



INFRASTRUCTURE SERVICES COMMITTEE

Thursday, November 18, 2021
Held Electronically
and Transmitted via the SCRD Boardroom,
1975 Field Road, Sechelt, B.C.

AGENDA

CALL TO ORDER 2:00 p.m.

AGENDA

1. Adoption of Agenda

PRESENTATIONS AND DELEGATIONS

REPORTS

2. 2022 Refuse Collection Rate Review
General Manager, Corporate Services / Chief Financial Officer
Regional Solid Waste (Voting – All) Annex A
pp 1 - 4
3. Staffing Increase Utility Crew (3.0 FTE) Additional Information
Manager, Utility Services
Regional Water (Voting – A, B, D, E, F and Sechelt) Annex B
pp 5 - 12
4. Regional Water Service Area 2022 Rate Bylaw Amendment
General Manager, Corporate Services / Chief Financial Officer /
Budget and Financial Analyst
Regional Water (Voting – A, B, D, E, F and Sechelt) Annex C
pp 13 - 19
5. South Pender Harbour Water Service Area 2022 Rate Bylaw
Amendment
General Manager, Corporate Services / Chief Financial Officer /
Budget and Financial Analyst
(Voting – All) Annex D
pp 20 - 26
6. North Pender Harbour Water Service Area 2022 Rate Bylaw
Amendment
General Manager, Corporate Services / Chief Financial Officer /
Budget and Financial Analyst
(Voting – All) Annex E
pp 27 - 33
7. Wastewater 2022 User Fee Reviews
Manager, Utility Services
(Voting – All) Annex F
pp 34 - 39

-
8. Wastewater 2022 Frontage Fee Reviews
Manager, Asset Management
Waste Water (Voting – A, B, D, E, F) Annex G
pp 40 - 50
 9. Chapman Creek WTP On-Site Hypochlorite Generation Project -
Contract Amendment No. 1
Manager, Capital Projects / Manager Purchasing and Risk
Management
Regional Water (Voting – A, B, D, E, F and Sechelt) Annex H
pp 51 - 53
 10. RFP 2137013 Contract Award Groundwater Investigation Round 2
Phase 3 - Langdale Wellfield Well
Capital Projects Coordinator
Regional Water (Voting – A, B, D, E, F and Sechelt) Annex I
pp 54 – 57
 11. RFQ 2137015 Contract Award for Pipes, Valves, Hydrants &
Fittings
Manager, Utility Services
Regional Water (Voting – A, B, D, E, F and Sechelt) Annex J
pp 58 – 60
 12. RFP 2135101 Contract Award for Site Operations Services for the
Pender Harbour Transfer Station
Manager, Solid Waste Services
Regional Solid Waste (Voting – All) Annex K
pp 61 – 63
 13. Landfill Engineering Services Contract Amendment
Manager, Solid Waste Services
Regional Solid Waste (Voting – All) Annex L
pp 64 – 65
 14. Mattress Recycling Program Contract Updates
Manager, Solid Waste Services
Regional Solid Waste (Voting – All) Annex M
pp 66 – 69
 15. Metal Container Hauling Recycling Services – Contract Extension
Manager, Solid Waste Services
Regional Solid Waste (Voting – All) Annex N
pp 70 - 72
 16. 2021 Q3 – Quarterly Report
General Manager, Infrastructure Services
(Voting – All) Annex O
pp 73 - 86
 17. Transportation Advisory Committee Meeting Minutes of
October 21, 2021
(Voting – All) Annex P
pp 87 – 90
 18. Water Supply Advisory Committee Meeting Minutes of
November 8, 2021
Regional Water (Voting – A, B, D, E, F and Sechelt) Annex Q
pp 91 – 93

COMMUNICATIONS

19. Minister Conroy, Ministry of Forests, Lands, Natural Resource Operations and Rural Development dated November 2, 2021
Regarding water decisions under the *Water Sustainability Act*

Annex R
pp 94

NEW BUSINESS

IN CAMERA

ADJOURNMENT

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Tina Perreault, General Manager Corporate Services/Chief Financial Officer

SUBJECT: **2022 REFUSE COLLECTION [355] FEE REVIEW**

RECOMMENDATION(S)

THAT the report titled 2022 Refuse Collection [355] Fee Review be received;

AND THAT Schedule A of Sunshine Coast Regional District Waste Collection Bylaw No. 431 be amended to increase waste collection fees by 0% for 2022 and 5% for 2023;

AND THAT the 2022 and 2023 projected operating shortfalls be funded by operating reserves (rate stabilization funds) in the amount of \$8,017 and \$33,536 respectively;

AND FURTHER THAT the 2022-2026 Financial Plan be updated accordingly.

BACKGROUND

Refuse collection rates are set based on the revenue required to fund the service level and contract values approved by the Board. Any surplus revenue not required to fund expenditures in the financial plan is budgeted as a transfer to operating reserves. Conversely, operating reserves can be used to stabilize or smooth out rate increases if sufficient funds exist.

At the December 10, 2020 Board meeting the following recommendation related to the refuse collection rates was adopted:

381/20 **Recommendation No. 15** *2021 Refuse Collection [355] Fee Review*

THAT the report titled 2021 Refuse Collection [355] Fee Review be received;

AND THAT Schedule A of Sunshine Coast Regional District Waste Collection Bylaw No. 431 be amended to increase waste collection fees by 9.0% for 2021, 5.0% for 2022 and 3.5% for 2023;

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

The purpose of this report is to review the proposed rates and recommend alternatives due to changes in base budget operating expenses and funding associated with the implementation of weekly curbside food waste collection.

DISCUSSION

Weekly curbside collection of food waste began on October 6, 2020. At the same time, curbside garbage collection changed from weekly to every-other-week. Hence, 2021 was the first full

fiscal year operating at this service level which will have a material impact on the base budget for this service.

At the third quarter variance report presented at the [October 28, 2021 Corporate and Administrative Service Committee](#), the Refuse Collection Service [355] was projecting a 2021 year-end surplus. Therefore, staff conducted a review of the 2022 and 2023 proposed budgets and rates. A summary of the analysis and subsequent recommendations are provided below.

Budget Analysis

A summary of the changes to estimated budgets is included in the table below. As a result of the 2021 full-year roll out of the food waste collection program, additional revenues realized the 2022 and 2023 projections have been updated.

For 2021, there was also a portion to balance the budget from the operating reserves (rate stabilization fund) in the amount of \$45,288 which is likely not required, further increasing the amount in reserves (rate stabilization fund) at year-end.

Reduced tipping fees for garbage disposal are estimated and further refinements will be made to this line item in the 2022 base budget once actual volumes and costs associated with every-other-week collection are known.

Budgeted	2020	2021	Projected 2022	Projected 2023
Revenue	\$1,032,522	\$1,136,047	\$1,191,849	\$1,191,849
Administrative services	\$ 93,856	\$ 94,783	\$ 97,735	\$ 100,269
Wages & benefits	49,603	51,484	53,880	55,454
Tipping fees	232,480	197,913	161,300	164,000
Contract	636,549	793,452	832,877	870,322
Other operating expenses*	18,726	41,063	38,040	35,340
Total budgeted operating expenses	\$1,031,214	\$1,181,335	\$1,183,832	\$1,225,385
Proposed Funding Surplus/(Shortfall)	\$1,308	(\$45,288)	(\$8,017)	(\$33,536)

The subsequent operating reserve (rate stabilization fund) balances are estimated as follows:

	2021	2022	2023
Estimated Uncommitted (Opening)	\$69,157	\$124,445	\$116,428
Projected Surplus/ (Deficit)	\$10,000	(8,017)	(33,536)
Add Back: Transfer from Reserves	45,288	0	
Estimated Ending Balances	\$124,445	\$116,428	\$82,892

Adjustments to Rate Plan

Although a three-year rate plan was established for 2021-2023, more information is known about the actual costs of the service. Given there is an estimated surplus for 2021 and the

existing terms of the first relevant operating contracts are in force until 2024, it is recommended that the rates for 2022 and 2023 be amended downward. In order to do so, the modest shortfalls to balance the budget would be subsidized by the operating (rate stabilization) funds for 2022 and 2023 Financial Plan as outlined above.

Staff recommend proceeding with a 0.0% user rate increase for 2022, and a 5% increase in 2023. These proposed increases along with historical rates over the past four years are detailed in the table below:

Annual Collection Fee	2020	2021	2022*	2023*
Original-Single Family Residential Dwelling Unit	\$175.85	\$191.68	\$201.26	\$208.30
Proposed-Single Family Residential Dwelling Unit			\$191.68	\$201.26
\$ Increase over Prior Year	\$21.60	\$15.83	\$0.00	\$10.06
% Increase over Prior Year	14.0%	9.0%	0.00%	5.00%
Original-Mobile Home in Mobile Home Park	\$148.25	\$161.59	\$169.67	\$175.61
Proposed-Mobile Home in Mobile Home Park			\$161.59	\$169.67
\$ Increase over Prior Year	\$18.21	\$13.34	\$0.00	\$8.08
% Increase over Prior Year	14.0%	9.0%	0.00%	5.00%

The rate decrease is expected to be well received by the community due to some service interruptions experienced this year. The SCRD has not received any compensation from the contractor and the proposed static rate for 2022 is due to cost saving which should be passed on the rate payers.

Timeline for next steps

The Bylaw will be forwarded to the December 9, 2021 Board meeting for three readings and adoption.

Communications Strategy

The increase to these user fees will be communicated as part of the Community Budget Sessions for 2022. This will also include advertisement in news papers, a mail-out to all service participants, virtual information sessions and thru the SCRD social media and website, budget documentation as well as additional information included with the utility bill when distributed.

STRATEGIC PLAN AND RELATED POLICIES

The report is consistent with the Boards Financial Sustainability Policy:

CONCLUSION

The refuse collection rates were set for a three year-period (2021-2023) and due to lower than expected expenses and higher revenues, the 2022 rate increase is not required. Therefore, the rates are recommended to stay static in 2022 with a 5% increase for 2023.

This amendment will be accomplished by using rate stabilization funds which have accumulated over the prior years and will still leave a healthy balance at the end of 2023 in time for contract renewals and rate amendments for 2024.

If the Board approves these changes, the Bylaws are planned to come forward to the December 9, 2021 Board meeting for three readings and adoption. The 2022-2026 draft Financial Plan will be updated accordingly.

Reviewed by:			
Manager	X – R. Cooper	Finance	X - B. Wing
GM	X – R. Rosenboom	Legislative	X – S. Reid
CAO	X - D. McKinley	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Shane Walkey, Manager, Utility Services

SUBJECT: STAFFING INCREASE – UTILITY CREW (3.0 FTE) – ADDITIONAL INFORMATION FOR CONSIDERATION

RECOMMENDATION(S)

THAT the report titled Staffing Increase – Utility Crew (3.0 FTE) – Additional Information for Consideration be received for information.

BACKGROUND

At the November 1, 2021 pre-budget meeting staff presented the Proposed Initiative Staffing Increase-Utility Crew (3.0 FTE). The three proposed staff positions are 1 FTE Utility Technician II, 1 FTE Utility Operator II and 1 FTE Utility Technician I / Operator I (Casual). At that same meeting a Proposed Initiative to increase the base budget for overtime was presented.

The following recommendation was made and is yet to be adopted by the Board:

Recommendation No. 9 *Staffing - Utilities Crew - Proposed*

The Corporate and Administrative Services Committee recommended that the Water Rate Structure Review staff report to November 2021 Infrastructure Committee meeting include rationale, job description and scope for the proposed 3.0 FTE water services - utility crew.

As the reports related to proposed 2022 user rates and parcel taxes for the water utilities are included in this Committee meetings agenda, this report is being presented to provide additional context and to further inform the Committee in their upcoming budget deliberations.

DISCUSSION

The Utilities Department requires highly skilled experienced staff. Correct staffing levels are important for continuity of services and operation/maintenance of a Utility. Historically the crew has not grown commensurate with the pace of infrastructure development. New assets such as the Church Road Well field, Phase 3 metering program, Grey Creek water treatment, Chapman on site sodium hypo generation, Garden Bay and Ruby Lake water treatment up grades, along with all of the subdivision and building development through the SCRd have not been adequately considered in the current crew staffing levels. All of these projects include the Utilities crews in some facet, from connecting water mains and services, inspections, sampling, additional lab work, design review, infrastructure locations and commissioning. For example, it is estimated that the Church Road infrastructure maintenance and operation will require the equivalent of a 0.3 FTE.

The current practice for the Utilities Department during staffing absence due to employee leave (holidays, banked time off, sickness, family responsibility leave etc.) is to reduce service delivery,

Staff Report to Infrastructure Services Committee – November 18, 2021
Staffing Increase – Utility Crew (3.0 FTE) Additional Information for consideration Page 2 of 8

and to delay maintenance and project related work until staffing levels are normalized. The culmination of all leaves in 2021 for the Utilities crew amass to the equivalent of over 3.0 FTE.

Staff are communicating about elevated stress levels caused by current staff levels for day to day work but also for the important after-hours standby responsibilities. The Utilities Department has no funding for casual replacement for staff on leave. An available pool of funded casual employees is important to provide the reliable delivery of underground services and operation of the treatment plants.

Utility field Staff including Operators and Technicians have taken on substantially more work related to water and wastewater operations and development in recent years, including:

Regulations are more strictly applied than in the past:

- This requires additional staff training and skill to complete maintenance, checks, monitoring and reporting which results in an increased operational workload;
- More infrastructure repairs and upgrades are identified to meet the regulatory requirements such as UV upgrades and increased monitoring and sampling.
- Dam Safety inspections and reporting.

In addition:

- Most of the water infrastructure is aging and requires more staff effort and time, including major components like the Chapman Water Treatment Plant.
- Projects like the Church Road Well Field development and the Cove Cay pump station upgrades as well as potential upgrades to the supply and treatment at Gray Creek, Langdale and Garden Bay will require not only increase staff time for operation and maintenance once completed but also are requiring substantial involvement of the utility staff during the development, construction and commissioning phases.
- Utility Crew input is required on projects undertaken by the Capital Projects, Strategic Initiatives and Asset Management for the water and wastewater systems. Planning, Design review, statistical analysis, inspections and professional advice are all tasks that the Utility crew contribute to Capital and Strategic projects and currently are challenged to find enough time to support and provide adequate feedback.

Utilities Crew

The current composition of the Utilities Crew that installs, repairs, maintains and assists in design and development of the SCRD water and wastewater infrastructure 24 hours a day 7 days a week from Langdale to Earls Cove are organized in four distinct groups that report to the Utility Operations Superintendent. The four groups and their responsibilities are as follows;

Underground- Utilities Coordinator and 8 operators.

Staff Report to Infrastructure Services Committee – November 18, 2021
Staffing Increase – Utility Crew (3.0 FTE) Additional Information for consideration Page 3 of 8

- ~400 Kilometers of various sized water mains,
- ~11,500 water services and associated water meters,
- ~1500 fire hydrants and
- Inline valves, blow offs, air valves

Water Treatment- Utilities Technician Coordinator and 9 technicians.

- 2 class four (the highest class in BC), 1 class two and 1 class one EOC registered water treatment plants.
- 4 deep wells, 6 lake intakes, 2 creek intakes
- 20 balancing Reservoirs
- 11 Booster Pump Stations and 10 Pressure Reducing Stations
- Water sampling, chlorination,
- Chapman/Edwards Lake automated valve operation and Dam Safety inspections

SCADA- SCADA Coordinator and 1 technician.

- Monitoring, maintenance, design and programming of the SCR D SCADA system including instrumentation.
- Integration of water and wastewater data, automated control and electronics.
- Design and installation of control and communication systems.

Wastewater Treatment- Wastewater Coordinator and 1 technician

- 1 White Water treatment plant with disposal field. Sakinaw.
- 1 Up Flow Sludge Blanket treatment plant and ocean outfall. Square Bay.
- 6 FAST (Fixed Active Sludge Treatment) treatment plants with ocean outfalls/disposal fields. Pender Landing, Curran Road, Lily Lake, Painted Boat, Roberts Creek, Langdale/YMCA .
- 3 Batch plants with ocean outfalls/disposal fields. Secret Cove, Jolly Roger, Merrill Crescent.
- 1 EcoFlo Coco Filters and disposal field. Canoe Road.
- 2 disposal field. Greaves Road. Sunnyside.
- 1 Bioclere® Trickling Filter and disposal field. Lee Bay.

Currently staff are challenged to complete all annual maintenance on assets from fire hydrants, flushing, valve exercising, plant maintenance and upgrades along with numerous operational and capital projects, which is reflected in the large volume of carry forward projects.

Asset Management along with Strategic Initiatives Division have also become important pillars of the SCRD which Utilities crew support through analysis and providing important information that helps form future planning, asset replacement and updated bylaws. The progress on some of that work is currently substantially impacted by insufficient involvement from Utility crew staff in the actual operational and maintenance of the water systems.

Along with all of the SCRD initiated projects each development on the Sunshine Coast is contributing to the work load. A new main line PRV will be installed in West Sechelt soon, more water mains are being installed along with fire hydrants and valves and currently there are proposals for new wastewater plants and plant expansion. Every project that includes property development in the SCRD, many of which are in the District of Sechelt include some form of involvement by the Utilities crew.

Recruiting Utility crew members, and in particular more experienced and/or higher skilled individuals, has been very challenging for several years. In part because there is significant competition from other water providers to fill similar positions. This has resulted in some positions being vacant in 2021 for extended periods of time.

In 2021 Human Resources and the Utilities Management team have been working on ways to improve the retention and recruitment of new staff through a variety of means including a review of the job description, wage reviews, and offering relocation compensations. It is Managements intent that this will result in being fully staffed in 2022.

With the vast array of tasks and responsibilities of the Utilities Crew an increase in staffing levels will help better meet the Board and community service level expectations, improve the stewardship of the water assets, reduce stress in the working environment, and ensure there is less reduction in service levels, standards and/or backlog in projects. Staff identified that the following three staffing positions would substantially improve the overall service delivery by the Utility Crew:

- 1 FTE Utility Technician II
- 1 FTE Utility Operator II
- 1 FTE Utility Technician I / Operator I (Casual)

Organizational and Intergovernmental Implications

Overtime

The important infrastructure of the Utilities Department is expected to operate seamlessly 24 hours a day and 7 days a week. Staff operate and maintain the water and wastewater systems every day of the year.

Treatment plant and pump station operational requirements involve constant adjustments and adaptive responses to changes in creek flow, water quality parameters and infrastructure issues.

Staff Report to Infrastructure Services Committee – November 18, 2021
Staffing Increase – Utility Crew (3.0 FTE) Additional Information for consideration Page 5 of 8

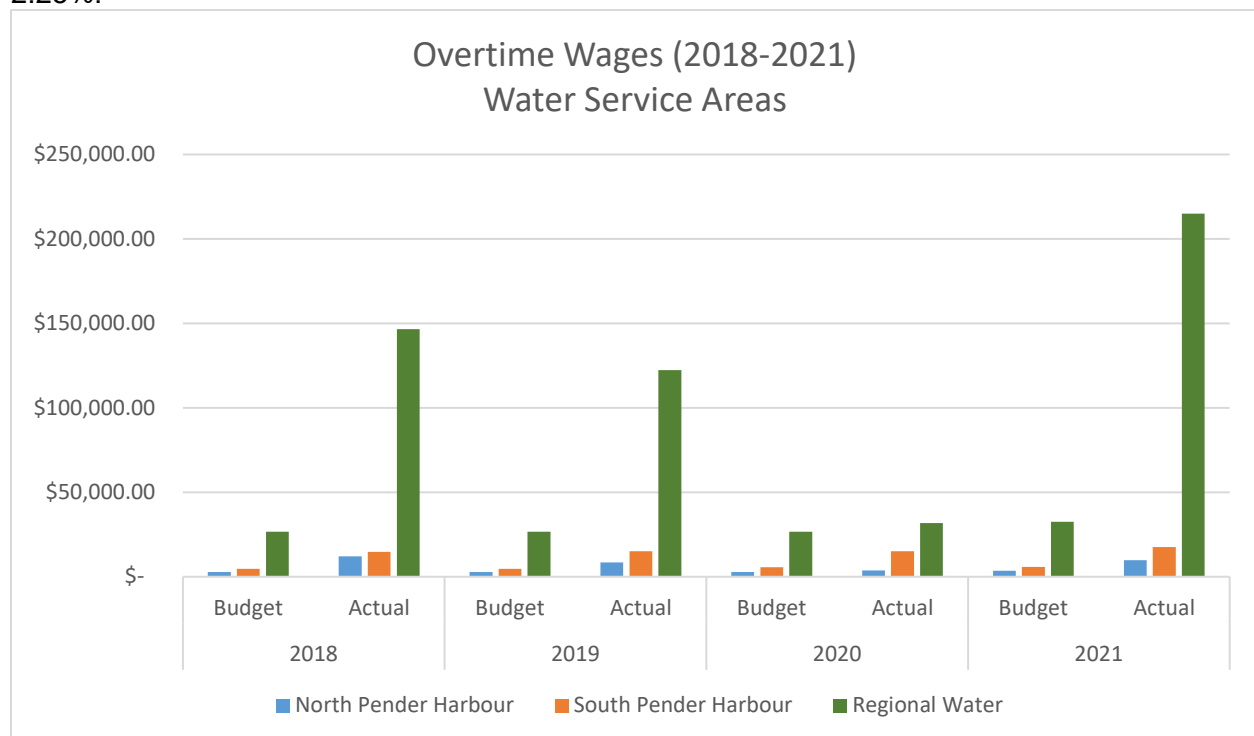
Water main breaks, leaks and various other reactive responses to asset breakdown and/or failure(s) results in crew responses outside of normally scheduled hours to ensure the ongoing supply of water and treatment of wastewater for this community.

During the time that staff are not at work there are two staff members on call to respond to a variety of unplanned issues throughout the entire Sunshine Coast. Weather events that cause water treatment plant issues and monitoring, infiltration at wastewater plants, high water volume usage in the summer, customer requests for water shut offs, power outages, water main breaks are all responded to within 15 minutes by a Utilities staff member. The on-call staff member assess the emergency and calls in other staff as required to correct the issue at overtime rates.

The majority of over time is incurred by unplanned events and the negotiated compensation for staff to be on standby. Construction projects such as water main replacement may also have some overtime due to site location or project challenges.

As minimum levels of staffing are required to keep the infrastructure working reduced staff levels cause overtime. Staff turnover including senior staff retiring or moving to another community, the inability to quickly replace staff, annual leave, Family Responsibility leave, maternity leave, medical leaves and working statutory holidays all have contributed to overtime and staff stress.

During budget review staff have identified an annual variance in the budgeted vs actual values of overtime that staff elected to get paid out. This resulted in a 2022 proposed initiative for increased overtime funding. Overtime budgets are increased by the approved collective bargaining rates annually, therefore for 2021 they increased by 2% over 2020 and in 2021 will increase an additional 2.25%.



