

Municipality of the District of Argyle	Item: Request –Council endorsement of GRIP application – Tusket Brewery Date: December 11, 2024
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### *Vision statement*

*Argyle is the community of choice to invest, live and play.*

### *Mission statement*

*Argyle invests time & talent in growth opportunities in fishing, tourism, and renewable energy sectors.*

*Argyle provides affordable taxation while providing safe and healthy communities and strives to engage and inform our residents on decisions that affect them most.*

*Argyle provides high class, accessible recreational and cultural facilities and helps celebrate its unique heritage and culture and welcomes new residents to our region.*

### **CAO's Recommendation:**

Recommend that Council endorse the application for GRIP provincial grant, supporting wastewater improvements. Staff's examination of project priorities has established one project that would be shovel ready AND qualifies for this type of funding.

The total upside, all in cost is \$1,500,000. We expect the cost to be considerably less, this amount includes contingency and engineering costs. Grip funding is limited at 50% of project costs, or up to \$750,000. The remaining funding would be split between Gas tax funding and our capital reserves, at \$375,000 each.

The Council endorsement is a condition of the GRIP application. The current wastewater treatment is no longer functioning properly, therefore priority is set on this project. Also, the project cannot occur without GRIP funding, so the motion requested is to endorse the application (not the project) and secure remaining funding in the case where our application is successful.

CAO recommends we proceed with this motion, as it is consistent with our practice to leverage projects in conjunction with Provincial and/or Federal Government.

**Suggested motion:**

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Move to endorse the Grip application for required wastewater improvements in the Business Park, at a maximum project cost of \$1,500,000, and that the remaining project be funded equally by the Gas Tax and the Capital Reserve Fund.

**Background:**

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The wastewater disposal system in question is an onsite disposal system within our Tusket Wastewater District. It accepts brewery wastewater and seeks to filter and treat the product on site. The initial solution was cost shared with the user (67% Argyle, 33% user). This solution appeared suitable at the time of inception, but is no longer suitable for varying factors, including volume exceeding capacity, the nature and composition of the waste, and chemical readings that are not meeting environmental expectations. Since it is an onsite solution, its impact, negative or positive, is limited to the Business Park area. CBCL was hired to investigate this location and deeply assess the wastewater results. Their work was completed during 2024, with a recommended course of action, and options to consider to address the issue.

The malfunction is not yet impacting the brewery operations or neighboring landowners but needs to be addressed. Secondly, the initial application was not designed to properly meet demand. Neither the design nor the malfunctions are the fault of the business. The Municipality has a duty under Environmental regulations to address this issue.

CBCL recommends the continuation of an onsite solution, which we agree with. Introducing the volume into our Tusket Treatment Plant would significantly impact on the capacity for that system. Furthermore, the option is scalable, in the future potential growth of this type of industry, this solution could be expanded to address additional volume if required. The solution would be owned by MODA, and they would enter into agreements with the business owner to increase annual wastewater fees. That is future consideration.

The application in question reflects the higher cost of the improvement, as Argyle wishes to share the capital cost risk with the province. In short, if we ask for too little, Argyle may be stuck with paying 100% of a potential cost overrun. Funding approval after tenders are issued are often rejected by funders.

The cost of repair is considerably higher than we anticipated. Since the urgency is high, and the project fits nicely within qualified investments under GRIP funding, this project has been recommended for application.

When examining the master capital file (attached), we noted no other projects that fit the criteria for funding support AND are shovel ready. Other considerations included the road expansion on JE Hatfield Court. This project has been tendered, but does NOT fit the criteria for GRIP funding.

**MGA considerations:**

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Wastewater improvements would be owned by the Municipality, and Wastewater infrastructure is clearly municipal responsibility under the Act. Section 65 of the MGA enables expenditures provided they are municipal in nature, this application and the investment are qualified investments under the MGA.

**Financial considerations:**

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Should the project application be accepted, Argyle would be committed to pay for 50% of the project, and would secure funding of \$750,000, divided equally between Capital Reserve Fund and CCBF, or Gas tax funding. The project is a listed capital project in the master file (attached). If the application is unsuccessful, we will not invest in the project at this time, and would secure alternate service to support the current treatment.