



# SUNSHINE COAST REGIONAL DISTRICT



## **SPECIAL BOARD MEETING TO BE HELD IN THE BOARDROOM OF THE SUNSHINE COAST REGIONAL DISTRICT OFFICES AT 1975 FIELD ROAD, SECHELT, B.C.**

**THURSDAY, DECEMBER 3, 2020**

### **AGENDA**

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**CALL TO ORDER 1:30 p.m.**

#### **AGENDA**

1. Adoption of agenda

#### **MINUTES**

#### **BUSINESS ARISING FROM MINUTES AND UNFINISHED BUSINESS**

#### **PRESENTATIONS AND DELEGATIONS**

#### **REPORTS**

2. Staff Introduction – GM, Infrastructure Services and Chief Financial Officer Verbal
3. Wastewater 2021 Frontage Fee Reviews - Manager, Asset Management (item 7 referred from the November 26, 2020 Corporate and Administrative Services Committee) Annex A  
Pages 1 - 62  
**(Voting – Electoral Area Directors – weighted vote – A-2, B-2, D-2, E-2, F-2)**
4. 2021 Wastewater User Fee Review - Manager, Asset Management Annex B  
pp 63 - 89  
(item 8 referred from the November 26, 2020 Corporate and Administrative Services Committee)  
**(Voting – Electoral Area Directors – weighted vote – A-2, B-2, D-2, E-2, F-2)**

#### **COMMUNICATIONS**

#### **MOTIONS**

#### **BYLAWS**

#### **IN CAMERA**

#### **ADJOURNMENT**

## SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

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**TO:** Corporate and Administrative Services Committee – November 26, 2020

**AUTHOR:** Kyle Doyle, Manager, Asset Management

**SUBJECT:** WASTEWATER 2021 FRONTAGE FEE REVIEWS

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### RECOMMENDATIONS

**THAT the report titled Wastewater 2021 Frontage Fee Reviews be received;**

**AND THAT the respective rate Bylaws be amended to reflect the proposed 2021 Frontage Fees detailed in Table 16 of the report;**

**AND THAT the 2021-2025 Financial Plan be amended accordingly.**

**AND FURTHER THAT the recommendation be forwarded to the November 26, 2020 Regular Board Meeting.**

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### BACKGROUND

In January 2020 a report titled 'Wastewater Asset Management and Rate Review' presented a comprehensive review of wastewater funding and provided recommendations to adjust User and Frontage Fees as a part of an effort to progress towards sustainable funding for these services.

It was indicated at that time that further review and public engagement would be conducted. From August to October of this year individual presentations were delivered to each of the 15 wastewater services detailing updates regarding the capital funding plans.

The purpose of this report is to provide a summary of the capital funding plans and proposed Frontage Fees for the 15 wastewater services.

### DISCUSSION

#### Introduction

The 15 wastewater services operated by the Sunshine Coast Regional District (SCRD) provide sewage treatment for small neighbourhoods across the regional district. Many of these facilities are approaching the end of their lifespans and require or have undergone replacement of infrastructure. The scope of these infrastructure projects is often unprecedented for these neighbourhoods since the time the wastewater facilities were first installed.

The advent of Asset Management as a portfolio within local governments, as promoted by both Provincial and Federal governments, has helped to expose an alarming trend in Canadian public infrastructure: the lack of consideration given to lifecycle costs associated with public infrastructure. This has facilitated a paradigm shift in financial management of service delivery and efforts to mitigate large increases in costs associated with infrastructure renewal are becoming common. The objective of creating a consistent cost over time for the delivery of the

service has replaced the previous model of paying as little as possible now and relying extensively on debt to fund future replacement.

Unlike municipalities, services provided by Regional Districts are financed only through revenues generated from the recipients of the service. For the 15 wastewater services within the SCRD this means the costs are shared by a small number of residents.

As there has been a lack of attention given to lifecycle costing by local governments in the past, there is a subsequent lack of adequate reserves set aside to finance the replacement of the aging infrastructure. This report summarizes the 50-year Capital Funding Plan and illustrates potential financial consequences each of three unique funding strategies for each wastewater service. Each strategy is accompanied with corresponding proposed five-year rate structure to provide short-term cost certainty.

### Capital Budgets - Changes

After consulting the public prior to the previous rate review in January 2020, efforts were made to recognize and adapt to feedback received. The following changes were made across all service areas:

- By reviewing historical SCRD contract data Engineering Allowances were reduced by ~3% and contingency was reduced by ~15%
- Where possible consideration was given to financing larger portion of future infrastructure renewal projects.
- Variable borrowing rates reflecting the projected term of the borrowing was factored into the models.
- Construction Inflation was changed from a flat rate to a variable rate to reflect the uncertainty of future construction costs more accurately.

These changes generally reduced the projected capital expenditure when compared to the previously modeled Capital Budgets for each wastewater service.

Additionally, a five-year fee schedule has been created for each service. This aligns with the five-year financial plans applied to the higher level budget planning within the SCRD and provides financial certainty for both residents and staff.

### Public Engagement

Residents of each wastewater service area were invited to attend a virtual information session with the option to participate. The format of these sessions was an approximately 30 minute presentation with time for questions at the end. Delivery was over Zoom and YouTube. The attendance during the live delivery was quite variable. Some sessions were well attended with a lengthy dialogue that followed and others were not attended on Zoom by any residents. The recorded videos have all been viewed and continue to receive views on YouTube.

Participants were able to ask questions and deliver comments. Polls were conducted at most meetings to gauge resident preferences. These polls were the object of much consternation at times as there was a sense that they may misrepresent the opinion of the residents and mislead the process. For this reason we have omitted polling data.

Generally residents were appreciative of the sessions and their ability to participate. While many participants accepted the need to increase the funding based on future capital expenditures, there are some that disagree with the principal of contributing towards reserve funds allocated to future capital projects. There is a persistent belief amongst some residents that Provincial and Federal grant money will be available to subsidize the eventual replacement of these wastewater systems. Disagreement regarding the magnitude of future costs was raised by participants in several of the public sessions.

Feedback continues to be received via email and telephone. Some residents are advocating for frontage fees to be frozen until there is additional consultation is completed.

### *Options and Analysis*

#### Frontage Fees

The existing frontage fees for all service areas do not satisfy future capital expenditures. The magnitude of the variance between the projected need and the existing funding varies significantly amongst service areas. While all 15 services are similar in nature, there is a great deal of variance in population of the service area, the number of participating lots, the age of the infrastructure and the existing condition of the infrastructure.

It is important to note that many wastewater services are projected to undergo successive infrastructure replacement projects in the future. The chronological spacing of these projects creates a situation where overlapping debt obligations compound to rapidly drive the frontage fees higher. For this reason, it is frequently required to fully fund the initial project in order to avoid excessive debt with subsequent projects.

It is also important to note that the estimates below for replacement projects is based on the expected life span of assets, however, in many cases, these facilities may require work prior to the timeframes outlined by the plan. This would then precipitate the need to fund repairs (major or minor) ahead of schedule, furthering the need to provide some financial stability to the services.

#### **Service Area Specific Details**

##### **381 – Greaves Road**

Greaves Road service area consists of 6 participating parcels. The balance of the Capital Reserve is approximately \$3,200. Current revenue from frontage fees is \$612 annually for the entire service.

The next projected capital expenditure is the replacement of the treatment plant and the addition of a collection system. A feasibility study will be initiated shortly to confirm the scope and costs of these replacements. The costs are currently estimated at approximately \$193,000 in 2027. At the 2020 rate of contribution, capital reserve balance is expected to approximately \$7,500 in 2027 which will result in a deficit of \$185,500. Using current interest rates on a maximum loan period of ½ of the estimated useful life of the infrastructure (25 years) it is anticipated each parcel will be responsible for an annual debt obligation of \$1,830 for that 25 year period. The actual frontage in that period will consist of this annual debt obligation and any other capital needs, for example related to minor system components or the drain field. These values and the



timing of the initiation of the debt will be updated after receipt of the feasibility study for this service.

By increasing frontage fees in the lead up to the anticipated replacement date it is possible to accrue a larger capital reserve and reduce the debt obligation for each parcel. This will also mitigate the magnitude of the frontage fee increase associated with the debt repayment.

The short timeline associated with the replacement of the infrastructure limits the variety of funding options. Table 1 below represents three potential five-year fee structure scenarios. The replacement of the treatment plan and the addition of the collection system may be eligible for grants, this has been represented in the model by the second scenario. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**.

*Table 1 - Potential Frontage Fee Structure - Greaves Road*

Greaves Road	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 102.00	\$ 202.00	\$ 302.00	\$ 402.00	\$ 502.00	\$ 602.00
<b>Scenario 2</b>	\$ 102.00	\$ 202.00	\$ 302.00	\$ 402.00	\$ 502.00	\$ 602.00
<b>Scenario 3</b>	\$ 102.00	\$ 152.00	\$ 202.00	\$ 252.00	\$ 302.00	\$ 352.00

### 382 – Woodcreek Park

Woodcreek Park service area consists of 73 participating parcels. The balance of the Capital Reserve is approximately \$33,000. Current revenue from frontage fees is \$7,446.

Design work has been completed to address current performance issues with this facility. The results are presented at the November 19, 2020 Infrastructure Services Committee meeting. The recommended infrastructure replacements are currently being considered for a grant of \$844,000. Beyond this, the next projected capital expenditure is the replacement of the drainfield and security fencing valued at approximately \$633,000 in 2039. The remaining 30 years of the 50 year horizon captured by the capital model are anticipated to have four more infrastructure projects with an average value of \$1.4 million dollars.

Three five-year frontage fee scenarios are presented below in Table 2 for Woodcreek Park. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**. Receipt of a grant for the sand filter project has not been considered in these scenarios as the project is required to be completed in the very near future to meet regulatory requirements, even if the grant application is not successful.

*Table 2 - Potential Frontage Fee Structure - Woodcreek Park*

Woodcreek Park	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 102.00	\$ 302.00	\$ 502.00	\$ 702.00	\$ 902.00	\$ 1,102.00
<b>Scenario 2</b>	\$ 102.00	\$ 302.00	\$ 502.00	\$ 702.00	\$ 902.00	\$ 920.04
<b>Scenario 3</b>	\$ 102.00	\$ 152.00	\$ 202.00	\$ 252.00	\$ 302.00	\$ 352.00

### 383 – Sunnyside

Sunnyside Road service area consists of 11 participating parcels. The balance of the Capital Reserve is approximately \$33,000. Current revenue from frontage fees is \$1,122 annually.

The next projected capital expenditure is the replacement of the treatment plant and collection system valued at approximately \$210,000 in 2027. At the current rate of contribution, capital reserve balance is expected to approximately \$27,000 in 2027 which will result in a deficit of \$183,000. Using current interest rates on a maximum loan period of ½ of the estimated useful life of the infrastructure (25 yrs) it is anticipated each parcel will be responsible for an annual debt obligation of approximately \$1,000. This would be the minimum frontage fee for wastewater services associated with each parcel.

Three five-year frontage fee scenarios are presented below in Table 3 for Sunnyside Road. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**. Receipt of a grant for the upcoming infrastructure project has been illustrated under the conditions proposed by the second scenario.

Table 3 - Potential Frontage Fee Structure - Sunnyside Road

Sunnyside Road	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 102.00	\$ 302.00	\$ 502.00	\$ 702.00	\$ 902.00	\$ 920.04
<b>Scenario 2</b>	\$ 102.00	\$ 202.00	\$ 302.00	\$ 402.00	\$ 502.00	\$ 602.00
<b>Scenario 3</b>	\$ 102.00	\$ 152.00	\$ 202.00	\$ 252.00	\$ 302.00	\$ 352.00

### 384 – Jolly Roger

Jolly Roger service area consists of 32 participating parcels. The balance of the Capital Reserve is approximately \$39,600. Current revenue from frontage fees is \$3,264 annually.

The next projected capital expenditure is the replacement of the outfall anchors in 2024, anticipated to cost approximately \$45,000 followed by the treatment plant valued at approximately \$850,000 in 2029. At the current rate of contribution, capital reserve balance is expected to be approximately \$52,700 in 2024 which will result in a remaining reserve balance of \$7,700. Under these conditions the reserve would accrue an additional \$16,300 before the replacement of the treatment plant. Using current interest rates on a loan for a 25 year period it is anticipated each parcel will be responsible for an annual debt obligation of approximately \$1,800. This would be the minimum frontage fee for wastewater services associated with each parcel.

By increasing the frontage fee prior to these projects it is possible to accrue additional reserve funds and mitigate the debt obligations partially while accumulating reserve for the replacement of the outfall that is shared with a neighbouring service area (Secret Cove).

Three five-year frontage fee scenarios are presented below in Table 4 for Jolly Roger. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**. Receipt of a grant for the upcoming treatment plant project has been illustrated under the conditions proposed by the second scenario.

Table 4 - Potential Frontage Fee Structure - Jolly Roger

Jolly Roger	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 102.00	\$ 302.00	\$ 502.00	\$ 702.00	\$ 902.00	\$ 1,102.00
<b>Scenario 2</b>	\$ 102.00	\$ 202.00	\$ 302.00	\$ 402.00	\$ 502.00	\$ 602.00
<b>Scenario 3</b>	\$ 102.00	\$ 152.00	\$ 202.00	\$ 252.00	\$ 302.00	\$ 352.00

## 385 – Secret Cove

Secret Cove service area consists of 34 participating parcels. The balance of the Capital Reserve is approximately \$12,800. Current revenue from frontage fees is \$3,468 annually.

The next projected capital expenditure is the replacement of the outfall anchors in 2024, anticipated to cost approximately \$45,000 followed by the treatment plant valued at approximately \$850,000 in 2029. At the current rate of contribution, capital reserve balance is expected to be approximately \$26,700 in 2024 which will necessitate borrowing to complete the project. At the time of the projected replacement of the treatment plant it is expected that using current interest rates on a maximum loan for a 25 year period it is anticipated each parcel will be responsible for an annual debt obligation of approximately \$1,700. This would be the minimum frontage fee for wastewater services associated with each parcel.

By increasing the frontage fee prior to these projects it is possible to accrue additional reserve funds and mitigate the debt obligations partially while accumulating reserve for the replacement of the outfall that is shared with a neighbouring service area (Jolly Roger) as well as the collection system.

Three five-year frontage fee scenarios are presented below in Table 5 for Secret Cove. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**. Receipt of a grant for the upcoming treatment plant project has been illustrated under the conditions proposed by the first scenario.

*Table 5 - Potential Frontage Fee Structure – Secret Cove*

Secret Cove	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 102.00	\$ 302.00	\$ 502.00	\$ 702.00	\$ 902.00	\$ 1,102.00
<b>Scenario 2</b>	\$ 102.00	\$ 202.00	\$ 302.00	\$ 402.00	\$ 502.00	\$ 602.00
<b>Scenario 3</b>	\$ 102.00	\$ 152.00	\$ 202.00	\$ 252.00	\$ 302.00	\$ 352.00

## 386 – Lee Bay

Lee Bay service area consists of 179 participating parcels. The balance of the Capital Reserve is approximately \$258,700. Current revenue from frontage fees is \$18,258 annually.

The next projected capital expenditure is the replacement of the standby generator in 2024, anticipated to cost approximately \$111,000 followed by the treatment plant valued at approximately \$6,700,000 in 2049. At the current rate of contribution, capital reserve balance is expected to be approximately \$677,000 in 2049 which will necessitate borrowing to complete the treatment plant project. At the time of the projected replacement of the treatment plant it is expected that using current interest rates on a loan period of 25 years it is anticipated each parcel will be responsible for an annual debt obligation of approximately \$2,600. This would be the minimum frontage fee for wastewater services associated with each parcel.

By increasing the frontage fee prior to these projects it is possible to accrue additional reserve funds and mitigate the debt obligations partially while accumulating reserve for the replacement of the further necessary infrastructure replacement.

Two five-year frontage fee scenarios are presented below in Table 6 for Lee Bay. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios

can be found in **Attachment A**. The impact on future reserve levels affected by extending annual rate increases two or six extra years are shown for scenario 2.

*Table 6 - Potential Frontage Fee Structure - Lee Bay*

Lee Bay	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 102.00	\$ 302.00	\$ 502.00	\$ 702.00	\$ 902.00	\$ 920.04
<b>Scenario 2</b>	\$ 102.00	\$ 202.00	\$ 302.00	\$ 402.00	\$ 502.00	\$ 602.00

### 387 – Square Bay

Square Bay service area consists of 93 participating parcels. The balance of the Capital Reserve is approximately \$44,800. Current revenue from frontage fees is \$20,220 annually.

Square Bay was fortunate to receive a grant to replace the treatment system in 2019. In recent years it has been identified that the collection system will require investments prior to the end of the anticipated life of this system in 2043 as the currently high level of infiltration of rainwater in the collection system is resulting in unanticipated performance issues with the treatment system. Once most of collection system has been replaced by 2043, starting in 2055, a series of major projects occur in relatively rapid succession. The timing of these projects necessitate building reserves in excess of the expenses anticipated for the earlier infrastructure projects to mitigate large frontage fee increases that are driven by debt obligations compounding multiple times.

Three five-year frontage fee scenarios are presented below in Table 7 for Square Bay. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**.

*Table 7 - Potential Frontage Fee Structure - Square Bay*

Square Bay	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 217.00	\$ 417.00	\$ 617.00	\$ 817.00	\$ 1,017.00	\$ 1,037.34
<b>Scenario 2</b>	\$ 217.00	\$ 317.00	\$ 417.00	\$ 517.00	\$ 617.00	\$ 717.00
<b>Scenario 3</b>	\$ 217.00	\$ 267.00	\$ 317.00	\$ 367.00	\$ 417.00	\$ 467.00

### 388 – Langdale

Langdale service area consists of 40 participating parcels. The balance of the Capital Reserve is approximately \$4,080. Current revenue from frontage fees is \$4,080 annually.

Langdale is currently awaiting a feasibility study to provide direction the best course to resolve aging infrastructure that has begun to fail. The current reserve balance is minimal and it is expected that the feasibility study will recommend significant investment in infrastructure. A new treatment plant and drain field were anticipated to be required in 2024 with projected cost of approximately \$875,000. Based on current reserve contribution rates a loan of approximately \$850,000 would be required to fund this work, with a per parcel associated debt of \$1,250. These values and the timing of the initiation of the debt will be updated after receipt of the feasibility study for Langdale wastewater service.

Three five-year frontage fee scenarios are presented below in Table 8 for Langdale. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios

can be found in **Attachment A**. Successful award of a grant for 30% of the anticipated infrastructure costs for the upcoming years have been modeled using scenario 1 as well.

Table 8 - Potential Frontage Fee Structure - Langdale

Langdale	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 102.00	\$ 302.00	\$ 502.00	\$ 702.00	\$ 902.00	\$ 1,319.00
<b>Scenario 2</b>	\$ 102.00	\$ 202.00	\$ 302.00	\$ 402.00	\$ 502.00	\$ 1,393.00
<b>Scenario 3</b>	\$ 102.00	\$ 152.00	\$ 202.00	\$ 252.00	\$ 302.00	\$ 1,430.00

\*cells highlighted yellow represent debt obligation minimum payments

### 389 – Canoe Road

Canoe Road service area consists of 10 participating parcels. The balance of the Capital Reserve is approximately \$3,070. Current revenue from frontage fees is \$4,243 annually.

Canoe Road has currently higher than average frontage fees due to debt obligations associated with the recent replacement of its treatment system. The next projected capital expenditure is the replacement of the not properly functioning collection system valued at approximately \$146,000 in 2029. At the current rate of contribution, capital reserve balance is expected to be approximately \$41,000 in 2029 which will result in a deficit of \$105,000. Using current interest rates on a maximum loan period of 25 year it is anticipated each parcel will be responsible for an annual debt obligation of approximately \$620. This would become the minimum frontage fee for wastewater services associated with each parcel.

Three five-year frontage fee scenarios are presented below in Table 9 for Canoe Road including the potential receipt of a grant for 30% of the collection system. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**.

Table 9 - Potential Frontage Fee Structure - Canoe Road

Canoe Road	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 424.30	\$ 432.79	\$ 441.44	\$ 450.27	\$ 459.28	\$ 468.46
<b>Scenario 2</b>	\$ 424.30	\$ 474.30	\$ 524.30	\$ 574.30	\$ 624.30	\$ 636.79
<b>Scenario 3</b>	\$ 424.30	\$ 432.79	\$ 441.44	\$ 450.27	\$ 459.28	\$ 468.46

### 390 – Merrill Crescent

Merrill Crescent service area consists of 14 participating parcels. The balance of the Capital Reserve is approximately \$436. Current revenue from frontage fees is \$3,170 annually.

Merrill Crescent has debt obligations associated with the recent construction of a disposal field. The next projected capital expenditure is the replacement of the treatment system in 2032. A feasibility study will be initiated shortly to confirm the scope and costs of these replacements while this is currently valued at approximately \$310,000. At the current rate of contribution, capital reserve balance is expected to approximately \$38,000 in 2032 which will result in a deficit of \$272,000. Using current interest rates on a maximum loan of a 25-year period it is anticipated each parcel will be responsible for an annual debt obligation of approximately \$1,170. This would become the minimum frontage fee for wastewater services associated with

each parcel. These values and the timing of the initiation of the debt will be updated after receipt of the feasibility study for this service.

Two five-year frontage fee scenarios are presented below in Table 10 for Merrill Crescent. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A** including the potential receipt of a grant for 30% of the treatment system under scenario 1.

*Table 10 - Potential Frontage Fee Structure - Merrill Crescent*

Merrill Crescent	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 226.71	\$ 326.71	\$ 426.71	\$ 526.71	\$ 626.71	\$ 726.71
<b>Scenario 2</b>	\$ 226.71	\$ 276.71	\$ 326.71	\$ 376.71	\$ 426.71	\$ 476.71

### 391 – Curran Road

Curran Road service area consists of 70 participating parcels. The balance of the Capital Reserve is approximately \$30,400. Current revenue from frontage fees is \$10,710 annually.

Curran Road has several minor projected capital expenditures in the near future followed by the phased replacement of the collection system valued at approximately \$1,240,000 by 2061 (anticipated to occur over multiple phases beginning in 2053). Following that in 2065 is the replacement of the treatment system. At the current rate of contribution, capital reserve balance is expected to approximately \$380,000 in 2053 which will largely finance the first phase of collection system related expenditure. The subsequent phases and treatment plant will be largely debt resulting in a large jump in debt obligation.

Three five-year frontage fee scenarios are presented below in Table 11 for Curran Road. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**.

*Table 11 - Potential Frontage Fee Structure - Curran Road*

Curran Road	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 153.00	\$ 353.00	\$ 553.00	\$ 753.00	\$ 953.00	\$ 1,153.00
<b>Scenario 2</b>	\$ 153.00	\$ 253.00	\$ 353.00	\$ 453.00	\$ 553.00	\$ 653.00
<b>Scenario 3</b>	\$ 153.00	\$ 203.00	\$ 253.00	\$ 303.00	\$ 353.00	\$ 403.00

### 392 – Roberts Creek Co-Housing

Roberts Creek Co-Housing service area consists of 31 participating parcels. The balance of the Capital Reserve is approximately \$35,850. Current revenue from frontage fees is \$6,324 annually.

Roberts Creek Co Housing currently has performance issues resulting in non-compliances with permit requirements. Addressing these issues could result in a need for infrastructure improvements prior to the anticipated end-of life of the current infrastructure at a currently unknown cost.

Based on the anticipated end-of life of the current infrastructure Roberts Creek Co Housing is projected to require a drain field replacement in 2043 at an expected cost \$285,000. Following



that in 2053 is the replacement of the treatment system with an estimated cost of approximately \$1,700,000. At the current rate of contribution, capital reserve balance is expected to approximately \$181,000 in 2043 which will necessitate debt to fund both the drain field and the subsequent treatment plant. These values and the timing of the initiation of the debt will be updated after the capital investments required to address the current performance issues have been determined.

Three five-year frontage fee scenarios are presented below in Table 12 for Roberts Creek Co Housing. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**.

Table 12 - Potential Frontage Fee Structure - Roberts Creek Co Housing

Roberts Creek Co-Housing	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 204.00	\$ 304.00	\$ 404.00	\$ 504.00	\$ 604.00	\$ 704.00
<b>Scenario 2</b>	\$ 204.00	\$ 404.00	\$ 604.00	\$ 616.08	\$ 628.40	\$ 640.97
<b>Scenario 3</b>	\$ 204.00	\$ 254.00	\$ 304.00	\$ 354.00	\$ 404.00	\$ 454.00

### 393 – Lily Lake

Lily Lake service area consists of 28 participating parcels. The balance of the Capital Reserve is approximately \$0. Current revenue from frontage fees is \$5,712 annually.

Lily Lake is projected to require a drain field replacement in 2045 at an expected cost \$258,000. Following that in 2055 is the replacement of the treatment system with an estimated cost of approximately \$1,800,000. At the current rate of contribution, capital reserve balance is expected to approximately \$142,000 in 2045 which will necessitate debt to fund both the drain field and the subsequent treatment plant.

Three five-year frontage fee scenarios are presented below in Table 13 for Lily Lake. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**.

Table 13 - Potential Frontage Fee Structure - Lily Lake

Lily Lake	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 204.00	\$ 304.00	\$ 404.00	\$ 504.00	\$ 604.00	\$ 704.00
<b>Scenario 2</b>	\$ 204.00	\$ 404.00	\$ 604.00	\$ 804.00	\$ 820.08	\$ 836.48
<b>Scenario 3</b>	\$ 204.00	\$ 254.00	\$ 304.00	\$ 354.00	\$ 404.00	\$ 454.00

### 394 – Painted Boat

Painted Boat service area consists of 34 participating parcels. The balance of the Capital Reserve is approximately \$5,200. Current revenue from frontage fees is \$3,468 annually.

Painted Boat is projected to require a replacement of the UV component of the treatment system in 2038, a drain field replacement in 2048 at an expected cost \$785,000. Following that in 2058 is the replacement of the treatment system with an estimated cost of approximately \$1,400,000. At the current rate of contribution, capital reserve balance is expected to approximately \$95,000 in 2048 which will necessitate debt to fund both the drain field and the subsequent treatment plant.

Three five-year frontage fee scenarios are presented below in Table 14 for Painted Boat. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**.

*Table 14 - Potential Frontage Fee Structure - Painted Boat*

Painted Boat	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 102.00	\$ 302.00	\$ 502.00	\$ 702.00	\$ 716.04	\$ 730.36
<b>Scenario 2</b>	\$ 102.00	\$ 202.00	\$ 302.00	\$ 402.00	\$ 502.00	\$ 602.00
<b>Scenario 3</b>	\$ 102.00	\$ 152.00	\$ 202.00	\$ 252.00	\$ 302.00	\$ 352.00

### 395 – Sakinaw Ridge

Sakinaw Ridge service area consists of 29 participating parcels. The balance of the Capital Reserve is approximately \$0. Current revenue from frontage fees is \$19,437 annually of which the majority is allocated to fund operation costs due to the occupancy of the service (8 residences).

Sakinaw Ridge is projected to require a drain field pump replacement in 2038 at an expected cost \$110,000. Following that in 2048 is the replacement of the drain field with an estimated cost of approximately \$600,000. At the current rate of contribution, capital reserve balance is expected to be negligible in 2038 which will necessitate debt to fund both the pumps and the drain field, with a looming treatment plant replacement in 2058.

Sakinaw Ridge wastewater treatment system was designed for more than triple the parcels that is currently occupied. The operational expenses should be subsidized by frontage fees to mitigate this disparity in financial responsibility that has been placed on the current residents.

Three five-year frontage fee scenarios are presented below in Table 15 for Sakinaw Ridge assuming operational expenses are funded through user fees. Visual representation of the 50-year Capital Model and the consequences of each of these scenarios can be found in **Attachment A**. The degree to which frontage fees should subsidize operational expenses is under review.

*Table 15 - Potential Frontage Fee Structure - Sakinaw Ridge*

Sakinaw Ridge	2020	2021	2022	2023	2024	2025
<b>Scenario 1</b>	\$ 670.27	\$ 770.27	\$ 870.27	\$ 970.27	\$ 1,070.27	\$ 1,091.68
<b>Scenario 2</b>	\$ 670.27	\$ 845.27	\$ 1,020.27	\$ 1,040.68	\$ 1,061.49	\$ 1,082.72
<b>Scenario 3</b>	\$ 670.27	\$ 720.27	\$ 770.27	\$ 820.27	\$ 870.27	\$ 920.27

### *Financial Implications*

Further delays in increasing contributions to Capital Reserve funds will require rapid frontage fee increases in order to avoid exacerbated debt servicing costs for future residents. Where capital investments are required to address current performance issues with some of the services the necessity for doing so is increased.

In recommending the 2021 rates staff considered the financial uncertainty associated with the Covid-19 pandemic and ongoing discussions with residents concerned about the impacts of any substantial rate increase in general on their lives.



A one-time increase this year will ensure that the reserve contributions are progressing to a sustainable level while allowing flexibility to manage the uncertainty that exists today in 2021

The proposed increases are represented in Table 16 below and are based on a balance between moving towards sustainable service funding and recognizing the economic uncertainty present today.

*Table 16 - Proposed 2021 Frontage Fee Changes*

Service	2020	2021
Greaves	\$ 102.00	\$ 202.00
Woodcreek	\$ 102.00	\$ 302.00
Sunnyside	\$ 102.00	\$ 202.00
Jolly Roger	\$ 102.00	\$ 202.00
Secret Cove	\$ 102.00	\$ 202.00
Lee Bay	\$ 102.00	\$ 202.00
Square Bay	\$ 217.42	\$ 317.42
Langdale	\$ 102.00	\$ 202.00
Canoe	\$ 424.30	\$ 424.30
Merrill	\$ 226.71	\$ 326.71
Curran	\$ 153.00	\$ 253.00
Roberts Creek	\$ 204.00	\$ 304.00
Lily Lake	\$ 204.00	\$ 304.00
Painted Boat	\$ 102.00	\$ 202.00
Sakinaw	\$ 670.27	\$ 845.27

In 2021 staff will continue to explore options to mitigate the impact of rate increases on vulnerable residents and attempt to continue to foster an understanding of the rationale driving the need for these increases to residents.

**It is recommended that THAT the respective rate Bylaws be amended to reflect the proposed 2021 User Fees detailed in Table 16 of the report.**

*Timeline for next steps or estimated completion date*

Once approval is received to amend frontage fees, the appropriate bylaw amendments will be drafted and presented to a November 2020 Board Meeting for three readings and adoption.

Further investigation into the potential to defer fees associated with capital improvements should be conducted to provide residents with flexibility to manage finances while still creating sustainable service delivery models for all wastewater services.

*Communication Strategy*

A Communication Plan has been developed to inform homeowners of the rate increases. Information regarding rate changes will be communicated via print advertising, social media and on utility invoices sent to customers. The rate changes will also be posted on the SCRD website.

**STRATEGIC PLAN AND RELATED POLICIES**

This report aligns with the Boards Strategic focus area of Infrastructure Management and Engagement and Communication.

Financial Sustainability Policy – Sections 4.2.1, 4.2.2, 4.2.4, 4.6.1 and 4.6.2

Corporate Asset Management Plan V. 1.1

**CONCLUSION**

The SCRD manages 15 wastewater treatment facilities and is responsible for the operation and maintenance of these facilities, the establishment of sustainable funding models, and ensuring compliance with environmental regulations.

The current fee structure does not provide sufficient revenue to meet these obligations. Specific local service areas face imminent financial shortfalls due to aging infrastructure and insufficient funding. Frontage Fees do not currently meet capital requirements for many of the SCRD managed wastewater services.

It is recommended that increases to Frontage Fees outlined in Table 16 be adopted for 2021 and that the Board commit to a five-year frontage fee structure by the end of 2021 for implementation in 2022 to provide long-term certainty to residents.