Staff Report to Infrastructure Services Committee – November 18, 2021
Staffing Increase – Utility Crew (3.0 FTE) Additional Information for consideration Page 6 of 8

The proposed initiative considered the following increased to be funded from User Fees:

- North Pender Harbour Water
 - Increase Account 5110 – Overtime by \$6,500
- South Pender Harbour Water
 - Increase Account 5110 – Overtime by \$10,000
- Regional Water
 - Increase Account 5110 – Overtime by \$125,000

It should be noted the exceedances in overtime for the three water services in the last several years did not result in a deficit for any of these functions at years end as to date there have been surpluses on other line items (e.g. salaries due to leaves and vacancies). On average there are approximately 3 vacancies in the utilities division per year and has been the case for 2021. Staff are, therefore, considering to propose during the 2022 Round 1 budget meetings to defer the budget proposal for the increase in overtime to 2023.

If the 2022 overtime expenditures result in a deficit for any of the water service functions, there are sufficient operating reserves to fund to compensate.

Financial Implications

The Round 1 2022 budget proposal Staffing Increase – Utility Crew (3.0 FTE) will include the following financial information.

Staff increases that are proposed are:

- 1 FTE Utility Technician II
- 1 FTE Utility Operator II
- 1 FTE Utility Technician I / Operator I (Casual)

2022 Salary Total (Q2-Q4, 2.25 FTE): \$202,500

- \$10,125 [see BP through 365]
- \$20,250 [see BP through 366]
- \$172,125 [370]

2022 Non-Salary Expenditures

- Two Vehicles/Tools
 - \$150,000 [370]
- Training, clothing, education, etc.
 - \$11,250 [370]

2023 Salary Total (3.0 FTE): \$270,000

- \$13,500 [see BP through 365]
- \$27,000 [see BP through 366]
- \$229,500 [370]

2023 Non-Salary Expenditures (base budget increase); training, clothing, education, etc.

- \$15,000 [370]

Note: Salary and non-salary expenses (other than vehicle purchases) and/or base budget related increases to be funded by User Fees. Vehicle purchases to be funded by 5-Year MFA equipment finance loan.

Timeline for next steps or estimated completion date

The Asset Management Plans for the water utility services (North, South and Regional Water) are currently under way and are approximately 60% complete. Those plans will provide in detail the operational, preventative maintenance and capital replacement needs of the service which will also demonstrate the resourcing needs to maintain the service delivery. It is anticipated that additional staffing will be required over and above what is being contemplated for 2022.

The development of the Water Supply Plans, as well as the feasibility study for watershed protection serve are also under way which will also further inform resourcing requirements to maintain the service.

As part of the 2022 budget process staff intend to bring forward the budget proposal Staffing Increase-Utility Crew (3.0 FTE) based on the information included in this report.

STRATEGIC PLAN AND RELATED POLICIES

Correct staffing levels are necessary in order to fulfill the commitments outlined in the 2019-2023 Strategic Plan – Strategic Focus Area 2 – Asset Stewardship. Asset management plan implementation (2.2) requires appropriate levels of staff resources in order to maintain infrastructure assets and assist in various implementation goals such as asset condition assessments, operational maintenance plans and inventory management.

Staff have identified an annual variance in the budgeted vs actual values of overtime. Addressing this issue is aligned with the Key Strategic Priority: Ensure Fiscal Sustainability.

CONCLUSION

The Utilities Department requires highly skilled experienced staff. Correct staffing levels are important for continuity of services and operation/maintenance of a Utility. Staff are communicating about elevated stress levels caused by the current staff levels.

New assets along with all of the subdivision and building development in the SCRD requires an increase in crew staffing levels. With the vast array of tasks and responsibilities of the Utilities Crew an increase in staffing levels will help better meet the Board and community service level

Staff Report to Infrastructure Services Committee – November 18, 2021
Staffing Increase – Utility Crew (3.0 FTE) Additional Information for consideration Page 8 of 8

expectations, reduce stress in the working environment, and ensure there is less reduction in service levels, standards and/or backlog in projects.

Two FTE positions to increase the crew size along with vehicles, training, and clothing to help address all of these tasks are included as a 2022 budget proposal. An equivalent of one FTE is also included as a 2022 budget proposal to hire one or more casual employees to help backfill full time staff during absences.

Staff have identified an annual variance in the budgeted vs actual values of overtime. A 2022 budget proposal for increased overtime funding is a correction to funding allocation rather than an increase in overtime or spending. The exceedances in overtime for the three water services in the last several years did not result in a deficit for any of these functions therefore, Staff will propose during the 2022 Round 1 budget meetings to defer the budget proposal for the increase in overtime to 2023.

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

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Corporate and Administrative Services Committee – November 18, 2021

AUTHOR: Tina Perreault, General Manager, Corporate Services / Chief Financial Officer
Alex Taylor, Budget and Financial Analyst

SUBJECT: REGIONAL WATER SERVICE AREA 2022 RATE BYLAW AMENDMENT

RECOMMENDATION(S)

THAT the report titled Regional Water Service Area 2022 Rate Bylaw Amendment be received;

AND THAT the Water Rates and Regulations Bylaw 422, Schedule B be amended to increase the Regional Water Service Area User Fees and Metered Usage Fees by 12.5% and Parcel Taxes by 5% for an overall rate increase of 9.63%;

AND THAT the 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

An amendment to Water Rates Regulations Bylaw No. 422 need to be adopted prior to January 1, 2022 in order to meet the legislated timelines for user fees and the Parcel Tax Roll review process.

The Regional Water Service Area (RWSA) consists of approximately 11,124 parcels and 11,803 billable water users.

The current parcel tax and user rates per single family residential dwelling are \$290.79 and \$468.37, respectively.

The purpose of this report is to recommend 2022 rate increases for the RWSA which align with the current and short-term funding requirements of the service.

DISCUSSION

The primary objective in rate determination is setting appropriate and sustainable fees that help the utility achieve full cost recovery. This is achieved by determining the funding envelope required to service RWSA customers over the long term while maintaining financial sustainability.

The following capital and operating projects were presented as part of the Pre-Budget meetings held on November 1, 2021. Projects proposed to be funded through grants are not included in this overview. Proposals will be brought to Round 1 budget deliberations and have been factored into the rate increases analysis. The pre-budget proposal for water services overtime was removed and will not be presented at Round 1. Any decisions by the Board to not approve any of these projects will result in an increase Operating Reserves and Capital Reserves.

Operating

	Project	Cost (Estimated)
1	Staffing - Water Sustainability Technician - 0.5 FTE	36,000
2	Water Rate Structure Review (RWS Portion)	34,000
3	Feasibility Study Long-Term Surface Water Supply Sources	210,000
4	Regional Water Service - Materials and Supplies	125,000
5	Utilities Engineering Coordinator	85,000
6	Water Service- Staffing - Utility Crew	204,000
		694,000

Capital

	Project	Cost (Estimated)
1	Trout Lake Re-chlorination Station Upgrade	100,000
2	Valve Stems for Selma 2 Isolation	75,000
3	Edwards Lake Dam Safety Improvements - Construction	625,000
4	Chapman Lake Dam Safety Improvements - Construction	783,000
		1,583,000

The two primary sources of revenue for the RWSA are parcel taxes and user fees. Parcel taxes are calculated as a function of parcel size and levied against all parcels within the RWSA. User fees are composed of flat rate water user fees, which are levied on all residential water users within the RWSA, as well as metered water rates that are levied on ICI (industrial, commercial and institutional) water users.

The best practice methodology for the allocation of expenditures and revenues within the RWSA is based on the principle that parcel tax revenues fund capital expenditures (and associated debt) and that user fee revenues fund operating related expenditures. This also aligns with the Boards Financial Sustainability Policy.

In 2021, \$14,998 in parcel taxes was allocated to fund operating expenses. Should the decision be made not to raise user fees, an estimated \$546,653 (15.4%) of parcel taxes would be required to fund operations for 2022 based on current rates and assuming remaining budget proposals are approved. This would result in net annual capital funding of \$3,001,447, a reduction of \$362,698 as compared to 2021.

It is recommended that part of any rate increase for 2022 be targeted to user fees in order to fully fund operating expenditures through user fee revenue. This in turn will increase capital funding by reducing or eliminating the allocation of parcel tax revenue to operations.

In considering the rates for 2022, it is important to consider the current state of the infrastructure for this water system and its water supply. The infrastructure associated with the water supply and distribution system for this water system is extensive and there is an ongoing need to address performance issues with aging infrastructure and to improve its asset management. Significant financial investments have been made and will continue to be required to address the current water supply situation (see *Future Implications* section below).

Historical Rates

Historical rates and annual increases dating back to 2013 are detailed in the table below:

	2017	2018	2019	2020	2021
Parcel Tax	255.41	257.84	263.00	276.94	290.79
User Fee	266	273.63	287.31	410.85	468.37
Total	521.41	531.47	550.31	687.79	759.16
Total \$ Increase	\$10.23	\$10.06	\$18.84	\$137.48	\$71.37
Total % Increase	2.00%	1.93%	3.54%	24.98%	10.38%

Options and Analysis

Three rate increase options are presented below for the Committee’s consideration. Note that the rates and increases presented are applicable to a single family residential dwelling on a parcel up to 1 acre in size.

All amounts are estimates and will change based on final budget allocations (wage rates, support service allocation etc.) and 2021-year end surplus/deficit values.

The budgeted transfer to capital reserves is calculated by deducting base budget capital expenditures and debt servicing costs from total annual capital funding. Total annual capital funding is equal to parcel tax revenue less any amount required to fund operations.

Option 1 – 9.63% overall rate increase (12.5% increase to user fees, 5% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$468.37	\$290.79	\$759.16
Proposed Increase	58.55	14.54	73.09
2022 Rate	\$526.92	\$305.33	\$832.25
% Increase	12.5%	5.0%	9.63%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$1,455,116	\$4,232,723	
Projected 2021 Surplus	625,429	883,065	
Budgeted Transfers to Reserves	158,741	1,700,951	
Budgeted Transfers from Reserves	(280,000)	(1,583,000)	
Ending Uncommitted Balance	\$1,959,286	\$5,233,740	
Total Annual Capital Funding from Parcel Taxes: \$3,725,505			
Parcel Taxes Required to Fund Operations: \$NIL			

Staff recommend this option for the following reasons:

- User fees are able to fund operations without allocating funds from Parcel taxes.
- This option provides for the smallest increase (\$58.55) to user fees to cover operating expenses without the operating reserve being overly depleted.
- The net result is an annual capital funding increase of \$361,360 from 2021. Provides for a strengthened projected Ending Uncommitted Capital Reserve Balance which contributes to the expected significant financial investments associated with the water supply expansion projects under development.
- The projected Ending Uncommitted Operational Reserve Balance improves the financial capacity to respond to emergency situations and components of the capital investment required in the upcoming years that should only be funded from operating versus capital reserves, including feasibility studies and engineering design.

The projected 2021 surplus is the result of operational and capital projects and maintenance of infrastructure not being completed in 2021 due to staff shortages, staff turnover, competing priorities and emerging critical issues. Given the potential long-term impacts of postponing these activities on the assets, staff will strive to complete all these activities in 2022. The Regional Water service will require significant financial investment; therefore, it is important to strengthen both the operating & capital reserves. Consequently, additional long-term loans might be required to fund these projects with the associated debt funding funded by Parcel taxes

Option 2 – 5.08% overall rate increase (7% increase to user fees, 2% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$468.37	\$290.79	\$759.16
Proposed Increase	32.79	5.82	38.60
2022 Rate	\$501.16	\$296.61	\$797.76
% Increase	7.0%	2.0%	5.08%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$1,455,116	\$4,232,723	
Projected 2021 Surplus	625,429	883,065	
Budgeted Transfers to Reserves	-	1,442,876	
Budgeted Transfers from Reserves	(280,000)	(1,583,000)	
Ending Uncommitted Balance	\$1,800,545	\$4,975,664	
Total Annual Capital Funding from Parcel Taxes: \$3,467,430			
Parcel Taxes Required to Fund Operations: \$151,632			

This option is not recommended for the following reasons:

- It requires \$151,632 in funding from parcel taxes to fund operations. This does not align with the Financial Sustainability policy.
- It provides for \$3,467,430 in annual capital funding which is 6.9% less than option #1. This results in a greater deferral of required rate increases for future required capital investments and improved asset management compared to option #1.

Option 3 – 13.1% overall rate increase (15% increase to user fees, 10% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$468.37	\$290.79	\$759.16
Proposed Increase	70.26	29.08	99.33
2022 Rate	\$538.63	\$319.87	\$858.49
% Increase	15.0%	10.0%	13.1%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$1,455,116	\$4,232,723	
Projected 2021 Surplus	625,429	883,065	
Budgeted Transfers to Reserves	299,820	1,878,356	
Budgeted Transfers from Reserves	(280,000)	(1,583,000)	
Ending Uncommitted Balance	\$2,100,365	\$5,411,145	
Total Annual Capital Funding from Parcel Taxes: \$3,902,910			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is not recommended for the following reasons:

- This option requires a \$26.25 overall increase to fees over option #1 which puts a larger financial burden on customers of this area who have seen double digit increases in 2020 and 2021.

Financial Implications

Increasing user fees by the suggested margin will result in an increase to capital funding by ensuring that the allocation of parcel tax revenue to fund operations is not necessary. The following table highlights the additional revenue and net capital funding increase that will result under each of the three options presented:

	Option 1	Option 2	Option 3
Additional User Fee Revenue	\$705,394	\$395,021	\$846,473
Additional Parcel Tax Revenue	177,405	70,962	354,810
Total Additional Revenue	\$882,799	\$465,983	\$1,201,283
Net Capital Funding Increase	\$361,360	\$103,285	\$538,765

The following table summarizes the net operating and net capital impact from each of the options including result if no changes to rates were made:

Operating

	2021	No Change	Option 1 (12.5%)	Option 2 (7%)	Option 3 (15%)
User Fee Revenue	5,643,154	5,643,154	6,348,548	6,038,175	6,489,627
Expenses					
Administrative	(971,269)	(963,066)	(963,066)	(963,066)	(963,066)
Salaries & Wages	(3,276,515)	(3,690,786)	(3,690,786)	(3,690,786)	(3,690,786)
Operating Costs	(1,410,368)	(1,535,955)	(1,535,955)	(1,535,955)	(1,535,955)
Funding Required from PT	14,998	546,653	-	151,632	-
Operating Project Costs	(1,636,943)	(280,000)	(280,000)	(280,000)	(280,000)
Net Operating Deficit	(1,651,941)	(826,653)	(121,259)	(431,632)	19,820

Capital

	2021	No Change	Option 1 (5%)	Option 2 (2%)	Option 3 (10%)
Parcel Tax Revenue	3,379,143	3,548,100	3,725,505	3,619,062	3,902,910
Expenses					
Long Term Debenture Debt	(450,255.00)	(372,243)	(372,243)	(372,243)	(372,243)
Equipment Financing Loans	(162,034.00)	(143,371)	(143,371)	(143,371)	(143,371)
Base Budget Expenses	(1,508,940)	(1,508,940)	(1,508,940)	(1,508,940)	(1,508,940)
Funding of Operations	(14,998)	(546,653)	-	(151,632)	-
Transfer to Reserves	1,242,916	976,893	1,700,951	1,442,876	1,878,356
Capital Project Costs	(2,551,631)	(1,583,000)	(1,583,000)	(1,583,000)	(1,583,000)
Carryforward Capital Projects	(2,607,381)	-	-	-	-
Net Capital Deficit	(1,308,715)	(606,107)	117,951	(140,124)	295,356

Future Implications

When considering the rates for 2022 there are several future implications to be considered:

- The infrastructure associated with the water supply and distribution system for this water system is extensive and aging and there is an ongoing need to address performance issues with aging infrastructure such as pump stations, valves, water supply and treatment infrastructure.
- Significant financial investments have been made and will continue to be required to address the current water supply situation in 2022 and beyond. This will include further studies to confirm the feasibility of additional water supply sources, the technical studies in support of the design and permitting of new supply sources as well as the funding of the actual construction of the infrastructure for these new water supply sources from capital reserves and long-term debt. From late 2022 onwards, the debt associated with the Church Road Well Field development project will need to be funded. Similar debt-funding will be required from 2023 and onwards for the phase 3 water meters installation project
- The Asset Management plans under development for this system will guide to the future rates required to adequately operate and maintain the system and replace the

infrastructure components in a timely manner. Therefore, staff recognize that it is likely that user fee and parcel tax rates increase sufficiently to grow reserves balances to service future water supply and asset management projects.

Timeline for next steps or estimated completion date

Once approval is received to amend the user rates and parcel taxes, the Water Rates Bylaw 422, Schedule B will be amended to increase the Regional Water Service Area User Fees and Parcel Taxes and forwarded to the December 9, 2021 Board Meeting for three readings and adoption.

Communications Strategy

The increase to these user fees will be communicated as part of a comprehensive communication effort regarding the 2022 Utility rates. This will include advertisement in news papers, a mail-out to all service participants, virtual information sessions, through the SCRD social media and website, budget documentation as well as additional information included with the utility bill when distributed.

STRATEGIC PLAN AND RELATED POLICIES

Annual reviews and adjustments of fees and charges is consistent with Section 4.2.2 of the Financial Sustainability Policy.

CONCLUSION

In the Regional Water Service Area, parcel taxes are intended to fund capital expenditures (acquiring or maintaining fixed assets) and user fees are intended to fund operational expenditures (ongoing costs of running the service).

Under the historical rate schedules for the Regional Water Service Area, a portion of parcel tax revenue has been required to fund operating expenditures. To align with the financial sustainability policy where parcel taxes are not required to fund operations, user fees need to be increased at a rate greater than the increase in operating expenditures.

For 2022, staff recommend a 12.5% increase to user rates and a 5% increase to parcel tax rates for an overall rate increase of 9.63%. Given the number of potential projects being undertaken in 2022, this will ensure the allocation of parcel tax revenue to fund operations is not necessary and increase net capital funding by \$361,360 to \$3,725,505.

There is no formal SCRD policy regarding target capital reserve levels in relation to the anticipated required investments with asset management and service level improvements (e.g. water supply expansion). However, the projected uncommitted capital reserves levels at the end of 2022 could be considered low.

Pending Board direction, Water Rates and Regulations Bylaw No. 422, Schedule E will be updated and forwarded to the December 9, 2021 Board Meeting for three readings and adoption.

Reviewed by:			
Manager	X – S. Walkey	CFO/Finance	
GM	X – R. Rosenboom	Legislative	X – S.Reid
CAO	X – D. McKinley	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Tina Perreault, General Manager, Corporate Services / Chief Financial Officer
Alex Taylor, Budget and Financial Analyst

SUBJECT: **SOUTH PENDER HARBOUR WATER SERVICE AREA 2022 RATE BYLAW AMENDMENT**

RECOMMENDATION(S)

THAT the report titled South Pender Harbour Water Service Area 2022 Rate Bylaw Amendment be received;

AND THAT the Water Rates Bylaw 422, Schedule E be amended to increase the South Pender Harbour Water Service Area User Fees and Metered Usage Fees by 10% and 10% to Parcel Taxes in 2022 for an overall rate increase of 10%;

AND THAT the 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The South Pender Harbour Water Service Area (SPHWSA) consists of approximately 1,047 parcels and 1024 billable water users. The current parcel tax and user rates per single family residential dwelling are \$347.41 and \$613.80, respectively.

An amendment to Water Rates and Regulations Bylaw No. 422 is required by the January 2022 Board meeting in order to meet the legislated timeline for the annual Parcel Tax Roll Review.

The purpose of this report is to recommend 2022 rate increases for the SPHWSA which align with the current and short-term funding requirements of the service.

DISCUSSION

In the SPHWSA, parcel taxes are intended to fund capital expenditures (acquiring or maintaining fixed assets) and user fees are intended to fund operational expenditures (ongoing costs of running the service).

In 2021, \$14,351 in parcel tax revenue was required to fund operating expenses. For 2022, it is recommended that another increase is made so that user fees can fund operations and provide increased capital funding. Annual capital funding is currently budgeted at \$364,873 in 2021.

The following capital and operating projects were presented as part of the Pre-Budget meetings held on November 1, 2021. Projects proposed to be funded through grants are not included in this overview. Proposals will be brought to Round 1 budget deliberations and have been factored into the rate increases analysis. The pre-budget proposal for water services overtime was removed and will not be presented at Round 1. Any decisions by the Board to not approve any of these projects will result in an increase Operating Reserves and Capital Reserves.

Capital

	Project	Cost (Estimated)
1	SPH Watermain Replacement	85,000
2	McNeil Lake Dam Safety Improvements - Construction	525,000
		610,000

Operating

	Project	Cost (Estimated)
1	Public Participation Water Supply Plan Development	7,500
2	Water Rate Structure Review	4,000
3	Feasibility Study Long-Term Surface Water Supply Sources	10,000
4	Technical Analyses South Harbour Water Service	20,000
5	Utilities Engineering Coordinator	10,000
6	Water Service- Staffing - Utility Crew	24,000
		75,500

In considering the rates for 2022, it is important to consider the current state of the infrastructure for this water system. Since the management of this system was taken over by the SCRD, substantial efforts have been made to improve the condition of the infrastructure. The current condition of the infrastructure is such that a substantial additional effort will be required in primarily the distribution system to bring this up to current day standards and reduce the daily maintenance cost of the system (see *Future Implications* section below).

Historical Rates

Historical rates and annual increases dating back to 2013 are detailed in the table below:

	2017	2018	2019	2020	2021
Parcel Tax	324.38	324.38	330.87	347.41	347.41
User Fee	372.86	393.37	415.01	529.14	613.80
Total	697.24	717.75	745.88	876.55	961.21
Total \$ Increase	\$14.34	\$20.51	\$28.13	\$130.67	\$84.66
Total % Increase	2.10%	2.94%	3.92%	17.52%	9.66%

Options and Analysis

The following options and analysis are based on proposed initiatives and estimated uncommitted reserve balances. These values will change based on final budget allocations (wage rates, support service allocation etc.) and 2021-year end surplus/deficit values.

User Fees and parcel tax rates used in the analysis are based on the rates for a single residential dwelling unit and parcel up to two acres in size respectively.

The budgeted transfer to capital reserves is calculated by deducting base budget capital expenditures and debt servicing costs from total annual capital funding. Total annual capital funding is equal to parcel tax revenue less any amount required to fund operations.

Option 1 – 10.0% overall rate increase (10% increase to user fees, 10% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$613.80	\$347.41	\$961.21
Proposed Increase	61.38	34.74	96.12
2022 Rate	\$675.18	\$382.15	\$1,057.33
% Increase	10.0%	10.0%	10.0%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$596,796	\$659,655	
Projected 2021 Surplus	117,521	-	
Budgeted Transfers to Reserves	4,935	277,627	
Budgeted Transfers from Reserves	(41,500)	(610,000)	
Ending Uncommitted Balance	\$677,752	\$327,282	
Total Annual Capital Funding from Parcel Taxes: \$438,004			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is recommended for the following reasons:

- User fees are able to fund operations without drawing funds from Parcel taxes.
- This option provides for the smallest increase (\$61.38) to user fees to cover operating expenses without having parcel taxes supplement the operating expenses.
- The projected Ending Uncommitted Operational Reserve Balance improves the financial capacity to respond to emergency situations and components of the capital investment required in the upcoming years that should only be funded from operating vs capital reserves, including feasibility studies and engineering design.
- Results in net annual capital funding of \$438,004 which is a \$73,131 increase from 2021.

