authorizations under the *Water Sustainability Act* and will therefore also be listed as the formal applicant on the application. There are no legislative implications associated with the submission of the application itself. The legislative implications associated with the actual development and operations of the Lower Crown Raw Water Reservoir itself will be presented to the Committee once they are better understood.

STRATEGIC PLAN IMPLICATIONS

This initiative/proposal can be seen as supporting the Strategic Focus Area of Water Stewardship in the Board’s 2023 – 2027 Strategic Plan.

TIMELINE

If Board direction is to proceed with submitting the water licence amendment, staff will submit the applications pending the completion of their final review of the application package in the upcoming weeks.

WLRS staff have confirmed that they have received executive direction to prioritize Water Licence Applications received by the SCRD that would support efforts to improve the water supply situation. The ultimate timing of a decision on the Water Licence Amendment Application will depend on the quality of the application package, the timing of the submission of any outstanding information by the SCRD, and the complexity and the amount of questions from WLRS staff during their review of the application.

SUMMARY AND CONCLUSION

The purpose of this report is to provide the Board with options to consider regarding the application for an amendment to an existing Water Licence in support of the development of the Lower Crown Raw Water Reservoir. Staff will submit the applications pending the completion of their final review of the package in the upcoming weeks. The submission of the application does not bind the SCRD in any way to the actual development and operations of the Lower Crown Raw Water Reservoir.

Reviewed by:			
Manager		Finance	
GM		Legislative	X – S. Reid
CAO	X – T. Perreault	Other	