**Attachment**

Attachment A – Capital Model Graphs

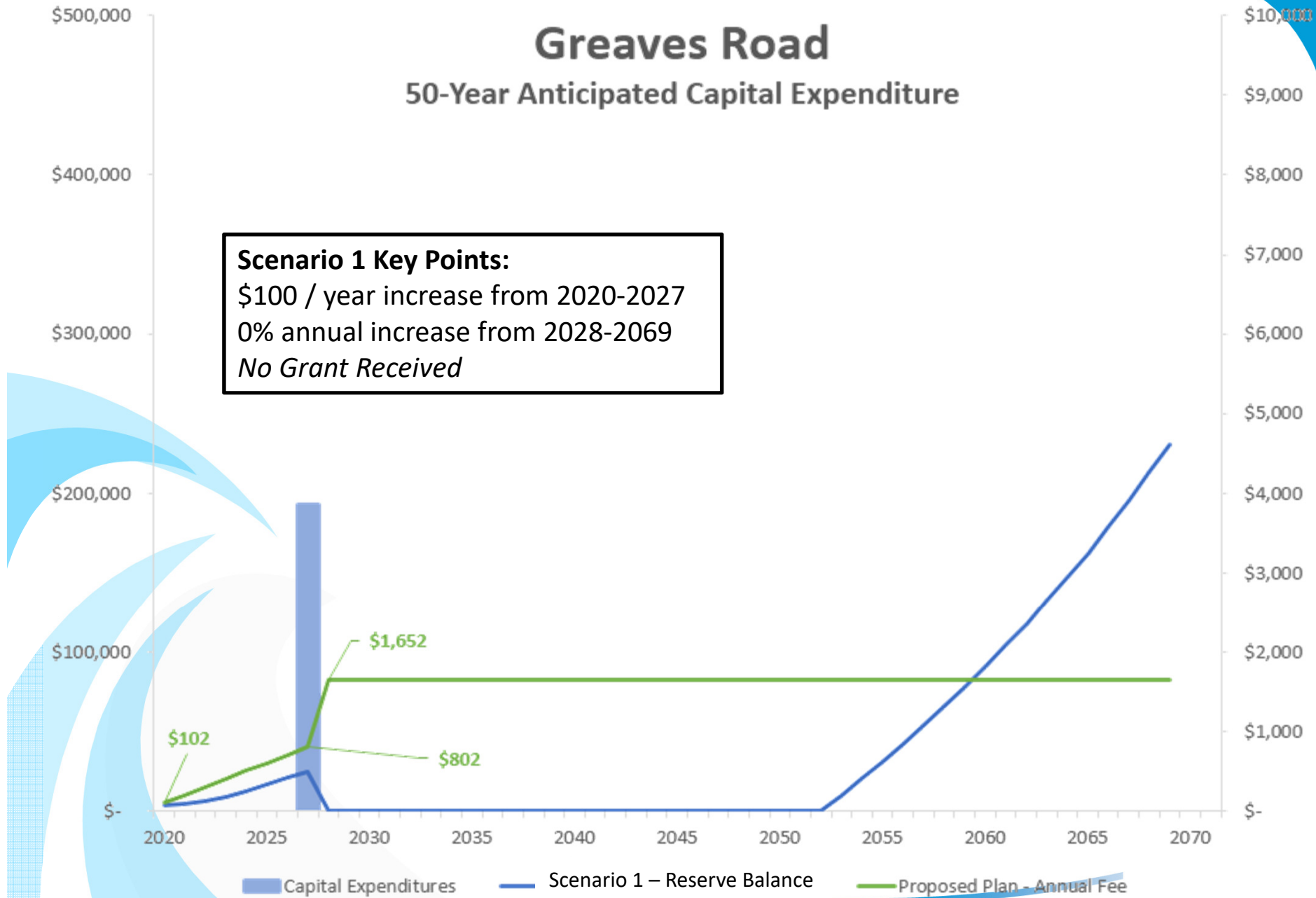
Reviewed by:			
Manager		CFO	X - T. Perreault
GM	X – R. Rosenboom	Legislative	X – S. Reid
CAO	X - D. McKinley	Other	

# Greaves Road

## 50-Year Anticipated Capital Expenditure

### Scenario 1 Key Points:

\$100 / year increase from 2020-2027  
 0% annual increase from 2028-2069  
*No Grant Received*



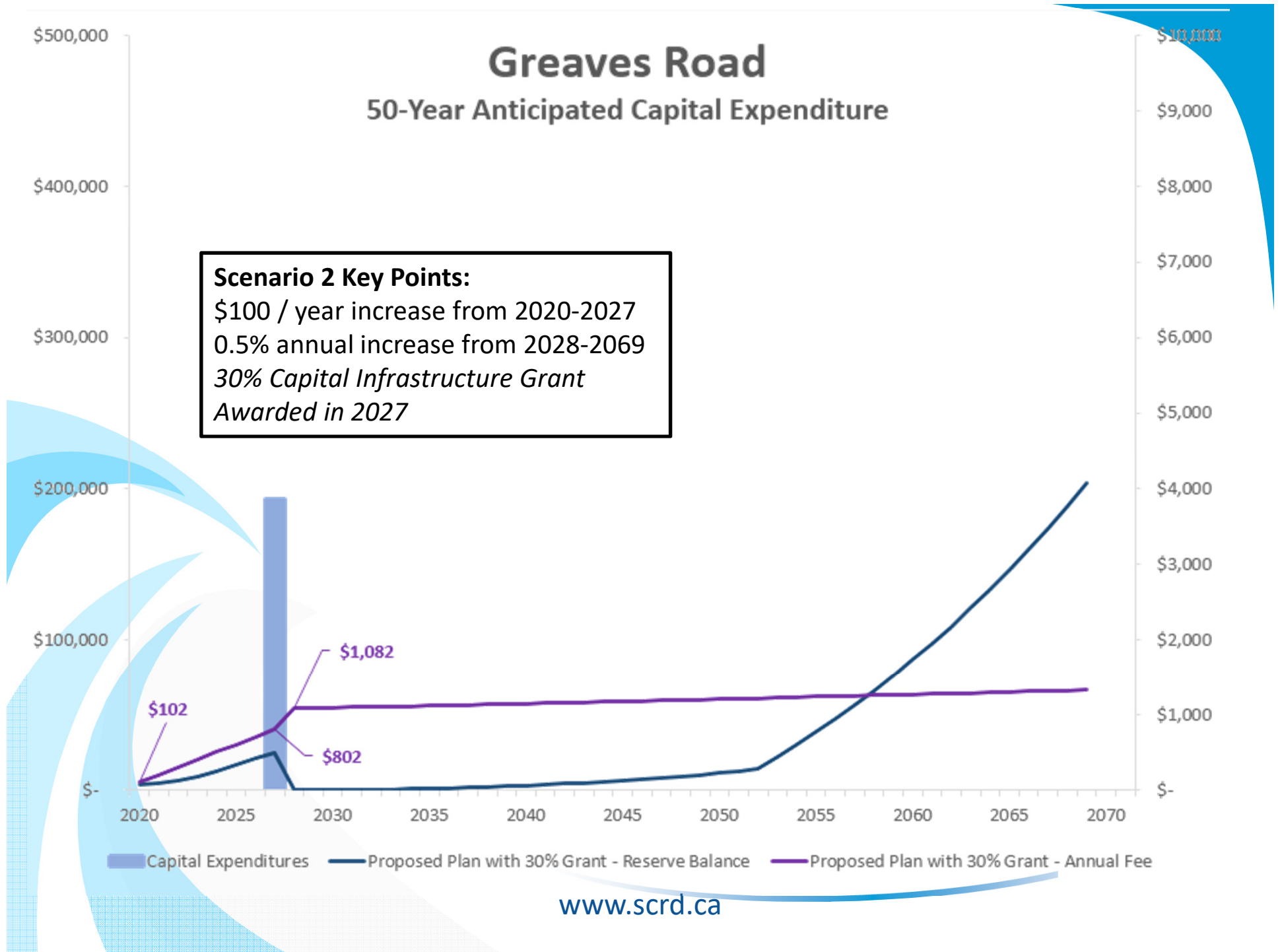
[www.scrd.ca](http://www.scrd.ca)

# Greaves Road

## 50-Year Anticipated Capital Expenditure

### Scenario 2 Key Points:

\$100 / year increase from 2020-2027  
 0.5% annual increase from 2028-2069  
 30% Capital Infrastructure Grant  
 Awarded in 2027



# Greaves Road

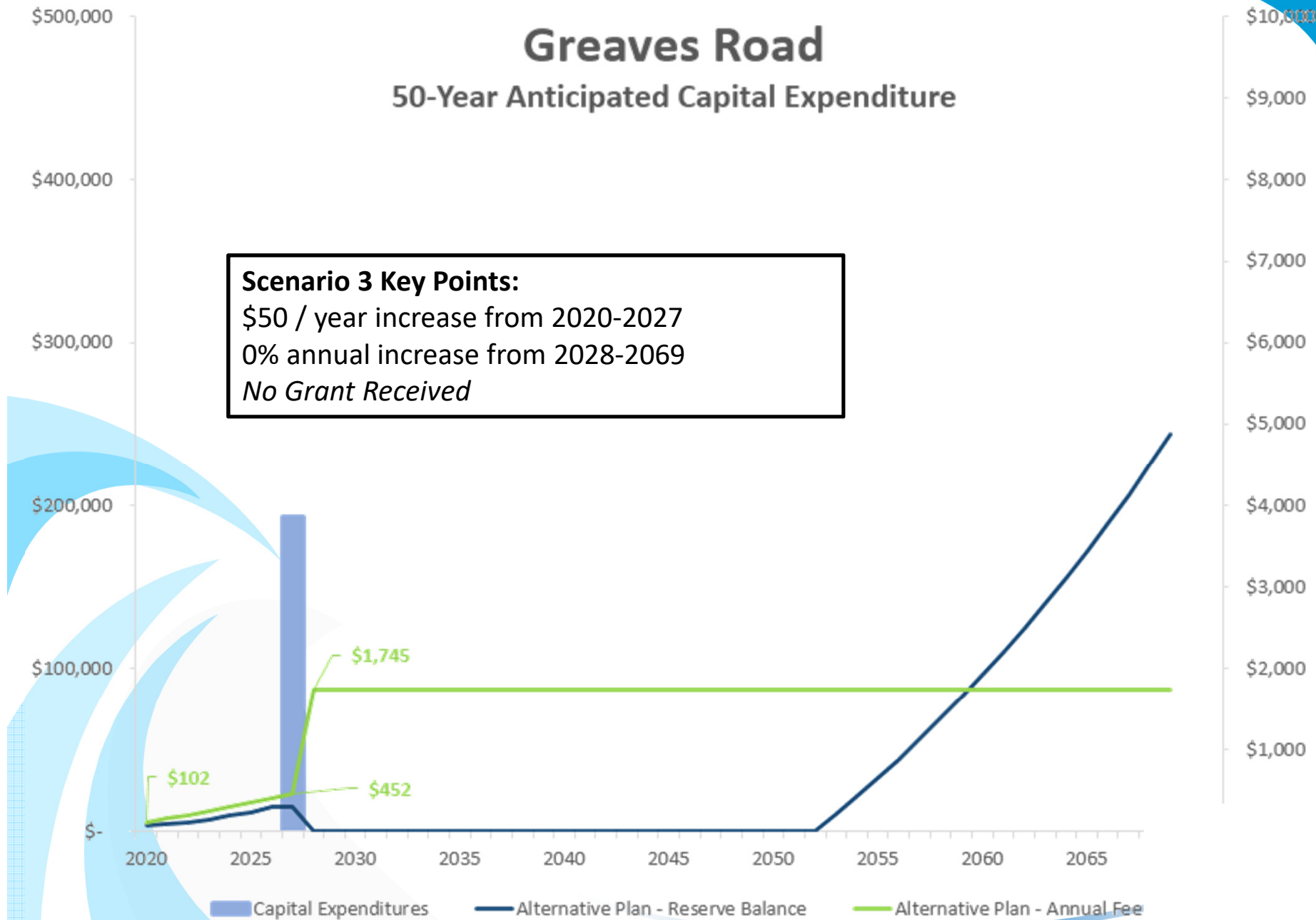
## 50-Year Anticipated Capital Expenditure

### Scenario 3 Key Points:

\$50 / year increase from 2020-2027

0% annual increase from 2028-2069

*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Woodcreek Park

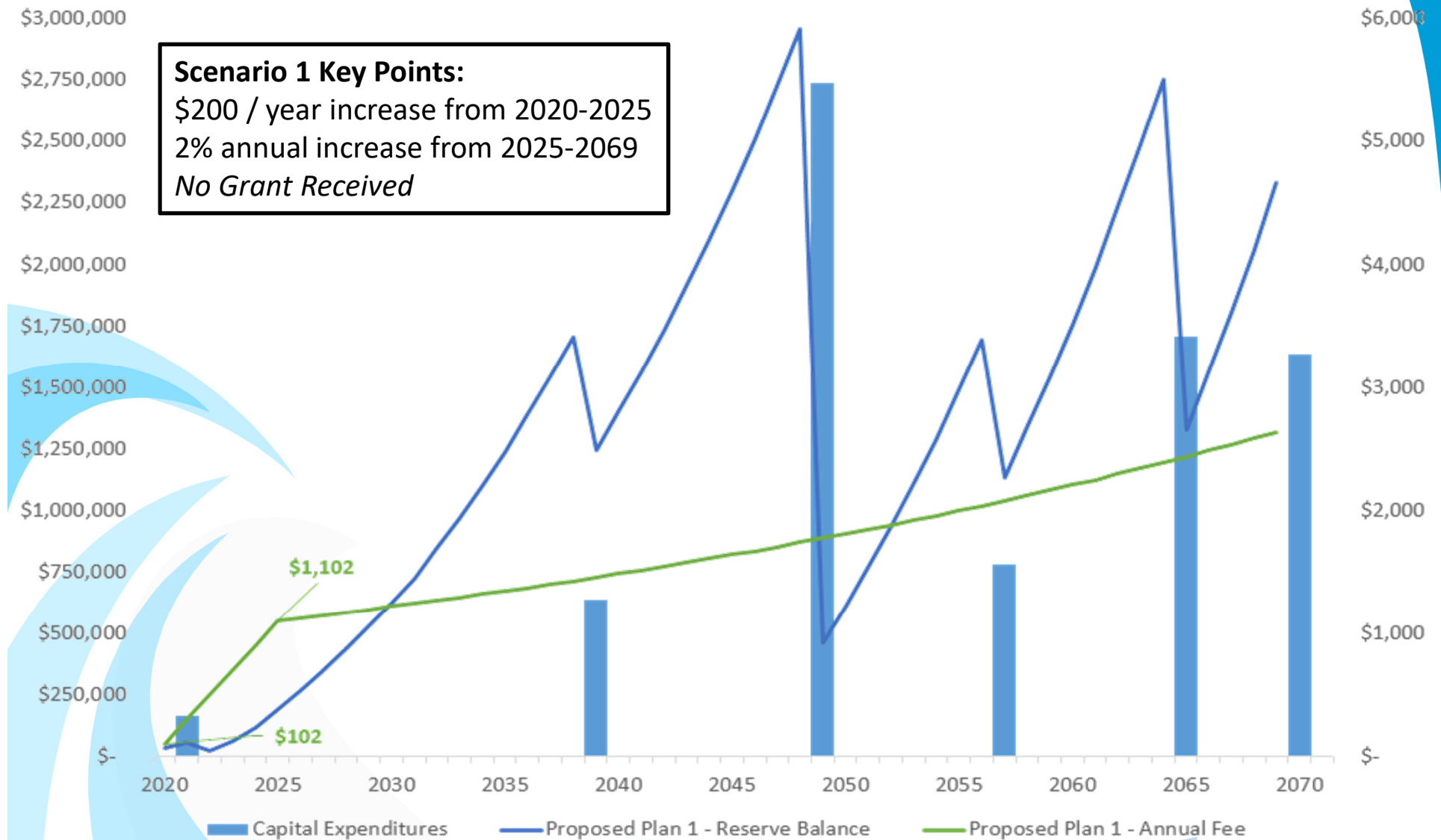
## 50-Year Anticipated Capital Expenditures

### Scenario 1 Key Points:

\$200 / year increase from 2020-2025

2% annual increase from 2025-2069

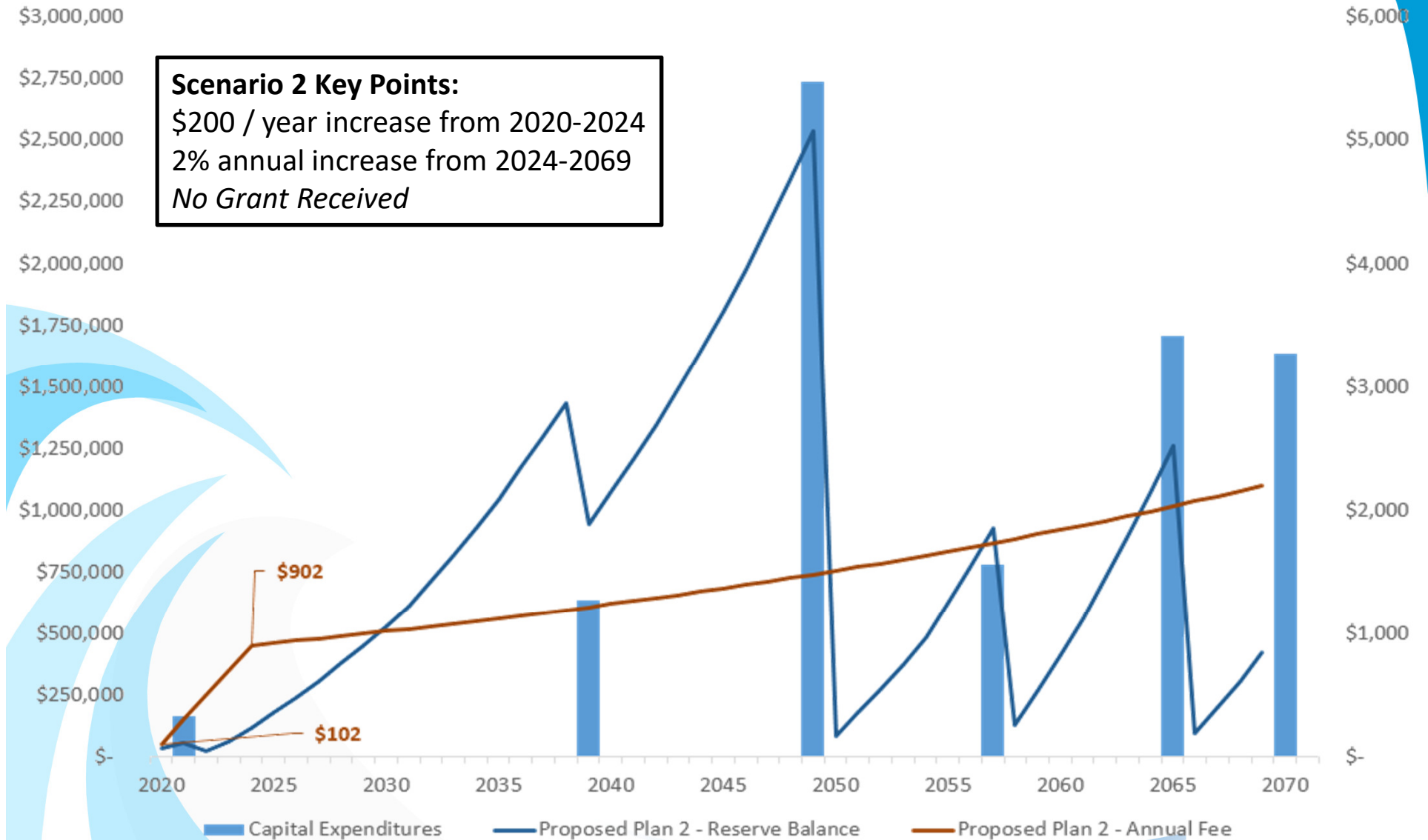
*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Woodcreek Park

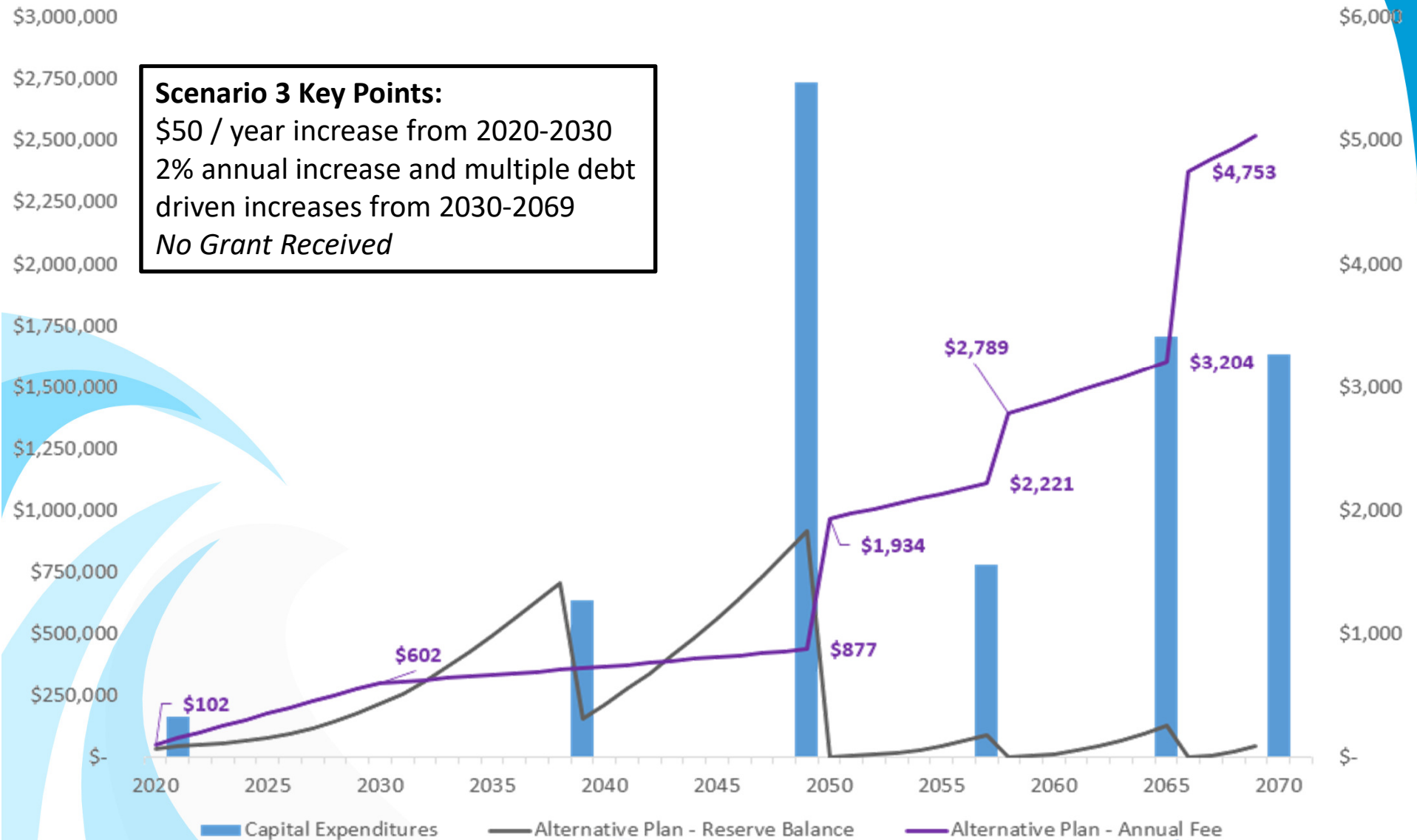
## 50-Year Anticipated Capital Expenditures



[www.scrd.ca](http://www.scrd.ca)

# Woodcreek Park

## 50-Year Anticipated Capital Expenditures



[www.scrd.ca](http://www.scrd.ca)

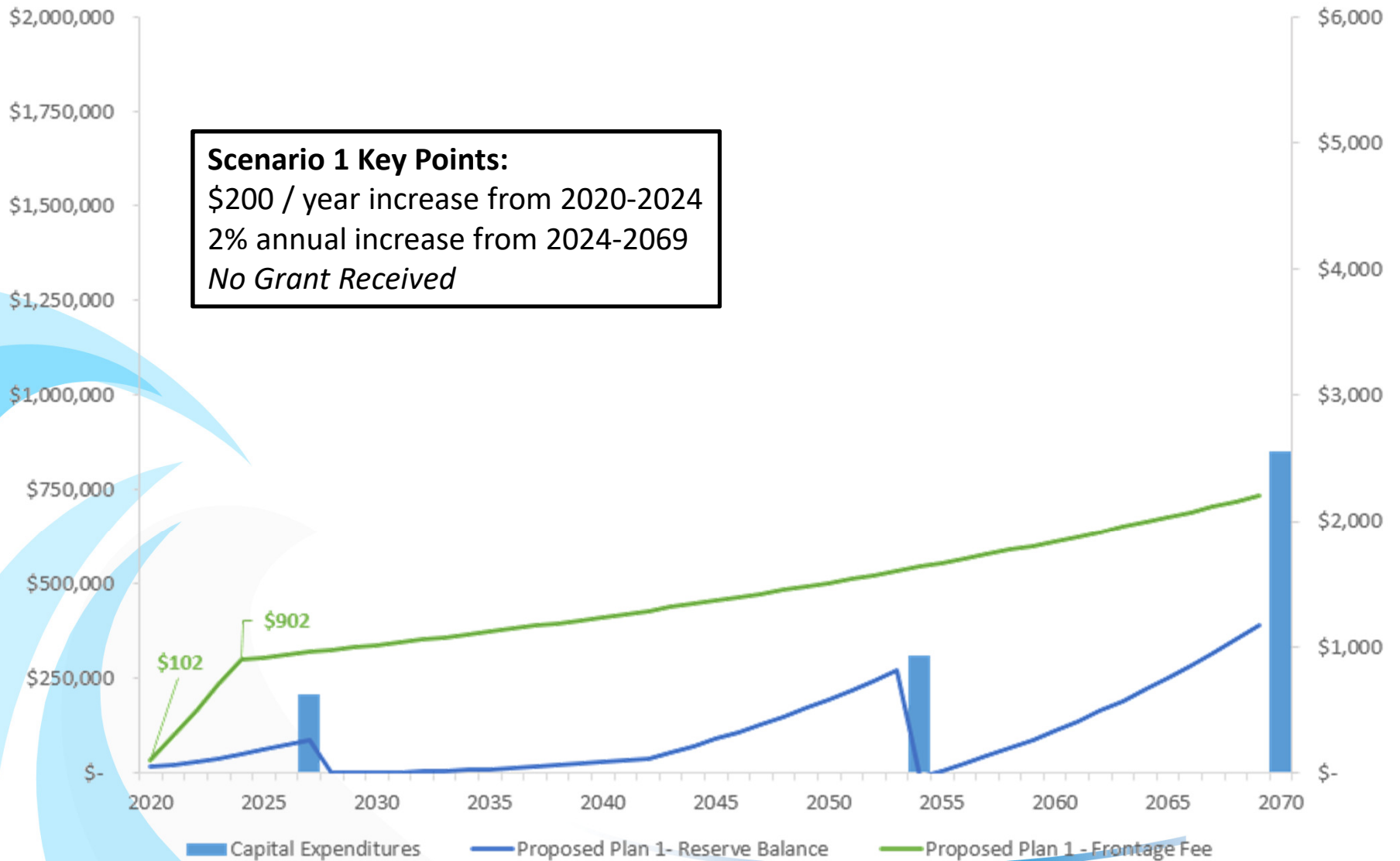


# Sunnyside Road

## 50-Year Anticipated Capital Expenditures

### Scenario 1 Key Points:

\$200 / year increase from 2020-2024  
 2% annual increase from 2024-2069  
*No Grant Received*



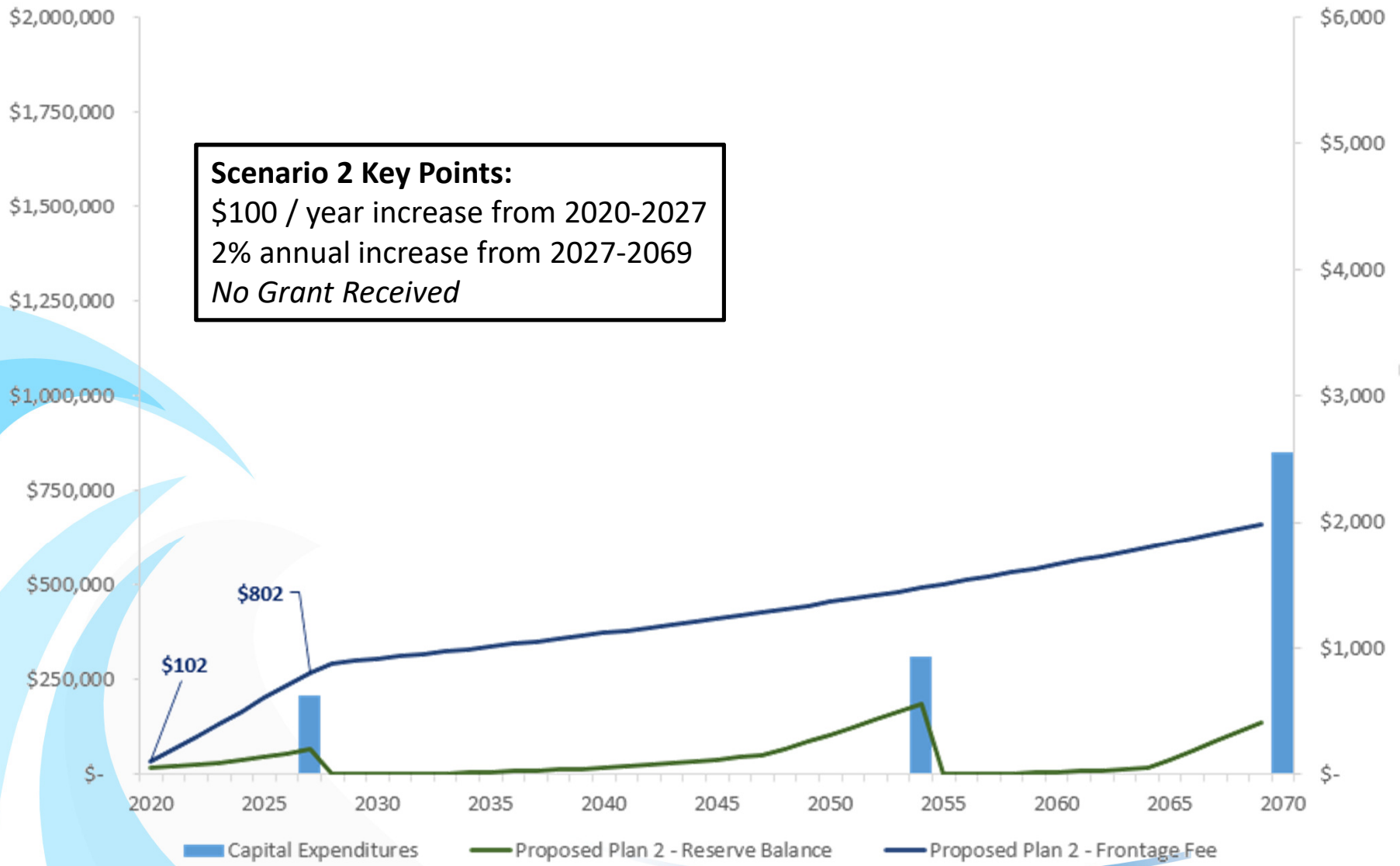
[www.scrd.ca](http://www.scrd.ca)

# Sunnyside Road

## 50-Year Anticipated Capital Expenditures

### Scenario 2 Key Points:

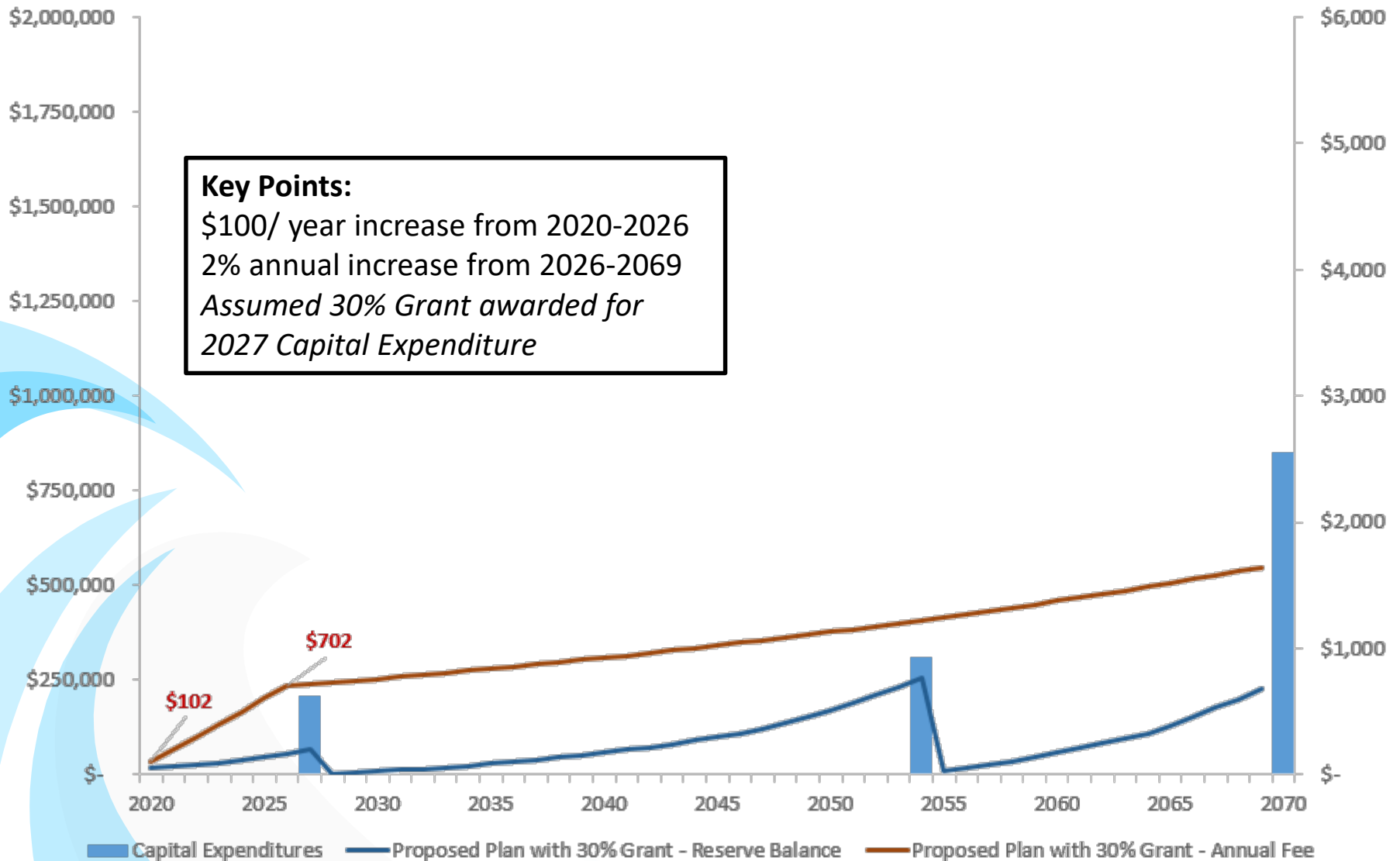
\$100 / year increase from 2020-2027  
2% annual increase from 2027-2069  
*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Sunnyside Road

## 50-Year Anticipated Capital Expenditures



# Sunnyside Road

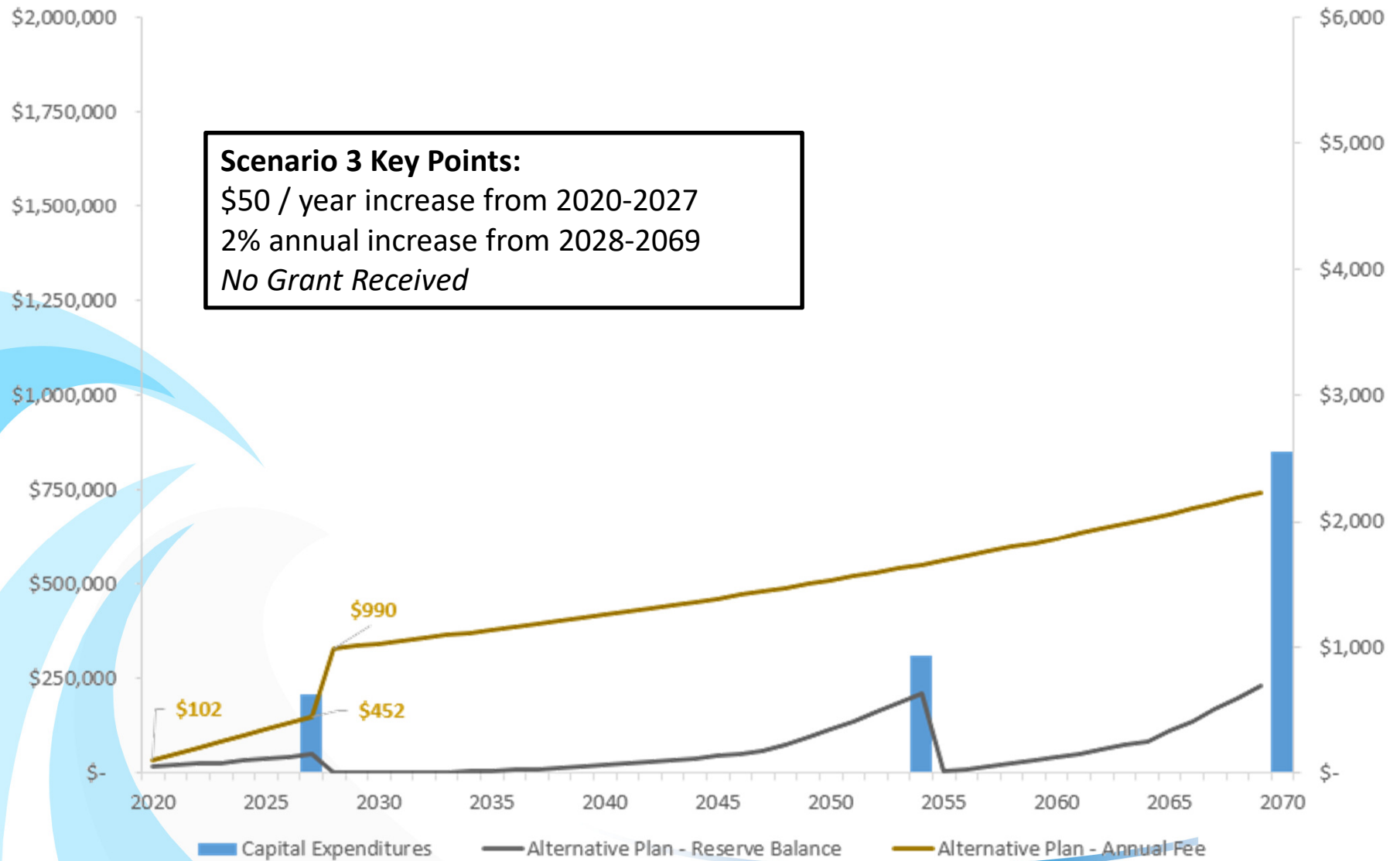
## 50-Year Anticipated Capital Expenditures