The projected 2021 surplus is the result of operational projects and maintenance of infrastructure not being completed in 2021 due to staff shortages, staff turnover, competing priorities and emerging critical issues. Given the potential long-term impacts of postponing these activities on the assets, staff will strive to complete all these activities in 2022. The Ending Uncommitted Capital Reserve Balance is considered low compared to the required infrastructure improvements required in the upcoming years and will trigger further substantial Parcel Tax increased in the upcoming years.

Option 2 – 5.19% overall rate increase (7% increase to user fees, 2% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$613.80	\$347.41	\$961.21
Proposed Increase	42.97	6.95	49.91
2022 Rate	\$656.77	\$354.36	\$1,011.12
% Increase	7.0%	2.0%	5.19%
Reserve Summary			
	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$596,796	\$659,655	
Projected 2021 Surplus	117,521	-	
Budgeted Transfers to Reserves	-	229,615	
Budgeted Transfers from Reserves	(41,500)	(610,000)	
Ending Uncommitted Balance	\$672,817	\$279,270	
Total Annual Capital Funding from Parcel Taxes: \$389,992			
Parcel Taxes Required to Fund Operations: \$16,157			

This option is not recommended for the following reason:

- It requires \$16,157 in funding from parcel taxes to fund operations. This does not align with the Financial Sustainability policy.
- Parcel tax increase would be less than projection inflation rate.
- It provides for \$389,992 in annual capital funding which is 11% less than option #1. This results in a greater deferral of required rate increases for future required capital investments and improved asset management compared to option #1.

Option 3 – 13.61% overall rate increase (10% increase to user fees, 20% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$613.80	\$347.41	\$961.21
Proposed Increase	61.38	69.48	130.86
2022 Rate	\$675.18	\$416.89	\$1,092.07
% Increase	10.0%	20.0%	13.61%
Reserve Summary			
	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$596,796	\$659,655	
Projected 2021 Surplus	117,521	-	
Budgeted Transfers to Reserves	4,935	317,445	
Budgeted Transfers from Reserves	(41,500)	(610,000)	
Ending Uncommitted Balance	\$677,752	\$367,100	
Total Annual Capital Funding from Parcel Taxes: \$477,822			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is not recommended for the following reasons:

- This option requires a \$34.74 increase over option #1 which puts a larger financial burden on customers of this area which have already experienced large increases in the last two years.

In comparison to option #1, it only provides \$39,818 (12.2%) more to the Capital reserves but requires an \$34.74 (3.29%) greater increase to the overall fees.

Financial Implications

Increasing user fees by a substantial margin will result in an increase to capital funding by reducing or eliminating the allocation of parcel tax revenue to fund operations. The following table highlights the additional revenue and net capital funding increase that will result under each of the three options presented:

	Option 1	Option 2	Option 3
Additional User Fee Revenue	\$70,306	\$49,214	\$70,306
Additional Parcel Tax Revenue	\$39,819	\$7,964	\$79,637
Total Additional Revenue	\$110,125	\$57,178	\$149,943
Net Capital Funding Increase (Decrease)	\$73,131	\$25,119	\$112,949

The following table summarizes the net operating and net capital impact from each of the options including result if no changes to rates were made:

Operating

	2021				
	(Budgeted)	No Change	Option 1 (10%)	Option 2 (7%)	Option 3 (14%)
User Fee Revenue	703,059	703,059	773,365	752,273	801,487
Expenses					
Administrative	(98,283)	(99,557)	(99,557)	(99,557)	(99,557)
Salaries & Wages	(366,489)	(389,131)	(389,131)	(389,131)	(389,131)
Operating Costs	(250,738)	(279,742)	(279,742)	(279,742)	(279,742)
Funding Required from PT	12,451	65,371	-	16,157	-
Operating Project Costs	(92,100)	(41,500)	(41,500)	(41,500)	(41,500)
Net Operating Surplus (Deficit)	(104,551)	(106,871)	(36,565)	(57,657)	(8,443)

Capital

	2021				
	(Budgeted)	No Change	Option 1 (10%)	Option 2 (2%)	Option 3 (10%)
Parcel Tax Revenue	379,224	398,185	438,004	406,149	438,004
Expenses					
Long Term Debenture Debt	(125,756)	(124,856)	(124,856)	(124,856)	(124,856)
Equipment Financing Loans	(16,614)	(10,521)	(10,521)	(10,521)	(10,521)
Base Budget Expenses	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Funding of Operations	(14,351)	(65,371)	-	(16,157)	-
Transfer to Reserves	197,503	172,437	277,627	229,615	277,627
Capital Project Costs	(181,329)	(610,000)	(610,000)	(610,000)	(610,000)
Net Capital Surplus (Deficit)	16,174	(437,563)	(332,373)	(380,385)	(332,373)

Future Implications

When considering the rates for 2022 there are several future implications to be considered:

- The current condition of the water distribution infrastructure (water mains) is such that it will require a significant investment in the upcoming years to bring them to an acceptable standard and reduce the costs associated with reactive maintenance due to for example water main breaks. At the July 27, 2021 Let's Talk Water event it was presented that the required replacement or installation of watermains in the upcoming years alone would cost in excess of \$16,200,000. While the SCRD might be successfully able to apply for grants for some of this work, they usually still require a significant financial contribution from the SCRD.
- The development of a water supply plan for this system is proposed to start in 2022. Such a plan will guide water supply improvements required to ensure the service levels standards are met all over the system in the immediate and long-term future and will review the water supply during emergency situations.
- The Asset Management plans under development for this system will guide to the future rates required to adequately operate and maintain the system and replace the infrastructure components in a timely manner. Therefore, staff recognize that it is likely that user fee and parcel tax rates increase sufficiently to grow reserves balances to service future water supply and asset management projects.

Timeline for next steps or estimated completion date

Once approval is received to amend the user rates and parcel taxes, the Water Rates Bylaw 422, Schedule E will be amended to increase the South Pender Harbour Water Service Area User Fees and Parcel Taxes and forwarded to the December 9, 2021 Board Meeting for three readings and adoption.

Communications Strategy

The increase to these user fees will be communicated as part of a comprehensive communication effort regarding the 2022 Utility rates. This will include advertisement in news papers, a mail-out to all service participants, virtual information sessions, through the SCRD social media and website, budget documentation as well as additional information included with the utility bill when distributed.

STRATEGIC PLAN AND RELATED POLICIES

Annual reviews and adjustments of fees and charges are consistent with Section 4.2.2 of the Financial Sustainability Policy.

CONCLUSION

In the South Pender Harbour Water Service Area, parcel taxes are intended to fund capital expenditures (acquiring or maintaining fixed assets) and user fees are intended to fund operational expenditures (ongoing costs of running the service).

Under the historical rate schedules for the Regional Water Service Area, a portion of parcel tax revenue has been required to fund operating expenditures. To align with the Financial Sustainability Policy where parcel taxes should not be required to fund operations, user fees need to be increased at a rate greater than the increase in operating expenditures.

For 2022, staff recommend a 10% increase to user rates and 10% increase to parcel tax rates for an overall rate increase of 10.0%.

Pending Board direction, Water Rates and Regulations Bylaw No. 422, Schedule E will be updated and forwarded to the December 9, 2021 Board Meeting for three readings and adoption.

Reviewed by:			
Manager	X – S. Walkey	CFO/Finance	
GM	X – R. Rosenboom	Legislative	X – S. Reid
CAO	X – D. McKinley	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Tina Perreault, General Manager, Corporate Services/Chief Financial Officer
Alex Taylor, Budget and Financial Analyst

SUBJECT: NORTH PENDER HARBOUR WATER SERVICE AREA 2022 RATE BYLAW AMENDMENT

RECOMMENDATIONS

THAT the report titled North Pender Harbour Water Service Area 2022 Rate Bylaw Amendment be received;

AND THAT the Water Rates and Regulations Bylaw 422, Schedule D be amended to increase the North Pender Harbour Water Service Area User Fees and Metered Usage Fees by 13.8% with a 4.4% increase to Parcel Taxes for an overall rate increase of 10.57%;

AND THAT the 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The North Pender Harbour Water Service Area (NPHWSA) consists of approximately 763 parcels and 577 billable water users. The current parcel tax and user rates per single family residential dwelling are \$326.63 and \$624.92, respectively.

An amendment to Water Rates Regulations Bylaw No. 422 is required to be adopted prior to January 1, 2022 in order to meet the legislated timelines for user fees and the Parcel Tax Roll review process.

The purpose of this report is to recommend 2022 rate increases for the NPHWSA which align with the funding requirements of the service.

DISCUSSION

In the NPHWSA, parcel taxes are intended to fund capital expenditures (acquiring or maintaining fixed assets) and user fees are intended to fund operational expenditures (ongoing costs of running the service). The high vacant parcel rate in this service area has historically resulted in a higher proportion of parcel tax revenue being used to fund operations to reduce the financial burden on users. The Board's Financial Sustainability Policy has also been amended to reflect this funding alignment.

In 2021, annual capital funding is \$172,541 with \$82,901 (32.45%) of parcel tax revenue budgeted to fund operating expenditures. Over the last several years rate increases have begun to address this imbalance through larger increases to user rates. For 2022, it is recommended that this imbalance be eliminated to provide increased capital funding and clarity with respect to setting rates going forward.

The following capital and operating projects were presented as part of the Pre-Budget meetings held on November 1, 2021. Projects proposed to be funded through grants are not included in this overview. Proposals will be brought to Round 1 budget deliberations and have been factored into the rate increases analysis. The pre-budget proposal for water services overtime was removed and will not be presented at Round 1. Any decisions by the Board to not approve any of these projects will result in an increase Operating Reserves and Capital Reserves.

Capital

	Project	Cost (Estimated)
1	NPH Watermain Replacement	85,000
		85,000

Operating

	Project	Cost (Estimated)
1	Public Participation Water Supply Plan Development	7,500
2	Water Rate Structure Review	2,000
3	Feasibility Study Long-Term Surface Water Supply Sources	5,000
4	Technical Analyses North Harbour Water Service	20,000
5	Utilities Engineering Coordinator	5,000
6	Water Service- Staffing - Utility Crew	12,000
		51,500

In considering the rates for 2022, it is important to consider the current state of the infrastructure for this water system. Since the system take over by the SCRD in 2006, substantial efforts have been made to improve the condition of the infrastructure. The current condition of the infrastructure is such that additional effort will be required in primarily the distribution system to bring it up to current day standards and reduce the daily maintenance cost of the service (see *Future Implications* section below).

Historical Rates

Historical rates and annual increases dating back to 5-years are as follows:

	2017	2018	2019	2020	2021
Parcel Tax	320.23	320.23	326.63	326.63	326.63
User Fee	235.93	255.98	277.74	416.61	624.92
Total	556.16	576.21	604.37	743.24	951.55
Total \$ Increase	\$9.07	\$20.05	\$28.16	\$138.87	\$208.31
Total % Increase	1.66%	3.61%	4.89%	22.98%	28.03%

Options and Analysis

The following options and analysis are based on budget proposals before the beginning of Round 1 and estimated uncommitted reserve balances. These values will change based on final budget allocations (wage rates, support service allocation etc.) and 2021 year-end surplus/deficit values.

User fees and parcel tax rates used in the analysis are based on the rates for a residential parcel containing one dwelling unit.

The budgeted transfer to capital reserves is calculated by deducting base budget capital expenditures and debt servicing costs from total annual capital funding. Total annual capital funding is equal to parcel tax revenue less any amount required to fund operations.

Option 1 – 10.57% overall rate increase (13.8% increase to user fees, 4.4% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$624.92	\$326.63	\$951.55
Proposed Increase	86.24	14.37	100.61
2022 Rate	\$711.16	\$341.00	\$1,052.16
% Increase	13.8%	4.4%	10.57%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$187,900	\$421,906	
Projected 2021 Surplus	165,050	-	
Budgeted Transfers to Reserves	70	203,661	
Budgeted Transfers from Reserves	(34,500)	(85,000)	
Ending Uncommitted Balance	\$318,520	\$540,567	
Total Annual Capital Funding from Parcel Taxes: \$266,681			
Parcel Taxes Required to Fund Operations: \$NIL			

Staff recommend this option for the following reasons:

- Reduces allocation of parcel tax revenue used to fund operations from \$82,901 (32.5%) to \$0, which is in line with Financial Sustainability Policy
- Net result is an annual capital funding increase of \$94,140 as compared to 2021.
- The projected Ending Uncommitted Operational Reserve Balance improves the financial capacity to respond to emergency situations and components of the capital investment required in the upcoming years that should only be funded from operating versus capital reserves, incl feasibility studies and engineering design.
- The proposed increase Parcel Tax rate aligns with the current estimated inflation rate.
- This option provides for the smallest increase (\$86.24) to user fees to cover operating expenses without having parcel taxes supplement the operating expenses.

The projected 2021 surplus is the result of operational projects and maintenance of infrastructure not being completed in 2021 due to staff shortages, staff turnover, competing priorities and emerging critical issues. Given the potential long-term impacts of postponing these activities on the assets staff will strive to complete all these activities in 2022. The Ending Uncommitted Capital Reserve Balance is considerable, it's still considered low in comparison to the major capital

investment required in the upcoming years associated with the water mains and the water treatment system.

Option 2 – 5.28% overall rate increase (7% increase to user fees, 2% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$624.92	\$326.63	\$951.55
Proposed Increase	43.74	6.53	50.28
2022 Rate	\$668.66	\$333.16	\$1,001.83
% Increase	7.0%	2.0%	5.28%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$187,900	\$421,906	
Projected 2021 Surplus	165,050	-	
Budgeted Transfers to Reserves	-	171,763	
Budgeted Transfers from Reserves	(34,500)	(85,000)	
Ending Uncommitted Balance	\$318,450	\$508,669	
Total Annual Capital Funding from Parcel Taxes: \$234,783			
Parcel Taxes Required to Fund Operations: \$25,768 (9.9%)			

This option is not recommended for the following reasons:

- It requires \$25,768 in funding from parcel taxes to fund operations. This does not align with the Financial Sustainability policy.
- Parcel tax increase would be less than projection inflation rate. It provides for \$234,783 in annual capital funding which is 12% less than option #1. This results in a greater deferral of required rate increases for future required capital investments and improved asset management compared to option #1.

Option 3 – 12.50% overall rate increase (13.8% increase to user fees, 10% increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$624.92	\$326.63	\$951.55
Proposed Increase	86.24	32.66	118.90
2022 Rate	\$711.16	\$359.29	\$1,070.45
% Increase	13.8%	10.0%	12.50%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$187,900	\$421,906	
Projected 2021 Surplus	165,050	-	
Budgeted Transfers to Reserves	70	217,966	
Budgeted Transfers from Reserves	(34,500)	(85,000)	
Ending Uncommitted Balance	\$318,520	\$554,872	
Total Annual Capital Funding from Parcel Taxes: \$280,986			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is not recommended for the following reasons:

- It requires a larger increase to fees from a population base that has experienced a 23% increase to the combined rates in 2020 and another 28% increase in 2021
- In comparison to option #1, it only provides \$14,305 (3.4%) more to the Capital reserves but requires an \$18.29 (18.2%) greater increase to the overall fees.

Financial Implications

Increasing user fees will result in an increase to capital funding by reducing the allocation of parcel tax revenue to fund operations. The following table highlights the additional revenue and net capital funding increase that will result under each of the three options presented:

	Option 1	Option 2	Option 3
Additional User Fee Revenue	\$52,435	\$18,998	\$52,435
Additional Parcel Tax Revenue	\$11,239	\$5,109	\$25,544
Total Additional Revenue	\$63,674	\$31,706	\$77,979
Net Capital Funding Increase	\$94,140	\$62,242	\$108,445

The following table summarizes the net operating and net capital impact from each of the options including result from if no changes to rates were done:

Operating

	2021 (Budgeted)	No Change	Option 1 (13.8%)	Option 2 (7%)	Option 3 (13.8%)
User Fee Revenue	379,962	379,962	432,397	406,559	432,397
Expenses					
Administrative	(54,860)	(60,046)	(60,046)	(60,046)	(60,046)
Salaries & Wages	(279,815)	(230,915)	(230,915)	(230,915)	(230,915)
Operating Costs	(128,188)	(141,366)	(141,366)	(141,366)	(141,366)
Funding Required from PT	82,901	52,365	-	25,768	-
Operating Projects	(83,200)	(34,500)	(34,500)	(34,500)	(34,500)
Net Operating Deficit	(166,101)	(86,865)	(34,430)	(60,268)	(34,430)

Capital

	2021 (Budgeted)	No Change	Option 1 (4.4%)	Option 2 (2%)	Option 3 (10%)
Parcel Tax Revenue	255,769	255,422	266,681	260,551	280,986
Expenses					
Long Term Debenture Debt	(28,850)	(28,250)	(28,250)	(28,250)	(28,250)
Equipment Financing Loans	(13,771)	(13,770)	(13,770)	(13,770)	(13,770)
Base Budget Expenses	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)
Funding of Operations	(82,901)	(52,365)	-	(25,768)	-
Transfer to Reserves	109,247	140,037	203,661	171,763	217,966
Capital Project Costs	(60,231)	(85,000)	(85,000)	(85,000)	(85,000)
Net Capital Surplus (Deficit)	49,016	55,037	118,661	86,763	132,966

Future Implications

When considering the rates for 2022 there are several future implications to be considered:

- The current condition of the water distribution infrastructure (water mains) is such that it will require a significant investment in the upcoming years to bring them to an acceptable standard and reduce the costs associated with reactive maintenance due to for example water main breaks. At the July 27, 2021 Let's Talk Water event it was presented that the required replacement or installation of watermains in the upcoming years alone would cost in excess of \$2,300,000. Besides, the treatment system at the Garden Bay Water Intake need to be upgraded at a currently expected cost of \$600,000. While the SCRD might be successfully able to apply for grants for some of this work, they usually still require a significant financial contribution from the SCRD.
- The development of a water supply plan for this system is proposed to start in 2022. Such a plan will guide water supply improvements required to ensure the service levels standards are met all over the system in the immediate and long-term future and will review the water supply during emergency situations.
- The Asset Management plans under development for this system will guide the future rates required to adequately operate and maintain the system and replace the

infrastructure components in a timely manner. Therefore, staff recognize that it is likely that user fee and parcel tax rates increase sufficiently to grow reserves balances to service future water supply and asset management projects.

Timeline for next steps or estimated completion date

Once approval is received to amend the user rates and parcel taxes, the Water Rates Bylaw 422, Schedule D will be amended to increase the North Pender Harbour Water Service Area User Fees and Parcel Taxes and forwarded to the December 9, 2021 Board Meeting for three readings and adoption.

Communications Strategy

The increase to these user fees will be communicated as part of a comprehensive communication effort regarding the 2022 Utility rates. This will include advertisement in news papers, a mail-out to all service participants, virtual information sessions, thorough the SCRD social media and website, budget documentation as well as additional information included with the utility bill when distributed.

STRATEGIC PLAN AND RELATED POLICIES

Annual reviews and adjustments of fees and charges are consistent with Section 4.2.2 of the Financial Sustainability Policy.

CONCLUSION

In the North Pender Harbour Water Service Area, parcel taxes are intended to fund capital expenditures (acquiring or maintaining fixed assets) and user fees are intended to fund operational expenditures (ongoing costs of running the service).

Under the historical rate schedules for NPHWSA, a portion of parcel tax revenue has been required to fund operating expenditures. To address this imbalance, user fees need to be increased at a rate greater than the increase in operating expenditures.

For 2022, staff recommend a 13.8% increase to user rates and 4.4% increase to parcel tax rates for an overall rate increase of 10.57%. This will reduce the proportion of parcel tax revenue required to fund operations from 32.45% to 0% and increase net capital funding by \$94,140 to \$266,681.

The proposed parcel tax increase will result in an increase to the capital reserve required in support of anticipated future infrastructure investment requirements.

Pending Board direction, Water Rates and Regulations Bylaw No. 422, Schedule D will be updated and forwarded to the December 9, 2021 Board Meeting for three readings and adoption.

Reviewed by:			
Manager	X-S. Walkey	CFO/Finance	
GM	X- R. Rosenboom	Legislative	X – S. Reid
CAO	X – D. McKinley	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Shane Walkey, Manager, Utility Services

SUBJECT: WASTEWATER 2022 USER FEE REVIEWS

RECOMMENDATIONS

THAT the report titled Wastewater 2022 User Fee Reviews be received;

AND THAT the respective rate Bylaws (428, 430,644, and 714) be amended to reflect the proposed 2022, 2023 and 2024 User Fees detailed and amended in Table 2 of the report as follows:

Service	2022	2023	2024
Greaves	\$487.81	\$502.44	\$517.52
Woodcreek	\$658.28	\$678.03	\$698.37
Sunnyside	\$745.23	\$767.59	\$790.62
Jolly Roger	\$845.03	\$870.38	\$896.49
Secret Cove	\$723.26	\$744.96	\$767.30
Lee Bay	\$487.67	\$502.30	\$517.37
Square Bay	\$645.56	\$664.93	\$684.87
Langdale	\$1,126.43	\$1,160.22	\$1,195.03
Canoe	\$985.31	\$1,014.87	\$1,045.32
Merrill Crescent	\$1,948.25	\$2,006.70	\$2,066.90
Curran Road	\$627.98	\$646.82	\$666.22
Roberts Creek	\$865.67	\$891.64	\$918.39
Lily Lake	\$711.89	\$733.25	\$755.24
Painted Boat	\$586.13	\$603.72	\$621.83
Sakinaw Ridge	\$1,323.63	\$1,363.34	\$1,404.24

AND THAT the draft 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

In November 2020 a report titled 'Wastewater 2021 User Fee Review' summarized the review and analyses of the Operating and Maintenance (O&M) budgets for 15 wastewater service areas. The report presented a review of wastewater funding and provided recommendations for sustainable wastewater user fees for all 15 wastewater services managed by the SCRD.

Following that report at the December 3, 2020 Board meeting it was resolved to adjust User Fees for all of the 15 wastewater services.

398/20 THAT the report titled Wastewater 2021 User Fee Review be received;
AND THAT the respective rate Bylaws be amended to reflect the proposed 2021 User Fees detailed and amended in Table 2 of the report as follows:

Service	2020	2021
Greaves	\$ 595.84	\$ 480.60
Woodcreek	\$ 554.17	\$ 648.55
Sunnyside	\$ 691.47	\$ 734.22
Jolly Roger	\$ 682.19	\$ 832.54
Secret Cove	\$ 616.36	\$ 712.57
Lee Bay	\$ 412.50	\$ 480.46
Square Bay	\$ 501.19	\$ 636.02
Langdale	\$ 924.98	\$ 1,109.78
Canoe	\$ 1,076.58	\$ 970.75
Merrill	\$ 1,739.43	\$ 1,663.25
Curran	\$ 536.75	\$ 618.70
Roberts Creek	\$ 687.94	\$ 852.88
Lily Lake	\$ 640.69	\$ 701.37
Painted Boat	\$ 537.50	\$ 577.47
Sakinaw	\$ 1,205.94	\$ 1,304.07

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

The purpose of this report is to provide a summary of the 2022 wastewater operations and maintenance budget and associated user fee review and to recommend User Fees for the 15 wastewater services.

DISCUSSION

Introduction

An annual review of the operations and maintenance budgets for 15 wastewater services has been conducted which has involved a detailed evaluation of existing base operating budget levels and current year (i.e. 2021) expenditures. This review is following a considerable implementation/update of a new user fee rate structure in 2019 and an annual rate review in 2020.

Table 1 (below) outlines the estimated surpluses and deficits of the various wastewater service areas in 2021. Due to several of these facilities having relatively small budgets and that work on these facilities is ongoing and given the timeframe of the drafting of this report, these values may vary by the end of the year.

Table 1: 2021 Anticipated Surplus(es)/Deficits

Function	Facility	Base Budget Values – 2021		
		Annual Budget	Year-End Estimate	Variance Surplus / (Deficit)
381	Greaves	\$2,630	\$3,153	(\$523)
382	Woodcreek Park	\$54,311	\$60,770	(\$6,459)
383	Sunnyside	\$3,552	\$3,301	\$251
384	Jolly Roger	\$27,424	\$20,835	\$6,589
385	Secret Cove	\$24,919	\$15,579	\$9,340
386	Lee Bay	\$54,043	\$45,840	\$8,203

387	Square Bay	\$78,429	\$50,634	\$27,795
388	Langdale	\$53,149	\$41,463	\$11,686
389	Canoe Rd	\$3,709	\$1,762	\$1,947
390	Merrill Cres	\$20,849	\$22,862	(\$2,013)
391	Curran Rd	\$34,281	\$28,761	\$5,520
392	Roberts Creek	\$36,323	\$31,222	\$5,101
393	Lily Lake	\$26,607	\$25,915	\$692
394	Painted Boat	\$19,875	\$12,820	\$7,055
395	Sakinaw Ridge	\$37,017	\$17,940	\$19,077

Projected budgets for 2021 were based on a full provision of utility staff, however, due to vacancies, as well as unanticipated leave there was a notable reduction in maintenance and operational projects resulting in some of the variances (i.e. surpluses) identified in Table 1. In addition, further variances in actual vs budgeted spending can be contributed to certain spending that has been annualized over a period of several years but doesn't necessarily occur every year such as large pump outs performed once every couple of years for some facilities.

Service Area Specific Details

381 – Greaves Rd

Operating expenditures were higher than anticipated primarily due to higher than budgeted spending on staff wages related to the one-time Feasibility Project and other maintenance work at the facility. On average this wastewater service area has been within budget in prior years and does not require a rate increase for 2022. Any deficits will be funded from operating reserves.

382 – Woodcreek Park

This facility is in poor condition and is in the process of engineering and upgrading various components of its treatment system. A grant application under the 'Investing in Canada Infrastructure Program - British Columbia - Rural and Northern Communities Infrastructure' has been submitted and is pending funding announcements. The 2021 anticipated deficit was primarily due to higher than anticipated wastewater pumping expenses as it relates to the engineering review as well as the facilities' overall condition. No rate increase is recommended for 2022 since it is anticipated that the capital remediation work planned should alleviate future deficits in the operations and maintenance budget.

391 – Merrill Crescent

Merrill Crescent continues to have increasing operating and maintenance costs due to the condition of the system. A feasibility study performed by Aurora Professional Group (APG) in 2021 identified several issues with the existing system that need addressing (i.e. upstream trash tank requirement, influent quality issues, infiltration, etc.) and that are currently contributing to increased maintenance work at Merrill. In order to meet the short-term operations and maintenance requirements of this facility and given that there are currently no funds available to implement APG's recommendations, staff are

recommending an increase in annual user fees to continue to provide service and move towards a more sustainable funding of the operations of this facility.

Operation and Maintenance Reserves

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

The January 2020 report suggested that several wastewater services have a temporary additional fee to build operating reserve levels to meet the minimum targets as listed in that report. They are \$5,000 for the four smallest systems (Merrill Crescent, Greaves Road, Sunnyside, and Canoe Road) and \$10,000 for the others. Most services are projected to exceed the target minimum for operating reserves by the end of 2021 which is ahead of the original 5-year schedule due to 2020 and 2021 surpluses.

The only wastewater service area that has not been able to reach its required operating reserve level is the Merrill Crescent WWTP service and as such will require a rate increase for 2022 to ensure that the minimum desired reserve threshold is met within the next 5 years.

User fee recommendations

It is recommended to set the rates for all systems for not only 2022 but also for 2023 and 2024. Doing so would provide certainty to the users of the system and would reduce the administrative workload associated with recommending user fees annually.

The staffing situation is currently such that it can be anticipated that in 2022 all planned maintenance and operating budget will be depleted, limiting the likelihood of year-end surpluses for services as occurred in 2020 and 2021.

Due to inflation and wage increases the actual costs of operating these facilities will increase annually by about 3%. Except for Merrill Crescent, the current operating reserve levels for all systems are sufficient to fund minor deficits resulting from the regular operations and maintenance of those plants. It is recommended to limit the annual increase for those systems to 1.5% for 2022.

For Merrill Crescent it is recommended to increase the user fee such that 1) both the annual operating budget is increased and 2) the minimum operating reserves level for this system of \$10,000 is reached within the next 5 years. This would require a \$285 increase in user fee for 2022. The overall increase in operating revenue for the Merrill Crescent WWTP area would be \$3,990 annually. It is recommended that \$2,000 of this goes towards building the minimum operating reserve level of \$10,000 and the remaining \$1,990 is incorporated into the annual base operations and maintenance budget to help alleviate some of the increases in operations and maintenance expenditures the facility has been experiencing.

In support of the long-term sustainable funding of the operations of the WWTPs a 3% increase is recommended for all systems for 2023 and 2024 to compensate for the anticipated inflation and annual staffing costs increases.

Staff will annually confirm the sustainability of the funding of the operations and maintenance of the WWTPs and will bring forward recommendations to increase or decrease the user fees for certain WWTPs, as warranted.

Financial Implications

Based on the analyses discussed above for the existing user fee rates, current and short-term operations and maintenance spending and operating reserves, the following rates are recommended for 2022, 2023 and 2024:

Table 2: Overview historic and proposed (*) user fees

Service	2020	2021	2022*	2023*	2024*
Greaves	\$595.84	\$480.60	\$487.81	\$502.44	\$517.52
Woodcreek	\$554.17	\$648.55	\$658.28	\$678.03	\$698.37
Sunnyside	\$691.47	\$734.22	\$745.23	\$767.59	\$790.62
Jolly Roger	\$682.19	\$832.54	\$845.03	\$870.38	\$896.49
Secret Cove	\$616.36	\$712.57	\$723.26	\$744.96	\$767.30
Lee Bay	\$412.50	\$480.46	\$487.67	\$502.30	\$517.37
Square Bay	\$501.19	\$636.02	\$645.56	\$664.93	\$684.87
Langdale	\$924.98	\$1,109.78	\$1,126.43	\$1,160.22	\$1,195.03
Canoe	\$1,076.58	\$970.75	\$985.31	\$1,014.87	\$1,045.32
Merrill Crescent	\$1,739.43	\$1,663.25	\$1,948.25	\$2,006.70	\$2,066.90
Curran Road	\$536.75	\$618.70	\$627.98	\$646.82	\$666.22
Roberts Creek	\$687.94	\$852.88	\$865.67	\$891.64	\$918.39
Lily Lake	\$640.69	\$701.37	\$711.89	\$733.25	\$755.24
Painted Boat	\$537.50	\$577.47	\$586.13	\$603.72	\$621.83
Sakinaw Ridge	\$1,205.94	\$1,304.07	\$1,323.63	\$1,363.34	\$1,404.24

Timeline for next steps or estimated completion date

Once approval is received to amend user fees, the appropriate bylaw amendments will be drafted and presented to the December 9, 2021 Board Meeting for three readings and adoption.

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

The basis for the establishment of sustainable rate structures for SCRD services is borne from the guiding policies adopted by the Board. This report aligns with the Board’s Strategic focus area of Asset Stewardship and Engagement and Communication.

Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

The SCRD manages 15 wastewater treatment facilities and is responsible for the operation and maintenance of these facilities and the establishment of sustainable funding models. Following a detailed review of existing user rates, operating reserve levels and current and short-term operations and maintenance budget requirements, there are a few service areas that may be in an operating budget deficit position for 2021. The majority of wastewater service areas will see surpluses for 2021, primarily due to vacancies which resulted in differed maintenance of the facilities.

The current user fee structure for Merrill Crescent does not provide sufficient revenue to meet the annual operations and maintenance budget obligations or the minimum required operating reserve threshold recommended and outlined in previous reports. It is therefore recommended to increase the user fee for this system by \$285 in 2022. In support of the long-term sustainable funding, a 1.5% user fee increase is recommended for the remainder of the systems. A 3% increase is recommended for all systems for 2023 and 2024.

Staff will perform annual reviews of user rates for all other service areas and recommended user fee amendments if warranted.

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

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Kyle Doyle, Manager, Asset Management

SUBJECT: WASTEWATER 2022 FRONTAGE FEE REVIEWS

RECOMMENDATIONS

THAT the report titled Wastewater 2022 Frontage Fee Reviews be received;

AND THAT the respective rate Bylaws (428, 430, 644, and 714) be amended to reflect the proposed 2022 Frontage Fees detailed in Table 2 of the report;

AND THAT the draft 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

In November 2020 a report titled ['Wastewater 2021 Frontage Fee Reviews'](#) summarized the culmination of several years of analysis and community engagement to present a review of wastewater funding and provide recommendations for sustainable wastewater Frontage Fees. Subsequent to that report at the December 3, 2020 Board meeting it was resolved to adjust Frontage Fees for 11 of the 15 wastewater services operated by the Sunshine Coast Regional District.

397/20 THAT the report titled Wastewater 2021 Frontage Fee Reviews be received;
AND THAT the proposed 2021 Frontage Fee Charges, as shown in Table 16 of the report, be amended as follows:

<u>Service</u>	<u>2020</u>	<u>2021</u>
Greaves	\$ 102.00	\$ 202.00
Woodcreek	\$ 102.00	\$ 302.00
Sunnyside	\$ 102.00	\$ 202.00
Jolly Roger	\$ 102.00	\$ 152.00
Secret Cove	\$ 102.00	\$ 152.00
Lee Bay	\$ 102.00	\$ 102.00
Square Bay	\$ 217.42	\$ 217.42
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	\$ 204.00
Painted Boat	\$ 102.00	\$ 202.00
Sakinaw	\$ 670.27	\$ 845.27

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

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

In the past year, feasibility studies were completed by an external consultant to determine the condition and provide guidance on the immediate repairs and eventual replacement of three wastewater treatment systems (Greaves Road, Merrill Crescent, and Langdale). Class D (+/- 30%) estimates were provided for construction and maintenance costs associated with each scenario detailed in the report. A report summarizing this work has been presented to the [Oct 14, 2021 Infrastructure Services Committee](#).

The purpose of this report is to provide a summary of the 2022 wastewater capital funding review and provide options to revise Frontage Fees for the 15 wastewater services.

DISCUSSION

While all 15 wastewater service areas are similar in nature, there is significant variance in population of each service area, the number of participating lots, as well as the age and existing condition of the infrastructure. Many of the wastewater services are projected to undergo successive infrastructure replacement projects in the future. The timing of these projects can occasionally result in overlapping borrowing terms which compound, resulting in exorbitantly high frontage fees necessary to meet debt servicing obligations. These scenarios present the greatest challenge to maintaining sustainable wastewater services but are avoidable through proactively building reserve funds.

A gap between current capital revenues and a sustainable level of capital funding persists within all 15 services. Capital models for all wastewater service areas were updated to reflect the annual advancement of the 50-year horizon, current interest rates, and emerging capital projects at individual services. Cost estimates provided by the Aurora Professional Group (APG) feasibility studies were input into the respective capital models to illustrate the financial impact of implementing the provided recommendations. Additional modelling was conducted this year as an effort to provide alternative funding strategies for consideration. Shorter-term capital plans (20-year vs 50-year) and the consideration of reduced construction inflation rates have been suggested through ongoing communication with service participants. These scenarios have also been modeled and are discussed below.

A comparison of similar wastewater services has been updated and is presented in this report to provide further context on typical wastewater annual capital fees.

Service Area Specific Updates

381 – Greaves Road

The existing 'collection system' at Greaves Road is comprised of an ad hoc series of individual pipes that connect private holding tanks directly to the shared treatment tank. It is understood that these connections were made by individual home builders and they do not meet standards of design. Utilities staff has reported continued issues with the existing arrangement and efforts to repair the existing pipes are hampered by the lack of record drawings and the inadequate build quality. A replacement of the entire system is required and has been anticipated to occur in 2025.

The useful life remaining for the treatment system at Greaves Road is estimated to be 6 years based on the average lifespan of similar infrastructure. A feasibility study was completed by

APG this year to evaluate the condition and remaining lifespan of the Greaves Road wastewater service infrastructure and to provide recommendations and cost estimates for repairs and replacement of the treatment and disposal systems. The report by APG highlights some minor deficiencies currently causing performance issues. APG suggests that if these are corrected and monitored/maintained adequately the lifespan of the system may be extended for 10 to 30 years. The estimated treatment system renewal costing and average lifespan parameters provided by APG have been input into a capital model to determine the requisite capital funding under these conditions. A graph representing the 50-year capital plan for this scenario can be found in **Attachment A**.

It should be noted that based on direction provided by Provincial staff that long term capital planning should not anticipate grant funding, a threshold (10-15 years from receipt of direction) was established for consideration of grant funding in all capital models. Currently the wastewater capital models consider capital renewal projects that are expected to occur prior to 2031 to be eligible for, and to receive, grant funding equalling 30% of project costs. As the APG report expects the lifespan of the treatment system to extend beyond 2031 the revised capital model does not consider grant funding to be available for this work.

Budget proposals for work to address the deficiencies identified in the APG report are expected to be brought forward through future staff reports.

382 – Woodcreek Park

The project for the replacement of the sandfilter at the Woodcreek Park wastewater treatment facility is nearing the implementation phase. A grant has been applied for to help mitigate the impact on frontage fees and it is expected that the grant award decision will be made public soon.

388 – Langdale

The Langdale wastewater treatment plant is currently inoperable. A temporary agreement has been reached to allow sewage influent to be redirected to and treated at the neighbouring YMCA wastewater treatment plant.

A feasibility study was completed by APG this year to evaluate the condition and remaining lifespan of the Langdale wastewater service's drainfield and to consider options for a permanent solution to the inoperable treatment system. APG reviewed three potential scenarios; the replacement of the Langdale wastewater treatment plant and drainfield, the replacement of the Langdale wastewater treatment plant and the renewal of the drainfield, and the implementation of upgrades to the YMCA treatment plant necessary to accommodate a permanent connection. There is still uncertainty regarding long-term cost sharing and contributions to existing capital expenditure associated with a permanent connection to YMCA.

The estimated costing and lifespan parameters provided by APG have been input into a capital model to determine the requisite capital funding under the conditions described in their report. Potential capital recovery through the disposition of land currently allocated for the existing treatment system and drainfields has not been considered. A graph representing the 50-year capital plan for this scenario can be found in **Attachment A**. The full report can be found attached to a summary that was presented to the [Oct 14, 2021 Infrastructure Services Committee](#).

390 – Merrill Crescent

A feasibility study was completed by APG this year to evaluate the condition and remaining lifespan of the Merrill wastewater service infrastructure and to provide recommendations and cost estimates for repairs and replacement of the various components. The report by APG identifies deficiencies currently affecting the treatment system. APG suggests that if these are corrected and monitored/maintained adequately the treatment system may remain operable for 10 years and that a reduction in operational costs may be realized. The estimated treatment system renewal costing and lifespan parameters provided by APG have been input into a capital model to determine the requisite capital funding under these conditions. A graph representing the 50-year capital plan for this scenario can be found in **Attachment A**. The full report can be found attached to a summary that was presented to the Oct 14th, 2021 ISC meeting.

392 – Roberts Creek Co-Housing

Efforts to reclassify the wastewater treatment system under the purview of Vancouver Coastal Health have revealed deficiencies affecting the effluent quality. It is expected that a progress report will be presented at December 2021 ISC meeting to provide more detail on work completed and work still to be done. Communication with the Roberts Creek Co-housing community is ongoing and they have been updated with the progress and timeline on this project.

393 – Lily Lake

Testing of effluent at Lily Lake has shown results that are not in compliance with the operating permit. Proposals for work to resolve this is expected to be brought forward during this year's budget process. It is expected the work will be financed through operating reserves.

394 – Painted Boat

In order to comply with the Municipal Wastewater Regulation a flowmeter needs to be installed to quantify the flow through the treatment plant. A proposal for this work is expected to be brought forward during this year's budget process. The work is expected to be funded through operating reserves and as such there is expected to be no financial impact on the capital plan.

395 – Sakinaw Ridge

Sakinaw Ridge is a 27-parcel wastewater service with eight users currently. This continues to present a unique funding dilemma due to the low number of users and the fixed operating costs of the treatment plant. Frontage fees continue to subsidize Operating and Maintenance (O&M) expenses. Efforts to develop sustainable funding solutions for this issue are ongoing and it is recommended that rate increases are deferred for 2022 for Sakinaw Ridge.

50-Year Capital Plans

A continuation from previous years modelling, the 50-year capital plans were created using the best available information with the intention of providing the best possible prediction of future capital renewal needs. Among other efforts, this included a detailed review of the historic fluctuations in interest and construction inflation rates resulting in the application of term-dependent rates that represented historically observed volatility.

Various funding strategies were considered to meet the projected financial needs from these models. While there is a myriad of possible ways to implement increases to revenue, for simplicity sakes this report presents three scenarios that considered annual rate increases of \$100 (Plan 1), \$150 (Plan 2), and \$200 (Plan 3) for each service, with each increase continuing until either a sustainable rate was reached or a projected expense required debt servicing greater than the forecasted rate (therefore forcing a rate increase to match revenue to projected debt obligations). A fourth funding strategy was modeled where a single increase to establish a sustainable rate was considered for each service (Plan 4).

All capital models project continuing annual increases equal to historical Consumer Price Index inflation (2%) once a sustainable funding level is achieved. The result of this approach is that over time the annual cost of the service remains consistent for residents.

A summary of the four capital plans made for each wastewater service and graphs for each wastewater service can be found in **Attachment B**. These graphs show the anticipated expenditures, the frontage fees as current and inflated values, the projected debt and reserve levels, and a summary of the model for each service as shown in the example in Figure 1 below.

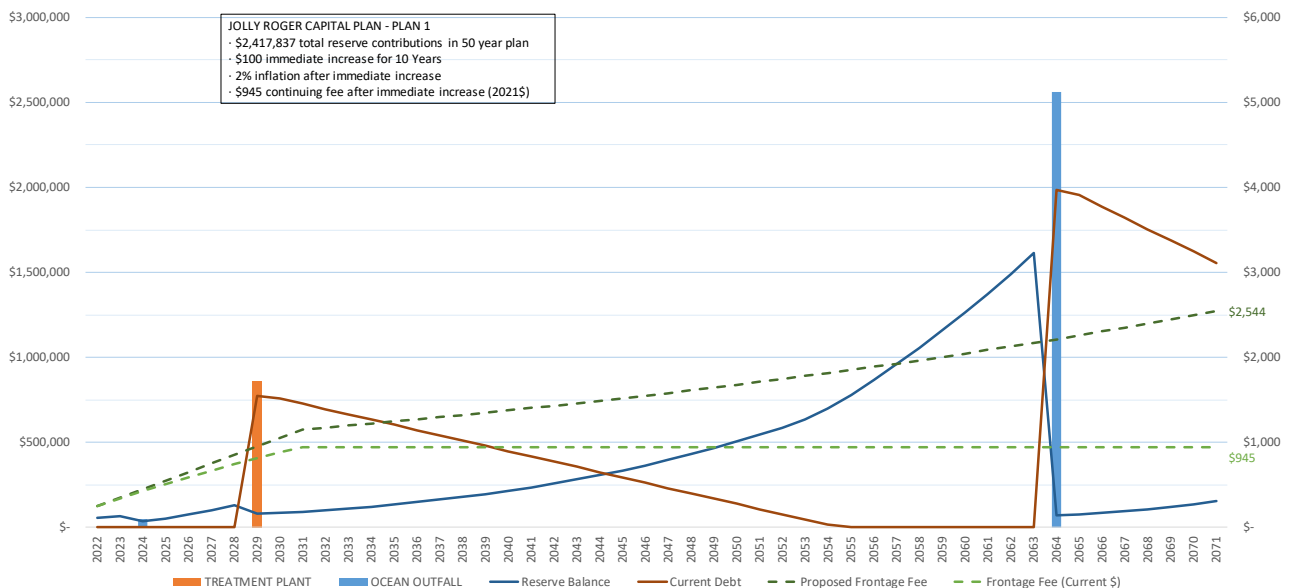


Figure 1: Sample 50-Year Capital Model Summary Graph (Jolly Roger)

The key takeaways from this modelling is that all services require capital fee increases to achieve a sustainable funding model AND that cost savings over time are achievable by applying rapid corrections to the existing funding gap rather than slow adjustments over time.

20-Year Capital Plans

The projected capital expenses for each wastewater service were modeled as 20-year capital plans in response to feedback from residents suggesting the use of shorter-term models. To allow for comparison the models were extended through the 50-year expense projections that the 50-year capital plans considered.

Two different approaches were used to create 20-year capital plans; the first (20-year 1A) applies five years of equal annual rate adjustments followed by fifteen years of inflationary increases (2%), the second (20-year 1B) applies consistent annual rate increases across the entirety of the 20-years. The models were ‘reviewed’ every 10 years and adjustments were applied as necessary to the rate structure according to the above described approaches.

Table 1: Comparison of 50-year vs 20-year Capital Plans

50-YEAR/20-YEAR COMPARISON	TOTAL 50-YEAR INCREASE (PER PARCEL)		
	PLAN 1	PLAN 1A	PLAN 1B
Greaves Road	\$ 2,561	\$ 1,715	\$ 1,072
Woodcreek Park	\$ 2,405	\$ 3,092	\$ 4,040
Sunnyside	\$ 2,100	\$ 2,469	\$ 2,516
Jolly Roger	\$ 2,392	\$ 3,514	\$ 4,762
Secret Cove	\$ 4,909	\$ 7,207	\$ 9,200
Lee Bay	\$ 2,331	\$ 3,544	\$ 6,510
Square Bay	\$ 3,991	\$ 7,753	\$ 12,210
Langdale	\$ 2,887	\$ 4,512	\$ 5,188
Canoe Road	\$ 1,191	\$ 1,371	\$ 1,800
Merrill Crescent	\$ 1,689	\$ 2,180	\$ 1,500
Curran Road	\$ 4,018	\$ 8,066	\$ 10,320
Roberts Creek Co-Housing	\$ 1,857	\$ 3,400	\$ 5,600
Lily Lake	\$ 1,914	\$ 3,266	\$ 5,400
Painted Boat	\$ 1,509	\$ 2,573	\$ 3,990
Sakinaw Ridge	\$ 2,075	\$ 3,705	\$ 6,190

Note: Plan 1 is based on 50-Year Capital Plans and Plan 1A and Plan 1B are based on 20-Year Capital Plans

The results of the modeling suggest that this approach will result in higher fees for almost all services than the implementation of 50-year capital plans. When the two 20-year capital planning approaches were applied across 50-years and compared to the 50-year (Plan 1) for each service, there appears to be benefits for smaller services that face imminent capital renewal needs as shown by Table 1 above. Graphs illustrating the 50-year projections associated with each 20-year plan approach can be found in **Attachment C**.