### Scenario 3 Key Points:

\$50 / year increase from 2020-2027

2% annual increase from 2028-2069

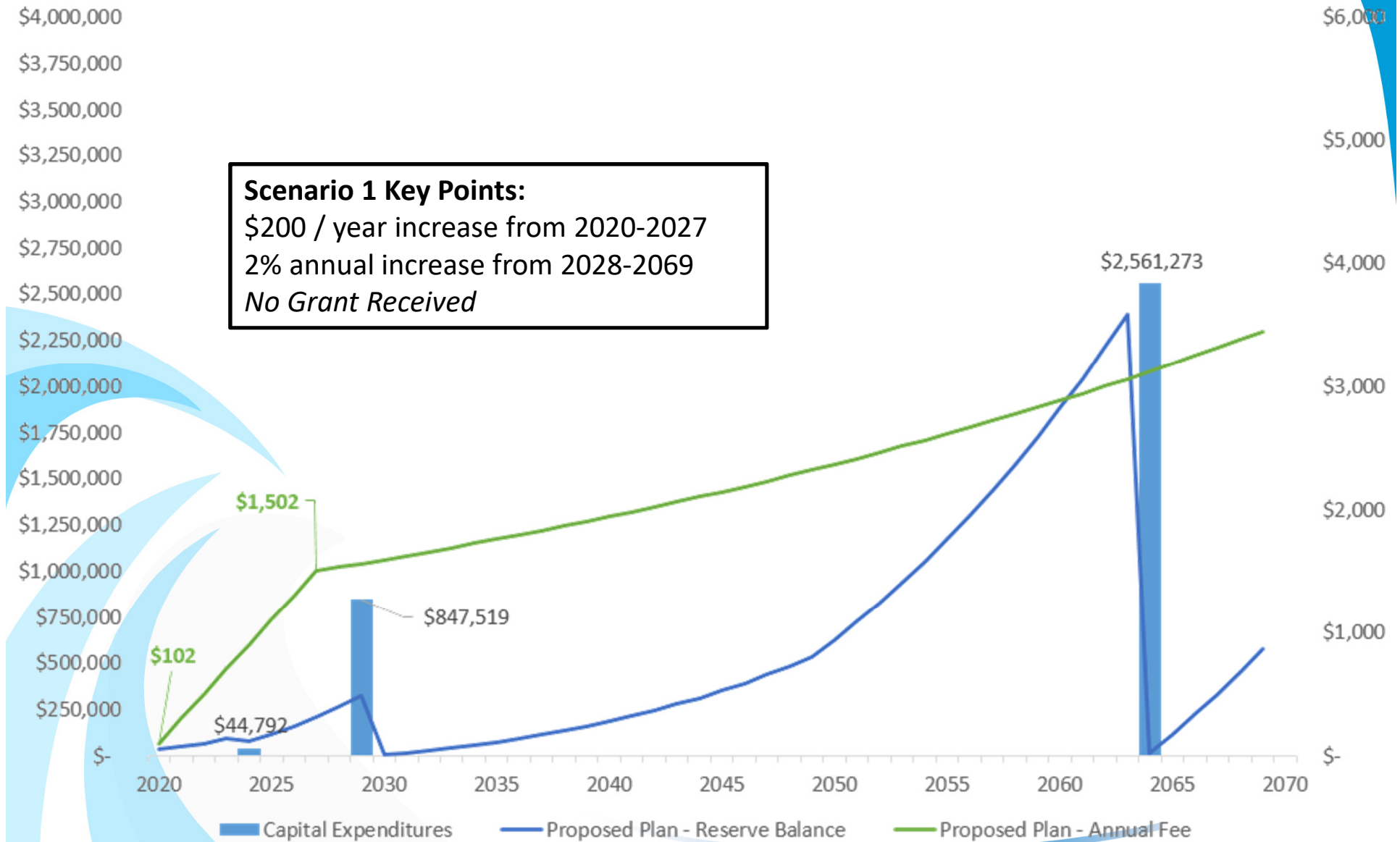
*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Jolly Roger

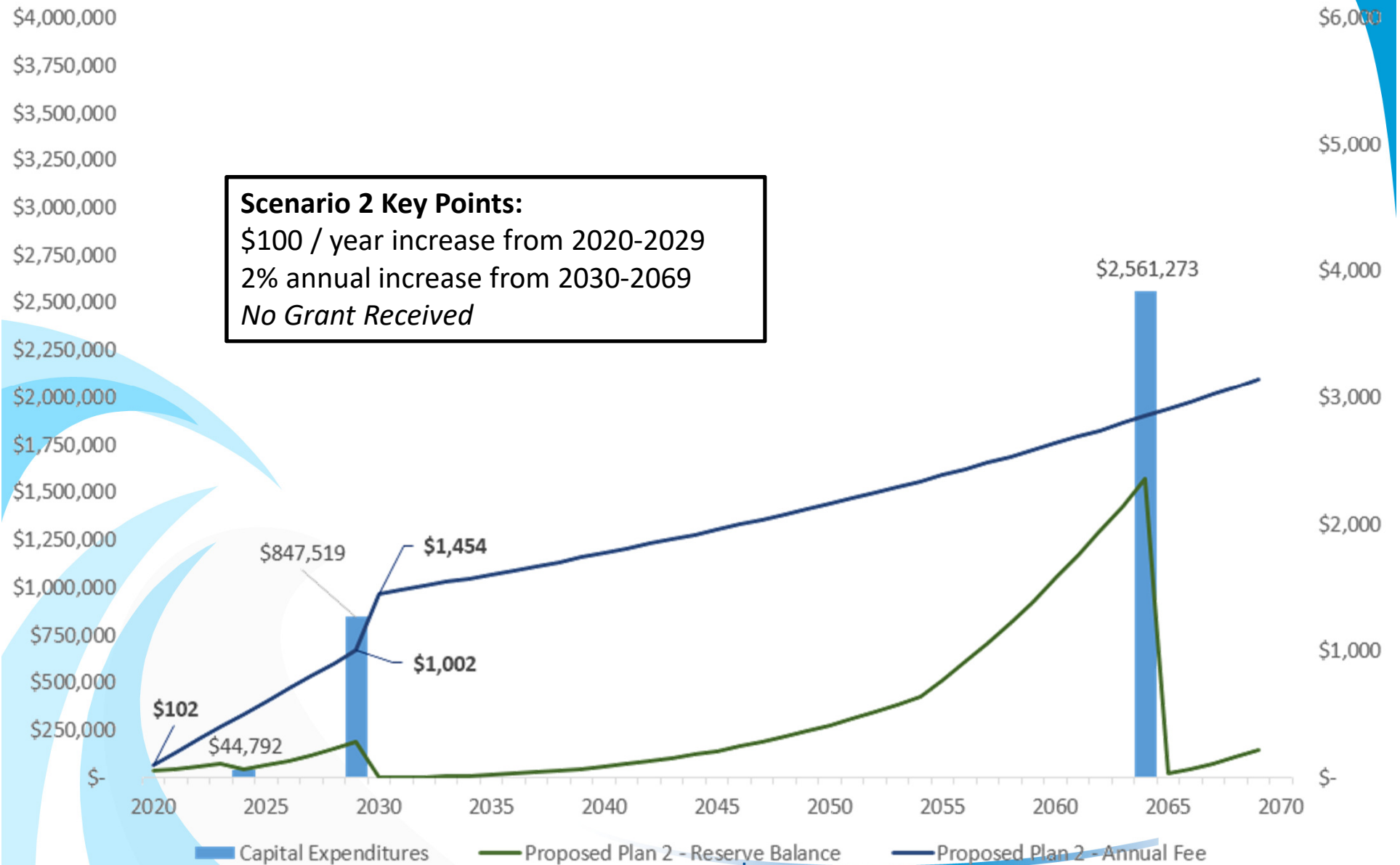
## 50-Year Anticipated Capital Expenditure



[www.scrd.ca](http://www.scrd.ca)

# Jolly Roger

## 50-Year Anticipated Capital Expenditure



[www.scrd.ca](http://www.scrd.ca)

# Jolly Roger

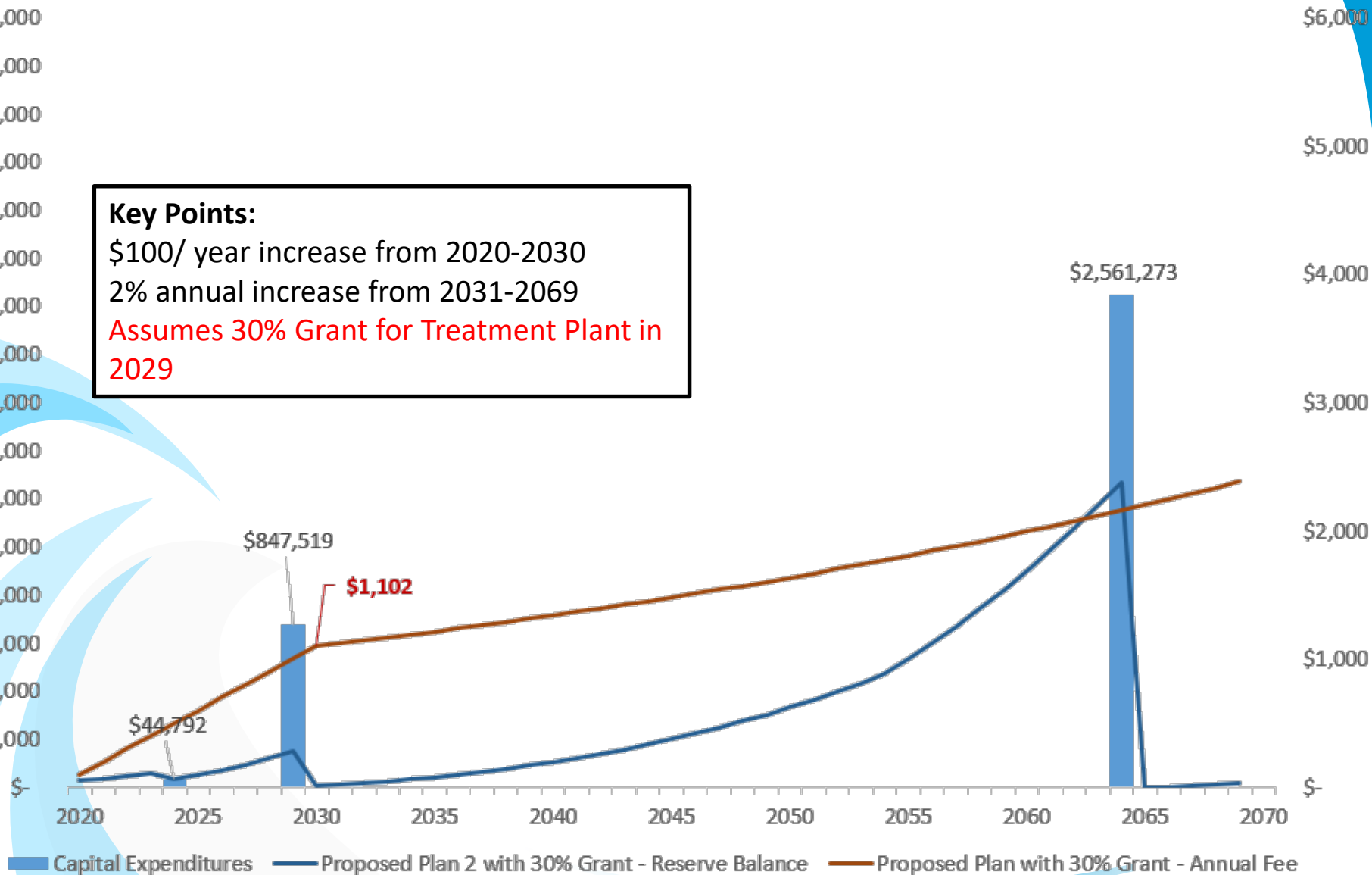
## 50-Year Anticipated Capital Expenditure

### Key Points:

\$100/ year increase from 2020-2030

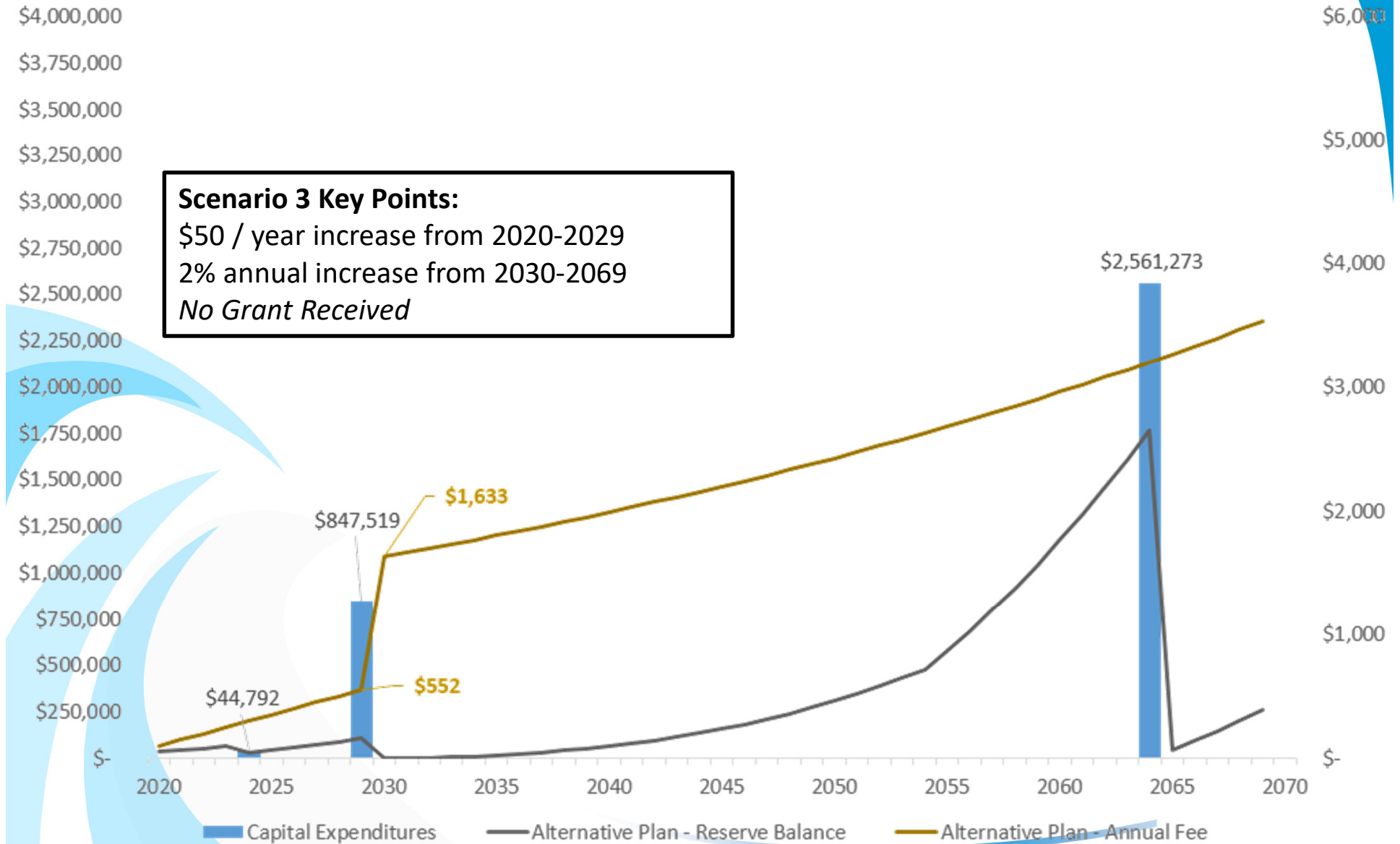
2% annual increase from 2031-2069

Assumes 30% Grant for Treatment Plant in 2029



# Jolly Roger

## 50-Year Anticipated Capital Expenditure

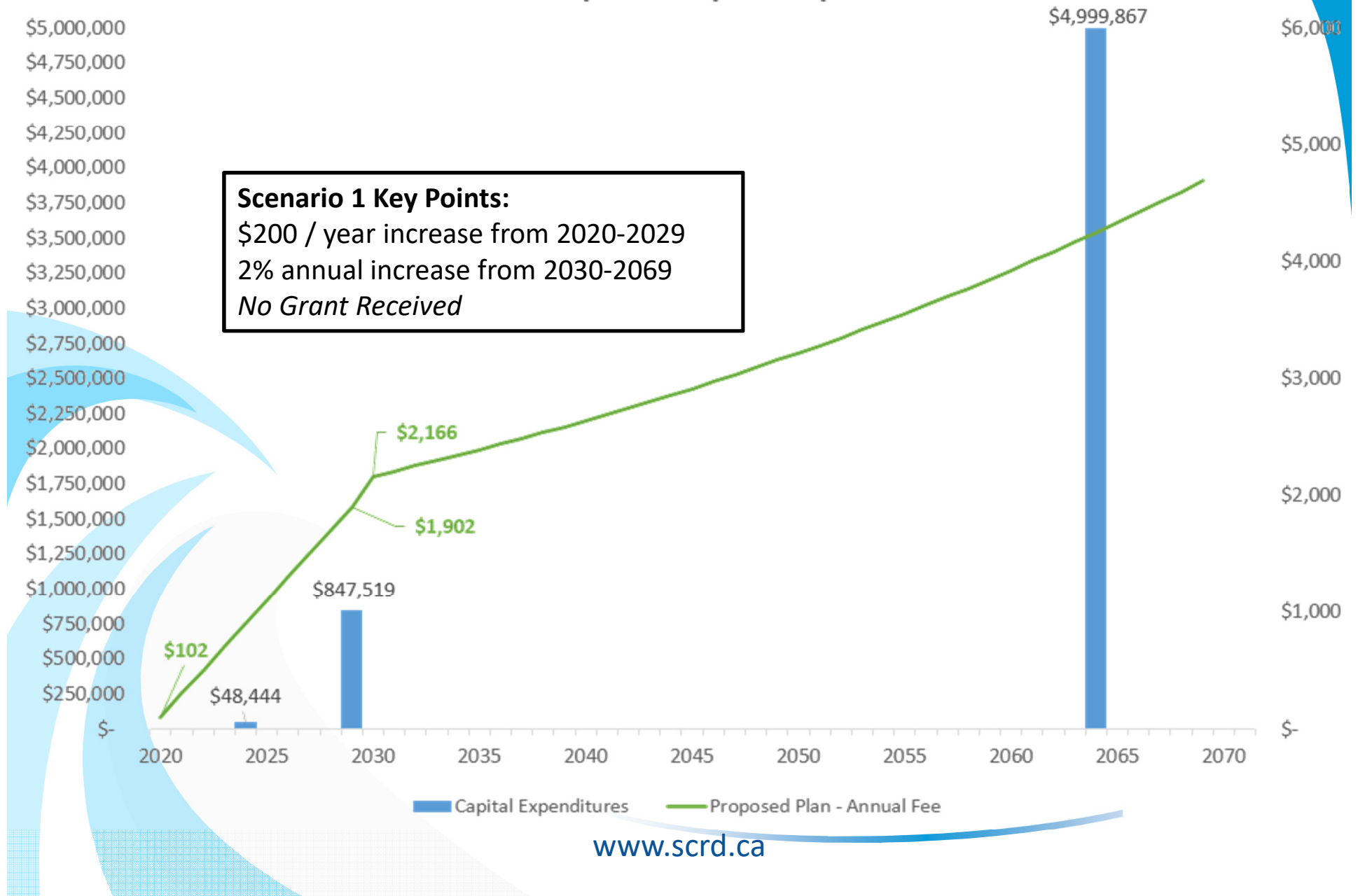


[www.scrd.ca](http://www.scrd.ca)



# Secret Cove

## 50-Year Anticipated Capital Expenditure



# Secret Cove

## 50-Year Anticipated Capital Expenditure

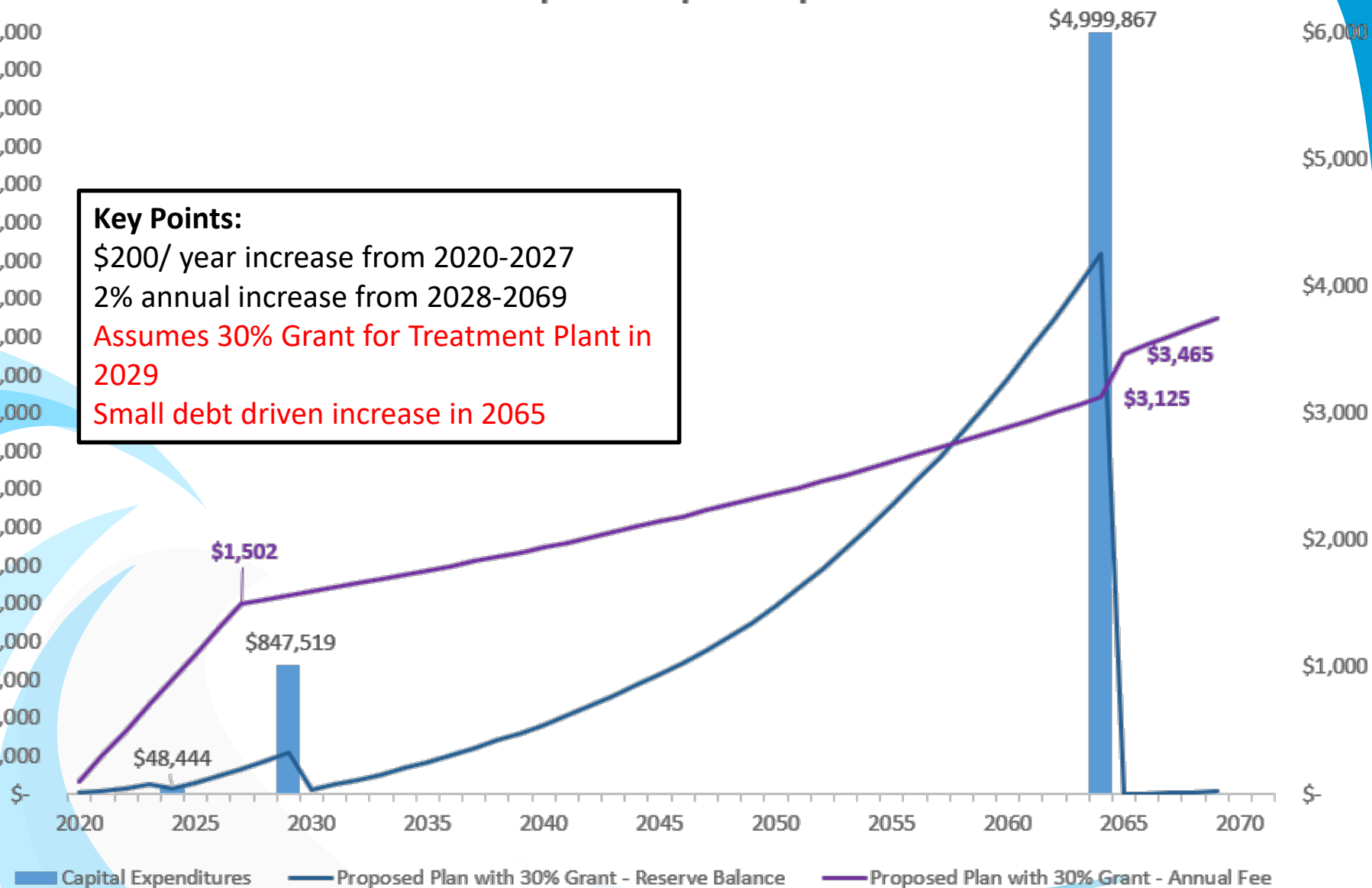
### Key Points:

\$200/ year increase from 2020-2027

2% annual increase from 2028-2069

Assumes 30% Grant for Treatment Plant in 2029

Small debt driven increase in 2065



# Secret Cove

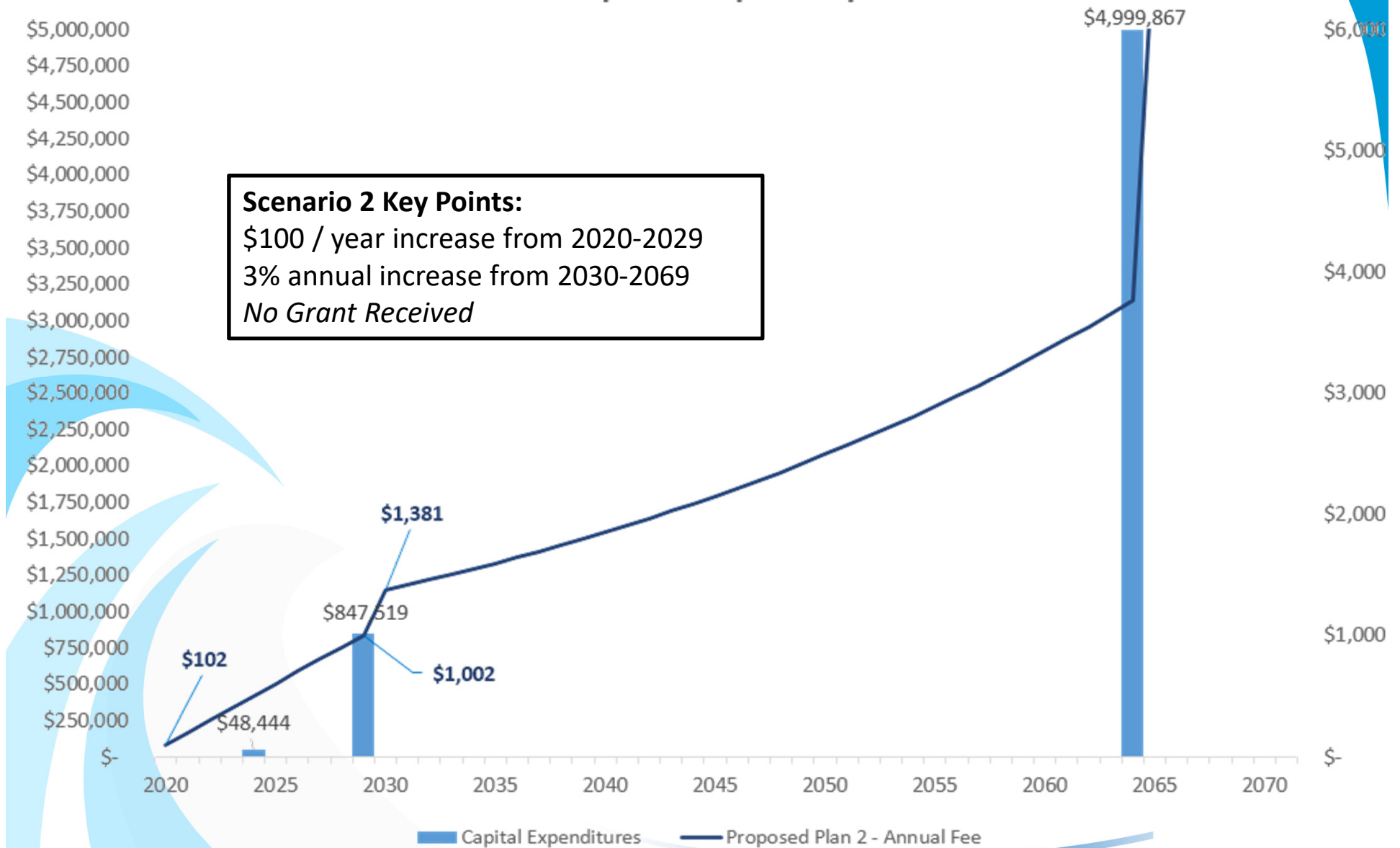
## 50-Year Anticipated Capital Expenditure

### Scenario 2 Key Points:

\$100 / year increase from 2020-2029

3% annual increase from 2030-2069

*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Secret Cove

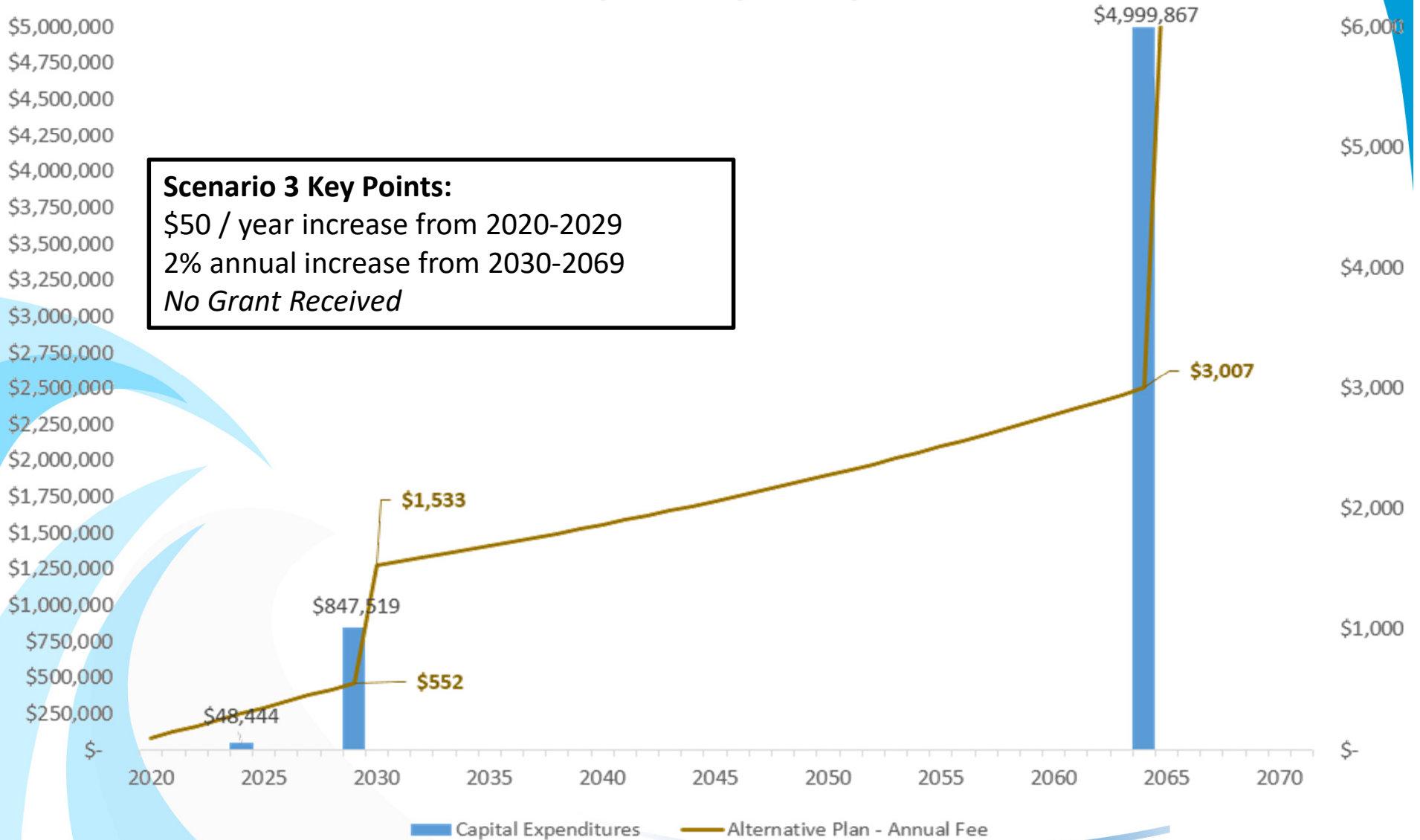
## 50-Year Anticipated Capital Expenditure

### Scenario 3 Key Points:

\$50 / year increase from 2020-2029

2% annual increase from 2030-2069

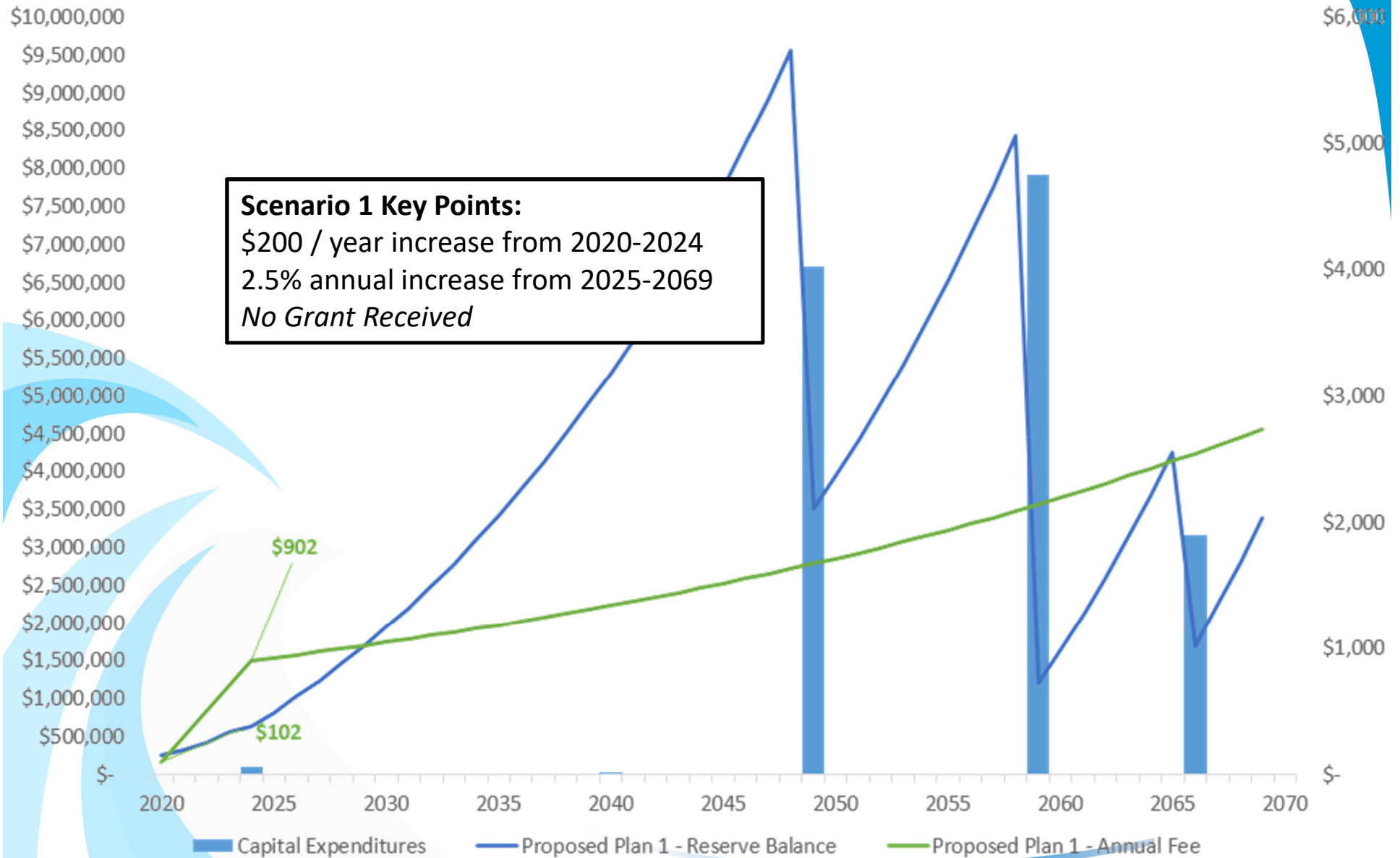
*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Lee Bay

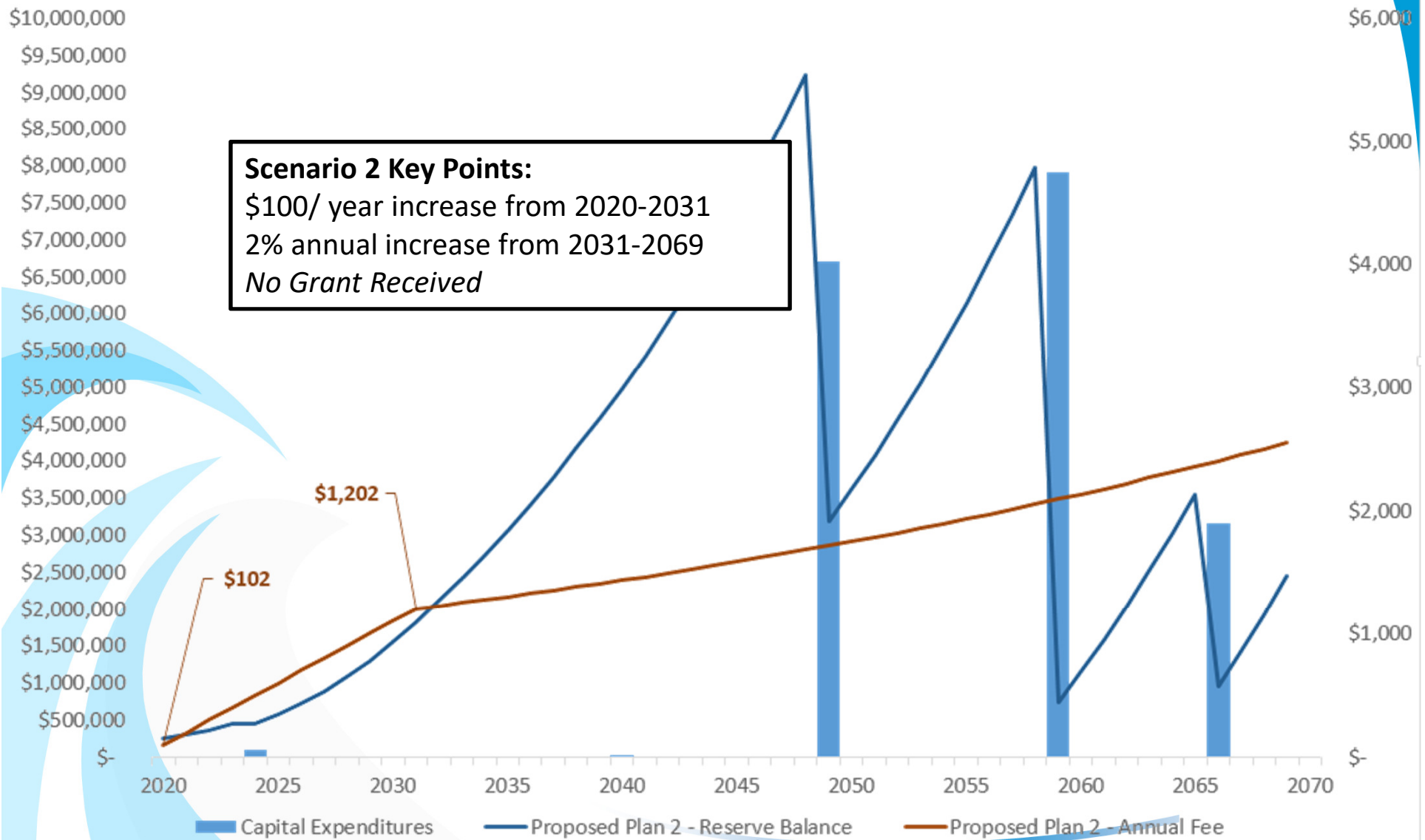
## 50-Year Anticipated Capital Expenditure