The key takeaway from this modelling is that the use of a shorter time frame in capital planning will most often result in excessive financial burden on future ratepayers.

Flat Rate Inflation 50-Year Capital Plans

Residents have provided feedback suggesting that the projected construction inflation rates used to determine future costs are too conservative and result in overly conservative estimates. The projection of future inflation is an imperfect science and no published practice guidelines exist. Historical, regional inflation data provided by RS Means has been used to estimate future construction inflation volatility. This approach has been applied previously when developing capital plans.

To facilitate open and fair discussions the 50-year models were reconstructed using a flat rate of inflation. An annual inflation rate of 3% was applied to all cost estimates to determine future construction costs and sustainable rates were determined for each service using the same four methods described previously.

The results of this modelling were predictable in that they illustrated that under favorable inflationary conditions there would be reduced future construction costs and subsequently a lower sustainable rate could be established for each wastewater service. A table in **Attachment D** provides a summary comparison of the four plans for each wastewater service under the two inflationary scenarios. Graphs illustrating the four 50-year plans under the flat inflation scenario for each service are in this attachment as well. Figure 2 below shows the flat rate inflation scenario for the same service as Figure 1 above. The figures show that even with favorable inflationary conditions a very substantial frontage fee increase is required.

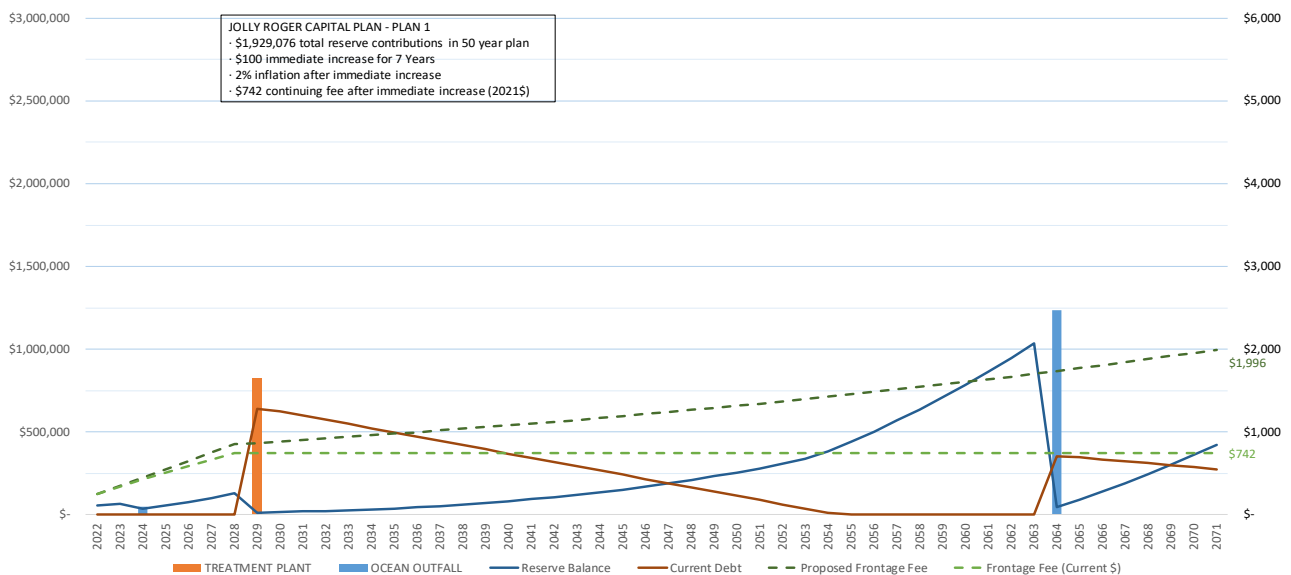


Figure 2: Sample 50-Year Capital Model Summary Graph (Flat Inflation – Jolly Roger)

The key takeaway from this modelling is that existing rates are not sustainable regardless of the projected rate of inflation.

Wastewater Service Rate Comparisons

A comparative review of annual capital charges (frontage fees or parcel taxes) for 42 wastewater services in British Columbia was conducted. The lowest and highest annual rates belonged to wastewater services within the SCRD. The average annual fee was \$352.84 across all services; non-SCRD services had an average annual fee of \$397.35, while SCRD service fees averaged \$272.71 annually.

The following chart provides a summary of the review and can be found full size in **Attachment E**.

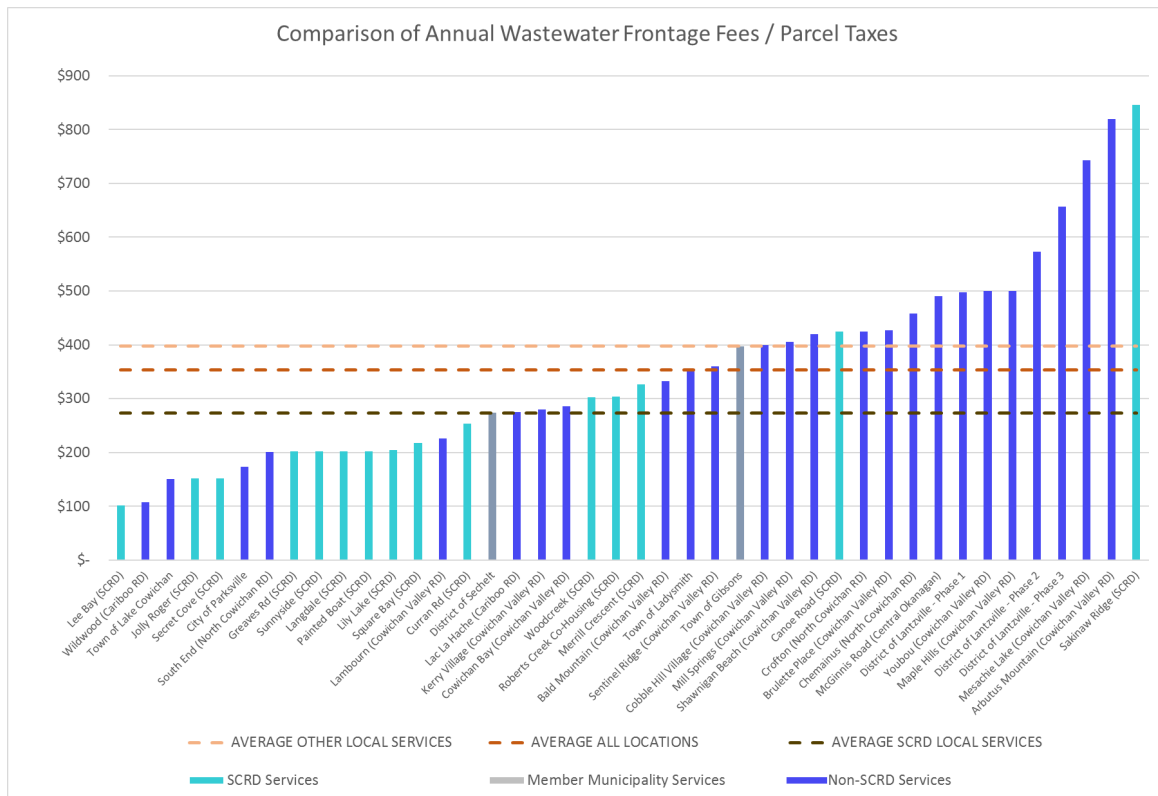


Figure 3: Comparison of Annual Wastewater Capital Fees

Figure 3 above shows that fees for wastewater services operated by the SCRD mostly fall below the average of the group. (It should be noted that Sakinaw Ridge’s frontage fees subsidize the operating costs for the service and are therefore do not represent true capital charges.)

Internal SCRD comparisons consisted of wastewater services being grouped by establishment dates. Each of the 15 wastewater services was grouped into 20-year ranges of establishment dates:

- i) 1960-1979

- ii) 1980-1999
- iii) 2000-2020

The lowest projected sustainable frontage fee per parcel for each wastewater service was compared against the average for 20-year period and the results are shown on the graphs below.



Figure 4: Rate Comparison within Similar Establishment Dates

The trend observed here supports the notion that by starting to account for lifecycle costs sooner it is possible to reduce the total burden on ratepayers.

The longevity of the components within a wastewater service result in the bulk of capital replacement costs occurring 40-80 years after initial construction.

Beyond inflation in construction costs, replacement costs of collection system infrastructure that exists within road right-of-ways and ocean outfalls are influenced by increasingly restrictive policies by provincial and federal governments that did not exist at the time of original construction.

Financial Implications

The modeling discussed in this report presented several different methods to forecast capital renewal and the sustainable revenue required for the 15 wastewater services operated by the SCRD associated with each method. These models all indicate that the current rates do not provide sufficient funding to accommodate the projected future expenses. Rate comparisons with similar services in other areas of BC show that the majority of SCRD wastewater services currently have lower than average per parcel capital fees.

It is recommended to set the rates for all systems for not only 2022 but also for 2023 and 2024. Doing so would provide certainty to the users of the system and would reduce the administrative workload associated with recommending user fees annually. Setting the rates for several years would also allow for further engagement with the users of these systems on the approach toward reaching a sustainable funding of the capital investment requirements for these systems.

It is recommended that the minimum rate for wastewater services within the SCRD is increased to \$400 for 2022. This would bring the rates for all services up to at least the average for other wastewater systems in BC. Note that due to the positive financial situation of this system no increase is recommended for Sakinaw Ridge for 2022.

To account for annual inflation a 2% annual increase is recommended to be applied to the rates for 2023 and 2024.

The proposed increases are represented by Option 1 in Table 2 below and are based on a balance between moving towards sustainable service funding and continuing to recognize the economic uncertainty today. Option 2 include moving towards the sustainable rates in 2022 with only an annual inflation correction for the following years, while option 3 included a flat annual \$100 rate increase.

Location	2021 Frontage Fees	Proposed Frontage Fee Increases Option 1 - Balancing Fees			Proposed Frontage Fee Increases Option 2 - Sustainable Fees			Proposed Frontage Fee Increases Option 3 - \$100 Annual Increase			Total Infrastructure Replacement Cost in Capital Plan
		2022	2023	2024	2022	2023	2024	2022	2023	2024	
Greaves Road	\$ 202.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 902.00	\$ 920.04	\$ 938.44	\$ 302.00	\$ 402.00	\$ 502.00	\$ 206,000
Woodcreek Park	\$ 302.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 952.00	\$ 971.04	\$ 990.46	\$ 402.00	\$ 502.00	\$ 602.00	\$ 6,017,000
Sunnyside	\$ 202.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 827.00	\$ 843.54	\$ 860.41	\$ 302.00	\$ 402.00	\$ 502.00	\$ 1,356,000
Jolly Roger	\$ 152.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 877.00	\$ 894.54	\$ 912.43	\$ 252.00	\$ 352.00	\$ 452.00	\$ 3,472,000
Secret Cove	\$ 152.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 1,502.00	\$ 1,532.04	\$ 1,562.68	\$ 252.00	\$ 352.00	\$ 452.00	\$ 5,911,000
Lee Bay	\$ 102.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 827.00	\$ 843.54	\$ 860.41	\$ 202.00	\$ 302.00	\$ 402.00	\$ 18,176,000
Square Bay	\$ 217.42	\$ 400.00	\$ 408.00	\$ 416.16	\$ 1,392.42	\$ 1,420.27	\$ 1,448.67	\$ 317.42	\$ 417.42	\$ 517.42	\$ 20,534,000
Langdale	\$ 202.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 977.00	\$ 996.54	\$ 1,016.47	\$ 302.00	\$ 402.00	\$ 502.00	\$ 4,915,000
Canoe Road	\$ 424.30	\$ 424.30	\$ 432.79	\$ 441.44	\$ 599.30	\$ 611.29	\$ 623.51	\$ 524.30	\$ 624.30	\$ 636.79	\$ 911,000
Merrill Crescent	\$ 326.71	\$ 400.00	\$ 408.00	\$ 416.16	\$ 751.71	\$ 766.74	\$ 782.08	\$ 426.71	\$ 526.71	\$ 626.71	\$ 1,417,000
Curran Road	\$ 253.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 1,353.00	\$ 1,380.06	\$ 1,407.66	\$ 353.00	\$ 453.00	\$ 553.00	\$ 15,902,000
Roberts Creek	\$ 304.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 729.00	\$ 743.58	\$ 758.45	\$ 404.00	\$ 504.00	\$ 604.00	\$ 2,016,000
Lily Lake	\$ 204.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 729.00	\$ 743.58	\$ 758.45	\$ 304.00	\$ 404.00	\$ 504.00	\$ 2,033,000
Painted Boat	\$ 202.00	\$ 400.00	\$ 408.00	\$ 416.16	\$ 602.00	\$ 614.04	\$ 626.32	\$ 302.00	\$ 402.00	\$ 502.00	\$ 2,217,000
Sakinaw Ridge	\$ 845.27	\$ 845.27	\$ 862.18	\$ 879.42	\$ 1,520.27	\$ 1,550.68	\$ 1,581.69	\$ 845.27	\$ 862.18	\$ 879.42	\$ 2,033,000

It is recommended that THAT the respective rate Bylaws (428,430, 644, and 714) be amended to reflect Option 1 detailed in Table 2 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 the December 9,2021 Board Meeting for three readings and adoption.

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 SCR D website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCR D services is borne from the guiding policies adopted by the Board. The Financial Sustainability policy, the Asset Management policy and the Debt Management policy influence the development of the capital plans and this report. This report also aligns with the Boards Strategic focus area of Infrastructure Management and Engagement and Communication.

CONCLUSION

The SCR D 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. In accordance with SCR D policy efforts have been made to identify future capital needs to ensure the sustainability and resilience of these services.

The current fee structures do not provide sufficient revenue to meet these obligations. Specific local service areas face imminent financial shortfalls due to aging infrastructure and insufficient revenue and reserve balances. As shown in this report, even optimistic projections of capital renewal costs indicate that current rates are not sustainable.

ATTACHMENTS

- [Attachment A – 50-year Capital Model Graphs for APG Recommendations](#)
- [Attachment B – 50-year Capital Model Graphs using Historical Inflation Volatility](#)
- [Attachment C – 20-year Capital Model Graphs](#)
- [Attachment D – 50-year Capital Model Graphs using Flat 3% Construction Inflation](#)
- [Attachment E – Comparison of Capital Charges](#)

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

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Stephen Misiurak, Manager Capital Projects
Valerie Cropp, Manager Purchasing & Risk Management

SUBJECT: CHAPMAN CREEK WATER TREATMENT PLANT (WTP) ON-SITE HYPOCHLORITE GENERATION PROJECT– CONTRACT AMENDMENT NO. 1

RECOMMENDATION(S)

THAT the report titled Chapman Creek WTP On-Site Hypochlorite Generation Project - Contract Amendment No. 1 be received for information;

AND THAT the project for the Chapman Creek WTP On-Site Hypochlorite Generation - Construction be increased to \$2,144,903 from \$1,644,903 and that the additional \$500,000 be funded from Regional Water capital reserves;

AND THAT the delegated authorities be authorized to execute the Contract Amendment No. 1 with CHB Services Ltd. in the amount of \$500,000 (excluding GST);

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

BACKGROUND

At the February 25, 2021 Board meeting the following resolution was adopted:

046/21(in part) **Recommendation No. 67** *Regional Water Service [370] – 2021 R1 Budget Proposals*

THAT the report titled 2021 R1 Budget Proposal for [370] Regional Water Service be received;

AND THAT the following budget proposals be approved and incorporated into the 2021 Round 2 Budget:

- Budget Proposal 3 – Chapman Creek Water Treatment Plant Chlorine Upgrades, \$1,000,000 funded from Capital Reserves;

At the September 9, 2021 Board meeting the following resolution was adopted:

249/21 (in part) **Recommendation No. 3** *Invitation to Tender (ITT) 2137009 Contract Award Chapman Creek WTP On-Site Hypochlorite Generation – Construction*

AND THAT a contract for Chapman Creek WTP On-Site Hypochlorite Generation be awarded to CHB Services Ltd. in the amount up to \$1,118,820 (plus GST);

AND THAT the contract with Associated Environmental for Construction Management, Engineering, and Post Construction Engineering Services for the Chapman Creek WTP On-Site Hypochlorite Generation be increased from \$117,171 up to an amount not to exceed \$304,348 (plus GST) to provide Construction Management and Post Construction Engineering Services for the Chapman Creek WTP On-Site Hypochlorite Generation Project;

AND FURTHER THAT the delegated authorities be authorized to execute both contracts.

DISCUSSION

Analysis

Staff posted the ITT 2137009 on BCBid which closed at 15:00, July 30, 2021. Prior to closing a tender from CHB Services Ltd. was received at Field Rd. office on July 16 at 11:24 AM.

On July 30, 2021 at 8:10 am CHB Services Ltd. emailed purchasing staff directly with a pricing adjustment amendment totaling \$500,000 for the following components from the tender:

- Containment Area Excavation and Granular Material Backfill
- Containment Area ground preparation.
- Containment Area Concrete
- On-Site Sodium Hypochlorite Generation System

Due to an unfortunate combination of circumstances the price adjustment amendment email was not provided to the evaluation committee and hence not included in the evaluation of the bids itself. Staff were only made aware of the price adjustment during the contract negotiation stage. Once staff were made aware they worked with IT on ensuring that the email did reach our servers and staff email account at 08:11 AM July 30, 2021. Since the email price adjustment amendment was confirmed to be submitted on time, purchasing staff have confirmed that it is a compliant price adjustment bid.

Staff recommend that the contract awarded to CHB Services, Ltd. with the bid adjustment has been found to be compliant and as outlined in the ITT process be amended to include the \$500,000 price adjustment amendment. The proposal met the specifications as outlined in the ITT and is still recommended to be best value for the SCRD.

Financial Implications

As shown in Table 1, the currently approved funding is \$1,644,903 while the anticipated project costs, include the proposed contract amendment for the associated price adjustment is resulting in a project funding deficit of \$500,000. Therefore, a transfer from the water capital reserves in the amount of \$500,000 to fund the project deficit is proposed. At the end of September 30, 2021, there was approximately \$4.4 million in uncommitted capital reserves within the Regional Water Service [370]. An amendment is required to 2021-2025 Financial Plan to account for the project increase and subsequent funding.

Table 1 – WTP Hypochlorite Project Expense/Funding Table

Approved Budget	\$1,644,903
Staff Wages and other expenses	\$51,903
Awarded Engineering and Construction Contracts	\$1,423,168
Proposed Contract Amendment #1	\$500,000
Future Chlorination Phase Decommissioning Costs	\$169,832
Total Project expenditures	\$2,144,903

Timeline for next steps

Pending Board approval, the listed contract amendment will be executed to allow for the contractor to proceed with the ordering and fabrication of the highly complex and intricate sodium hypochlorite generation equipment and related appurtenances.

STRATEGIC PLAN AND RELATED POLICIES

The purchasing process followed for this service is aligned with the SCRD Procurement Policy.

CONCLUSION

Due to an unfortunate combination of circumstances staff was made aware of a bid price adjustment from CHB Services, Ltd, in the additional amount of \$500,000 that was not taken into account during the evaluation process. Staff recommend that their contract be amended to include the \$500,000, (excluding GST), price adjustment as the bid adjustment has been found to be compliant as outlined in the ITT process. Both the project budget, funding and the 2021-2025 Financial Plan will require to be amended.

Reviewed by:			
Manager	X – S. Walkey	CFO/Finance	X- T. Perreault
GM	X - R. Rosenboom	Legislative	
CAO		Purchasing	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Trevor Rutley, Capital Projects Coordinator

SUBJECT: REQUEST FOR PROPOSAL (RFP) 2137013 CONTRACT AWARD – GROUNDWATER INVESTIGATION PHASE 3 – ROUND 2 – LANGDALE WELLFIELD WELL DEVELOPMENT

RECOMMENDATION(S)

THAT the report titled Request for Proposal (RFP) 2137013 Groundwater Investigation Round 2 Phase 3 – Langdale Wellfield Well Development be received for information;

AND THAT the contract for Langdale Wellfield Well Development be awarded to Kalwij Water Dynamics Inc. In the amount of \$650,000.;

AND FURTHER THAT the delegated authorities be authorized to execute the contracts.

BACKGROUND

In 2020, the SCRD contracted with Kalwij Water Dynamics Inc. (KWD) to complete Round 2 Phase 2 of the Groundwater Investigation. The scope of that project included siting, drilling, testing, and analyzing groundwater wells at four locations – Gray Creek, Harman Road, Mary Anne West Park, and Langdale.

Based on the results of the testing and analysis, KWD recommended further development of a wellfield at the Langdale location to secure access to more groundwater to further reduce the Chapman Water System's water supply deficit. The Board adopted the following resolution as part of the 2021 budget process at the regular Board Meeting on March 25, 2021:

068/21 (in part) **Recommendation No. 63** *Regional Water Service [370] – 2021 R2 Budget Proposals*

THAT the following budget proposals be approved and incorporated into the 2020 Round 2 Budget:

- Budget Proposal 9 – Groundwater Investigation Phase 3 – Round 2, \$1,377,600 funded from Capital Reserves (\$931,100), Operating Reserves (\$100,000) and Development Cost Charges (\$346,500);

The total scope of work approved under the above budget proposal includes well drilling and development (this contract) and detailed engineering design of the Langdale Wellfield, as well as monitoring of Aquifer 560 related to the test well drilled at MaryAnne West Park during Phase 2.

The purpose of this report is to recommend the award of the Groundwater Investigation Round 2 Phase 3 – Langdale Wellfield Well Development contract to KWD for a not to exceed value of \$650,000.

DISCUSSION

Analysis

In September 2021, Request for Proposal 2137013 (RFP) was issued to secure a hydrogeological consultant to complete the development of the Langdale Wellfield. The scope of this project includes siting, designing, drilling, developing, testing, and analyzing two production sized wells in the vicinity of the Langdale Ferry Terminal. Upon completion of the well development and analysis, the consultant will be responsible for preparing a water license application and presenting a report summarizing the results to a future ISC meeting.

The detailed engineering design related to the Langdale Wellfield Phase 3 will be advertised through a separate Request for Proposal.

Three compliant proposals were received in response to the RFP. A summary of the proponents and bid prices is provided below.

Proponent	Bid Price
Associated Environmental	\$466,960
ISL	\$584,395
Kalwij Water Dynamics	\$559,468

Led by Purchasing, the evaluation team independently reviewed and scored the proposals based on the evaluation criteria set out in the RFP document. Based on the evaluation, KWD was the highest scoring submittal and staff recommend the Langdale Wellfield Well Development contract be awarded to KWD. KWD’s proposal satisfied all of the requirements stipulated in the RFP and ranked as the highest rated submission based on the evaluation team’s assessment. While not the lowest bid price, KWD’s submission is considered the highest value proposal.

Financial Implications

KWD’s fee for the scope of work outlined in the RFP is \$559,468. Due to the uncertainty of underground conditions, staff recommend awarding a contract in the amount of up to \$650,000. This includes a 16% contingency which could be used to address any unforeseen complications. Any funds beyond the stipulated bid price of \$559,468 would be approved by staff as per the delegation policy.

As shown in the following table, the recommended ‘not to exceed’ contract values for the Langdale wellfield development are within the allocated project budget of \$1,377,600 as approved by the Board as part of the 2021 budget process. Consequently, no amendment of the 2021-2026 Financial Plan is required.

	Groundwater Round 2 – Phase 3 Budget
Approved Budget (2021)	\$1,377,600
Contract with KWD for Langdale Wellfield Well Development (per RFP 2137013)	\$650,000
Allocated for Aquifer 560 Monitoring to confirm feasibility well at MaryAnne West Park	\$100,000
Remaining Budget for remaining project components	\$627,600

Staff are confident that the remaining available budget of \$627,600 will be sufficient to complete the engineering design scope of the Langdale Wellfield development project.

Timeline for next steps

KWD’s proposal included a drilling schedule of four to six weeks following award of the contract. Given this aligns with the December holiday season it is anticipated that drilling activities will begin in January or February 2022, with the water license application submission and presentation of the final results to ISC in Q2 2022. Any additional information that may be required in support of the water license application will be identified during the well analysis and completion of that report and submission would occur subsequent to the water license application.

This schedule is contingent upon finalizing an agreement with BC Ferries for permission to drill the two wells on BC Ferries property at the Langdale Ferry Terminal.

Once the pumping test and analysis is complete and the sustainable yield of the new wells is known, staff will proceed with issuing an RFP for Engineering Services related to connecting the new wells to the Chapman Water System. It is anticipated that this RFP will be issued in Q2 2022.

STRATEGIC PLAN AND RELATED POLICIES

The groundwater investigation projects reflect the objectives identified in the Strategic Plan, including the Strategic Focus Area of *Asset Stewardship*. This project is specifically mentioned in the Strategic Plan as one of the tactics to ensuring year-round availability of water now and into the future.

CONCLUSION

RFP 2137013 was issued to secure a hydrogeological consultant to undertake the drilling of two production sized wells at the Langdale wellfield site. Three compliant bids were submitted in response to the RFP.

Staff Report to Infrastructure Services Committee – November 18, 2021
Request for Proposal (RFP) 2137013 Contract Award – Groundwater Investigation Round
2 Phase 3 – Langdale Wellfield Well Development

Staff recommend awarding a contract for the Langdale wellfield well development to Kalwij Water Dynamics Inc. in the amount of up to \$650,000 (plus GST). As this is within the Board approved budget of \$1,377,600, no Financial Plan amendment is required.

Reviewed by:			
Manager	X –S.Misiurak	CFO/Finance	X-T.Perreault
Manager			
GM	X - R. Rosenboom	Legislative	
CAO	X – D. McKinley	Purchasing	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Shane Walkey, Manager of Utility Services

SUBJECT: **Request for Quotation (RFQ) 2137015 CONTRACT AWARD FOR PIPES, VALVES, HYDRANTS & FITTINGS**

RECOMMENDATIONS

THAT the report titled Request for Quotation (RFQ) 2137015 Contract Award for Pipes, Valves, Hydrants & Fittings be received for information;

AND THAT the contract for Pipes, Valves, Hydrants and Fittings be awarded to Iconix Waterworks for a three-year contract, with the option to extend for an additional two one-year periods, for a total upset value of \$768,438 incl. PST.;

AND FURTHER THAT the delegated authorities be authorized to execute the contract.

BACKGROUND

The Utilities Division purchases and maintains an inventory of pipes, valves, hydrants and fittings on an ongoing basis to ensure the water and wastewater systems are suitably maintained, repairs can be affected in a timely manner and supplies are available for new servicing and system renewal.

Request for Quotation (RFQ) 2137015 for Pipes, Valves and Fittings was issued on September 17, 2021. The RFQ sought competitive proposals from qualified water and wastewater services supply companies to supply and deliver pipes, valves and fittings on an “as and when required basis”.

DISCUSSION

The RFQ requested proposals that provided water services materials to a minimum acceptable technical and industry standard, delivery sites acceptable to the SCRD, fixed prices, and a contract length of three (3) years, with the options for two one-year period renewals.

Options and Analysis

Following standard advertising of the tender, purchasing received two (2) compliant proposals. The evaluation committee reviewed and scored the proposals against the criteria set out in the RFQ.

The evaluation team is recommending that a contract be awarded to Iconix Waterworks as the they met the specifications as outlined in the RFQ and were the highest scoring proponent. Iconix has provided the SCRD with waterworks materials since 2016 and Staff have remained contented with the level of service, reliability and quality of materials received.

Financial Implications

The Utilities Department purchase a large variety of fittings but some items are only used occasionally, some possibly once every few years. In order to guarantee that submissions received as part of this RFQ contained pricing for the entire range of possible material types, the SCRD requested that pricing for every inventory item and at a reasonable quantity be submitted by interested suppliers. By receiving a fixed price on a possible volume of each item the total tendered submission is artificially raised but only items required will be purchased at the set rate. As stated in the RFQ documents, the quantity estimates are not guaranteed, the actual value of materials will be considerably less.

The RFQ pricing summary submitted by Iconix was as follows:

Table 1: Iconix Waterworks Pricing Submission Total(s)

Iconix Waterworks	Year 1	Year 2	Year 3	Total
RFQ Tendered Value (incl. PST)	\$751,908	\$760,158	\$768,154	\$2,280,220

As previously stated, these values are considerably inflated, and a more realistic estimate of annual quantities and values has been analyzed and is based on both historical and anticipated material supply requirements.

Table 2: Contract Value Estimate

Iconix Waterworks	Year 1	Year 2	Year 3	Total
Estimated Annual Contract Value (incl. PST)	\$195,000	\$204,750	\$215,000	\$614,750
25% Contingency	\$48,750	\$51,188	\$53,750	\$153,688
Total	\$243,750	\$255,938	\$268,750	\$768,438

The estimated contract values identified above in Table 2 are reflected within the existing Financial Plan and can be accommodated with current base operating budget funding within the various water and wastewater divisions.

STRATEGIC PLAN AND RELATED POLICIES

The RFQ process is aligned with the SCRD’s Purchasing Policy: Assets and Procurements. Addressing this issue is aligned with the Key Strategic Priority: Ensure Fiscal Sustainability.

CONCLUSION

RFQ 213705 was issued for the supply of Pipes, Valves, Hydrants and Fittings on an as and where required basis. The prices submitted were for a three-year term with the option to extend for an additional two one-year periods.

Two qualified proposals were received. Staff recommend awarding a three-year contract, with options for two one-year extensions, for the supply and delivery of fittings for SCRD utility infrastructure work to Iconix Waterworks with a three-year estimated upset value of \$768,438 incl. PST.

Reviewed by:			
Manager	X-S.Walkey	CFO/Finance	X-T.Perreault
GM	X-R. Rosenboom	Legislative	
CAO	X – D. McKinley	Purchasing	X- V. Cropp

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Robyn Cooper, Manager, Solid Waste Services

SUBJECT: REQUEST FOR PROPOSAL (RFP) 2135101 CONTRACT AWARD FOR SITE OPERATIONS SERVICES FOR THE PENDER HARBOUR TRANSFER STATION

RECOMMENDATION(S)

THAT the report titled Request for Proposal (RFP) 2135101 Contract Award for Site Operations Services for the Pender Harbour Transfer Station be received for information;

AND THAT Contract Award for Site Operations Services for the Pender Harbour Transfer Station be awarded to Salish Environmental Group Inc. at a value of \$660,684 (excluding GST).

AND FURTHER THAT the delegated authorities be authorized to execute the contract.

BACKGROUND

Currently, the Sunshine Coast Regional District's (SCRD) operates the Pender Harbour Transfer Station (PHTS) for the drop-off of waste materials from the residential and business sectors.

As part of the PHTS operations, contracted services are retained to provide operation of heavy equipment, provision of containers for garbage and hauling services as well as other related site maintenance and operations services.

The SCRD's contract with the current service provider was set to expire on December 31, 2021.

As such, and in accordance with the Sunshine Coast Regional District's (SCRD) Procurement Policy, Request for Proposal (RFP) 2135101 was issued on September 24, 2021 and closed on October 25, 2021. The RFP sought qualified companies to provide site operation services for the Pender Harbour Transfer Station for a contract term of three years with options to extend up to two additional one year terms with a service start date of January 1, 2022.

The purpose of this report is to provide an update on the outcome of the RFP and seek direction regarding the site operations of the Pender Harbour Transfer Station.

DISCUSSION

Scope of Work

The RFP outlined that the Site Operator is responsible for operational requirements including: loading green waste, wood waste and fridges/freezers into containers, loading garbage from the commercial tipping pad into containers, compressing materials in all containers to minimize hauling requirements as well as, other site requirements such as provide fire suppression

capabilities. Additionally, the Site Operator is to provide the containers for residential and commercial garbage and haul those containers from the Pender Harbour Transfer Station to the Sechelt Landfill.

The RFP was based on the amount of materials processed at this facility over the last several years and the contractor is responsible for delivering the services described in the RFP regardless of the actual amount of materials accepted at this facility. These amounts are influenced by the state of the general economy and the suite of waste diversion programs in place. The overall amount of service to be provided by the contractor is likely to stay at current level or to increase in the upcoming years.

There is also the opportunity for additional work as and when required, such as snow removal or grading of on-site roads

RFP Results

Purchasing received two compliant proposals. A summary of the proponents and bid prices is provided below. All pricing does not include GST.

Proponent	Total Bid Price
Salish Environmental Group Inc.	\$660,683.25
Sicotte Bulldozing Ltd.	\$1,018,755.65

Led by Purchasing, the evaluation team consisted of three team members. The evaluation committee reviewed and scored the proposal against the criteria set out in the RFP. Salish Environmental Group Inc.'s proposal met the specifications as outlined in the RFP and provides the best value for the above-mentioned project.

Table 1 - Summary of proposed costs for each year

Name	Year 1	Year 2	Year 3	Estimated 3 Year Value of Extra Work	Total Contract Value (in the amount up to, not including GST)
Salish Environmental Group Inc.	\$202,104	\$208,167.12	\$214,412.13	\$36,000	\$660,683.25

Financial Implications

The 2021 approved annual budget for this work is \$226,294, funded from tipping fees. Therefore, the proposed costs are within approved budget.

No Financial Plan amendment is required.

Timeline for next steps

Once approved by the Board, staff will ensure of the execution of the contract.

Staff will engage with the current and new service provider to ensure a smooth transition for the January 1, 2022 service commencement date.

STRATEGIC PLAN AND RELATED POLICIES

The purchasing process followed for this service is aligned with the SCRD Procurement Policy.

CONCLUSION

In accordance with the SCRD’s Procurement Policy, RFP 2135101 was issued for site operations of the Pender Harbour Transfer Station. The term of the contract is three years with two additional one-year renewal options, at the SCRD’s discretion.

Two compliant proposals were received. Staff are recommending to award the Site Operations Services for the Pender Harbour Transfer Station to Salish Environmental Group Inc. at a value up to \$660,683.25 (not including GST).

Reviewed by:			
Manager		CFO/Finance	X-T. Perreault
GM	X – R. Rosenboom	Legislative	
CAO	X – D. McKinley	Other	X-V. Cropp

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Robyn Cooper, Manager, Solid Waste Services

SUBJECT: LANDFILL ENGINEERING CONSULTING SERVICES CONTRACT – UPDATE

RECOMMENDATION(S)

THAT the report titled Landfill Engineering Consulting Services Contract - Update be received for information;

AND THAT the contract with XCG Consulting Limited for general landfill engineering services be increased by \$85,000 to \$292,880 (excluding GST);

AND FURTHER THAT the delegated authorities be authorized to execute the contract.

BACKGROUND

As part of the 2021 budget process, \$2,500,000 was approved for the Sechelt Landfill Stage H+ Closure project (resolution no. 046/21 #52) funded through the Landfill Closure Reserve Fund.

XCG Consulting Ltd (XCG) was awarded Request for Proposal (RFP) 2135003 to provide a range of engineering consulting services for the Sechelt Landfill and Pender Harbour Transfer Station (resolution no. 224/21). The contract term is September 27, 2021 to September 26, 2026.

When RFP 2135003 was issued for these landfill engineering consulting services, the RFP identified specific projects over the five-year contract term to be completed. However, the awarded contract value was based on the existing budget and current projects at the time of issue. It did not include specific requirements for work related to the Sechelt Landfill Stage H+ Closure.

The purpose of this report is administrative; to amend the SCRD's contract with XCG to align with the work that XCG would complete related to Stage H+ closure. As the contract value is above \$100,000, any amendments require Board approval.

DISCUSSION

The current contract value over the five year term is \$211,880.

The contract amendment staff are seeking will include work to provide RFP development assistance and construction oversight for the Stage H+ Closure.

Financial Implications

The proposed work by XCG to support the Sechelt Landfill Stage H+ closure is \$85,000 and includes a 20% contingency. This proposed work would be provided on an “as required” basis and represents the maximum value. This results in an updated contract value of \$293,880.

The approved budget for the Sechelt Landfill Stage H+ Closure is \$2,500,000. The budget includes the engineering support as well as the construction costs and funded through the Landfill Closure Reserve Fund.

The contract increase does not require an amendment to the 2021-2025 Financial Plan as this project will be completed within the approved budget for Stage H+ Closure.

Timeline for next steps

Following Board adoption, staff will prepare an amended contract for signing by the delegated authorities.

This contract amendment will allow staff to start working with XCG on the development of design and procurement documents for construction of the Stage H+ closure. The timing of the actual procurement is currently unknown and is in part dependent on the availability of SCRD staff capacity to manage this project.

It is anticipated that additional projects will be added to the contract each year as projects are approved through the budget process. Given the total contract value for this service is above \$100,000, staff reports seeking Board authorization to amend the contract value will be brought forward as needed.

STRATEGIC PLAN AND RELATED POLICIES

n/a

CONCLUSION

The purpose of this report is administrative in order to amend the SCRD’s contract with XCG to align with the work that XCG would complete to support the Sechelt Landfill Stage H+ Closure project. The updated contract value is \$295,880 (excluding GST). No Financial Plan amendment is required as the proposed work would be completed within the approved budget for the Stage H+ Closure project.

Reviewed by:			
Manager		CFO/Finance	X-T-Perreault
GM	X – R. Rosenboom	Legislative	
CAO	X – D. McKinley	Purchasing	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Robyn Cooper, Manager, Solid Waste Services

SUBJECT: MATTRESS RECYCLING PROGRAM CONTRACT UPDATES

RECOMMENDATION(S)

THAT the report titled Mattress Recycling Program Contract Updates be received for information;

AND THAT the contract with Canadian Mattress Recycler Inc. for mattress recycling services be extended for an additional one (1) year period;

AND THAT the contract with Canadian Mattress Recycler Inc. be increased by \$118,000 to \$177,105 (not including GST);

AND THAT the contract with Pacific Coast Distributor Inc. be increased by \$78,728 to \$207,000 (not including GST);

AND THAT the 2022 contract amendment for mattresses of \$40,365 be reflected in the draft 2022-2026 Financial Plan;

AND FURTHER THAT the delegated authorities be authorized to execute the contract.

BACKGROUND

The Sunshine Coast Regional District (SCRD) has a contract with Canadian Mattress Recycler Inc. to recycle mattresses diverted from the Sechelt Landfill (SL) and the Pender Harbour Transfer Station (PHTS) as awarded in 2020 from Request for Proposals 2035011. The contract was for a one-year period. The contract expires on December 31, 2021 and can be extended for four additional one-year periods.

The SCRD has a contract with Pacific Coast Distributor Inc. to transport mattresses diverted from the Sechelt Landfill (SL) and the Pender Harbour Transfer Station (PHTS) to the contracted recycler in the Vancouver area.

The purpose of this report is to seek Board approval to extend the existing contract with Canadian Mattress Recycler Inc. for mattress recycling services and to amend the contract with Pacific Coast Distributor Inc. to increase the total contract value. As both contract values are above \$100,000, such amendments requires Board approval.

DISCUSSION

Currently, the SCRD's mattress recycling program includes the following:

- Mattresses are received at Sechelt Landfill and loaded into Pacific Coast Distributor Inc.'s 53' trailer.

- Mattresses are received at Pender Harbour Transfer Station and loaded into a 20 yard sea can. The sea can is transported to Sechelt Landfill, by Salish Environmental Inc. to be reloaded into the 53’ trailer.
- The 53’ trailer is transported by Pacific Coast Distributor Inc. to Canadian Mattress Recycler Inc. in the Lower Mainland.
- Once received, Canadian Mattress Recycler Inc. segregates the metal, wood, foam, cotton and other materials into various categories to be bailed and shipped to material specific recycling facilities. Approximately 97% is recycled.
- In 2020, 107 metric tonnes were diverted from the SL and PHTS.

The SCRD has benefitted from Canadian Mattress Recycler Inc.’s ability to provide this service. The details within the contract support the SCRD’s Solid Waste Management Plan, outlining greenhouse gas reduction and waste diversion.

As such, staff recommend to extend the contract for another one (1) year term.

The contract with Pacific Coast Distributor Inc. has one year remaining of a three year term. However, the total contract value of \$128,272 will be exceeded by the end of contract year two due to the increase in the volume of mattresses received.

Staff therefore recommend to amend the contract with Pacific Coast Distributor Inc. to increase the total contract value.

Financial Implications

The actual total annual costs are based on the total number of mattresses received and the total number of trips per year required to transport mattresses to the mattress recycler. Therefore, the more mattresses the SCRD receives and that require recycling, the higher the contracted costs for transportation and recycling. A summary of contract costs and overall mattress recycling program budget are summarized in Tables 1, 2 and 3.

The current tipping fees for mattresses are:

- Mattress or Boxspring – DRY (or only surface damp) \$25.00 per mattress or boxspring
- Mattress – WET \$30.00 per mattress
- Mattress or Boxspring – if 5 or more \$35.00 per mattress or boxspring
- Crib Mattress \$5.00 per crib mattress.

Table 1 – Mattress Recycling Contract Value Details

	Cost
Original Contract Value – 1 Year	\$59,105
Projected Increase to Year 1 Contract value based on materials received to date	\$28,000
First Contract Extension Value (1 Year)	\$90,000
Total Contract Value	\$177,105

Table 2 – Mattress Transportation Contract Value Details

	Cost
Original Contract Value – 3 Years	\$128,272
Projected Increase Required Over Contract Term	\$78,728
Total Contract Value	\$207,000

Table 3 – Overall Mattress Recycling Program Budget 2022

	Approved Annual Budget	Projected 2022 Budget Required	Difference
Mattress Recycling	\$59,105	\$90,000	\$30,895
Transportation from PHTS/SL to Recycler	\$74,830	\$84,300	\$9,470
Total	\$133,395	\$174,300	\$40,365

The current approved annual budget for mattress recycling is \$59,105, whereas the amount required is \$87,105 for 2021 and \$90,000 for 2022. This represents a shortfall of \$30,895 when utilizing 2022 costs.

The current approved annual budget for mattress transportation from PHTS and SL to the recycler is \$74,830 whereas the amount required is \$84,300 for 2022. This represents a shortfall of \$9,470 for 2022.

The cost increases are in part due to volumes of mattresses and in part due to annual cost escalators for each contracted service (transportation and recycling). Consequently, the tipping fees no longer fully fund the recycling and transportation of the mattresses. However, any deficits to occur in 2022 could be funded from tipping fee revenue received from other materials.

There is approved budget for the use of a forklift at the Sechelt Landfill to increase the number of mattresses that can be loaded in each trailer sent for recycling. With the new drop-off public area disturbance at the Sechelt Landfill now being constructed, there is more clarity about the specifications for such piece of equipment. While the procurement of this forklift will commence shortly, it's expected that it could take until Q3-Q4 2022 until it is delivered and staff receive the required training to operate it. The cost saving resulting from the use of this forklift is therefore not expected until Q4 2022.

The budget increases trigger a Financial Plan amendment and it is recommended that we do so for 2022 as the overall Solid Waste Service [350] is running a surplus for 2021.

Timeline for Next Steps

If approved, staff will ensure contract documents are executed by the designated authorities.

If not approved, mattress transportation and recycling would cease on December 31, 2021 and mattresses would be buried in the Sechelt Landfill.

The BC Provincial Government recently announced an Extended Producer Responsibility Program for mattresses for 2025. At which time, the SCR D would request to join the program which would result in no tipping fee for mattresses as the transportation and recycling costs would be paid for through the provincial program.

A comprehensive tipping fee review will be completed as part of the Solid Waste Management Plan (SWMP) Update process. The SWMP Update project has been initiated and is at the Request for Proposals stage and is anticipated to take several years to complete.

STRATEGIC PLAN AND RELATED POLICIES

The mattress recycling program aligns with the Board’s Strategic focus areas of Regional Collaboration and Partnership and Climate Change and Resiliency as well as the recycling services contract aligns with the Board’s Purchasing Policy and social procurement.

This supports the Solid Waste Management Plan’s target of 65%-69% diversion by providing a recycling option for mattresses.

CONCLUSION

The SCR D entered into a one year contract in 2020 with Canadian Mattress Recycler Inc. for mattress recycling services from Pender Harbour Transfer Station and Sechelt Landfill. The contract expires on December 31, 2021. The original contract includes the option to extend the contract for four (4) one (1) year terms. Staff recommend extending the contract for a one (1) year term.

The SCR D has a contract with Pacific Coast Distributor Inc. for mattress transportation services for mattresses received at the Pender Harbour Transfer Station and Sechelt Landfill. There is one year remaining, however, the total contract value will be exceeded and thus requires Board approval to amend.

The contract costs are no longer fully funded from the mattress tipping fees. However, tipping fee revenue from other materials could fund the shortfall. A Financial Plan amendment is required.

Reviewed by:			
Manager		CFO/Finance	X-T. Perreault
GM	X- R. Rosenboom	Legislative	
CAO	X - D. McKinley	Other (Purchasing)	X- V. Cropp

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Robyn Cooper, Manager, Solid Waste Services

SUBJECT: METAL CONTAINER, HAULING AND RECYCLING SERVICES – CONTRACT EXTENSION

RECOMMENDATION(S)

THAT the report titled Metal Container, Hauling and Recycling Services – Contract Extension be received for information;

AND THAT the contract with Salish Environmental Group Inc. for metal container, hauling and recycling services be extended for an additional one (1) year period;

AND THAT the contract with Salish Environmental Group Inc be increased by \$216,920 to \$429,470 (not including GST);

AND THAT the delegated authorities be authorized to execute the contract;

AND FURTHER THAT the 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The SCRD has a contract with Salish Environmental Group Inc. to provide container, transportation and recycling services for metal diverted from the Sechelt Landfill (SL) and Pender Harbour Transfer Station (PHTS) as awarded in 2020 from Request for Proposals 2035007. The contract was for a one-year period. The contract expired on October 31, 2021 and can be extended for up to four additional one-year periods.

The purpose of this report is to seek Board approval to extend the existing contract with Salish Environmental Group Inc. for metal container, transportation and recycling services. As the contract value is above \$100,000, such an extension requires Board approval.

DISCUSSION

Currently, Salish Environmental Group Inc. provides container, hauling and recycling services for metal delivered to the SL and PHTS. The details are as follows:

- Two 40-yard containers are provided at SL and two are provided at PHTS.
- Once containers are full, Salish Environmental Group Inc. delivers the metal to a metal recycler in the Vancouver area.