[www.scrd.ca](http://www.scrd.ca)

# Lee Bay

## 50-Year Anticipated Capital Expenditure



[www.scrd.ca](http://www.scrd.ca)

# Lee Bay

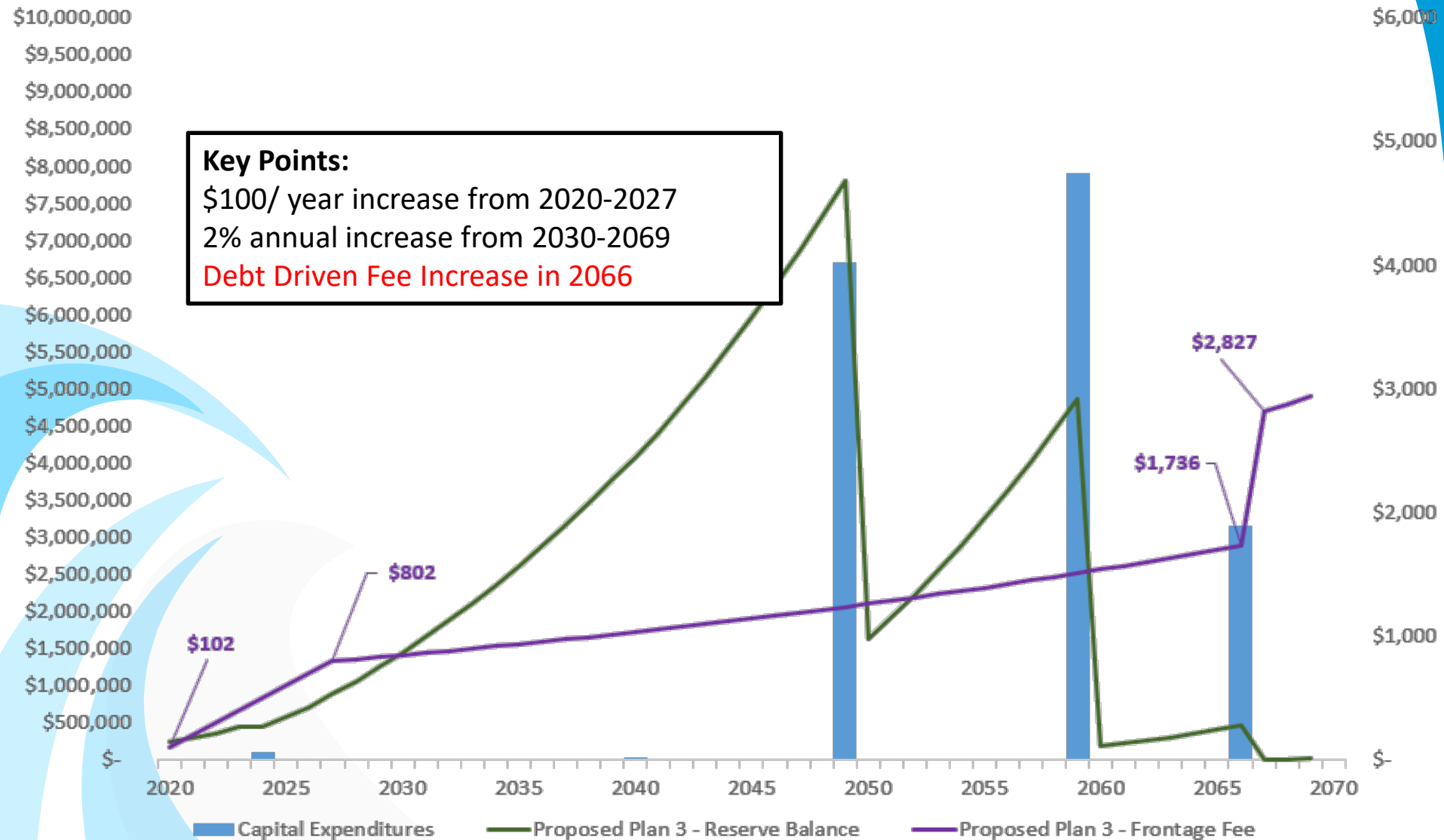
## 50-Year Anticipated Capital Expenditure

### Key Points:

\$100/ year increase from 2020-2027

2% annual increase from 2030-2069

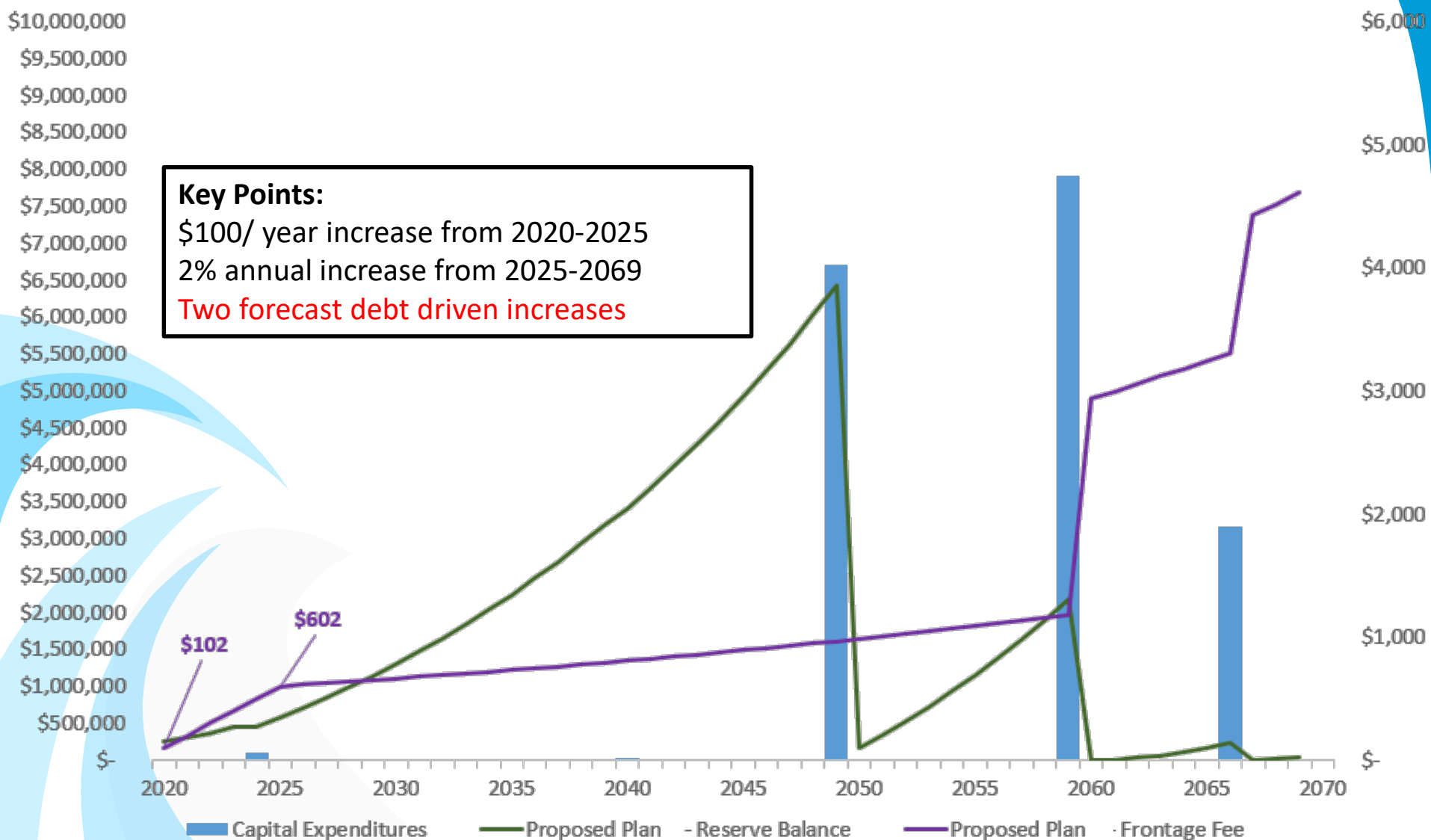
Debt Driven Fee Increase in 2066





# Lee Bay

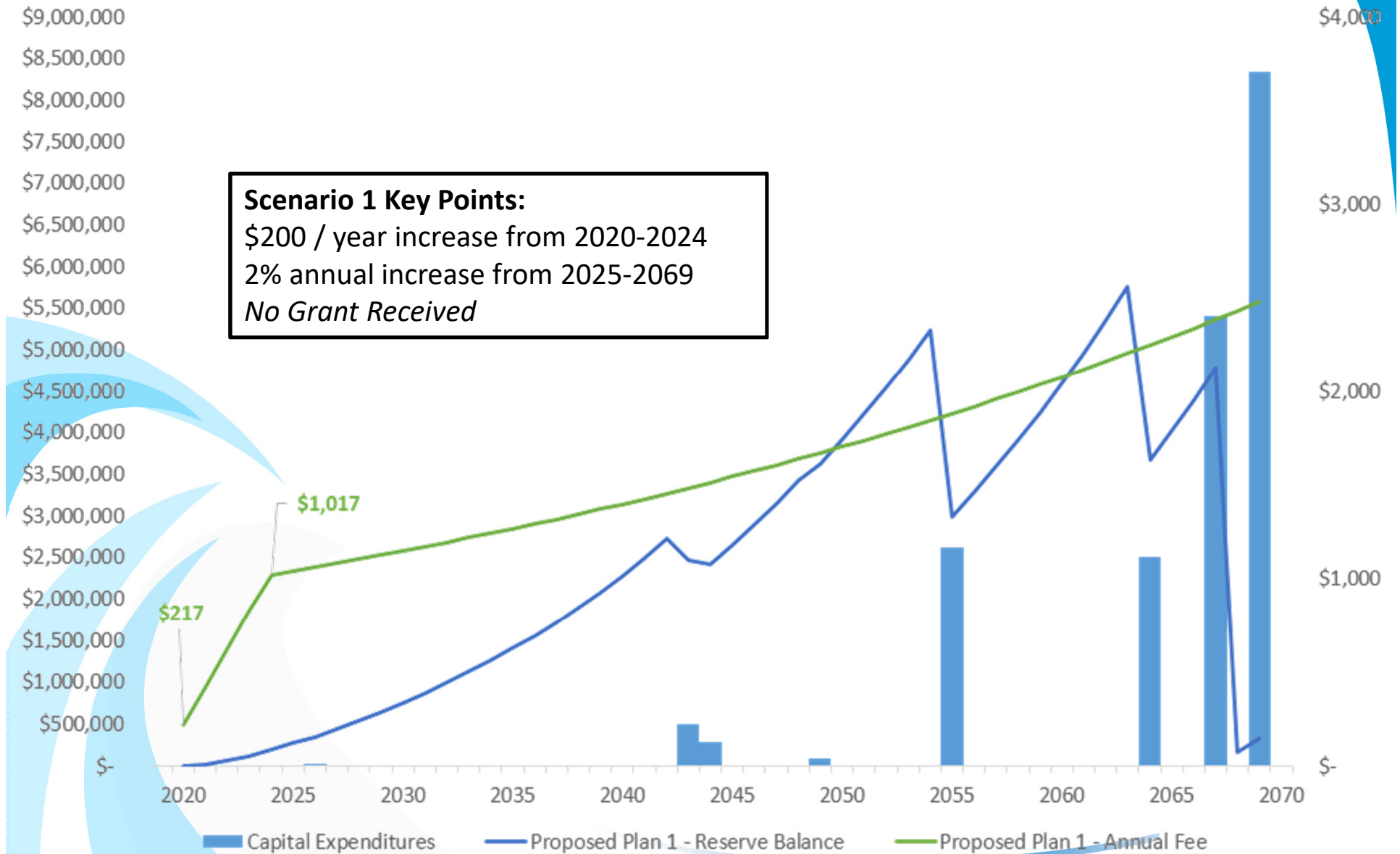
## 50-Year Anticipated Capital Expenditure





# Square Bay

## 50-Year Anticipated Capital Expenditures



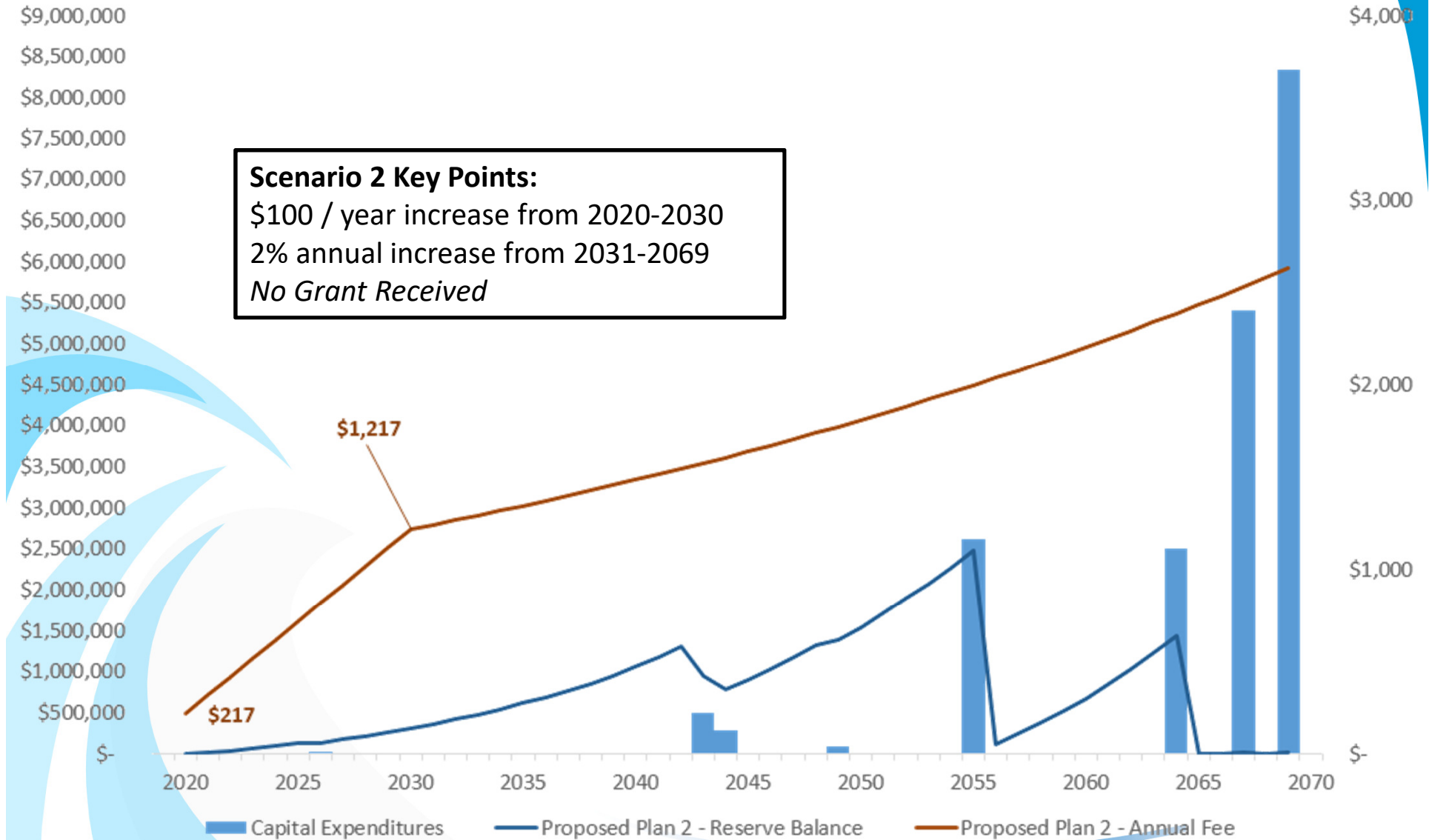
[www.scrd.ca](http://www.scrd.ca)

# Square Bay

## 50-Year Anticipated Capital Expenditures

### Scenario 2 Key Points:

\$100 / year increase from 2020-2030  
 2% annual increase from 2031-2069  
*No Grant Received*



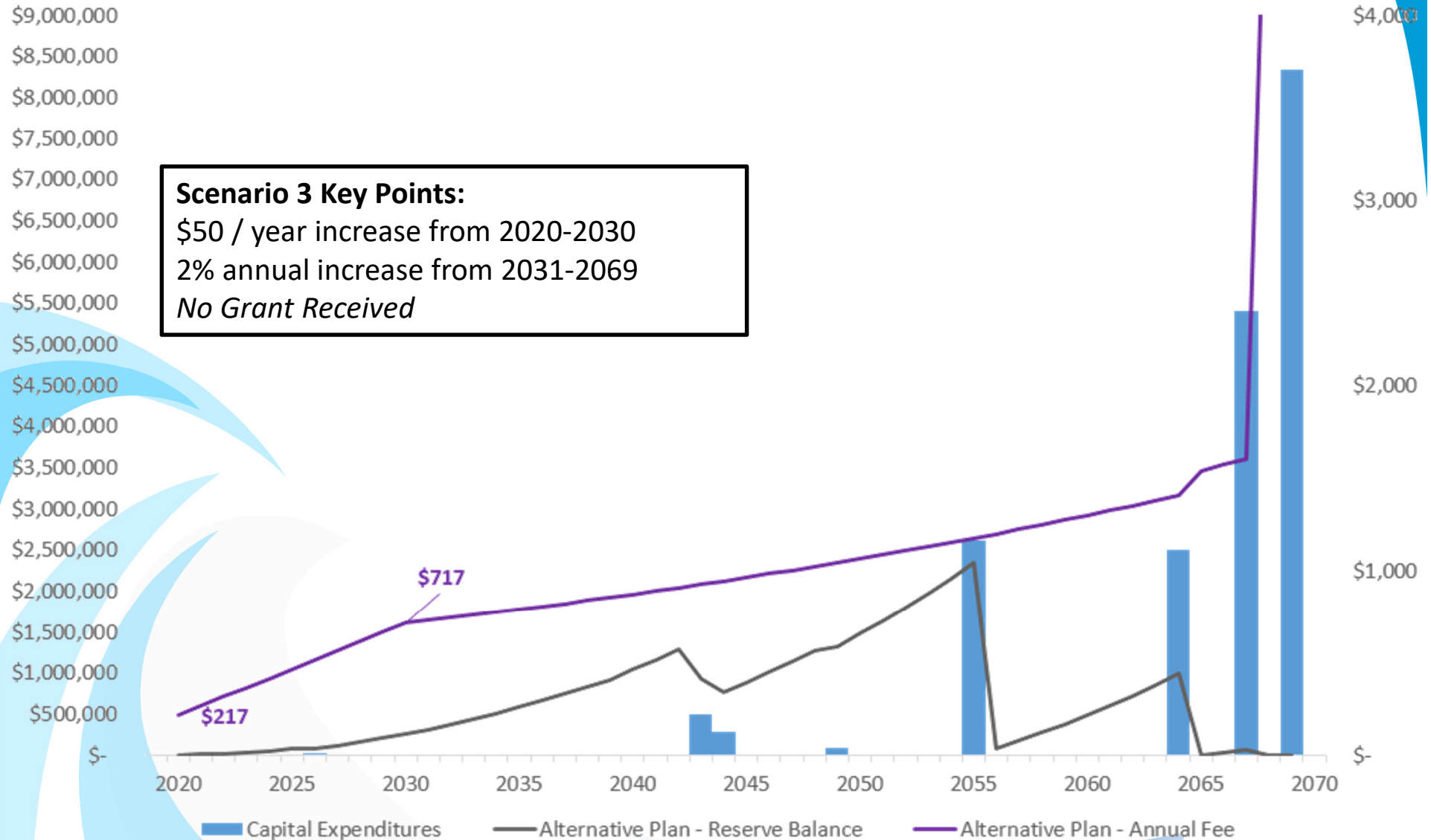
[www.scrd.ca](http://www.scrd.ca)

# Square Bay

## 50-Year Anticipated Capital Expenditures

### Scenario 3 Key Points:

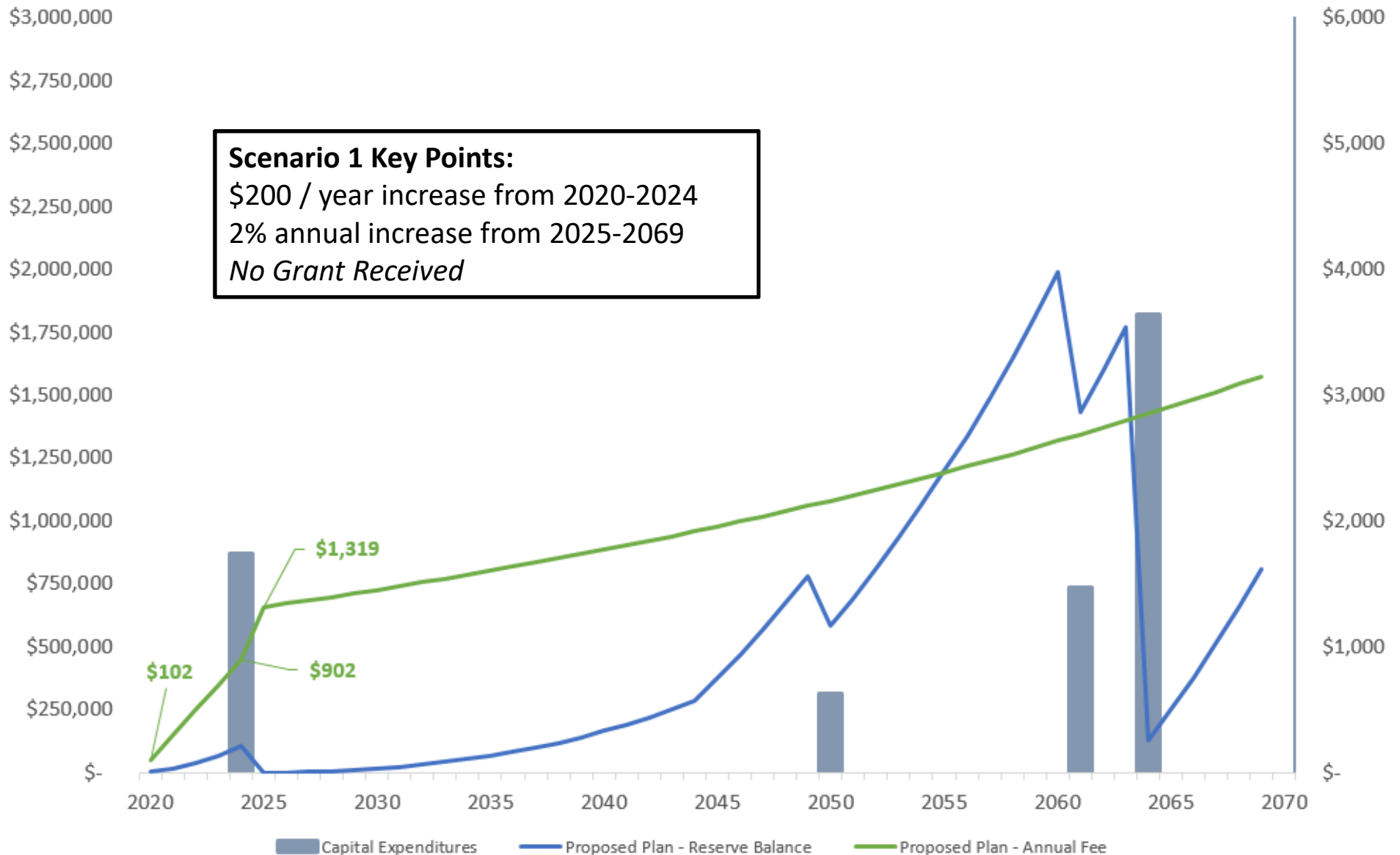
\$50 / year increase from 2020-2030  
 2% annual increase from 2031-2069  
*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

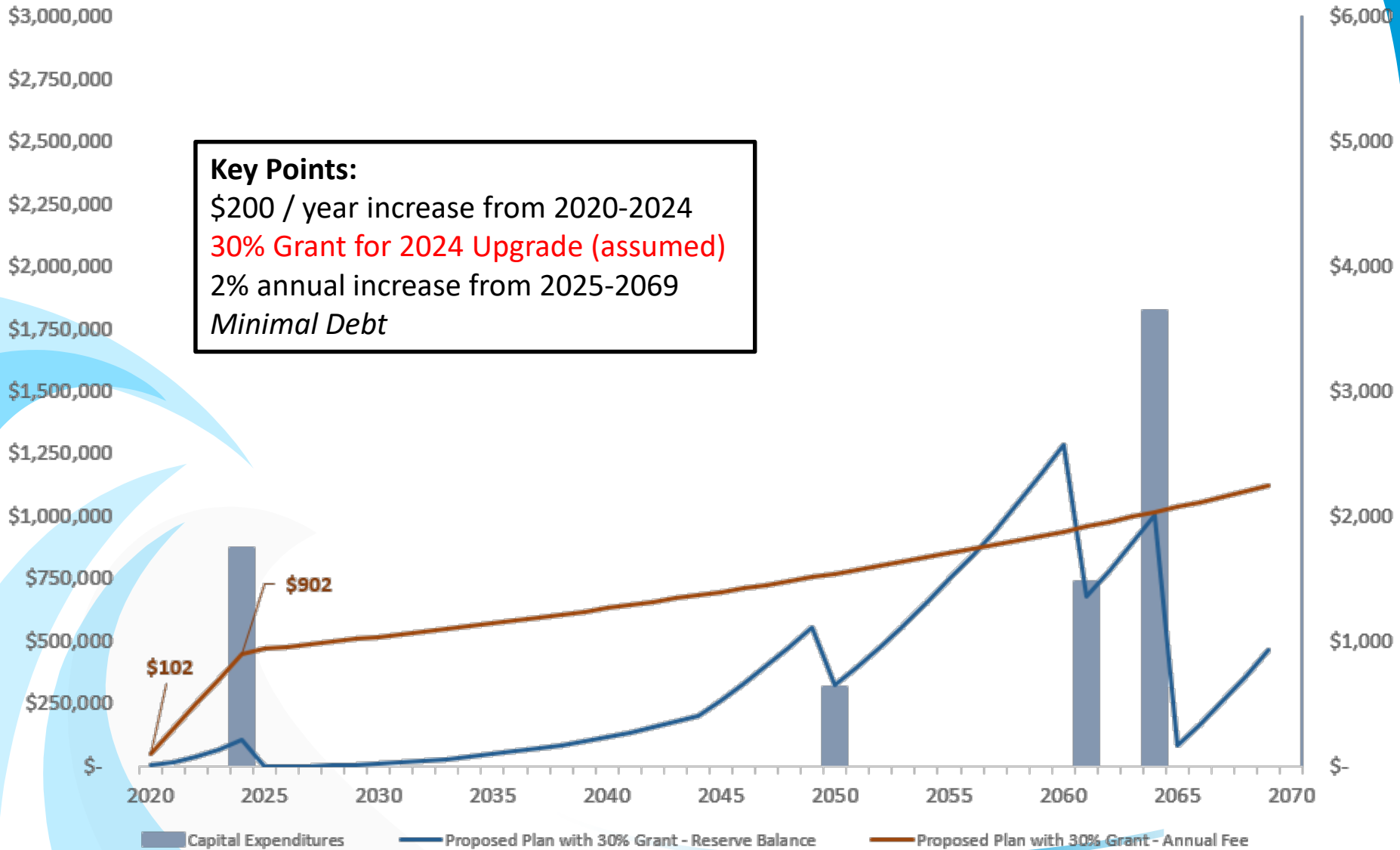
# Langdale

## 50-Year Anticipated Capital Expenditures



# Langdale

## 50-Year Anticipated Capital Expenditures



# Langdale

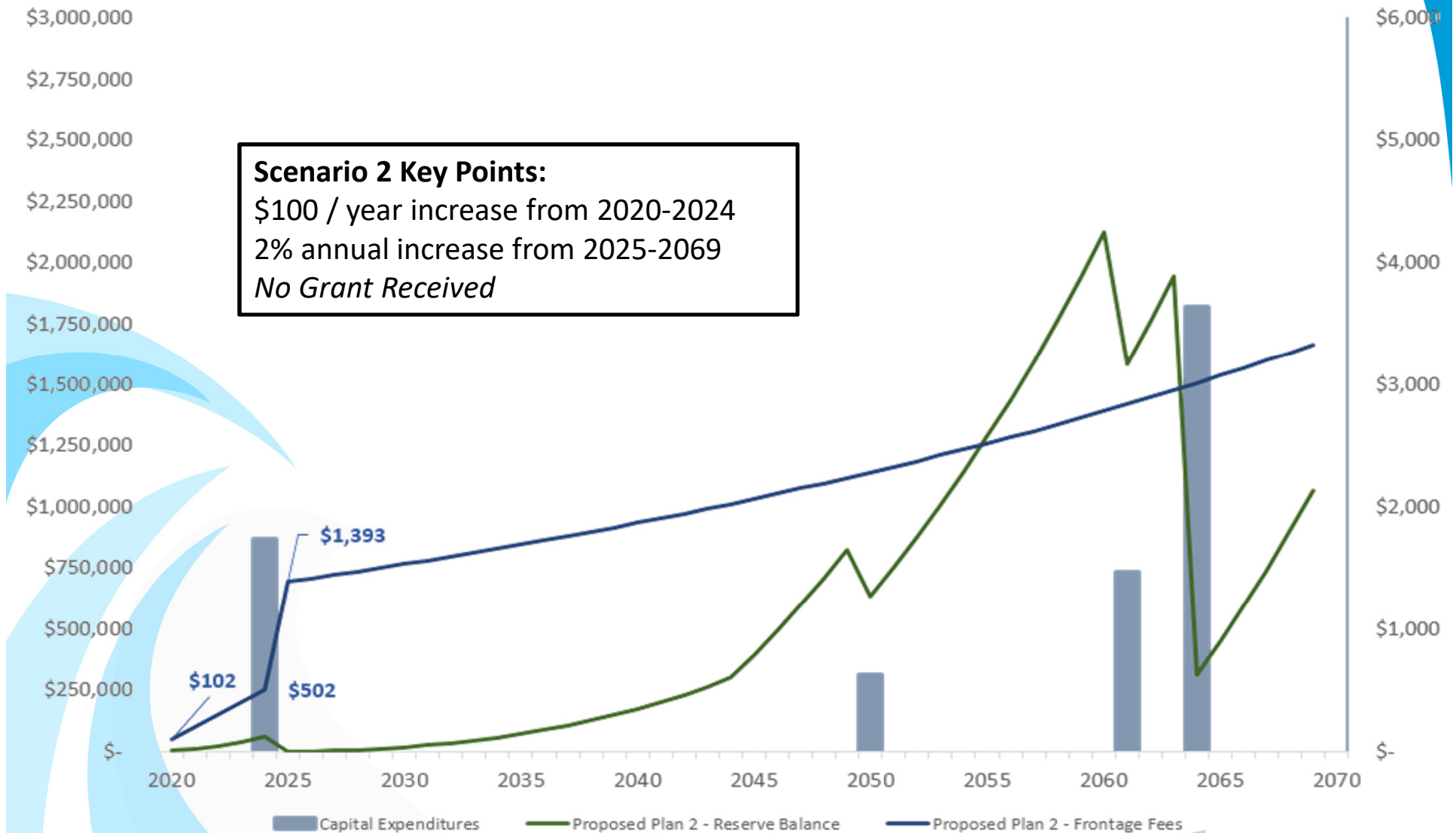
## 50-Year Anticipated Capital Expenditures

### Scenario 2 Key Points:

\$100 / year increase from 2020-2024

2% annual increase from 2025-2069

*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Langdale

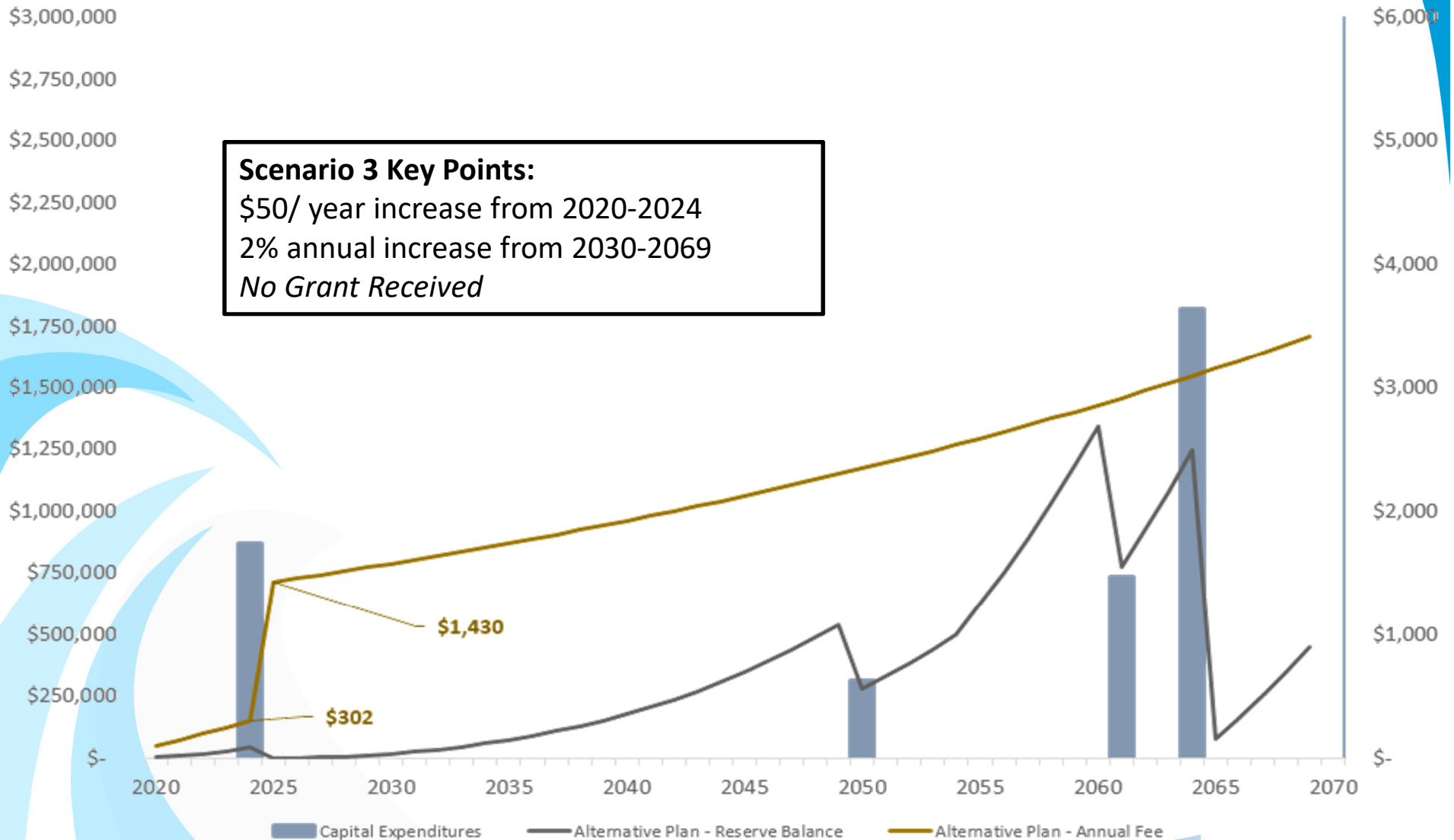
## 50-Year Anticipated Capital Expenditures