The SCRD has benefitted from Salish Environmental Group Inc.'s ability to provide this service. The details within the contract support the SCRD's Solid Waste Management Plan, outlining greenhouse gas reduction and waste diversion.

As such, staff recommend to extend the contract for a one-year term.

Financial Implications

Salish Environmental Group Inc.'s original pricing submission was re-evaluated and compared to current market pricing. Table 1 shows the breakdown of the overall contract value.

Table 1: Contract Value Details

	Cost
Original Contract Value – 1 Year	\$212,550
First Contract Extension Value (1 Year)	\$216,920
Total Contract Value	\$429,470

The actual total annual costs are based on tonnage of material received. Therefore, the more metal the SCRD receives, the higher the costs for transportation.

Any revenue from the metal recycler is disbursed directly to the SCRD.

The current tipping fee for metal is \$150 per tonne. The tipping fees fully fund the transportation costs.

The current budgeted annual amount for this service is \$212,550 therefore a Financial Plan amendment is required.

Timeline for next steps

If approved, staff will ensure contract documents are executed by the designated authorities.

If not approved, metal recycling services would cease and the metal stock-piled until such time as a new procurement process for these services was concluded. The SCRD is not permitted to bury metal in the Sechelt Landfill.

STRATEGIC PLAN AND RELATED POLICIES

The metal container, hauling and recycling service contract aligns with the Board's Strategic focus areas of Regional Collaboration and Partnership and Climate Change and Resiliency as well as the Board's Purchasing Policy and social procurement.

This supports the Solid Waste Management Plan's target of 65%-69% diversion by providing a recycling option for metal.

CONCLUSION

The SCRD entered into a one year contract in 2020 with Salish Environmental Group Inc. for metal container, hauling and recycling services for metal received at the Pender Harbour Transfer Station and Sechelt Landfill. The contract includes the option to extend the contract up to four additional one-year terms.

Staff Report to Infrastructure Services Committee – November 18, 2021
Metal Container, Hauling and Recycling Services – Contract Extension Page 3 of 3

The contract costs are fully funded from tipping fees collected on metal diverted at the Pender Harbour Transfer Station and Sechelt Landfill.

Staff recommend extending the contract for a one-year term.

Reviewed by:			
Manager		Finance	X - T. Perreault
GM	X- R. Rosenboom	Legislative	
CAO	X - D. McKinley	Other (Purchasing)	X - V. Cropp

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Infrastructure Services Committee – November 18, 2021

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services

SUBJECT: **INFRASTRUCTURE SERVICES DEPARTMENT – 2021 Q3 REPORT**

RECOMMENDATION(S)

THAT the report titled Infrastructure Services Department – 2021 Q3 Report be received.

BACKGROUND

The purpose of this report is to provide an update on activities in the Infrastructures Services Department for the Third Quarter (Q3) of 2021: July 1 – September 30, 2021.

The report provides information from the following divisions: Water, Wastewater, Solid Waste Programs and Solid Waste Landfill Operations.

This report does not provide a detailed overview of all projects within the Department. Such overview is included in the Budget Project Status report which is frequently presented to the Board.

Utilities Services Division [365, 366, 370]

The Utilities Division serves three water service areas, the North Pender Water Service Area [365], the South Pender Water Service Area [366], and the Regional Water Service Area [370]. The Regional Water Service Area includes the Chapman water system as well as the smaller systems of Egmont, Cove Cay, Granthams, Soames Point, Langdale, and Eastbourne. The Utilities Division is also responsible for 18 wastewater facilities in Areas A, B, D, E, and F.

The SCRD water systems supply potable water to approximately 23,000 residents between Egmont and Langdale. This includes operations and maintenance of the Langdale, Soames Point, Granthams Landing, Eastbourne (Keats Island), Chapman/Gray Creek including the Chapman Creek Water Treatment Plant, the South Pender Harbour Water Treatment Plant, Cove Cay, Egmont and the North Pender Harbour Water Systems. In addition to water for drinking, these water systems supply potable water used for fire protection, recreation (pools and ice rinks), industrial use and irrigation.

Combined, the SCRD Water Systems consist of over 382 km of watermains, 24 storage reservoirs, 20 pump stations, 38 pressure reducing valve stations, 1422 fire hydrants, 6 chlorination stations, 12 Water Treatment Facilities, 18 Water Service Areas and approximately 11,516 water connections.

The quarterly report includes information about larger capital works and projects, and noteworthy program developments, as well as, monthly water treatment volumes from the Chapman Creek Water Treatment Plant and the South Pender Water Treatment Plant.

PROJECTS - CAPITAL WORKS

Watermain Replacement Program

- Chaster Road Watermain Replacement
 - Construction is nearing completion of the replacement of approximately 750 m of 200 mm ductile iron watermain on Chaster Road, between Frank West Hall and Pratt Road, on Pratt Road, between Chaster Road and Malaview Road, and on Hough Road, between Malaview Road and Chaster Road. Work is expected to be complete on the waterline portion of this project by the end of November 2021. Temporary asphalt shoulder paving will follow and half roadway width paving will be completed in the spring of 2022.
- Henry Road Watermain Replacement
 - The final design and construction drawings are complete for the replacement of asbestos cement watermain along Henry Rd, north of Reed Road. Due to unexpected delays in the construction of the Chaster Road watermain, replacement of the Henry Road watermain has been deferred until early 2022 to avoid work in adverse weather conditions.
- Eastbourne Watermain Burying
 - The design drawings are complete for the replacement and burying of the above-ground 2 inch PVC pipeline on Keats Island. Project construction is scheduled to be initiated in Q1 2022.
- San Souci Bridge Watermain Replacement
 - In July 2021 during the Exposed Watermain Rehabilitation project it was identified that the watermain underneath a bridge on San Souci Road was deteriorated beyond repair and required urgent replacement. This replacement work is expected to be completed in Q1 2022. Work will consist of the relocation of the waterline from underneath and within the bridge structure to a new alignment adjacent to and parallel to the bridge.
- Wescan Marine Crossing Watermain Replacement
 - Engineering design and environmental assessment work is underway related to the replacement of the marine crossing water main between Wescan Road and Sans Souci Road in Secret Cove. The existing watermain has experienced multiple leaks in recent years. Construction is planned for summer 2022 to align with Department of Fisheries and Oceans in water construction work window.

Water Projects

- Groundwater Investigation– Phase 4 A Church Road well field
 - The public consultation process with the Squamish Nation and FLNRORD is complete. The project was formally advertised for tendering on November 1, 2021 with a tender due date of December 9, 2021 and construction to start early 2022. It is anticipated the commissioning phase (Phase 4B) of this well field will occur in late summer 2022 or earlier.

- Groundwater Investigation Phase 3 – Part 2
 - The Langdale well development project tender has closed and the contract award recommendation is to be presented at the November 18 ISC. Well development activities are expected to begin in January 2022 with a water license application submission in Q2 2022.
 - The development of the RFP for Maryanne West Park well development project is currently scheduled to be initiated in the fall of 2022.
- Eastbourne Groundwater Development
 - The draft RFP has been completed and will be tendered in Q4 2021.
- Raw Water Reservoir(s) – Feasibility Study Phase 4
 - The exploratory geotechnical and multi-criteria analysis still has to be completed before this project could be completed. Due to a variety of reasons the discussions on this project with the shíshálh Nation are delayed and are now expected to be concluded in Q4 2021 to allow for this project to be completed early 2022.
- Chapman, Edwards, McNeil Lake and Saddle Dam Safety Upgrades
 - A second year annual Dam condition assessment was completed this past summer, and a preliminary design package of the improvements will be delivered to the SCR D in mid-November 2021. This project was awarded in July 2021 and the design for the required upgrade and any outstanding regulatory documentation is expected to be completed in Q1 2022.
- Chapman Water Treatment Plant Chlorination Project
 - The project was formally tendered in July 2021 and a Contract Award report for the Construction Contract of this project is part of the September 9, 2021 ISC agenda package. A contract amendment staff report will be presented at the Infrastructure Services Committee on November 18, 2021 for consideration and formal Board action at the November 25, 2021 Board meeting.
- Chapman Creek Water Treatment Plant UV Upgrade
 - The new UV system will be designed for redundancy while the current UV system only employs a single UV module and regulatory requirements is to have multiple UV systems to allow for redundancy in case of failure of a single unit. A RFP for engineering services has been issued with a closing date of November 23, 2021 and with the goal of award in December with completion of all upgrades in 2022.
- Chapman Creek Water Treatment Plant Residual Disposal and Planning
 - The Chapman Creek Water Treatment Plant produces residuals from the water treatment process. In collaboration with the shíshálh Nation and Lehigh Hanson, a temporarily measure is in place to avoid overflow during the fall, winter and spring season. A RFP for the development of a long-term residual disposal plan is currently being developed with the goal of tendering in Q4 2021.

- Chapman Creek Water Treatment Plant Hot Water Upgrade
 - Staff are coordinating this project with the Chlorination Project to find efficiencies and cost savings. Plumbing contractor availability has delayed this project and will be completed within Q1 2022.
- Chaster Well Surface Seal
 - Preliminary design is complete and drafting of the tender documents is currently scheduled for Q4 2021.
- Cove Cay Pump Station Rebuild
 - The Cove Cay pump station needs upgrades such as a new roof, siding and interior work. All existing pump station interior infrastructure requires upgrading including pump, motors, controls and fittings. A new intake line should also be considered as part of this upgrade as the current line is shallow and made of inferior piping. Road access to this pump station is challenging to drive on and a hard surface such as concrete or asphalt is proposed. Preliminary planning for this project has begun, due to staffing workload upgrades to take place in 2022.
- Reed Road pump station Zone 4 upgrade
 - This project will be initiated in early 2022 with design and engineering services completed by in house SCRD staff.

Wastewater Projects

- Woodcreek Wastewater Plant
 - The findings of the condition assessment were presented at the November 19, 2020 Infrastructure Services Committee meeting. Staff have applied for Provincial/Federal grant funding and anticipate funding announcements in Q4 2021. The draft tender document is complete and the staff are awaiting results of the Federal Grant approval to proceed with formal tendering and construction.
- Curran Road Outfall Maintenance

Phase 2 of the outfall ballast installation has been completed. The entire outfall is now anchored correctly with new weights and a final inspection report has been completed and received from the installation diving company.
- Square Bay Infiltration
 - Ongoing inspections and record keeping are assisting in response and correction of Inflow & Infiltration. More repairs to the collection system are required to avoid future non-compliance incidents. This work is ongoing.
- Roberts Creek Co-housing
 - Staff are completing work required to improve effluent quality and correct design errors. Staff along with contractors have completed piping modifications in the trash tank, removal of sludge and cleaning of the trash tank and FAST 9 treatment plant chambers and replacement of the lid and access chambers. Further work that includes the replacement of a pump, modifications and sand replacement to the sand filter and the installation of a carbon filter for odours will be completed by the end of November. A

progress report will be presented at December 2021 ISC meeting to provide more detail on work completed and work still to be done. Communication with the Roberts Creek Co-housing community is ongoing and they have been updated with the progress and timeline on this project.

Public Participation

- Let's Talk Water Public Forums
 - July 28, 2021: Let's Talk Water - North and South Pender Harbour, which was recorded and posted to the SCRD YouTube channel
- Recordings of monthly water supply updates were shared on the Let's Talk SCRD webpage, immediately after ISC meetings
- Monthly Update of Average Daily Water Use for properties with an SCRD water meter. Around 440 residents are currently subscribed to the Monthly Water Use update. Information about signing up was shared through regular quarterly leak letters, and through communications around water conservation.
- Leak notification letters were sent to 338 residents in early September. In addition, any commercial customers with a water leak received notification on their quarterly utility bill.
- As part of the 2021 Drought EOC, staff sent 350 letters to water users in the Chapman Water System using over 1,400 litres per day, based on average use in July 2021. The letters shared information about EOC activities and links to the SCRD website.
- Information about water conservation and water conservation regulations was shared through local newspaper advertisements, on the SCRD website, and social media throughout the summer.

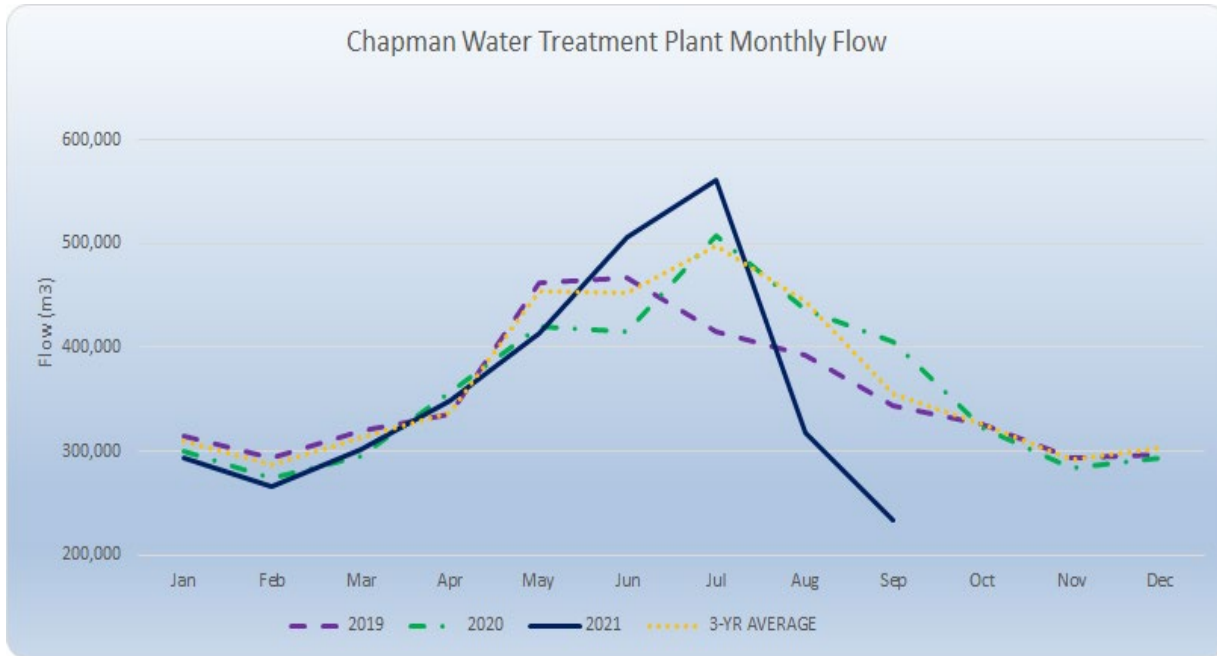
Water Planning and Policy development

- Regional Watershed Protection Service Feasibility Study
 - An RFP for a contractor to provide support on this project was issued in May and awarded in June. This project is exploring opportunities and challenges of establishing watershed-focused services, funded through the Healthy Watersheds Initiative. The results are scheduled to be presented to the Board in Q1 2022.
- Bylaw 422 review and updating
 - Staff are currently assessing the options to strengthen current or add new the water conservation-oriented provisions in this Bylaw and will present proposed bylaw amendments to the Board in Q1 2022.
- Water Supply Plans (Regional Water System)
 - This project is currently in the planning stage, which include the development of a project plan, public participation plan, and scope of work for the model upgrade and technical studies.

OPERATIONS - WATER DISTRIBUTION SYSTEM

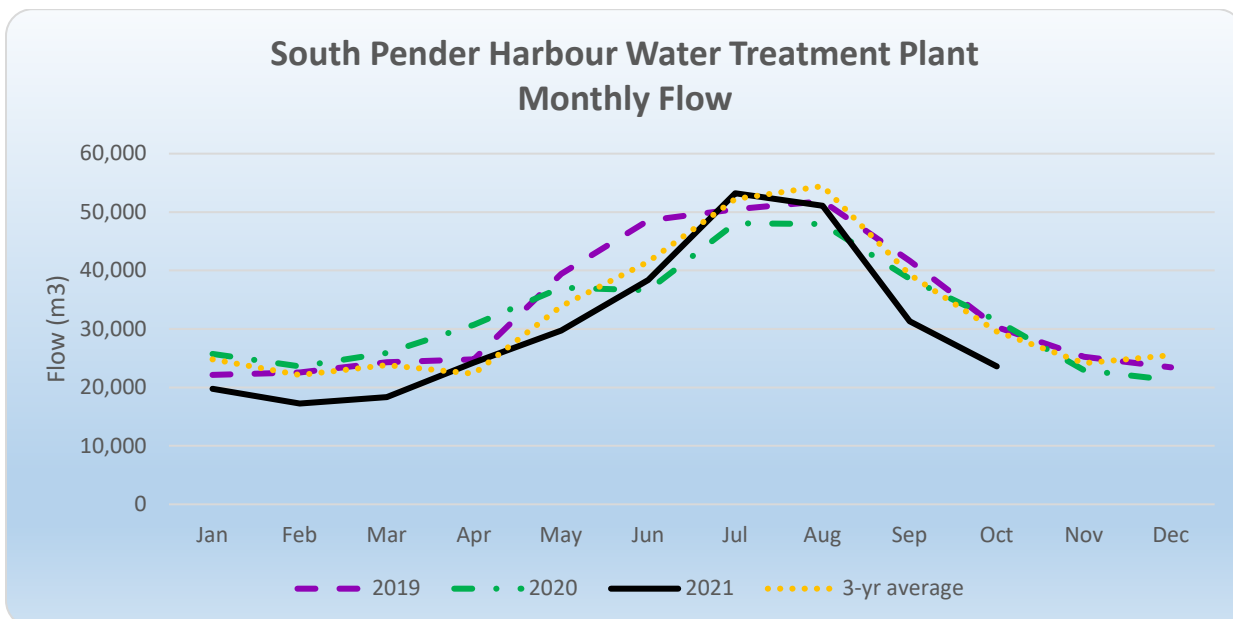
CHAPMAN WATER TREATMENT PLANT

In the Q3 2021, the Chapman Creek Water Treatment Plant produced and supplied 1,112,954 m³ of potable water to residents, a decrease over the three year average.



SOUTH PENDER WATER TREATMENT PLANT

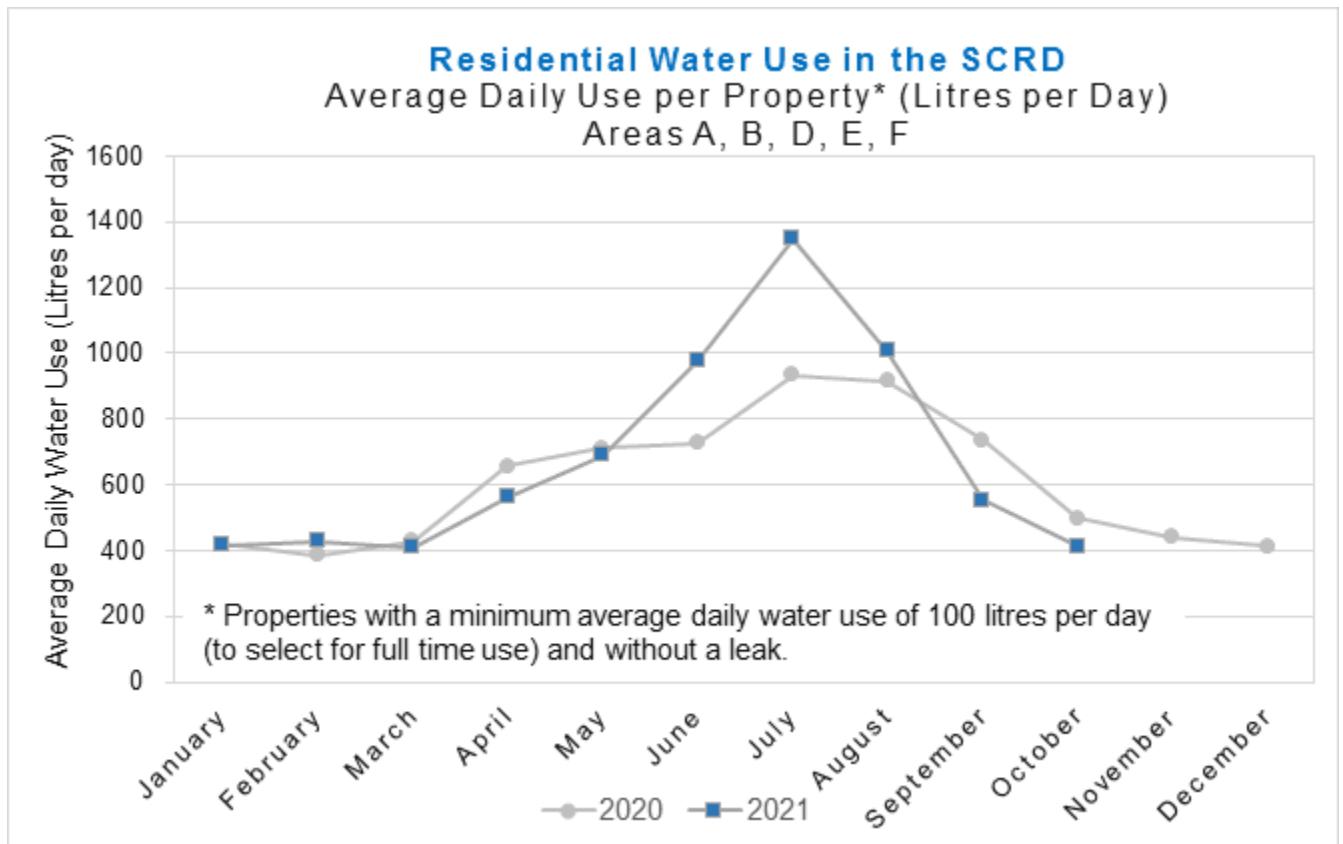
In the Q3 2021, the South Pender Water Treatment Plant produced and supplied 135,593 m³ of potable water to approximately 2,300 full and part-time residents of Madeira Park, Francis Peninsula and the surrounding area. This is a decrease over the three year average.



Note: The 2020 data is based on a new flow meter which is providing more accurate data than the meter used in 2018 and 2019

RESIDENTIAL WATER USE

Average monthly use peaked in July 2021 compared to previous year. In 2020, average residential use on metered properties was less than 1,000 litres per day, while in 2021, the average was almost 1,400 litres per day. This could be attributed to above average seasonal temperatures and little precipitation during the summer. Water conservation education and outreach remained a top priority, particularly during the dry summer months.



Solid Waste [350, 355]

The Solid Waste Division provides solid waste management for the Sunshine Coast. In British Columbia, Regional Districts are mandated by the Provincial *Environmental Management Act* to develop Solid Waste Management Plans. The SCRD’s Solid Waste Management Plan 2011 (SWMP) guides how the SCRD manages its solid waste including waste diversion programs, services and disposal activities.

The division oversees the operation and maintenance of the Sechelt Landfill and the Pender Harbour Transfer Station. The division also maintains the contracts for curbside garbage and food waste collection services for Electoral Areas B, D, E and F, three recycling depots and green waste recycling program.

The SCRD adopted the Regional Organics Diversion Strategy in January 2018. The goal of the Strategy is to develop a financially sustainable roadmap that will lead to a robust, region-wide organics diversion program.

The quarterly report provides an update on current projects, diversion programs, services and monthly statistics.