### Scenario 3 Key Points:

\$50/ year increase from 2020-2024

2% annual increase from 2030-2069

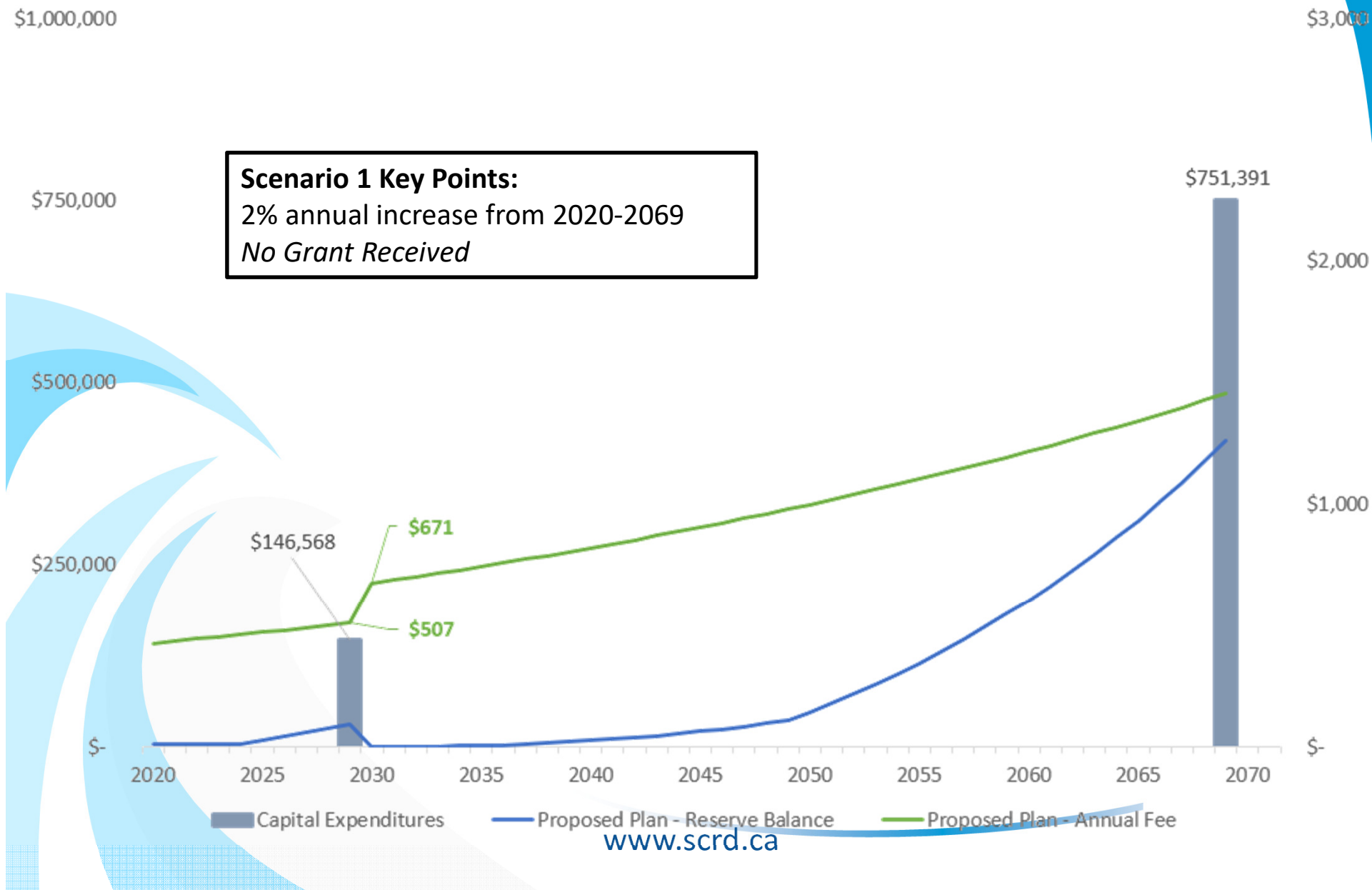
*No Grant Received*





# Canoe Road

## 50-Year Anticipated Capital Expenditures



# Canoe Road

## 50-Year Anticipated Capital Expenditures

\$1,000,000

\$3,000

\$750,000

### Scenario 2 Key Points:

\$50 / year increase from 2020-2024

2% annual increase from 2025-2069

*No Grant Received*

\$500,000

\$250,000

\$2,000

\$1,000

\$-

2020

2025

2030

2035

2040

2045

2050

2055

2060

2065

2070

\$146,568

\$624

\$424

\$751,391

Capital Expenditures

Alternative Plan - Reserve Balance

Alternative Plan - Annual Fee

[www.scrd.ca](http://www.scrd.ca)

# Canoe Road

## 50-Year Anticipated Capital Expenditures

\$1,000,000

\$3,000

\$750,000

### Key Points:

2% annual increase from 2020-2069

30% Capital Infrastructure Grant Awarded in 2029

\$500,000

\$250,000

\$146,568

\$751,391

\$2,000

\$1,000

\$-

2020

2025

2030

2035

2040

2045

2050

2055

2060

2065

2070

\$-

Capital Expenditures

Proposed Plan with 30% Grant - Reserve Balance

Proposed Plan with 30% Grant - Annual Fee

[www.scrd.ca](http://www.scrd.ca)

# Merrill Crescent

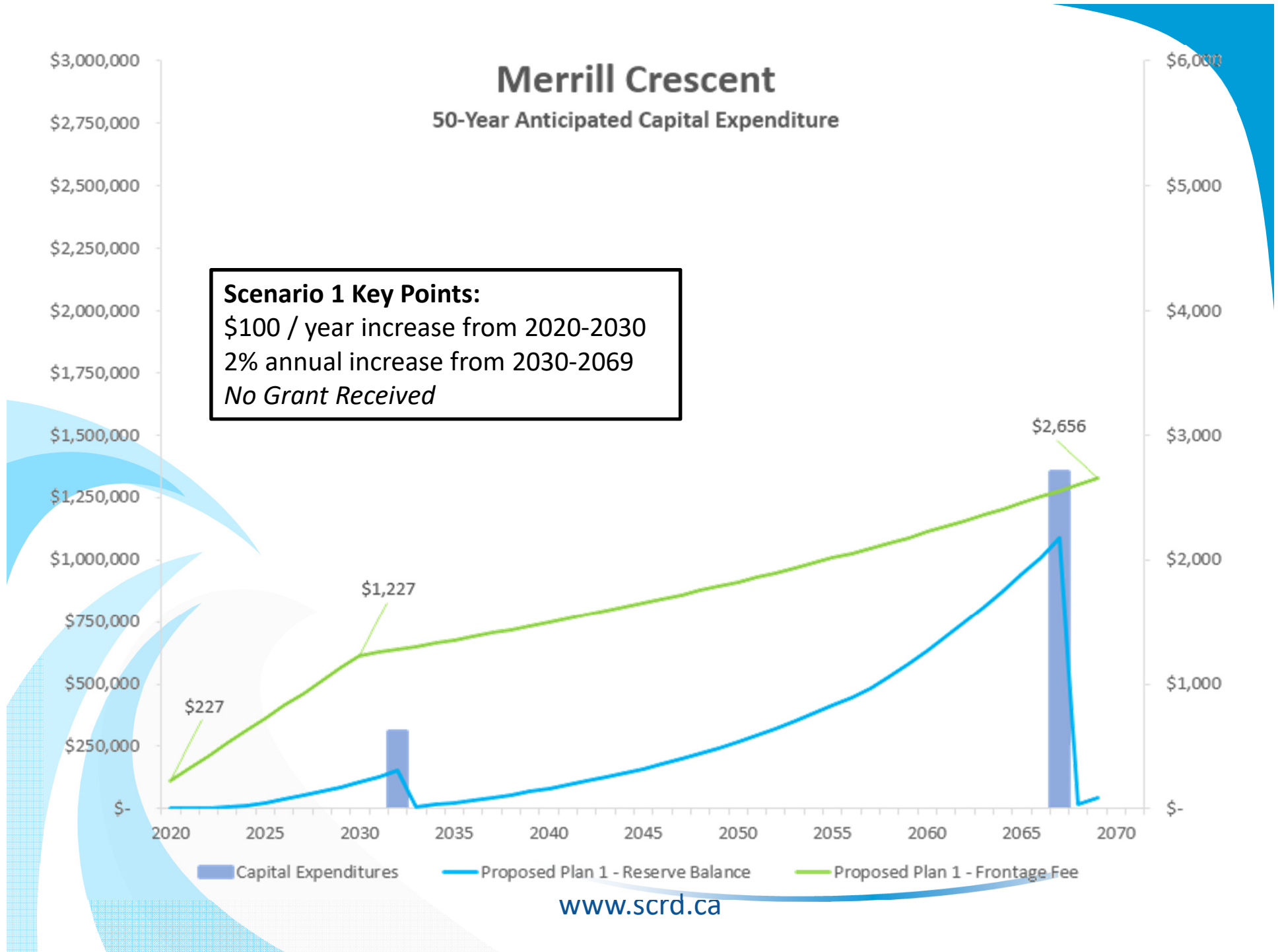
## 50-Year Anticipated Capital Expenditure

### Scenario 1 Key Points:

\$100 / year increase from 2020-2030

2% annual increase from 2030-2069

*No Grant Received*



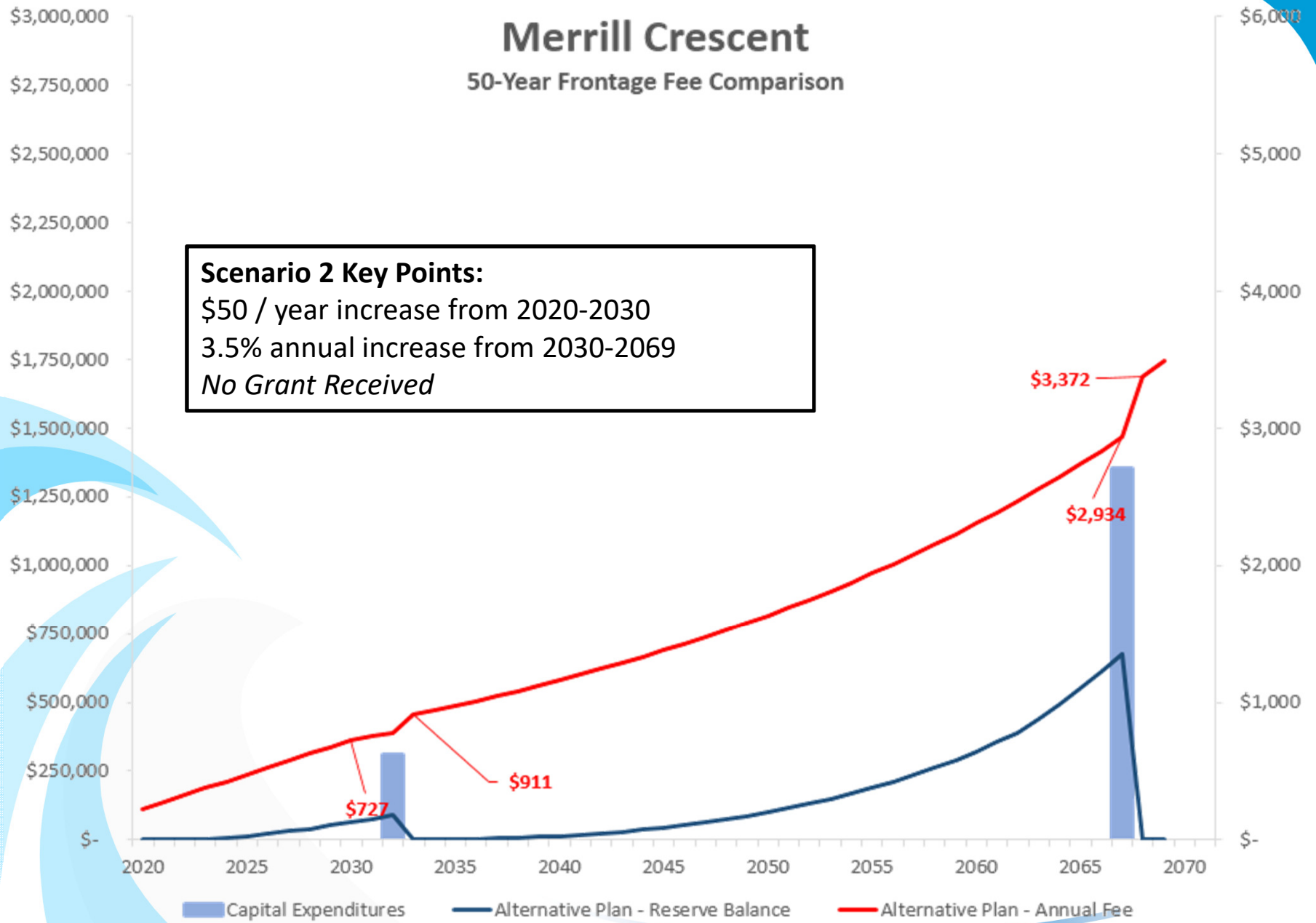
[www.scrd.ca](http://www.scrd.ca)

# Merrill Crescent

## 50-Year Frontage Fee Comparison

### Scenario 2 Key Points:

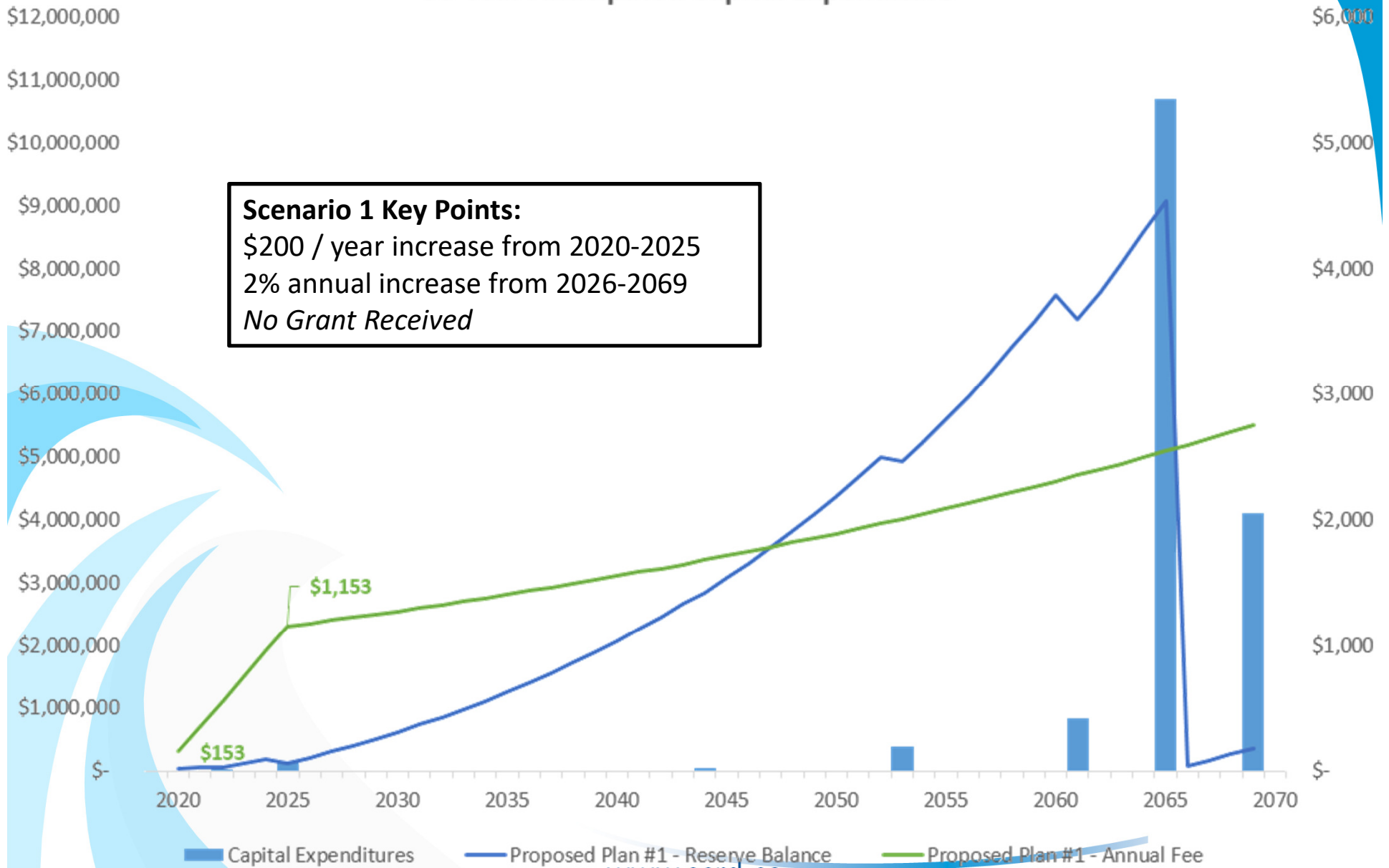
- \$50 / year increase from 2020-2030
- 3.5% annual increase from 2030-2069
- No Grant Received



[www.scrd.ca](http://www.scrd.ca)

# Curran Road

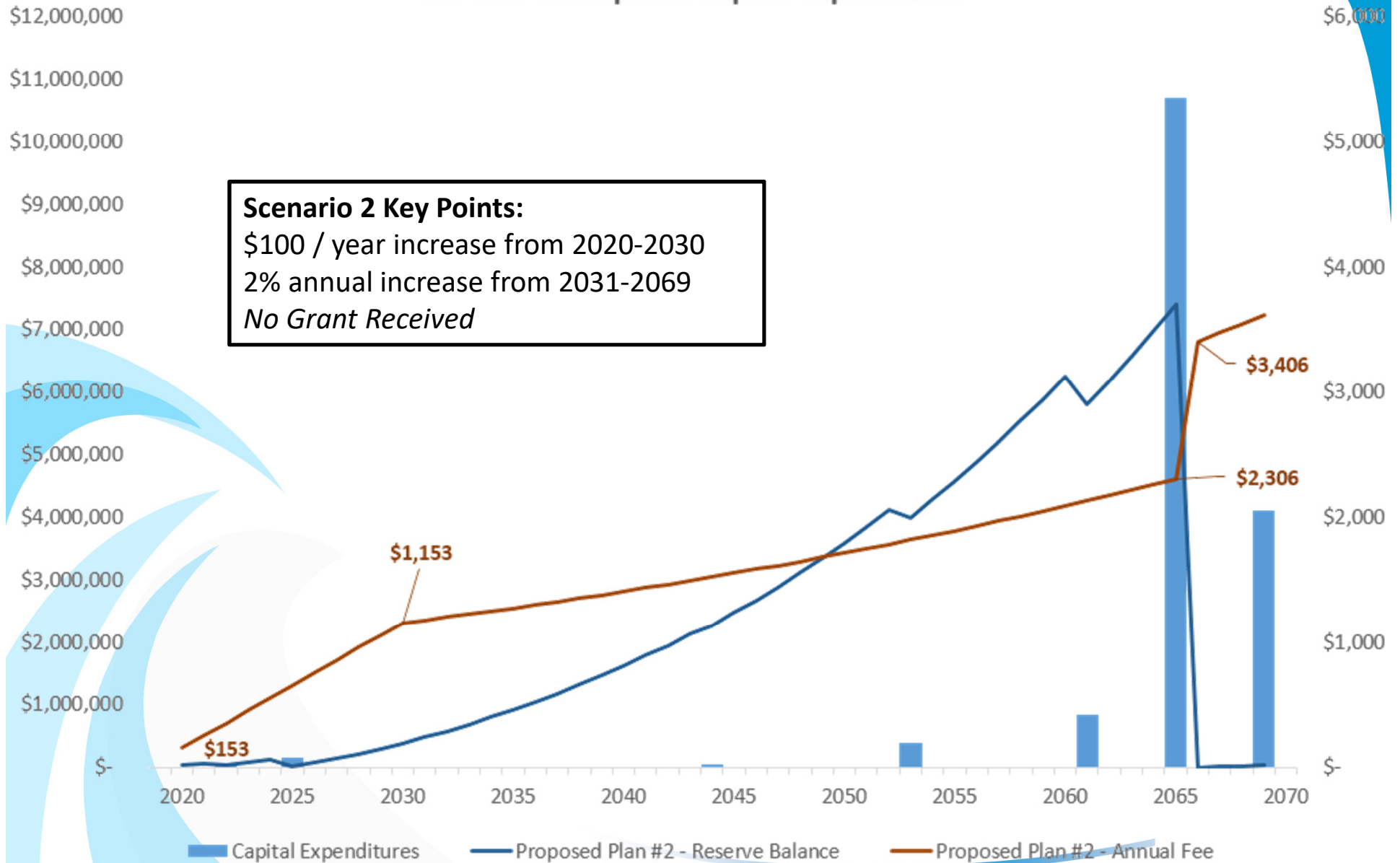
## 50-Year Anticipated Capital Expenditure



[www.scrd.ca](http://www.scrd.ca)

# Curran Road

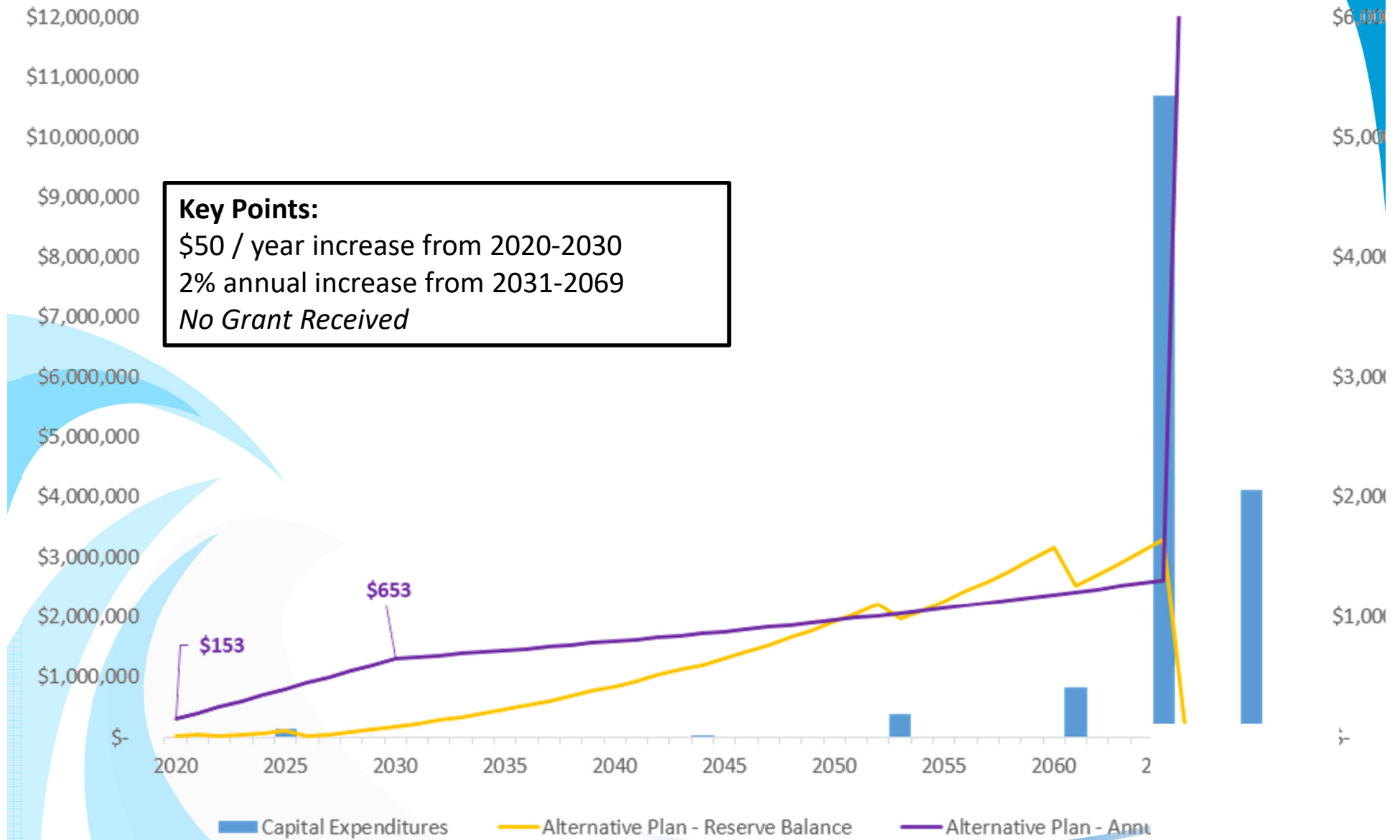
## 50-Year Anticipated Capital Expenditure



[www.scrd.ca](http://www.scrd.ca)

# Curran Road

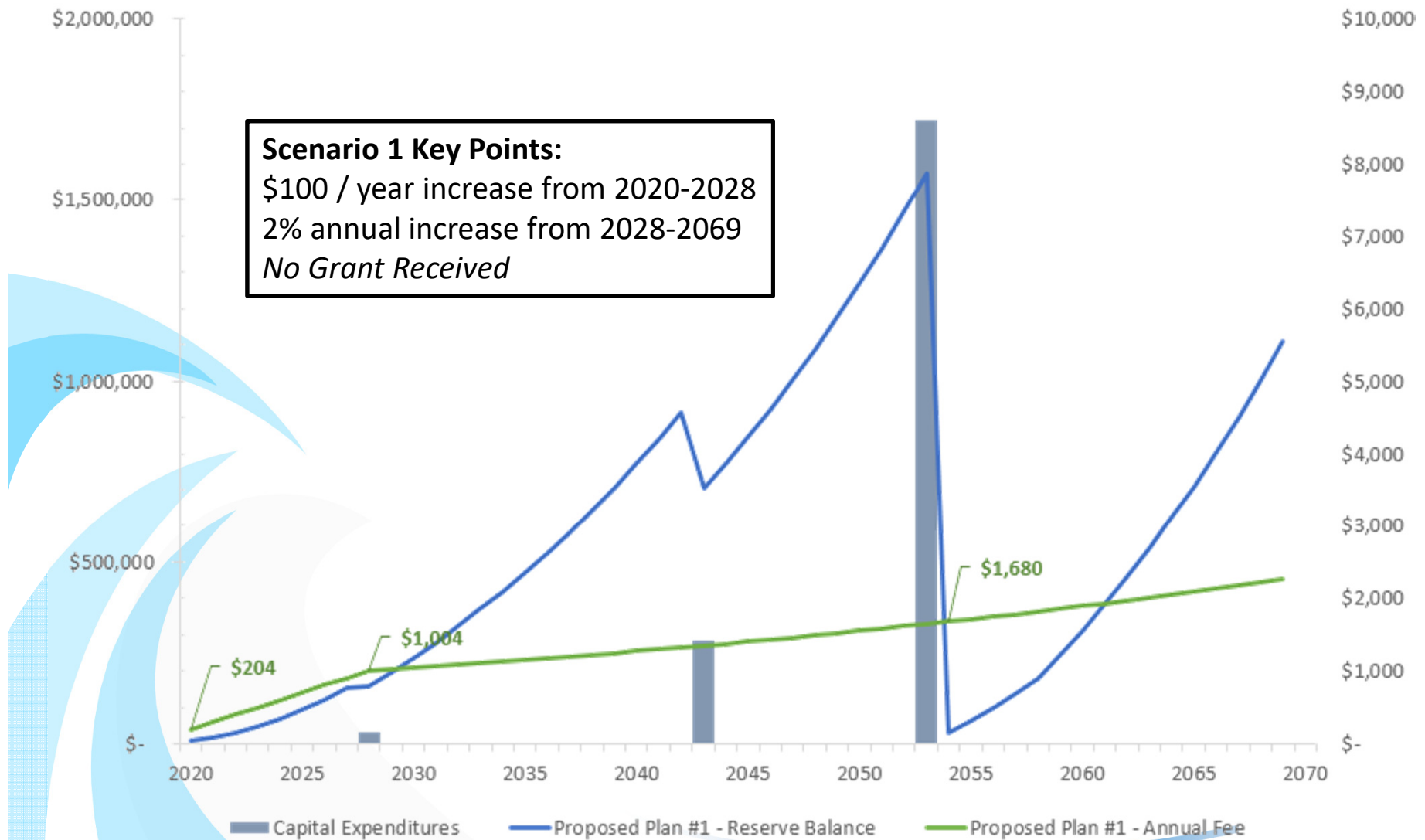
## 50-Year Anticipated Capital Expenditure



[www.scrd.ca](http://www.scrd.ca)



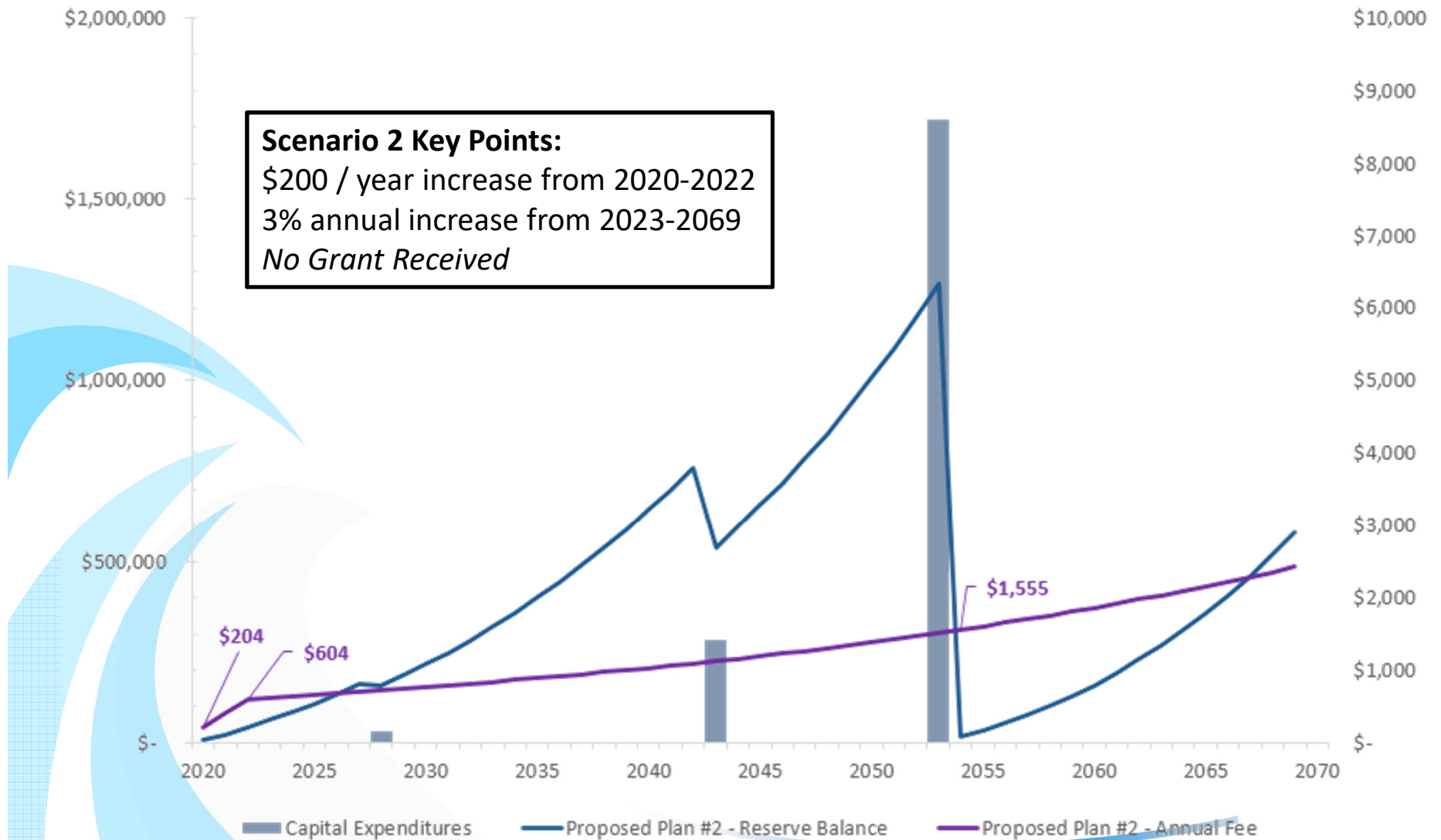
# Roberts Creek Co-Housing 50-Year Anticipated Capital Expenditures



[www.scrd.ca](http://www.scrd.ca)

# Roberts Creek Co-Housing

## 50-Year Anticipated Capital Expenditures

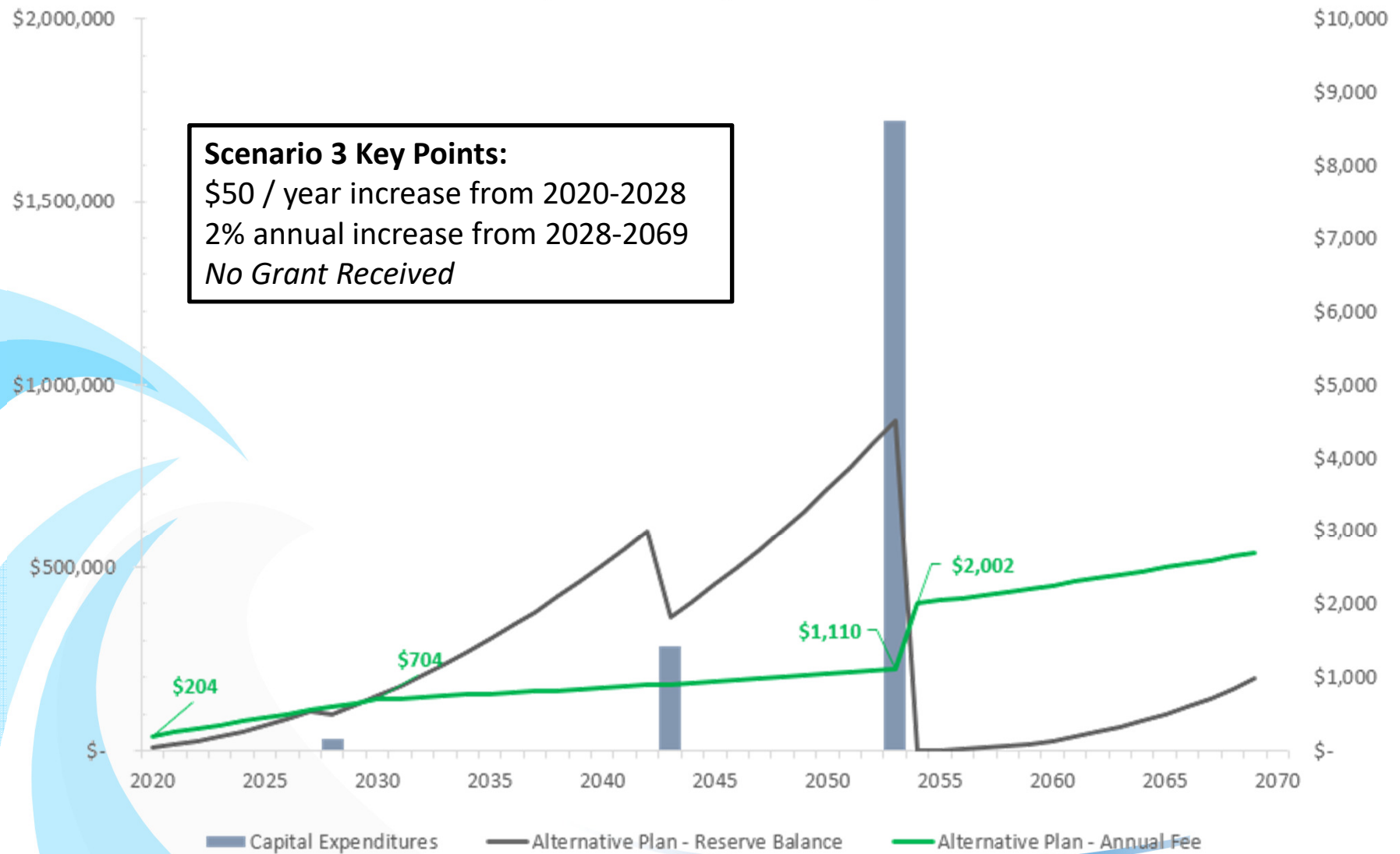


[www.scrd.ca](http://www.scrd.ca)

# Roberts Creek Co-Housing 50-Year Anticipated Capital Expenditures

## Scenario 3 Key Points:

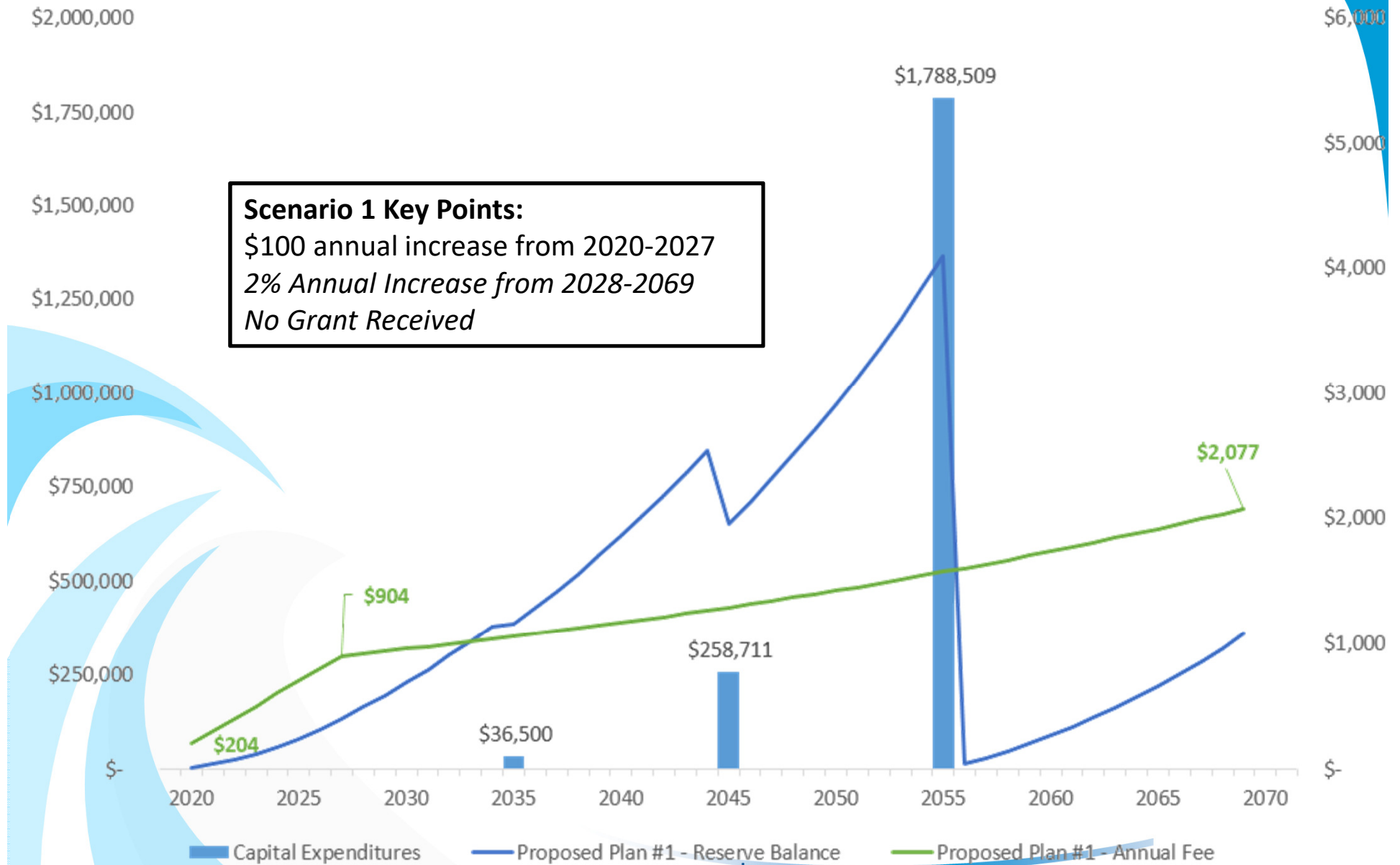
\$50 / year increase from 2020-2028  
2% annual increase from 2028-2069  
*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Lily Lake

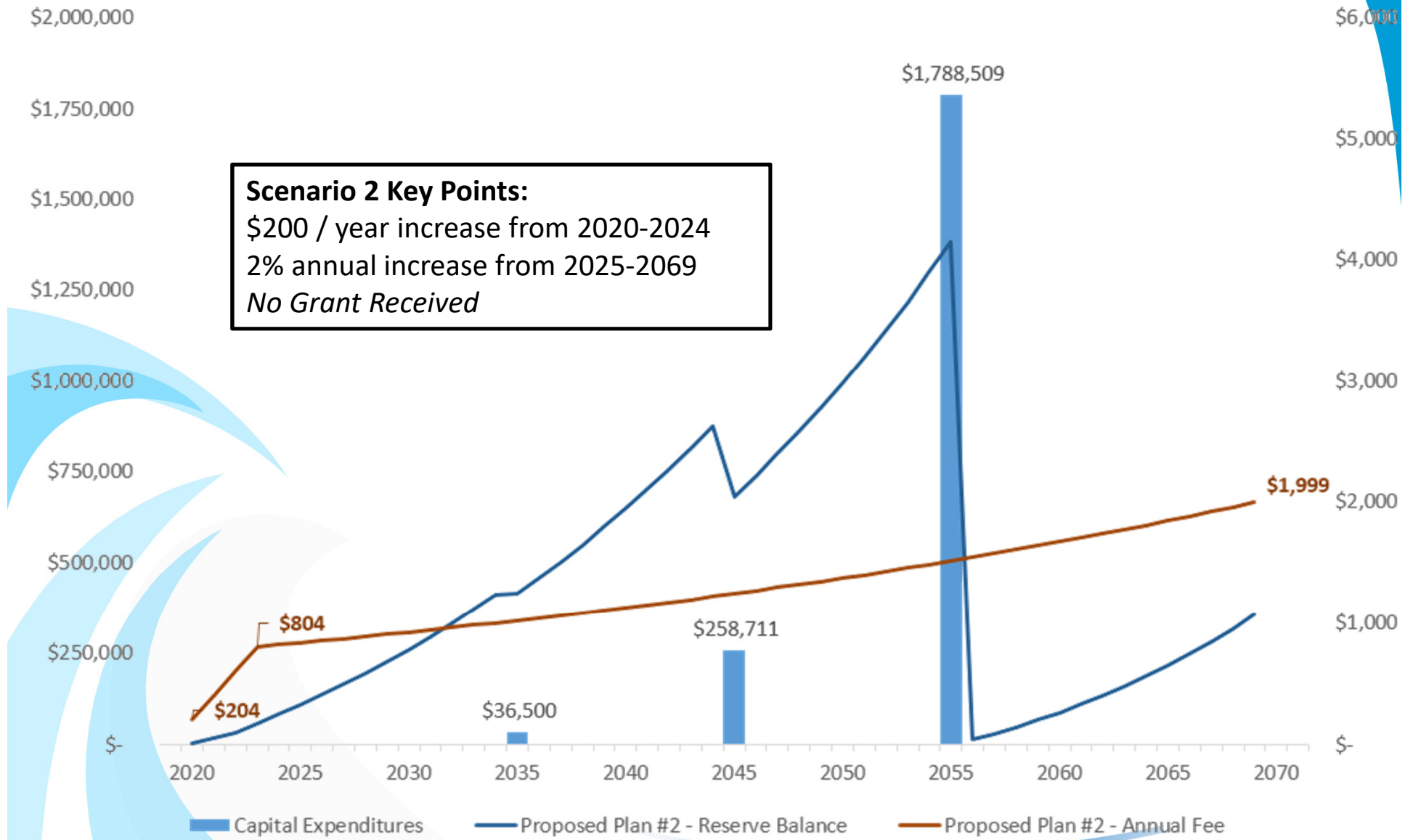
## 50-Year Anticipated Capital Expenditures



[www.scrd.ca](http://www.scrd.ca)

# Lily Lake

## 50-Year Anticipated Capital Expenditures



[www.scrd.ca](http://www.scrd.ca)

# Lily Lake

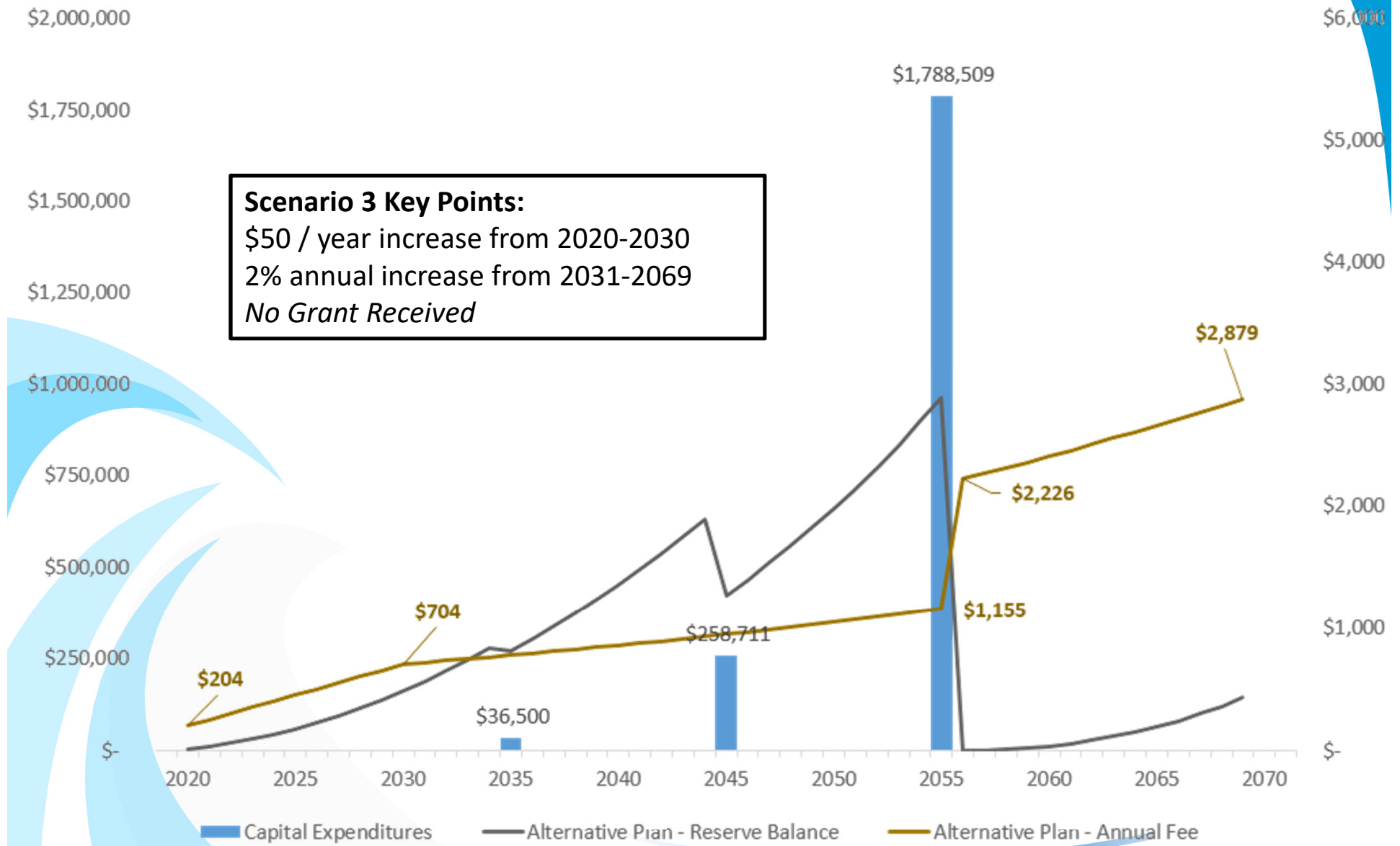
## 50-Year Anticipated Capital Expenditures

### Scenario 3 Key Points:

\$50 / year increase from 2020-2030

2% annual increase from 2031-2069

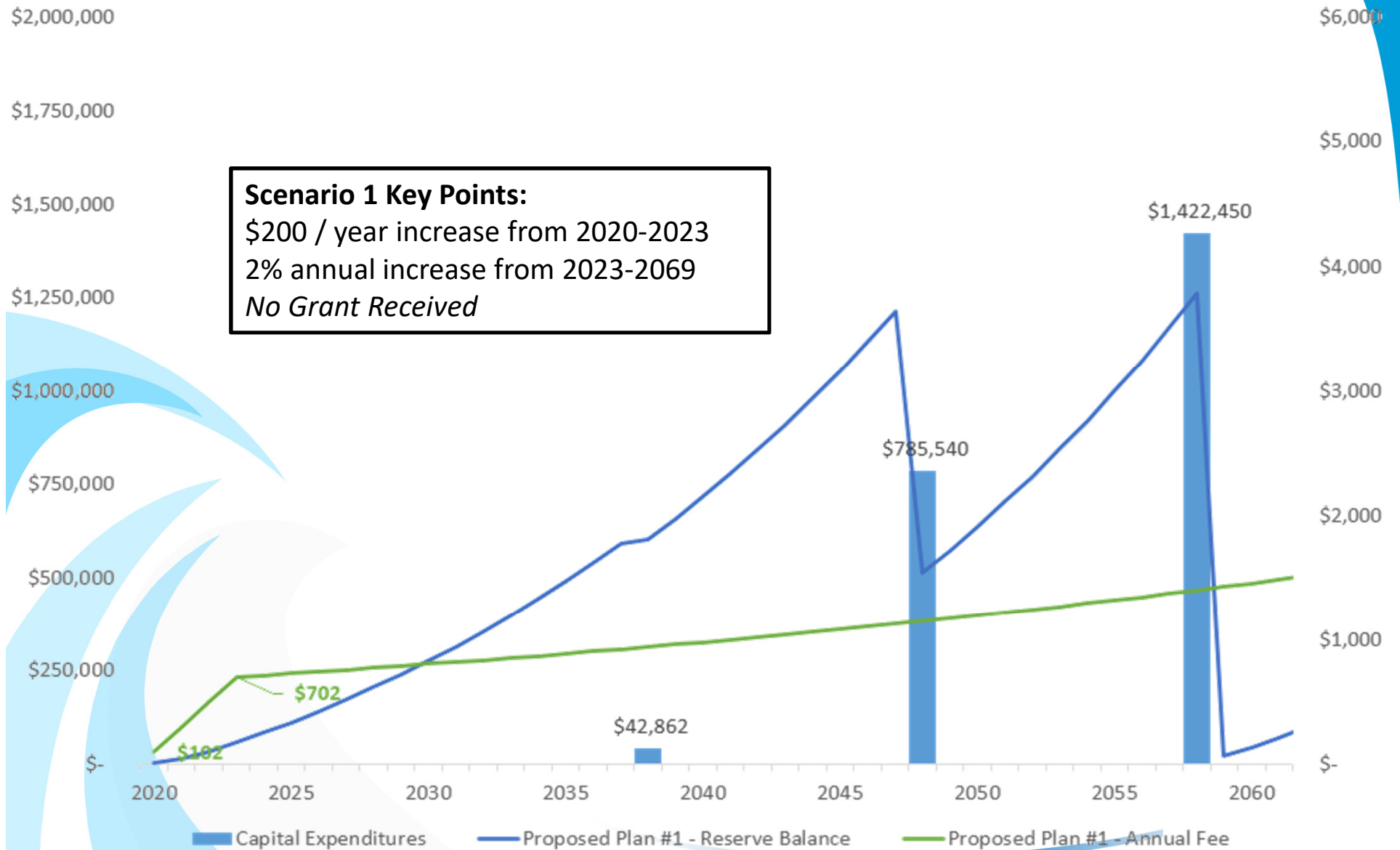
*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Painted Boat

## 50-Year Anticipated Capital Expenditures

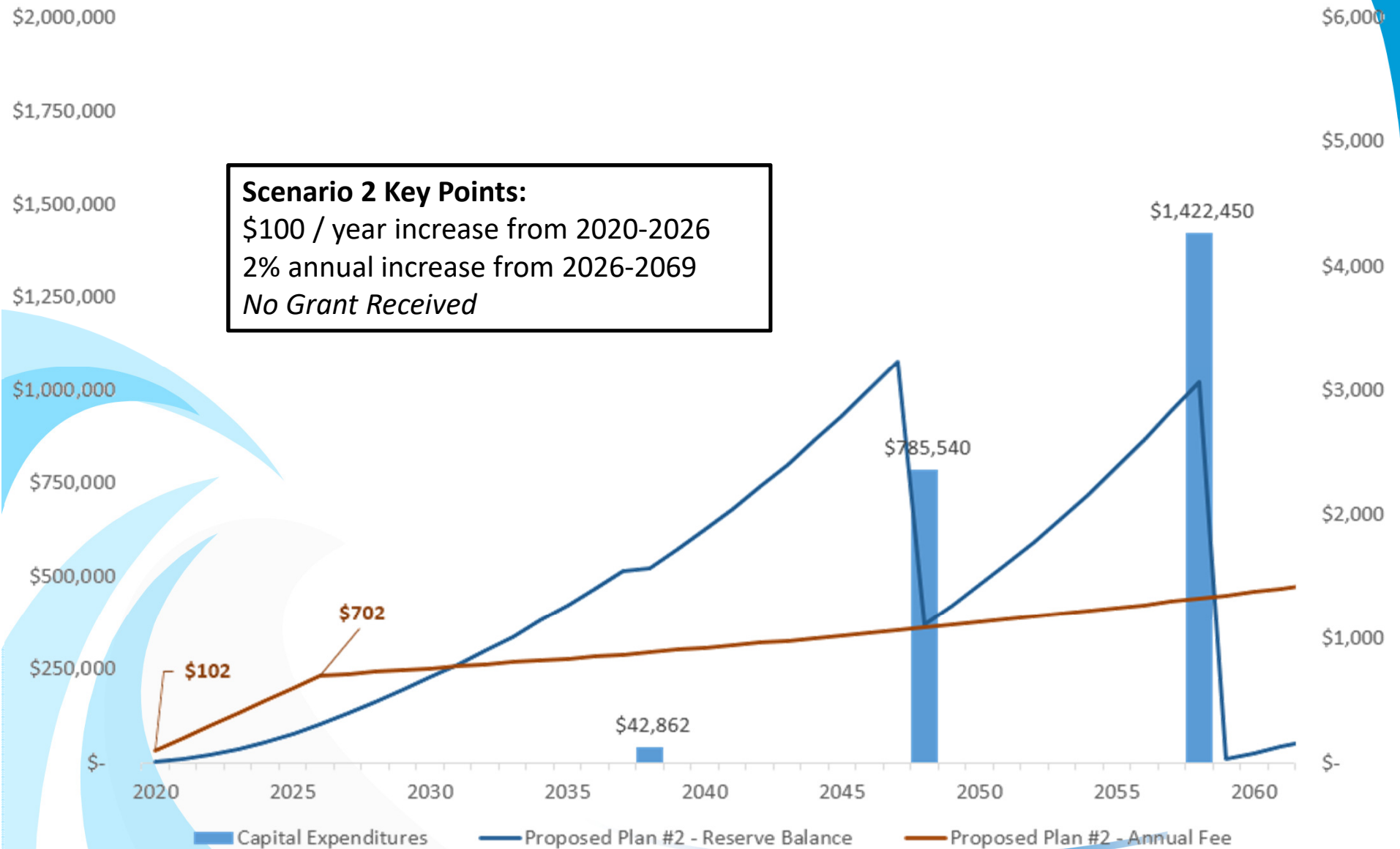


[www.scrd.ca](http://www.scrd.ca)



# Painted Boat

## 50-Year Anticipated Capital Expenditures

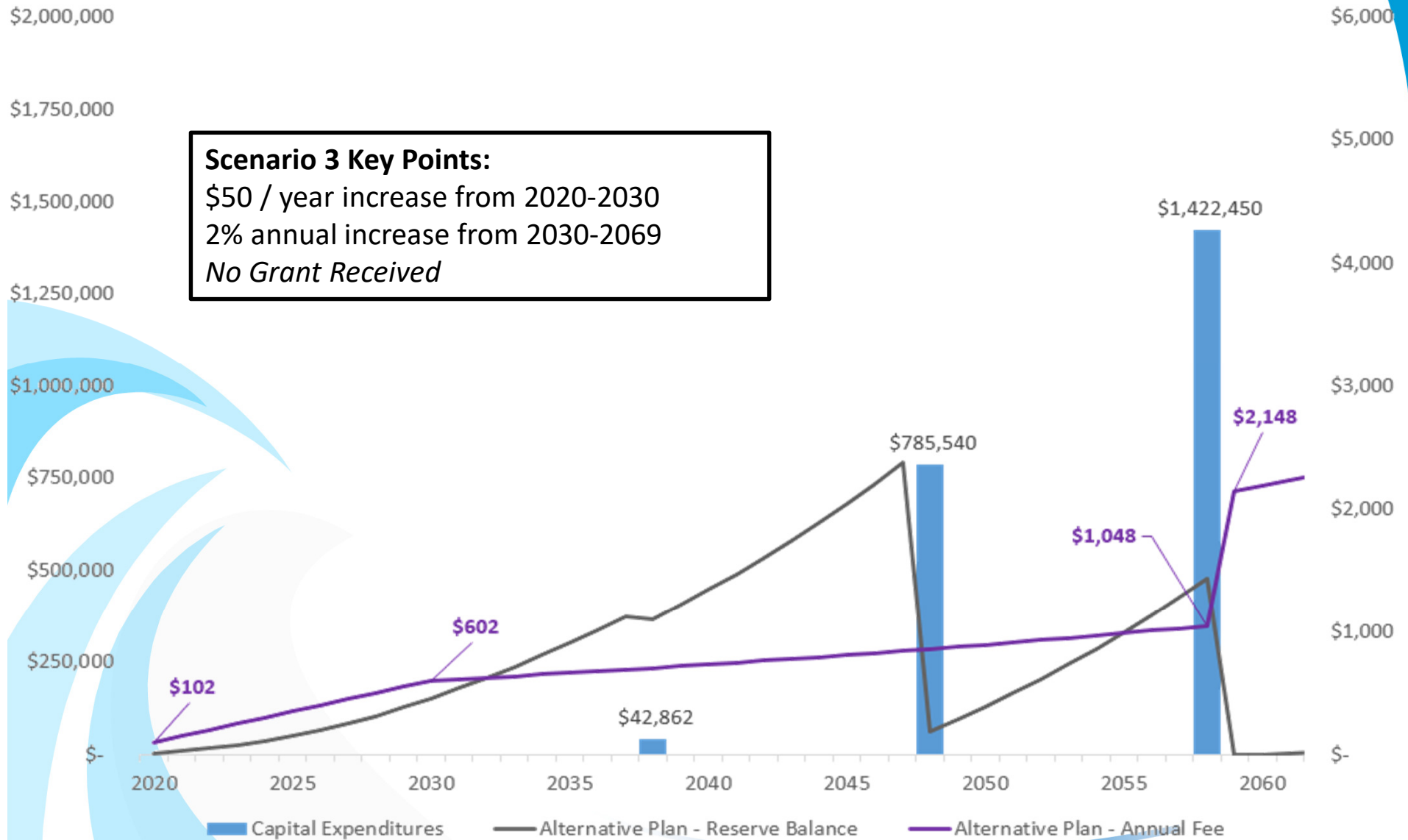


[www.scrd.ca](http://www.scrd.ca)



# Painted Boat

## 50-Year Anticipated Capital Expenditures



[www.scrd.ca](http://www.scrd.ca)

# Sakinaw Ridge

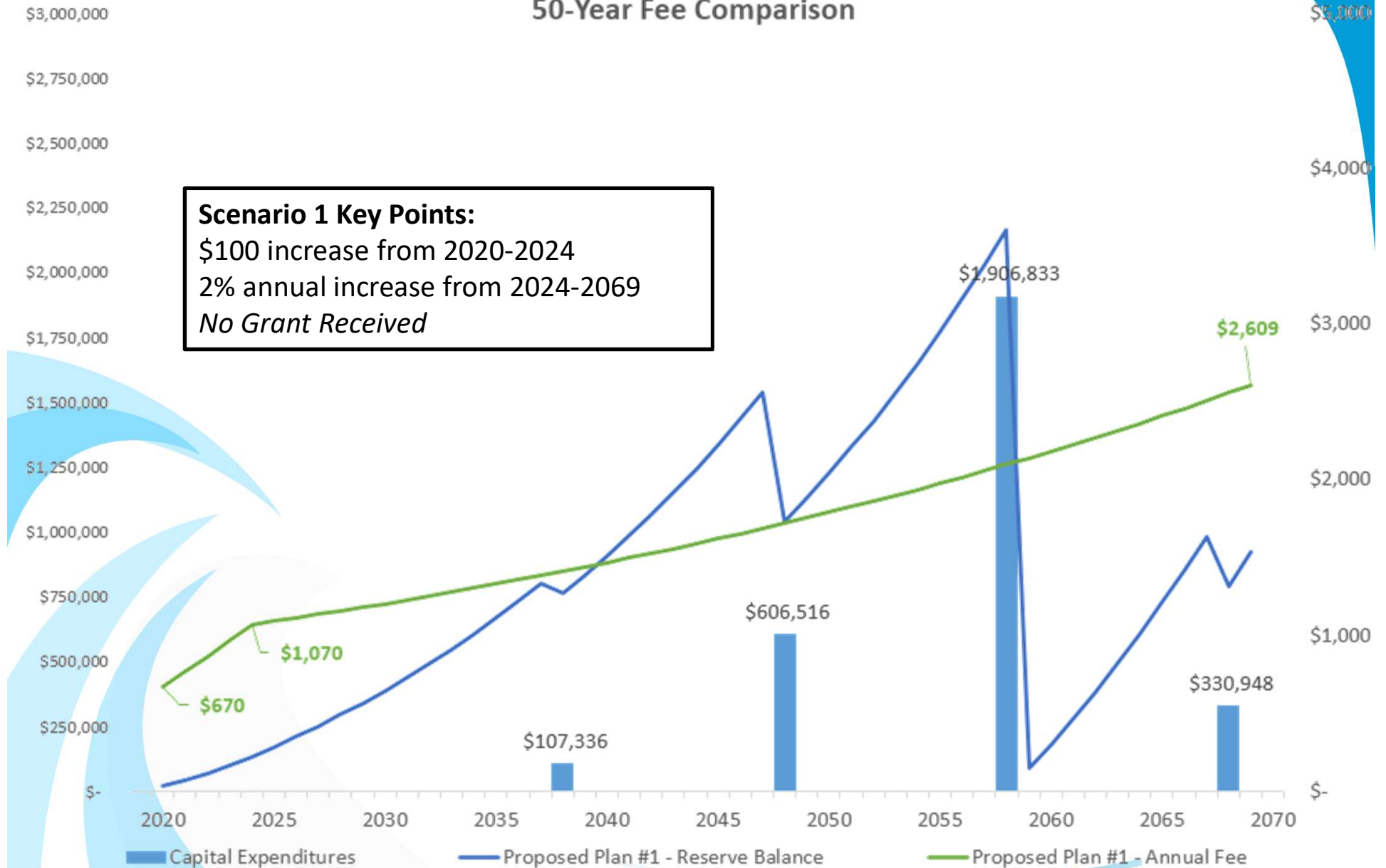
## 50-Year Fee Comparison

### Scenario 1 Key Points:

\$100 increase from 2020-2024

2% annual increase from 2024-2069

*No Grant Received*



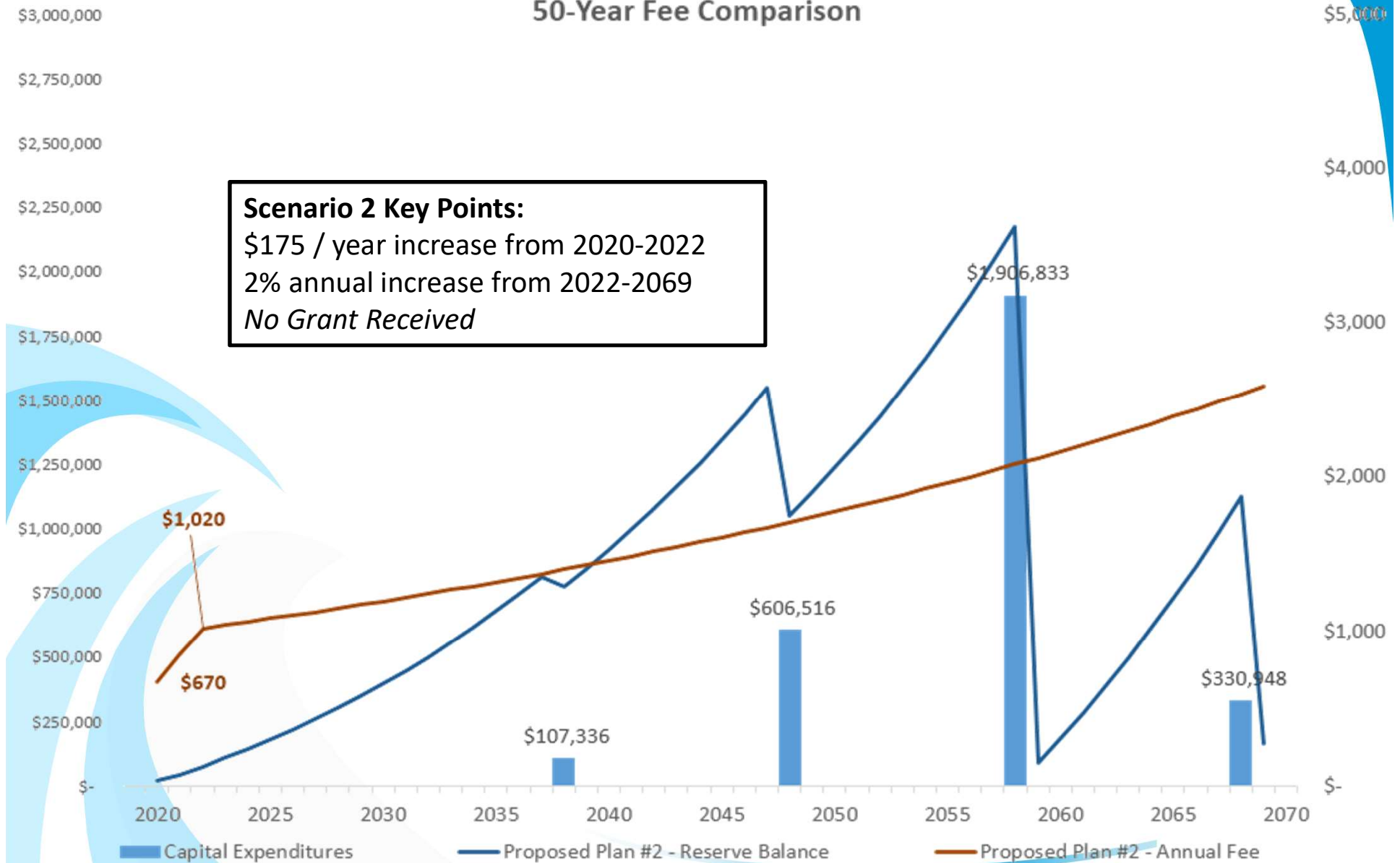
[www.scrd.ca](http://www.scrd.ca)

# Sakinaw Ridge

## 50-Year Fee Comparison

### Scenario 2 Key Points:

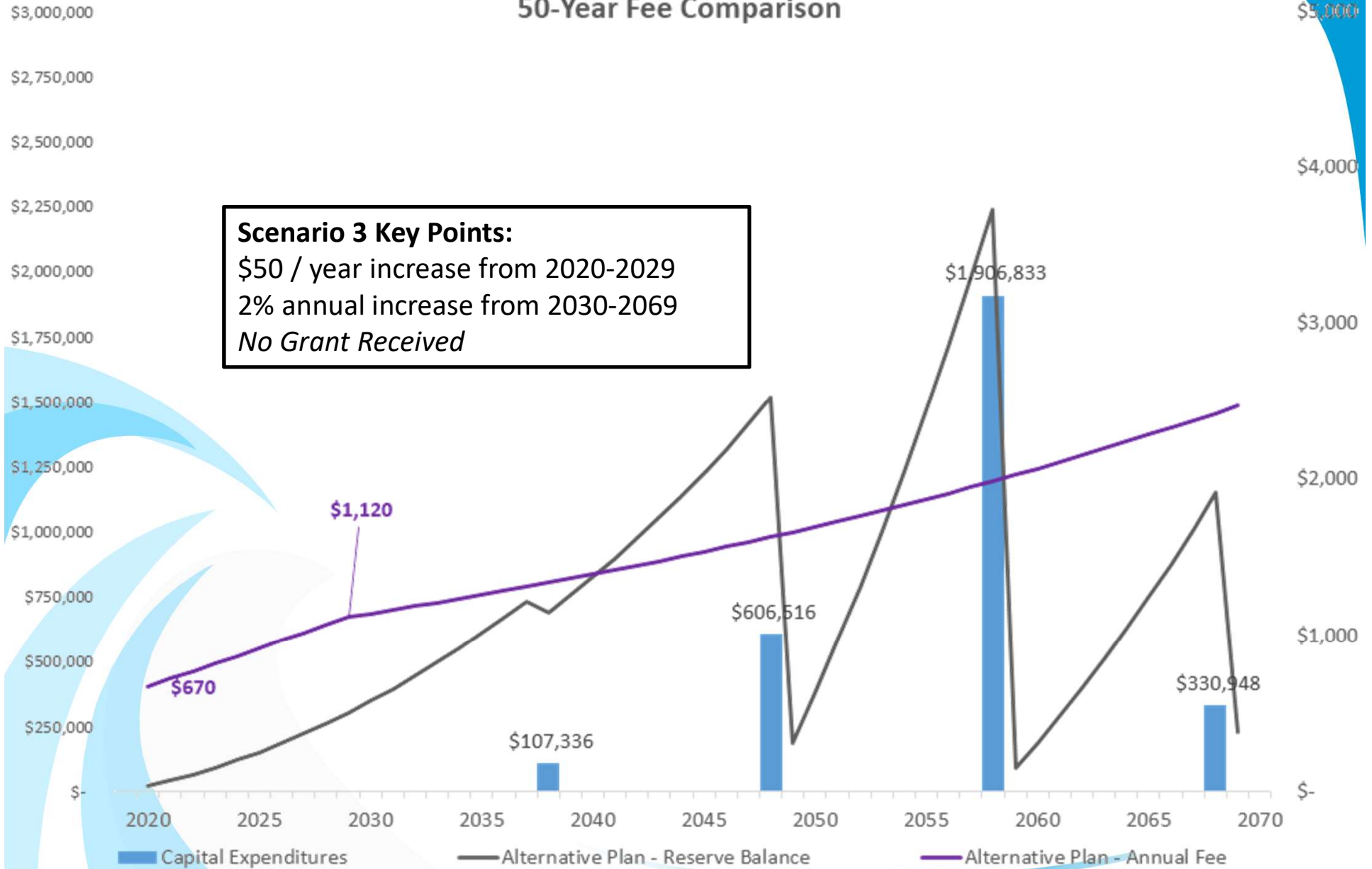
\$175 / year increase from 2020-2022  
 2% annual increase from 2022-2069  
*No Grant Received*



[www.scrd.ca](http://www.scrd.ca)

# Sakinaw Ridge

## 50-Year Fee Comparison



[www.scrd.ca](http://www.scrd.ca)

## SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

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**TO:** Corporate and Administrative Services Committee – November 26, 2020

**AUTHOR:** Kyle Doyle, Manager, Asset Management

**SUBJECT:** 2021 WASTEWATER USER FEE REVIEW

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### RECOMMENDATIONS

**THAT the report titled 2021 Wastewater User Fee Review be received;**

**AND THAT the respective rate Bylaws be amended to reflect the proposed 2021 User Fees detailed in Table 2 of the report;**

**AND THAT the 2021-2025 Financial Plan be amended accordingly;**

**AND FURTHER THAT the recommendation be forwarded to the November 26, 2020 Regular Board Meeting.**

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### BACKGROUND

In January 2020 a report titled 'Wastewater Asset Management and Rate Review' presented a comprehensive review of wastewater funding and provided recommendations to adjust User and Frontage Fees as a part of an effort to progress towards sustainable funding for these services.

It was indicated at that time that an annual review would be conducted and presented to the board to ensure funding levels were appropriate. The purpose of this report is to provide a summary of the review of User Fees for the 15 wastewater services. To date a full calendar year has not passed since the implementation of the new rate structure.

### DISCUSSION

#### Introduction

A review of the Operation and Maintenance (O&M) budgets for 15 wastewater services has been conducted. This review occurred with less than one full year of operations occurring since the implementation of a new rate structure for both User Fees and Frontage Fees. It is expected that subsequent reviews of the O&M budgets for these functions will be able to provide a more certain understanding of how the projected budgets are performing against actual expenses.

#### Increases to Operational Expenses

There are two significant factors that have been identified that will increase the cost of delivering wastewater services. Most notably, the Sechelt Wastewater Treatment Plant has increased the cost of disposing of septage. The rate to dispose of sewage sludge that is routinely pumped out of 14 of the 15 wastewater services has increased 260% from \$0.05/litre to \$0.13/litre. In addition there is a latent increase proportional to the operational expenses of each service that

will be realized in the upcoming year. This increase is driven by the Support Services Allocation Policy.

The specific projected financial impact of this change is presented below in Table 1.

*Table 1 - Projected Change in Operational Expenses*

Function	Name	No of users	Projected Increase to Annual Pumping Fees	Increased Support Service Allocation	Allocation for Inflationary Increase	Total Increase	Per User increase
381	Greaves	5	\$ 230.00	\$ 73.00	\$ 25.00	\$ 328.00	\$ 65.60
382	Woodcreek	73	\$ 5,520.00	\$ 1,026.00	\$ 344.00	\$ 6,890.00	\$ 94.38
383	Sunnyside	8	\$ 230.00	\$ 84.00	\$ 28.00	\$ 342.00	\$ 42.75
384	Jolly Roger	31	\$ 3,680.00	\$ 821.00	\$ 160.00	\$ 4,661.00	\$ 150.35
385	Secret Cove	34	\$ 3,680.00	\$ 449.00	\$ 162.00	\$ 4,291.00	\$ 126.21
386	Lee Bay	113	\$ 7,360.00	\$ 31.00	\$ 288.00	\$ 7,679.00	\$ 67.96
387	Square Bay	80	\$ 7,360.00	\$ 2,825.00	\$ 601.00	\$ 10,786.00	\$ 134.83
388	Langdale	40	\$ 5,520.00	\$ 1,515.00	\$ 357.00	\$ 7,392.00	\$ 184.80
389	Canoe	6	\$ -	\$ 208.00	\$ 38.00	\$ 246.00	\$ 41.00
390	Merrill	12	\$ 920.00	\$ 900.00	\$ 151.00	\$ 1,971.00	\$ 164.25
391	Curran	57	\$ 3,680.00	\$ 766.00	\$ 225.00	\$ 4,671.00	\$ 81.95
392	Roberts Creek	31	\$ 3,680.00	\$ 1,132.00	\$ 301.00	\$ 5,113.00	\$ 164.94
393	Lily Lake	28	\$ 920.00	\$ 599.00	\$ 180.00	\$ 1,699.00	\$ 60.68
394	Painted Boat	34	\$ 920.00	\$ 298.00	\$ 141.00	\$ 1,359.00	\$ 39.97
395	Sakinaw	8	\$ 920.00	\$ 1,597.00	\$ 268.00	\$ 2,785.00	\$ 348.13

#### Observed Variance from Projected 2020 Expenditures

Repeating the provision that this analysis follows less than one full year of operation, there are some notable variances observed from the projected 2020 operation budgets for the wastewater services. Projected budgets were based on a full complement of utility staff, however that was not realized for the entirety of the year. As such over \$80,000 in budgeted staffing expenses were not utilized over the 15 services.

Further variance can be observed in the non-staffing expenses related to wastewater services, however that is to be expected as the projected budgets were based on annualized costs over a period of several years. Appendix A contains charts detailing variance by service for both staffing and non-staffing expenses and Appendix B contains detailed charts for each service. These expenses should be continued to be reviewed annually as more data will become available over time.

#### Operation and Maintenance Reserves

The January 2020 report recommended several wastewater services have a temporary additional fee to build O&M Reserve level to meet minimum targets. Some services are projected to exceed the target minimum for O&M reserves and most are projected to reach the minimum reserve ahead of the original 5-year schedule due to the unspent staffing expenses from 2020.

Service Area Specific Details

*381 – Greaves Road*

Greaves Road is expected to have increased O&M Expenses of \$230/yr related to increased pumping fees and \$73 from increased support services costs. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$25.

The total increase in O&M Expenses is expected to be \$326 for this service, or approximately \$65 for each participant in the service.

Greaves Road is anticipated to have exceeded the targeted \$7,500 O&M reserve by the end of this year including the commitment of up to \$1,250 towards the grant-funded feasibility study that is expected to be awarded soon.

*382 – Woodcreek Park*

Woodcreek Park is expected to have increased O&M Expenses of \$5,520/yr related to increased pumping fees and \$1,026 from increased support services costs. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$344.

The total increase in O&M Expenses is expected to be \$6,890 for this service, or approximately \$94 for each participant in the service.

Woodcreek Park is in the process of upgrading various components of its treatment system and is projected to exceed the anticipated staff expenditures for the year.

*383 – Sunnyside*

Sunnyside is expected to have increased O&M Expenses of \$230/yr related to increased pumping fees and \$84 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$28.

The total increase in O&M Expenses is expected to be \$342 for this service, or approximately \$43 for each participant in the service.

Sunnyside is anticipated to have exceeded the targeted \$7,500 O&M reserve by the end of this year however there are outstanding expenses that have yet to be resolved that may deplete the reserve below the target threshold. These include a feasibility study to assess future capital expenditures, repairing known issues with the collection system and expenses related to clarifying land ownership/right-of-way uncertainties.

*384 – Jolly Roger*

Jolly Roger is expected to have increased O&M Expenses of \$3,680/yr related to increased pumping fees and \$821 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$160.

The total increase in O&M Expenses is expected to be \$4,661 for this service, or approximately \$150 for each participant in the service.

Jolly Roger is anticipated to have exceeded the targeted \$10,000 O&M reserve by the end of this year however there are outstanding expenses that have yet to be resolved that may deplete the reserve below the target threshold. These include a feasibility study to assess future capital expenditures and expenses related to clarifying land ownership/right-of-way uncertainties.

### **385 – Secret Cove**

Secret Cove is expected to have increased O&M Expenses of \$3,680/yr related to increased pumping fees and \$449 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$162.

The total increase in O&M Expenses is expected to be \$4,291 for this service, or approximately \$126 for each participant in the service.

Secret Cove is anticipated to have exceeded the targeted \$10,000 O&M reserve by the end of this year including outstanding expenses that have yet to be resolved. These include a feasibility study to assess future capital expenditures and expenses related to clarifying land ownership/right-of-way uncertainties.

### **386 – Lee Bay**

Lee Bay is expected to have increased O&M Expenses of \$7,360/yr related to increased pumping fees and \$31 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$288.

The total increase in O&M Expenses is expected to be \$7,679 for this service, or approximately \$68 for each participant in the service.

Lee Bay has an O&M Reserve balance greater than the target threshold.

### **387 – Square Bay**

Square Bay is expected to have increased O&M Expenses of \$7,360/yr related to increased pumping fees and \$2,825 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$601.

The total increase in O&M Expenses is expected to be \$10,786 for this service, or approximately \$135 for each participant in the service.

Square Bay has an O&M Reserve balance greater than the target threshold.

### **388 – Langdale**

Langdale is expected to have increased O&M Expenses of \$5,520/yr related to increased pumping fees and \$1,515 from increased support services. The cost of



providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$357.

The total increase in O&M Expenses is expected to be \$7,392 for this service, or approximately \$185 for each participant in the service.

Langdale has an O&M Reserve balance greater than the target threshold including the planned projects for the service area.

#### *389 – Canoe Road*

Canoe Road is expected to have increased O&M Expenses of \$208 related to increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$38.

The total increase in O&M Expenses is expected to be \$246 for this service, or approximately \$41 for each participant in the service.

Canoe Road is anticipated to have exceeded the targeted \$7,500 O&M reserve by the end of this year with no planned expenditures.

#### *390 – Merrill Crescent*

Merrill Crescent is expected to have increased O&M Expenses of \$920/yr related to increased pumping fees and \$900 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$151.

The total increase in O&M Expenses is expected to be \$1,971 for this service, or approximately \$164 for each participant in the service.

Merrill Crescent is anticipated to have exceeded the targeted \$7,500 O&M reserve by the end of this year including outstanding expenses related to a feasibility study to assess future capital expenditures.

#### *391 – Curran Road*

Curran Road is expected to have increased O&M Expenses of \$3,680/yr related to increased pumping fees and \$766 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$225.

The total increase in O&M Expenses is expected to be \$4,671 for this service, or approximately \$81 for each participant in the service.

Curran has an O&M Reserve balance greater than the target threshold including any planned O&M projects for the service area.

*392 – Roberts Creek Co Housing*

Roberts Creek Co Housing is expected to have increased O&M Expenses of \$3,680/yr related to increased pumping fees and \$1,132 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$301.

The total increase in O&M Expenses is expected to be \$5,113 for this service, or approximately \$165 for each participant in the service.

Roberts Creek Co Housing has an O&M Reserve balance greater than the target threshold including the planned O&M projects for the service area.

*393 – Lily Lake*

Lily Lake is expected to have increased O&M Expenses of \$920/yr related to increased pumping fees and \$599 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$180.

The total increase in O&M Expenses is expected to be \$1,699 for this service, or approximately \$61 for each participant in the service.

Lily Lake has an O&M Reserve balance greater than the target threshold including the planned O&M projects for the service area.

*394 – Painted Boat*

Painted Boat is expected to have increased O&M Expenses of \$920/yr related to increased pumping fees and \$298 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$141.

The total increase in O&M Expenses is expected to be \$1,359 for this service, or approximately \$40 for each participant in the service.

Painted Boat has an O&M Reserve balance greater than the target threshold with no planned projects.

*395 – Sakinaw Ridge*

Sakinaw Ridge is expected to have increased O&M Expenses of \$920/yr related to increased pumping fees and \$1,597 from increased support services. The cost of providing the service is also anticipated to rise due to inflationary increases in the magnitude of \$268.

The total increase in O&M Expenses is expected to be \$2,785 for this service, or approximately \$348 for each participant in the service. Sakinaw Ridge currently operates under a unique arrangement where some of the operational expenses are funded through revenue collected from Frontage Fees due to the low build out ratio of this service area. Balancing of funding sources will need to be completed subsequent to the Capital Funding Review for wastewater services.

Sakinaw Ridge has an O&M Reserve balance greater than the target threshold with no planned projects.

### *Financial Implications*

A summary of the recommended changes to the existing User Fees for the 15 wastewater service areas is presented below in Table 2. Recommended changes include reserve building fees as well.

*Table 2: Recommended User Fee Changes*

Function	Name	Fee Bylaw	# of Users	2020 User Fees	Per User Increase	2021 User Fees	2020 Reserve Contribution	2021 Reserve Contribution	Net Change
381	Greaves	428	5	\$ 415.00	\$ 65.60	\$ 480.60	\$ 180.84	\$ -	\$ (115.24)
382	Woodcreek	430	73	\$ 554.17	\$ 94.38	\$ 648.55	\$ -	\$ -	\$ 94.38
383	Sunnyside	428	8	\$ 306.47	\$ 42.75	\$ 349.22	\$ 385.00	\$ 385.00	\$ 42.75
384	Jolly Roger	428	31	\$ 646.07	\$ 150.35	\$ 796.42	\$ 36.12	\$ 36.12	\$ 150.35
385	Secret Cove	428	34	\$ 586.36	\$ 126.21	\$ 712.57	\$ 30.00	\$ -	\$ 96.21
386	Lee Bay	428	113	\$ 412.50	\$ 67.96	\$ 480.46	\$ -	\$ -	\$ 67.96
387	Square Bay	428	80	\$ 501.19	\$ 134.83	\$ 636.02	\$ -	\$ -	\$ 134.83
388	Langdale	428	40	\$ 924.98	\$ 184.80	\$ 1,109.78	\$ -	\$ -	\$ 184.80
389	Canoe	428	6	\$ 929.75	\$ 41.00	\$ 970.75	\$ 146.83	\$ -	\$ (105.83)
390	Merrill	428	12	\$ 1,499.00	\$ 164.25	\$ 1,663.25	\$ 240.43	\$ -	\$ (76.18)
391	Curran	428	57	\$ 536.75	\$ 81.95	\$ 618.70	\$ -	\$ -	\$ 81.95
392	Roberts Creek	428	31	\$ 687.94	\$ 164.94	\$ 852.88	\$ -	\$ -	\$ 164.94
393	Lily Lake	428	28	\$ 640.69	\$ 60.68	\$ 701.37	\$ -	\$ -	\$ 60.68
394	Painted Boat	644	34	\$ 537.50	\$ 39.97	\$ 577.47	\$ -	\$ -	\$ 39.97
395	Sakinaw	714	8	\$ 955.94	\$ 348.13	\$ 1,304.07	\$ 250.00	\$ -	\$ 98.13

### *Communication Strategy*

A Communication Plan has been developed to inform homeowners of the rate increases. Information regarding rate changes will be communicated via social media and on utility invoices sent to customers. The rate changes will also be posted on the SCRD website.

### **STRATEGIC PLAN AND RELATED POLICIES**

This report aligns with the Boards Strategic focus area of Infrastructure Management and Engagement and Communication.

Financial Sustainability Policy – Sections 4.2.1, 4.2.2, 4.2.4, 4.6.1 and 4.6.2

Corporate Asset Management Plan V. 1.1

### **CONCLUSION**

Changes to the cost of service delivery has necessitated increases to the User Fees of all wastewater services. Unexpected staffing shortages has accelerated reserve building in some service areas.

User Fees will continue to be reviewed to ensure operational budgets are sustainably financed over the full period of assumed annualized expenses.

It is recommended that the increases outlined in Table 2 are implemented and that annual review of user rates continues.

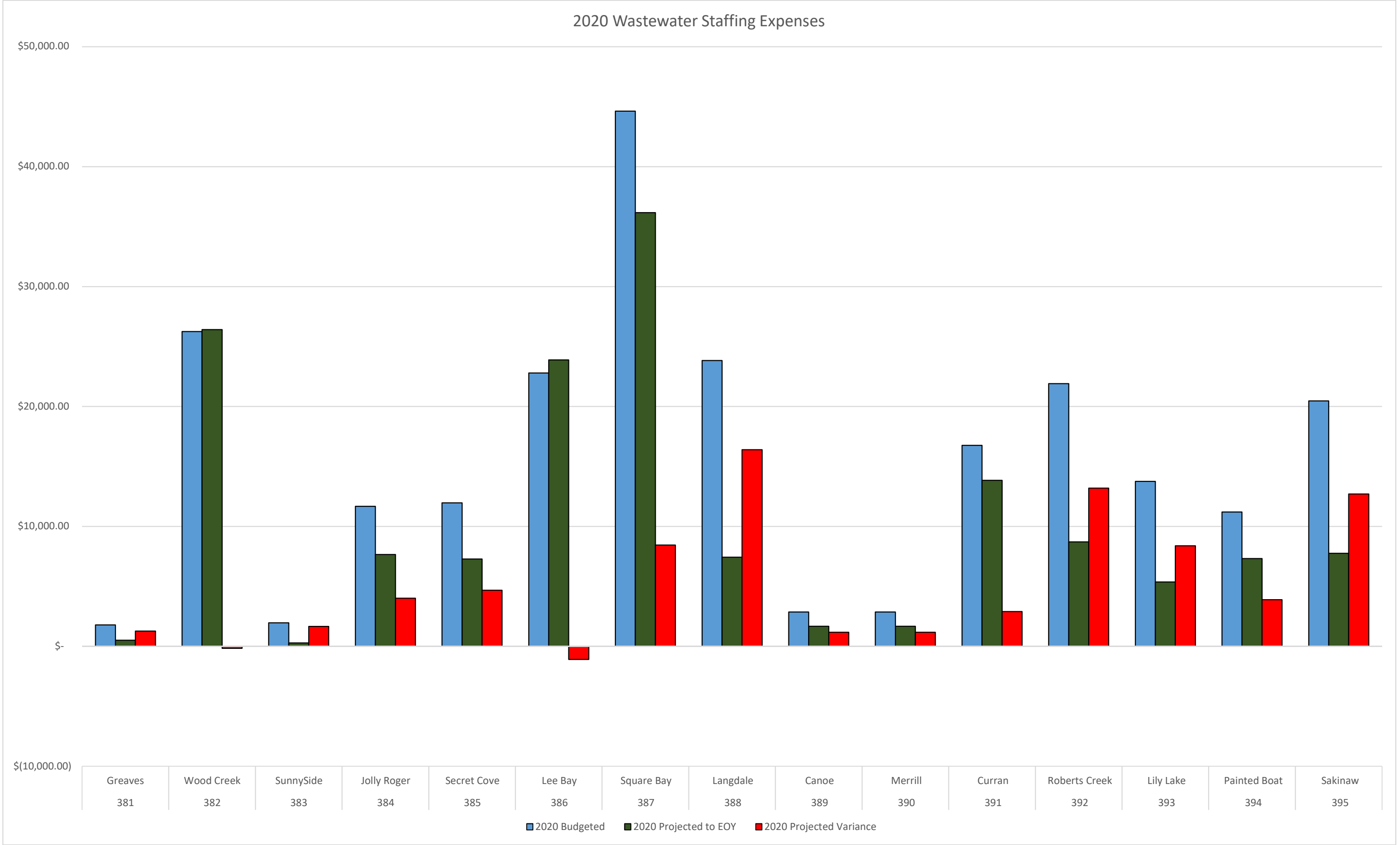
*Attachments*

Attachment A – Staffing and Non-Staffing Variance

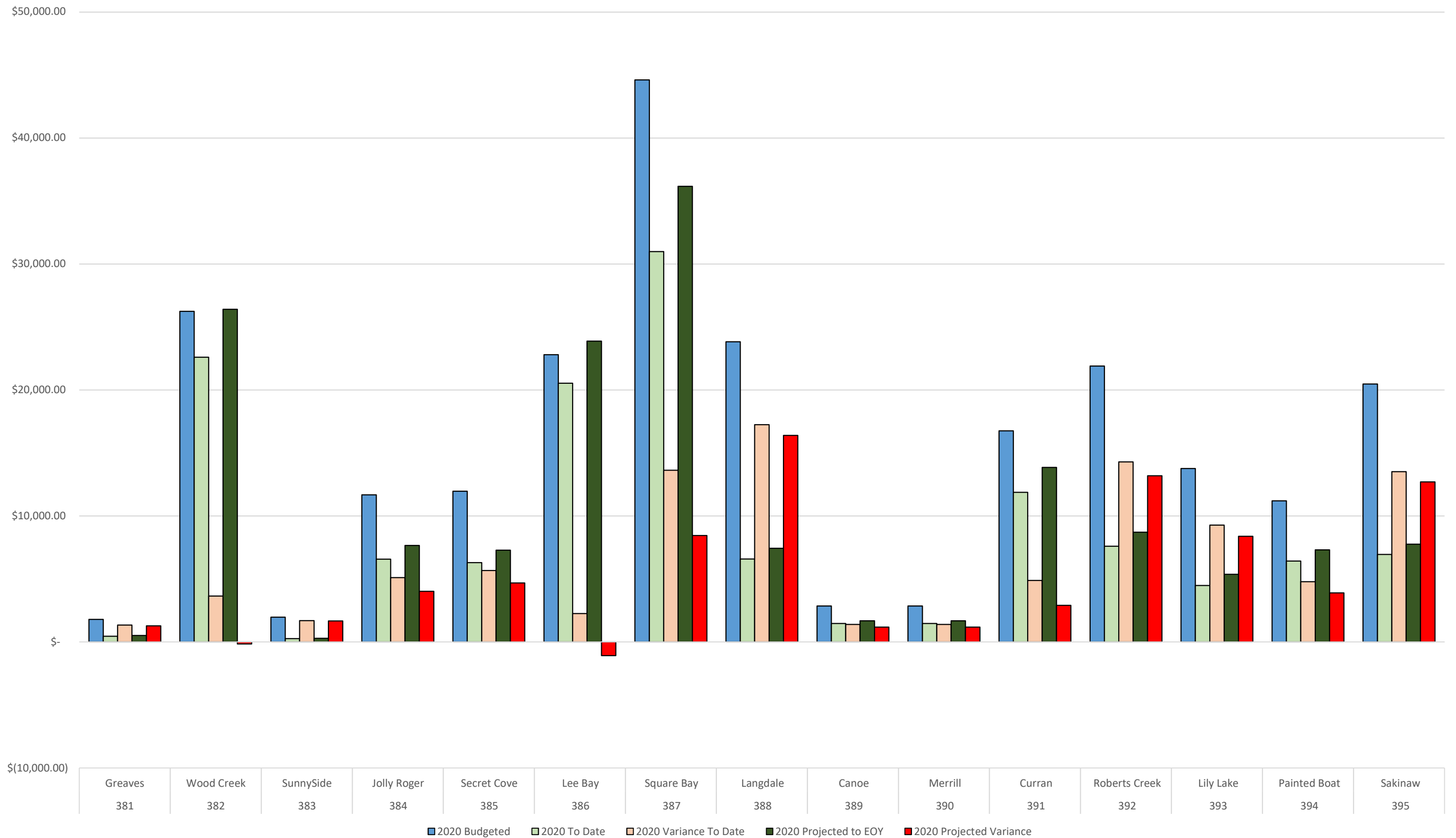
Attachment B – Expenses by Service Area

Reviewed by:			
Manager	X – S. Walkey	CFO	X – T. Perreault
GM	X – R. Rosenboom	Legislative	
CAO	X - D. McKinley	Other	

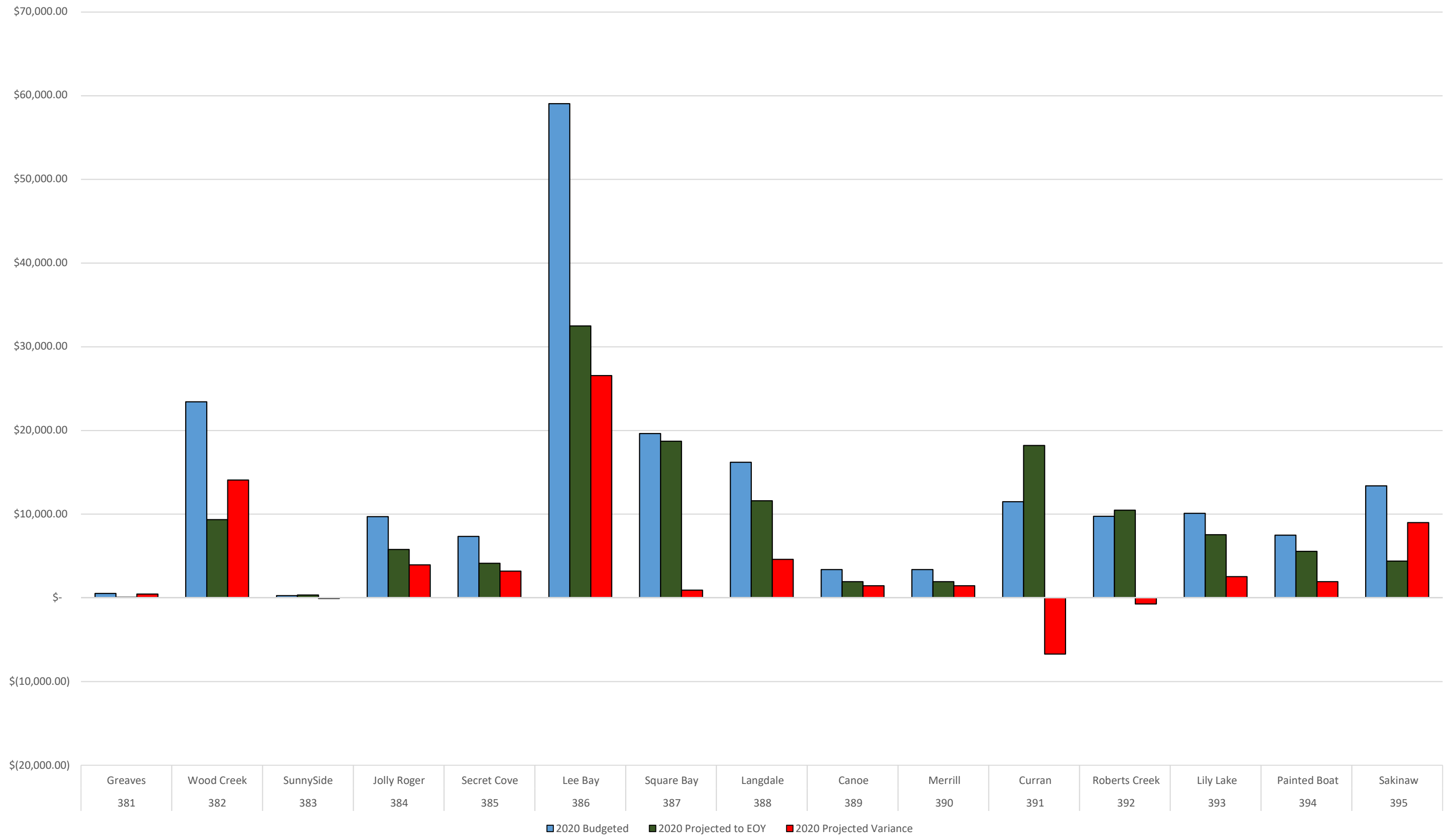
2020 Wastewater Staffing Expenses

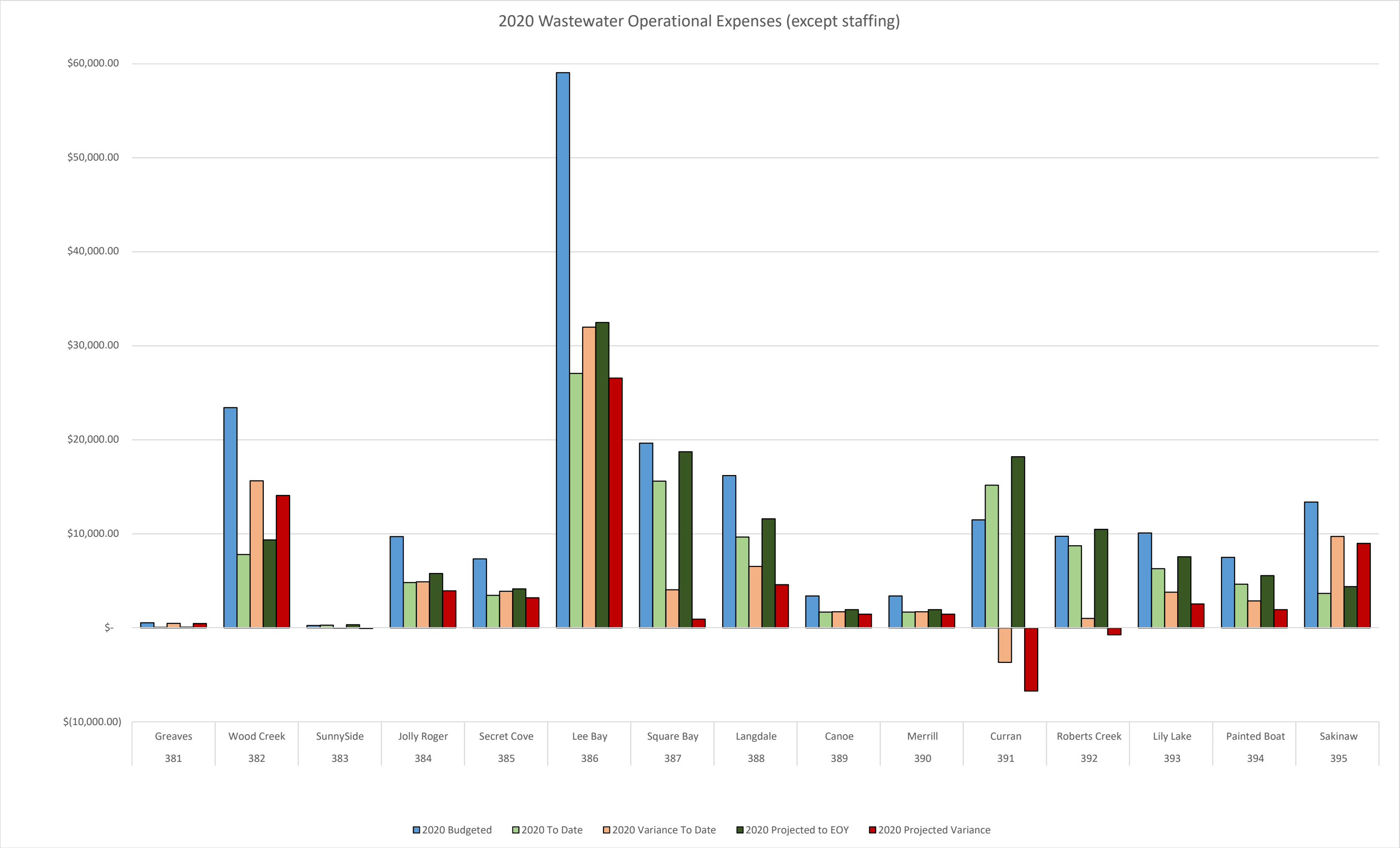


2020 Wastewater Staffing Expenses



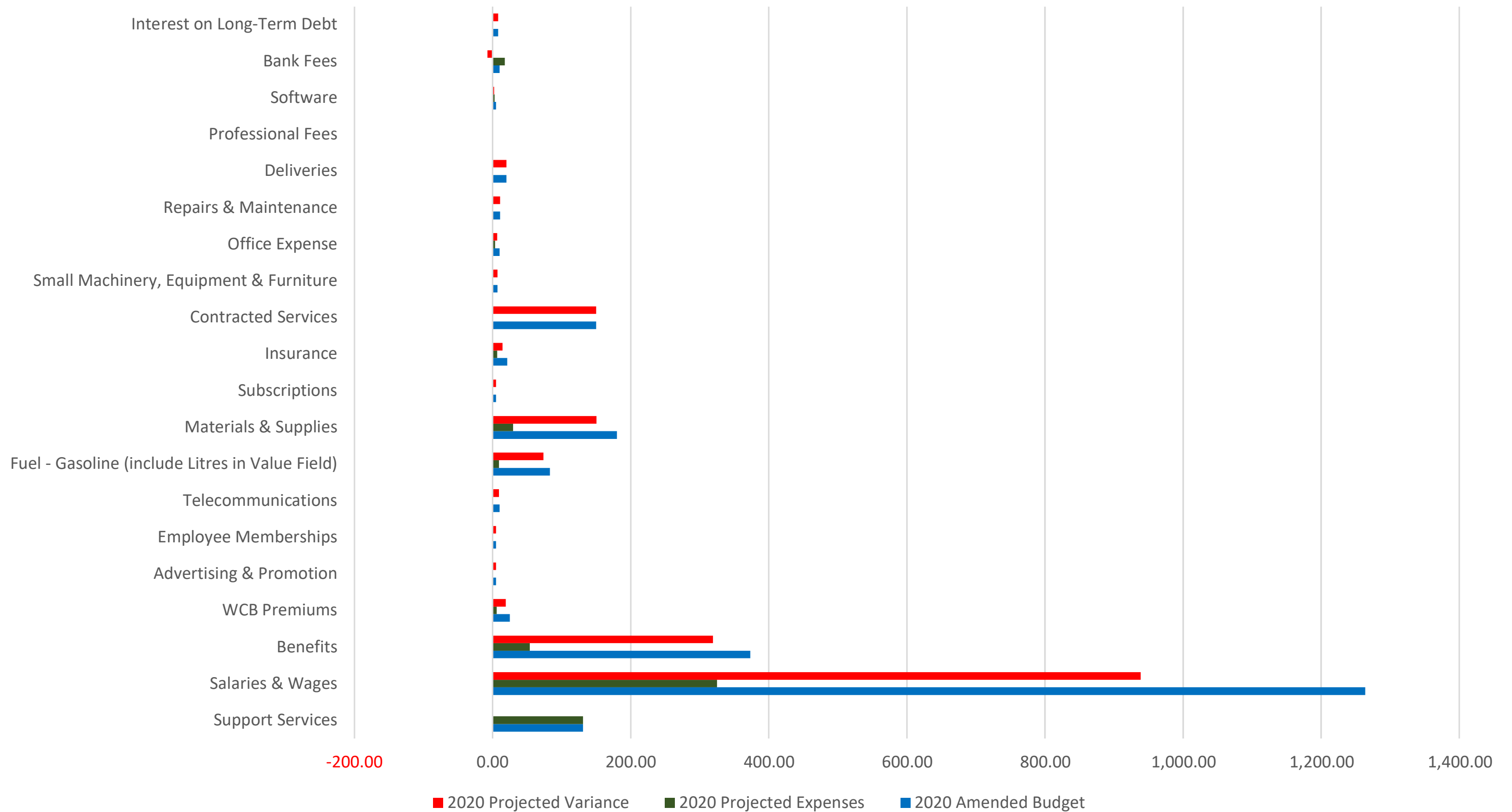
2020 Wastewater Non-Staffing Expenses



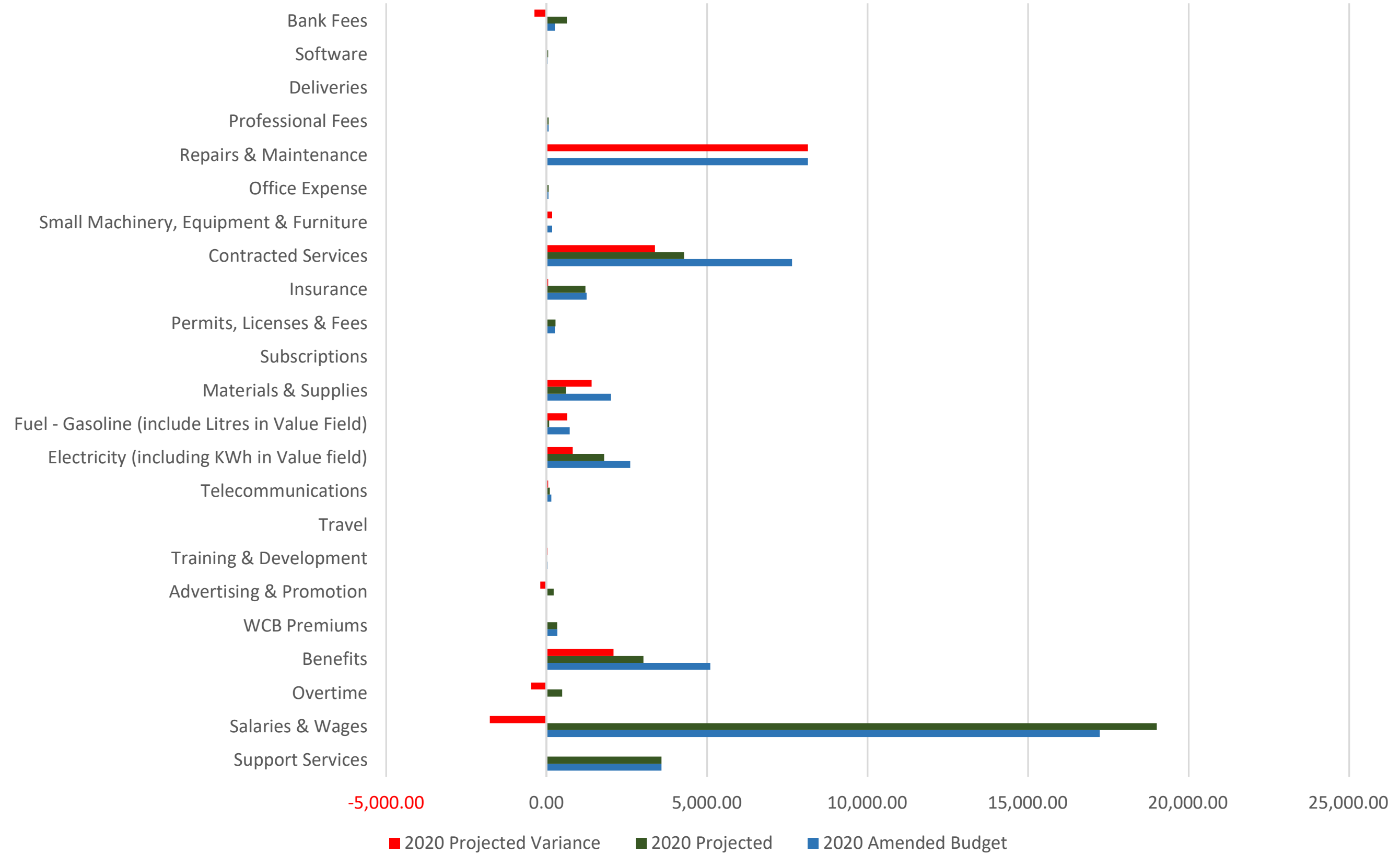




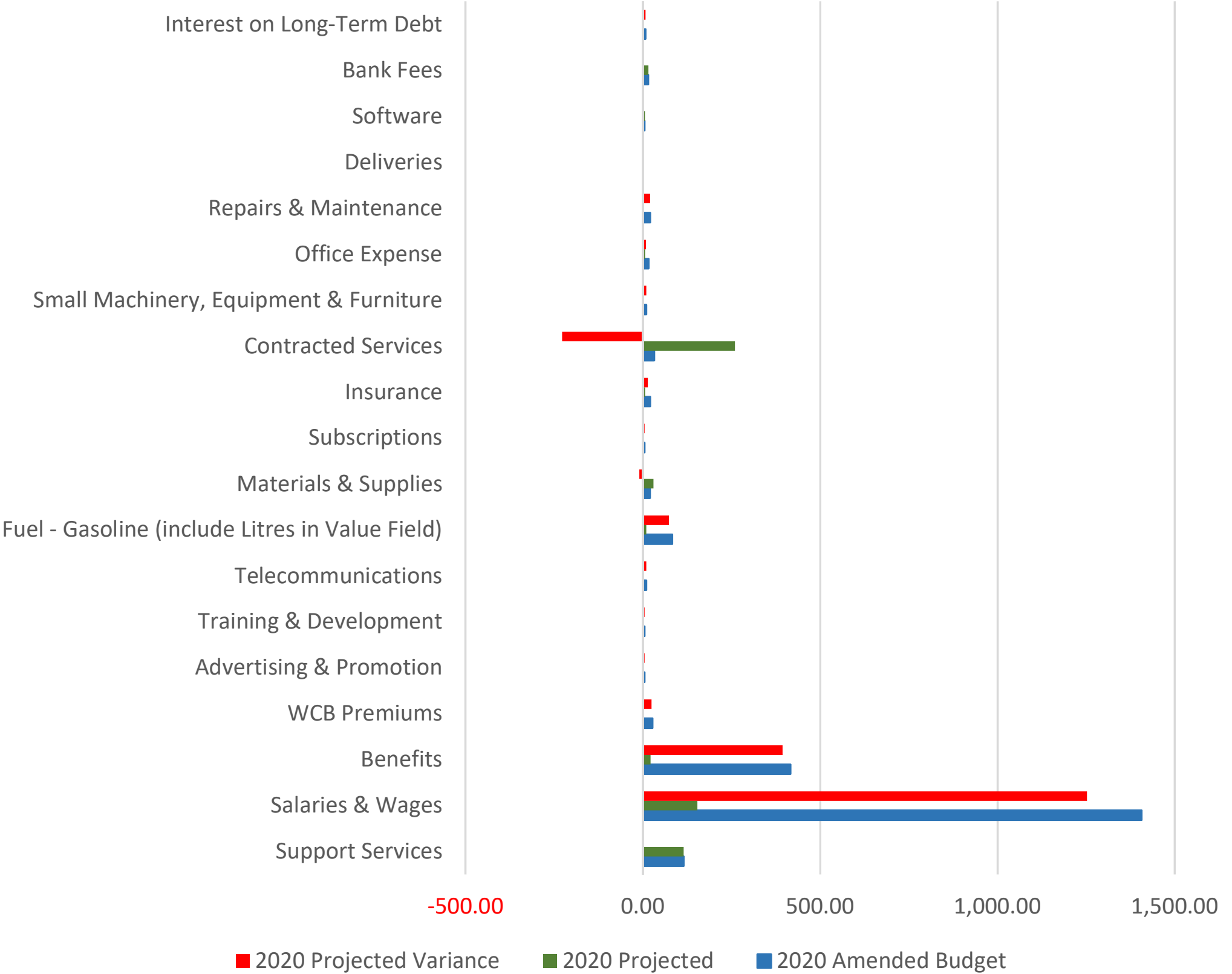
## Greaves Road Variance by Account



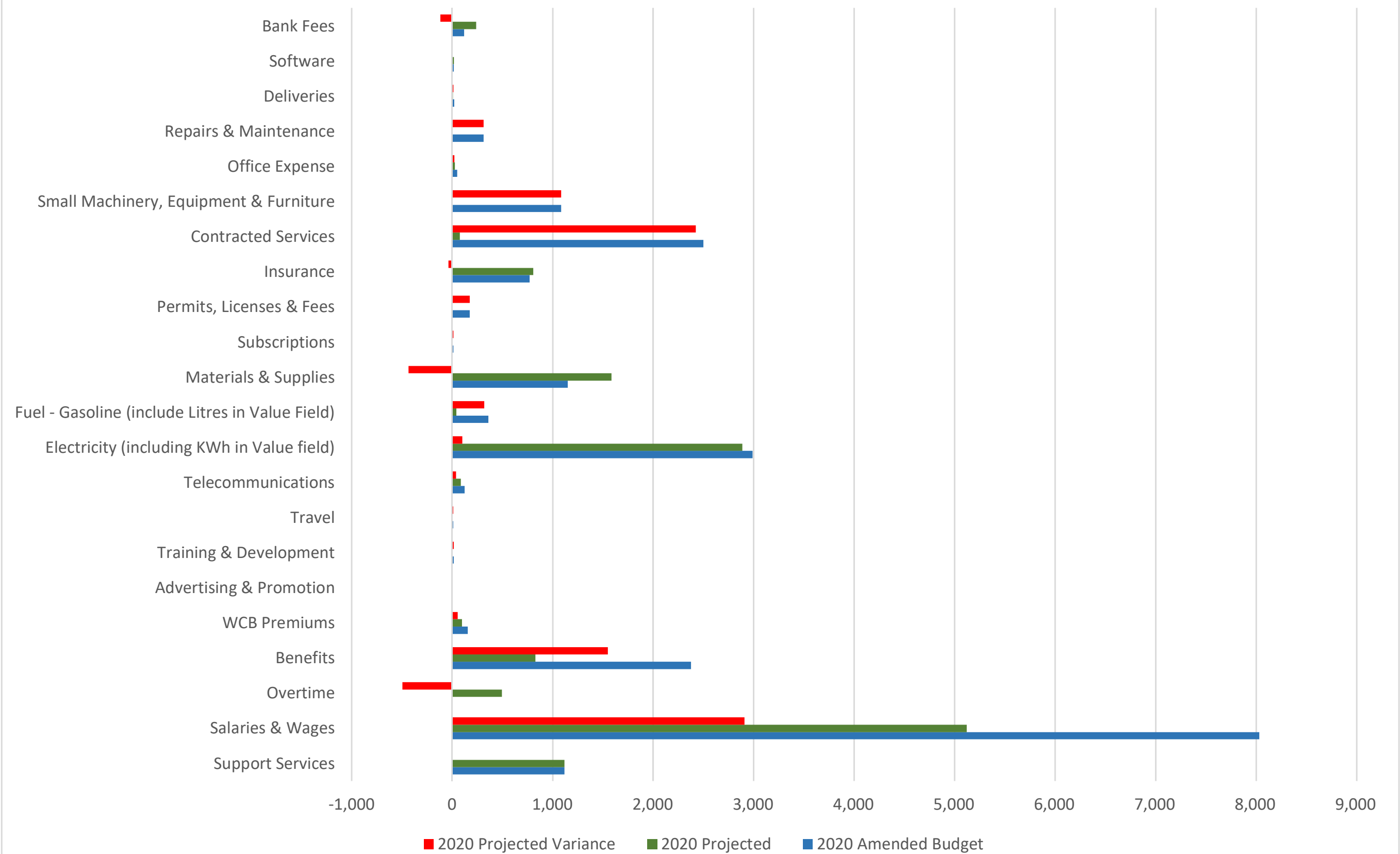
Woodcreek Variance by Account

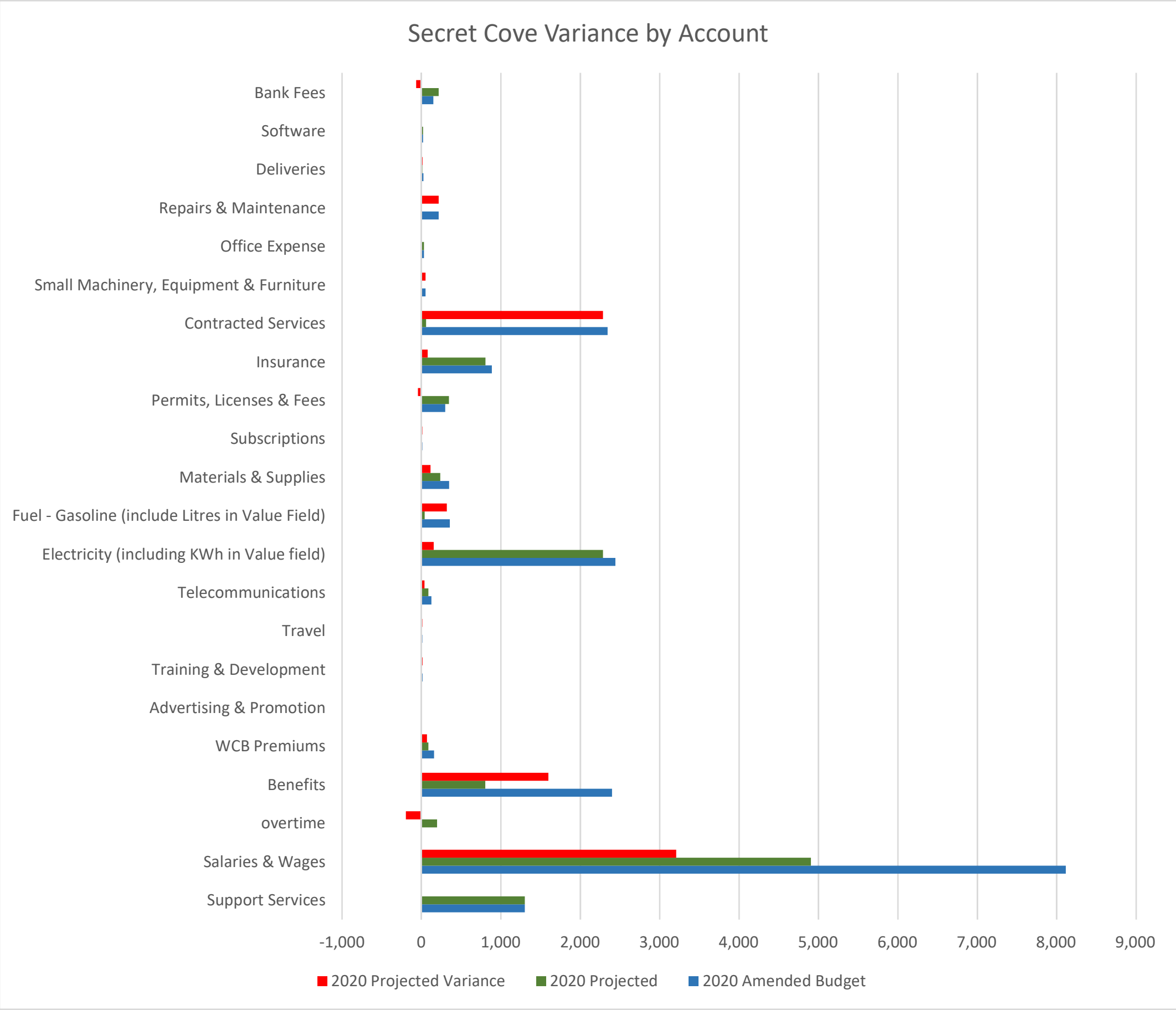


Sunnyside Variance By Account

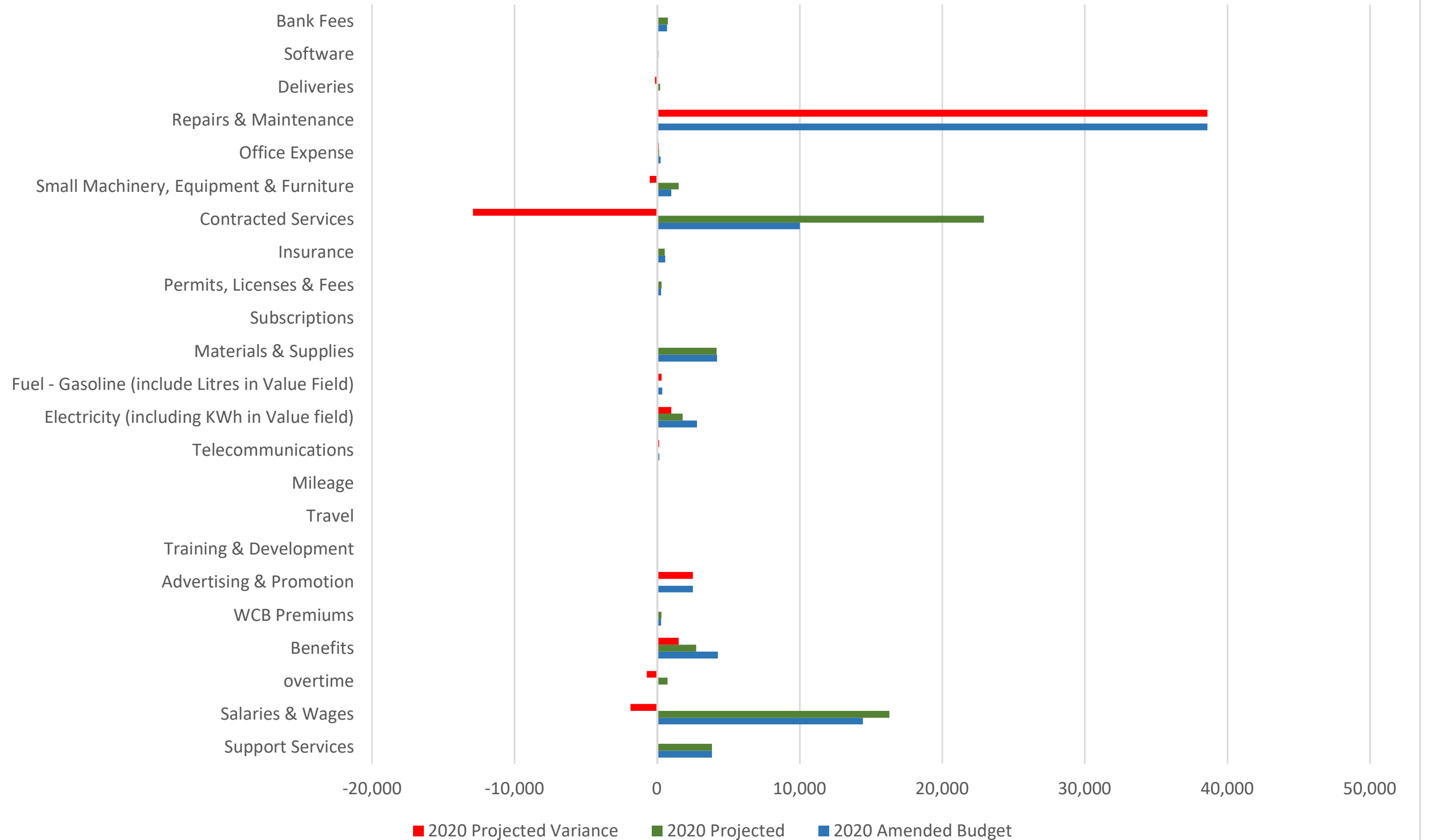


Jolly Roger Variance by Account

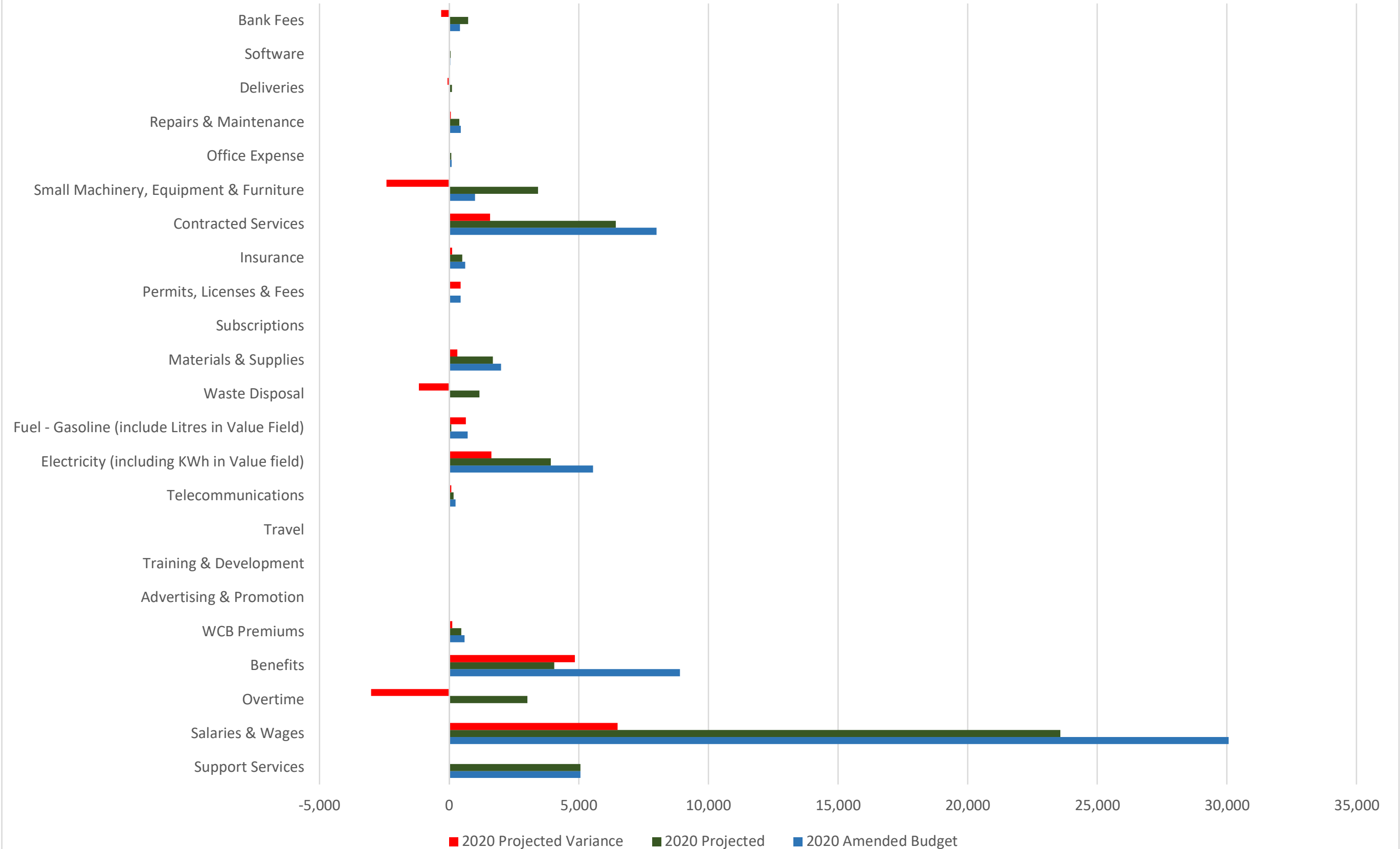


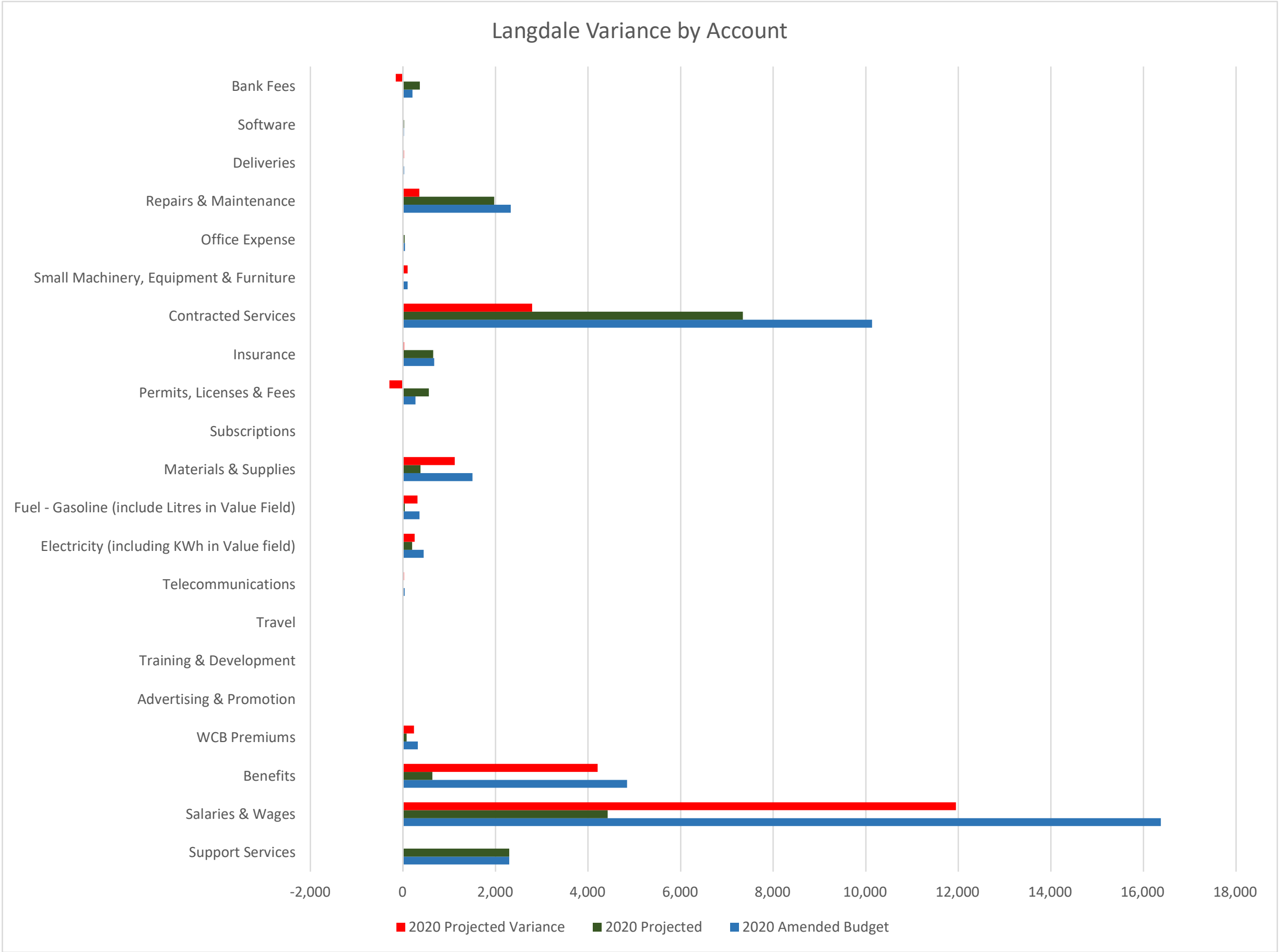


## Lee Bay Variance by Account



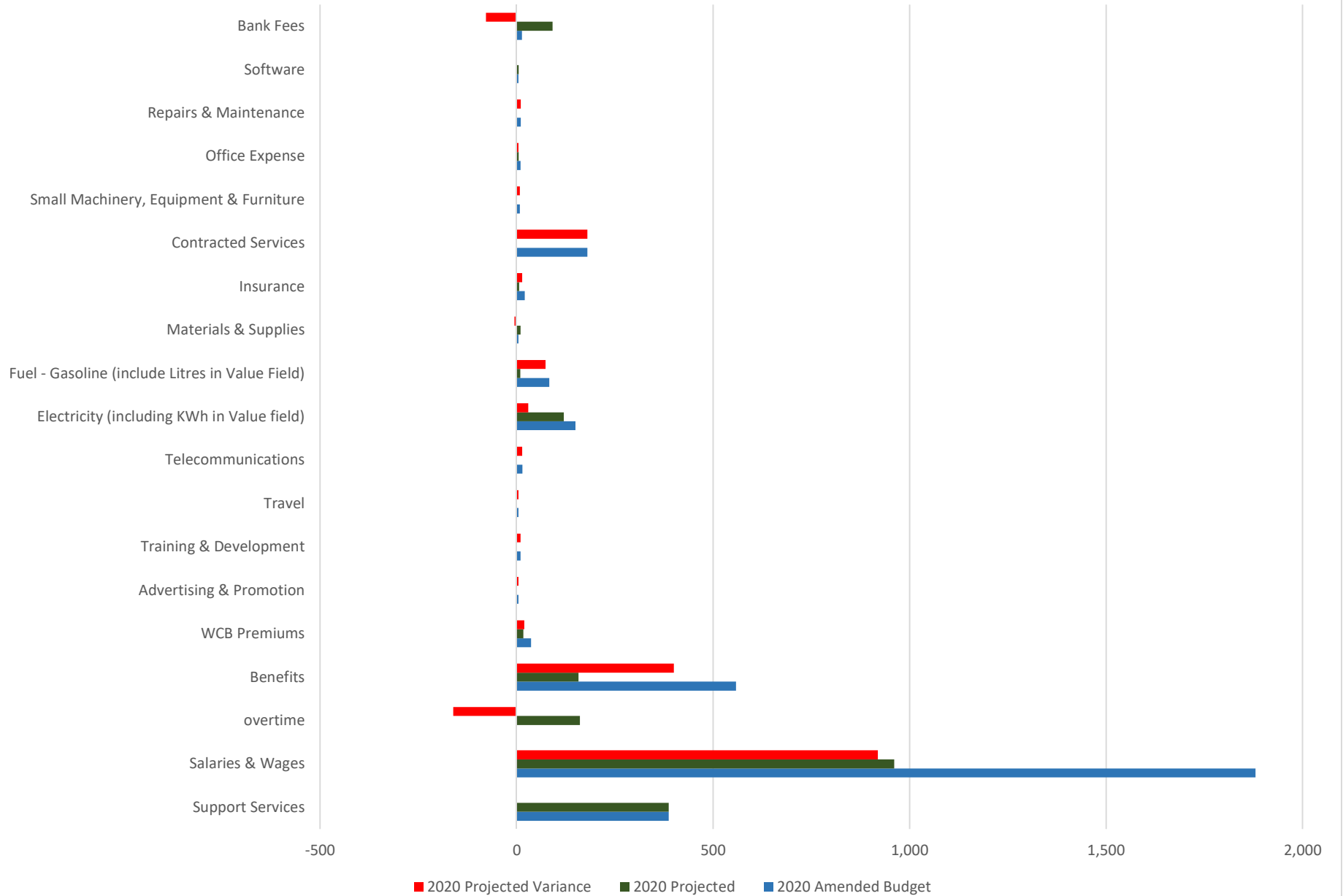
### Square Bay Variance by Account



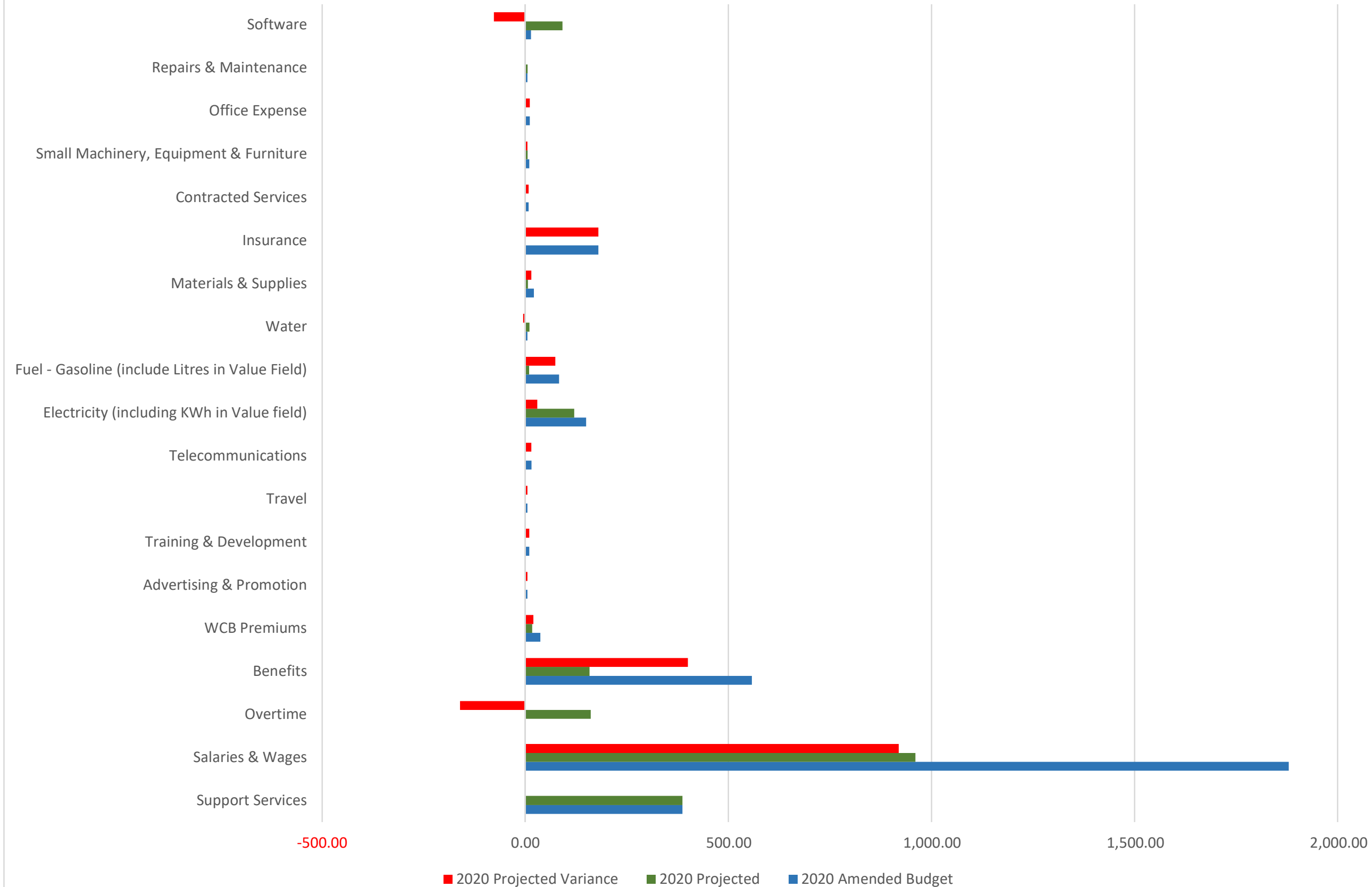


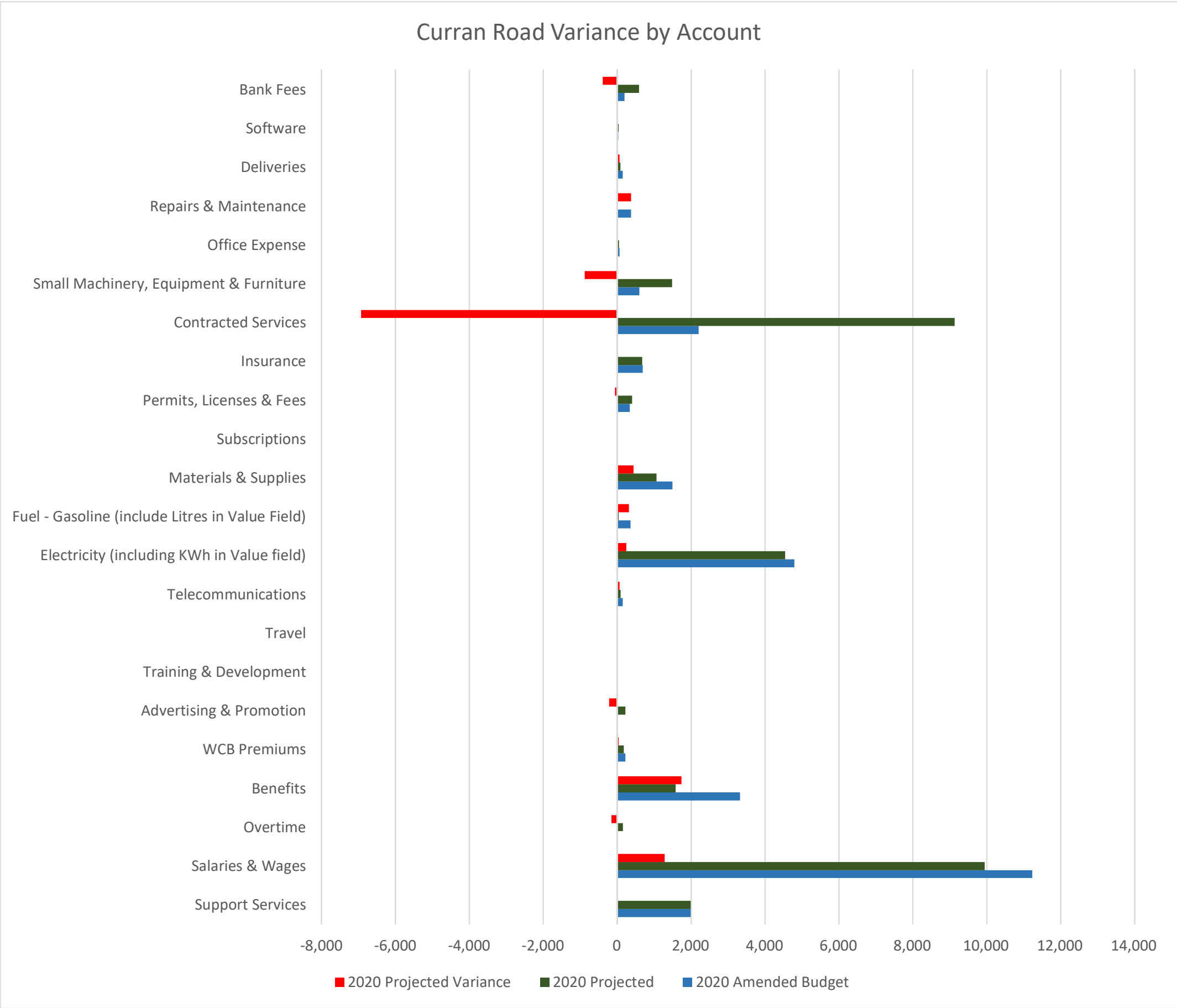


Canoe Road Variance by Account



Merrill Crescent Variance by Account





## Roberts Creek Variance by Account