SOLID WASTE PROJECTS

Future Waste Disposal Options

At the July 2021 Infrastructure Services meeting the final results of the phase 1 of the option analyses to confirm the feasibility of the development of a new landfill on the Sunshine Coast or a transfer station to facilitate waste export. The Board provided the direction to initiate a second opinion on the project findings to date with respect the potential for the siting of a landfill. This project component is in it's planning stage and will be started by year end.

Solid Waste Management Plan Proposed Amendment

Staff designed an engagement strategy to seek feedback on a proposed amendment to the 2011 Solid Waste Management Plan (SWMP) that would allow for the temporary export of waste to an off-coast facility, should the Sechelt Landfill close before a new long-term disposal option is identified and fully operational.

The Sechelt Landfill is rapidly approaching capacity and is expected to close by mid-2025. Currently, the Sechelt Landfill is the only waste disposal option approved in the 2011 SWMP. An amendment would enable the SCR D to add a temporary disposal option to the existing 2011 SWMP to ensure a solid waste disposal option is available following the closure of the Sechelt Landfill. Given the timeline, the SCR D is initiating a two-phase process, first to seek an amendment to the SWMP, and then to initiate the update to the SWMP in 2022, which will take two to three years to complete.

Solid Waste Management Plan Update

The SCR D's current SWMP was approved in 2011 and is approaching the end of the 10-year plan lifecycle. Staff developed and posted an RFP to hire a consultant to support the SWMP update. The update process requires a complete review and evaluation of the 2011 SWMP's guiding principles, waste reduction targets, and programs/services.

Waste Composition Study

Staff are developing an RFP for a waste composition study in 2022, that would help understand the disposal rates of municipal solid waste and other materials, such as organics and recyclables. The SCR D last conducted this type of study in 2014/2015.

The study would occur in 2022 and will support the evaluation of any services the SCR D has implemented since 2014/2015, and inform the SWMP update and the future phases of the Future Solid Waste Disposal Option Study.

Sechelt Landfill Public Drop off area Construction Project

Construction for the new public drop off area at Sechelt Landfill began on May 17, 2021 and is now mostly completed. As of October 26, 2021 the Sechelt Landfill is back to accepting materials that were put on hold and the drop off area for visitors is in full operation. There are some minor projects to complete as we settle in to the new areas. Rapid Impact Compaction has stabilized the ground disturbance that was identified in Q1 2020 within the footprint of the new drop off site.

An entire new drop off area has been constructed, the scale and scale house have been relocated and any new upgrades have taken into consideration possibilities for future initiatives should a need be identified. Staff are continuing public engagement through the [Let's Talk SCRD](#) page.

Sechelt Landfill Stage H+ Closure

The Design, Operating and Closure Plan for the Sechelt Landfill requires that the landfill be progressively closed as it reaches its fill capacity based on final height and will no longer receive waste disposal. The Stage H+ closure consists of applying final cover to an area that measures approximately 21,500 m² on the north, south, and west slopes. A staff report to initiate this project will be presented at the Infrastructure Services Committee on November 18, 2021 for Board consideration.

Biocover Feasibility Study - Phase 2

This project is currently in its planning stage and an RFP for technical and implementation support is scheduled to be released early 2022.

SOLID WASTE PROGRAMS

Curbside Food Waste Collection

Green Bin program information can be viewed at www.scrd.ca/curbside-food.

From January to September 2021 inclusive, 406 tonnes of food waste has been collected for composting.

From program launch on October 6, 2020 to September 30, 2021, 568 tonnes of food waste has been collected for composting.

Metro Vancouver Municipal Waste Reduction Coordinator Committee (MVMWRCC)

Staff attended MVMWRCC Committee meeting on September 15, 2021. At the meeting information was provided on updates to accepting waxed cardboard as garbage, a pilot on automated smart bins and the municipalities discussed repair events, contamination in green bins and the progress on the partnership with Food Mesh.

British Columbia Product Stewardship Council (BCPSC)

Staff attended a BCPSC meeting on September 21, 2021. Staff received an update from BC Used Oil Management Association (BUCOMA) and their plan for the next year to work on improving their collection network across the province.

Coast Waste Management Association (CWMA)

Staff presented to the Islands and Remote Communities working group at the September 21, 2021 meeting about the SCRD Islands Clean Up Program. As well, staff attended the CWMA annual Conference from October 20-22, 2021 where discussion groups and presentations were provided regarding communicating and educating on waste, commercial recycling, reuse economy, working with public motivations and frustrations around waste and recycling, utilizing digital resources, and marine debris.

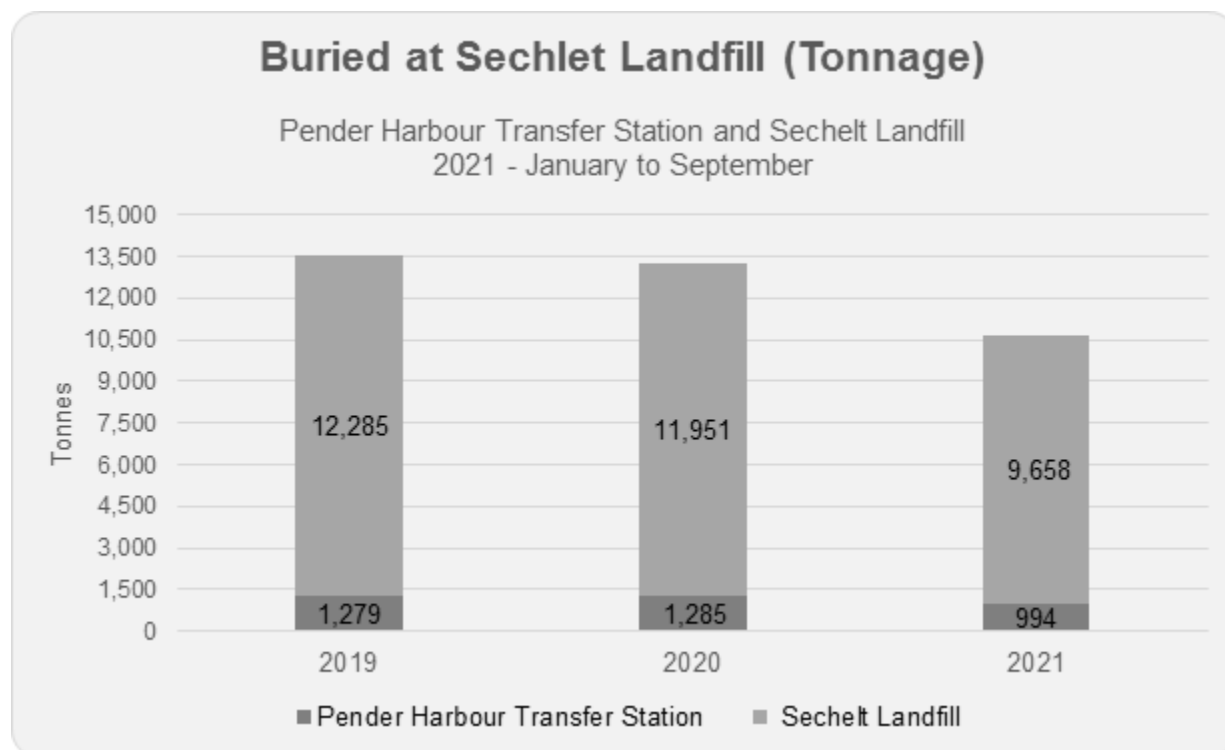
Home Composter Rebate

The deadline to apply was set for September 30, 2021 and Staff have received a total of 61 applications and 1 cancelled rebate. Residents have until the end of the year to provide their completed claim forms in order to be issued their rebate.

SOLID WASTE OPERATIONS

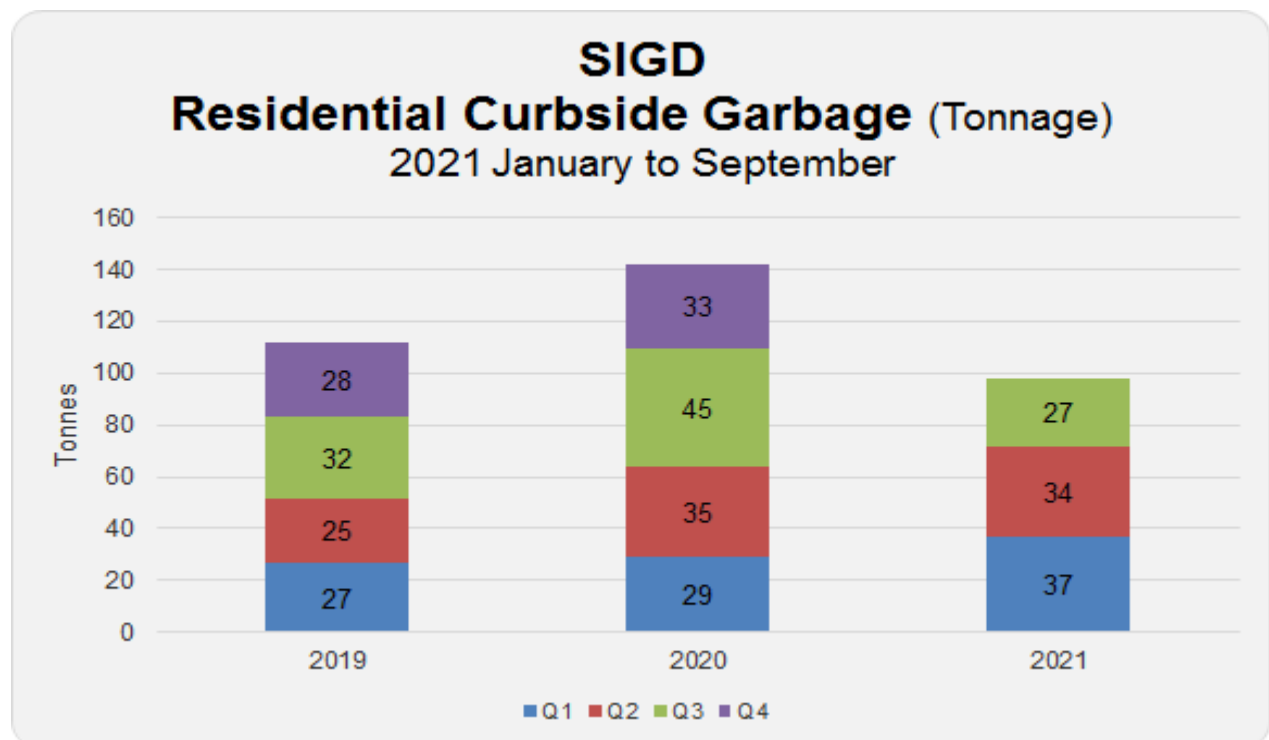
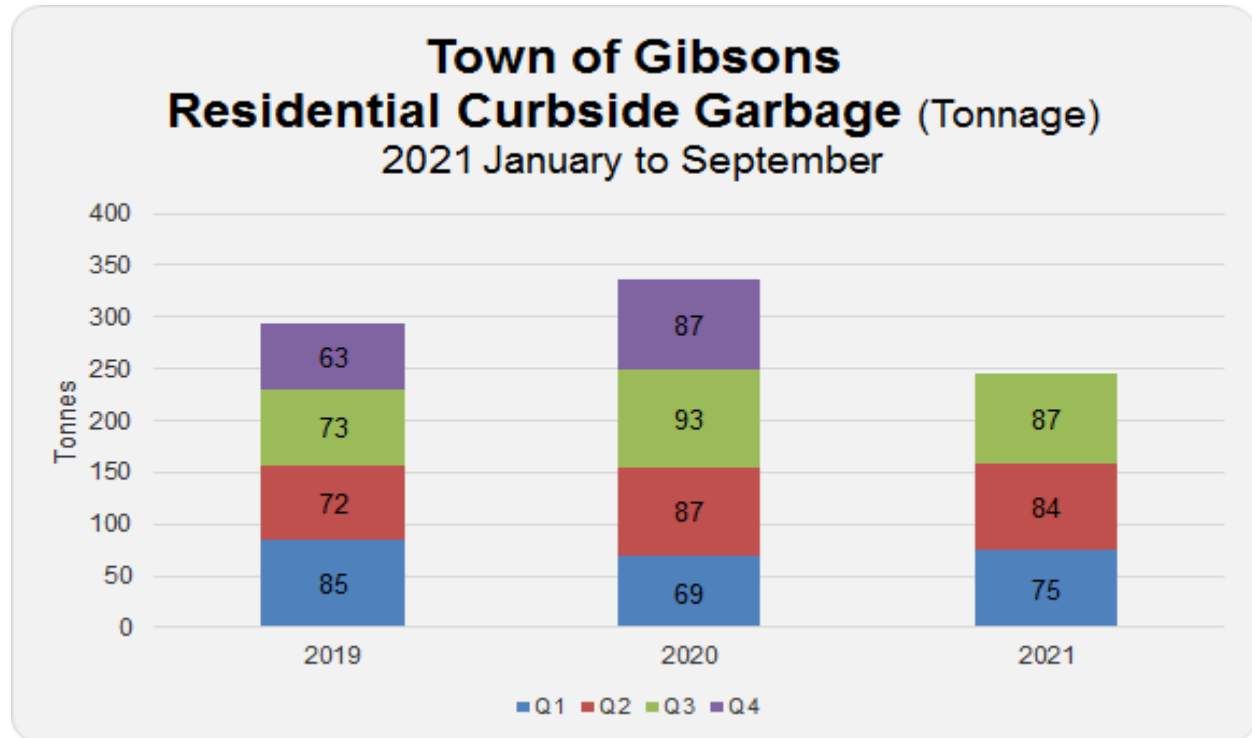
Statistics – Landfill

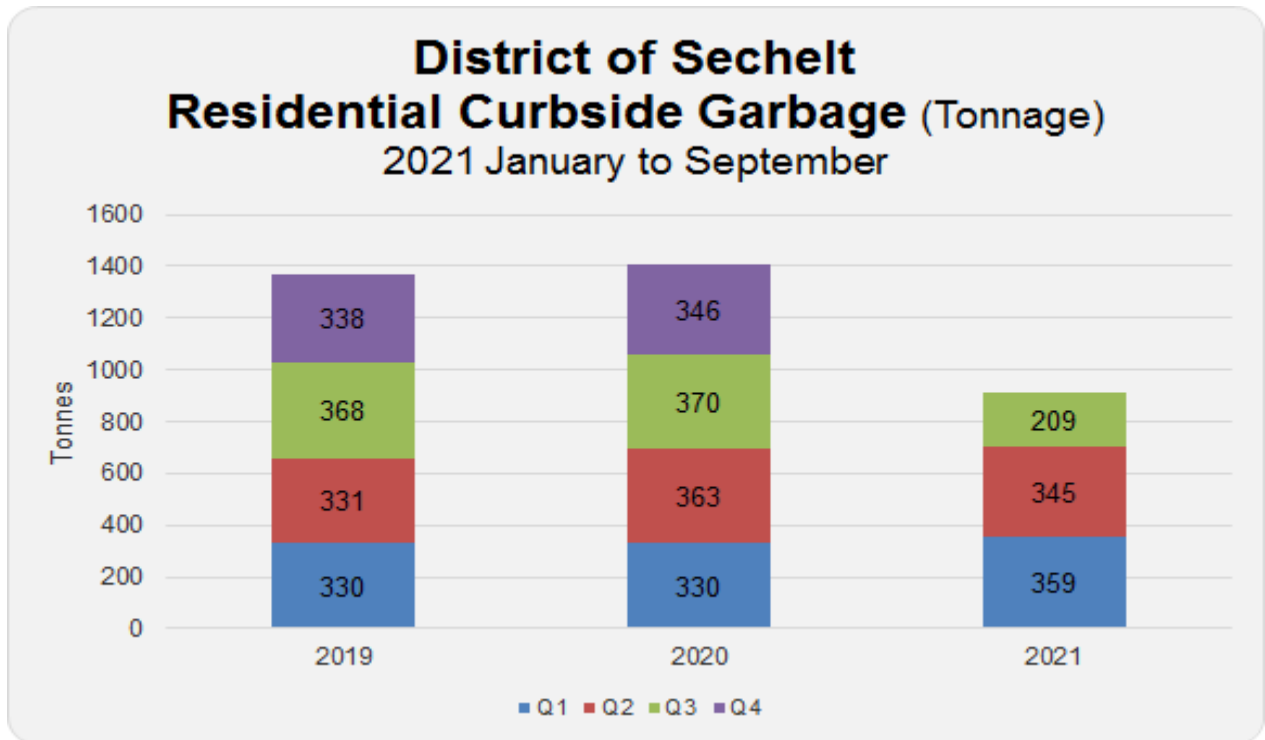
The tonnage presented includes an estimated combined total of all material from the Pender Harbour Transfer Station that is transferred to the Sechelt Landfill for burial and all materials received at the Sechelt Landfill for burial. This includes: residential curbside garbage, self-hauled garbage, commercial garbage, roofing, dead animals, asphalt, asbestos, durable goods (e.g. couches, chairs), concrete, dirt and rocks, Styrofoam (non-recyclable) and share shed items not removed for reuse.



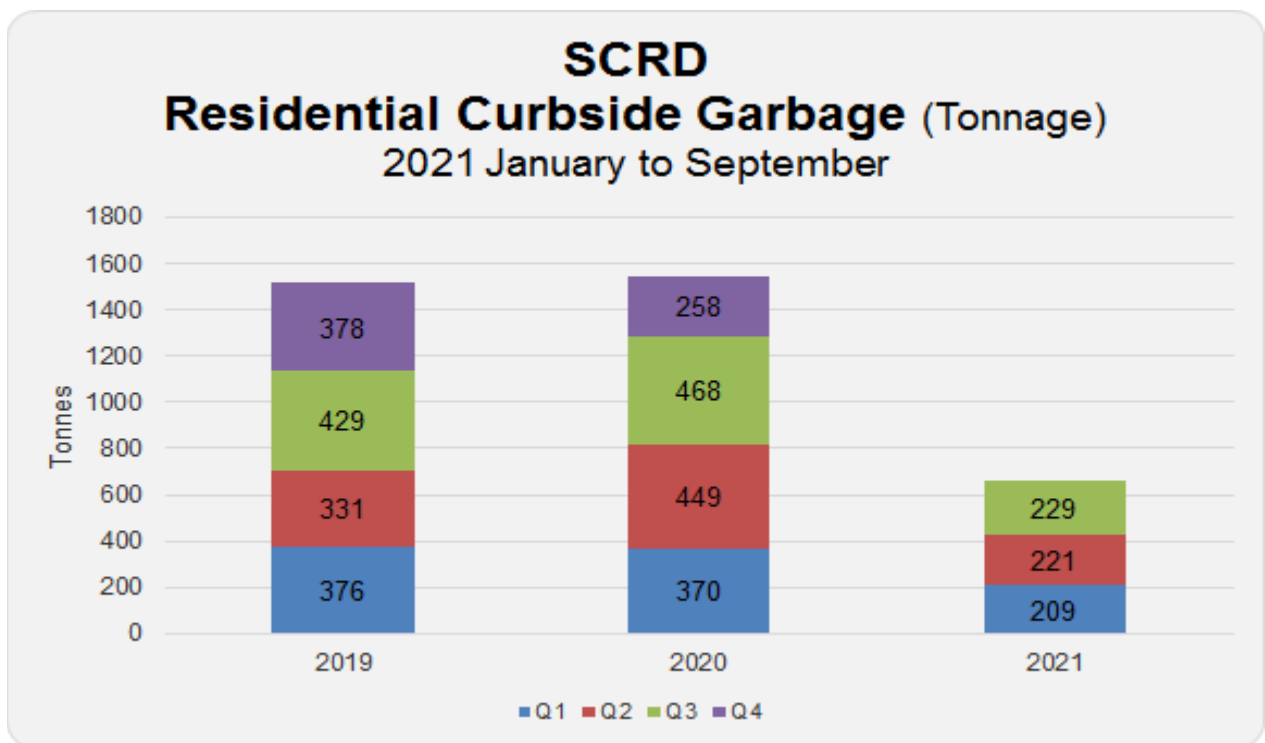
Statistics – Curbside Collection Services

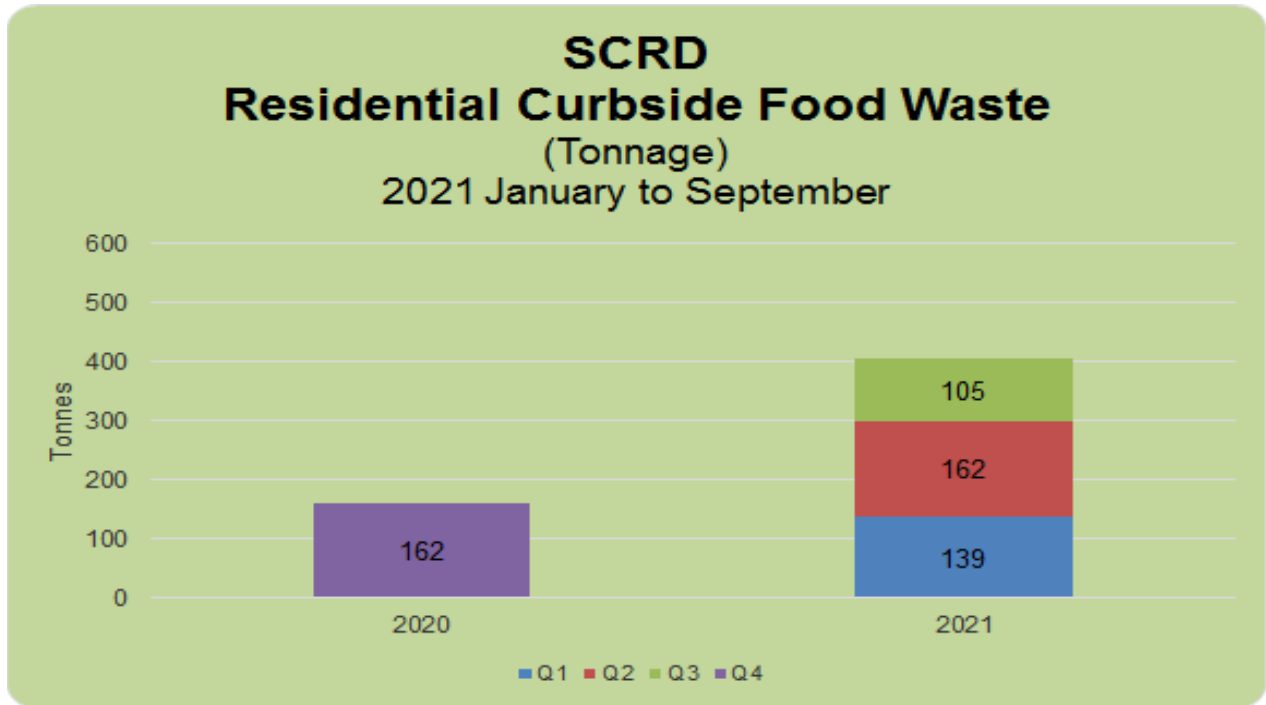
The residential curbside garbage tonnage presented includes garbage collected curbside from residential dwellings in the Town of Gibsons, Sechelt Indian Government District and District of Sechelt. Curbside residential garbage is then delivered to the Sechelt Landfill and buried.





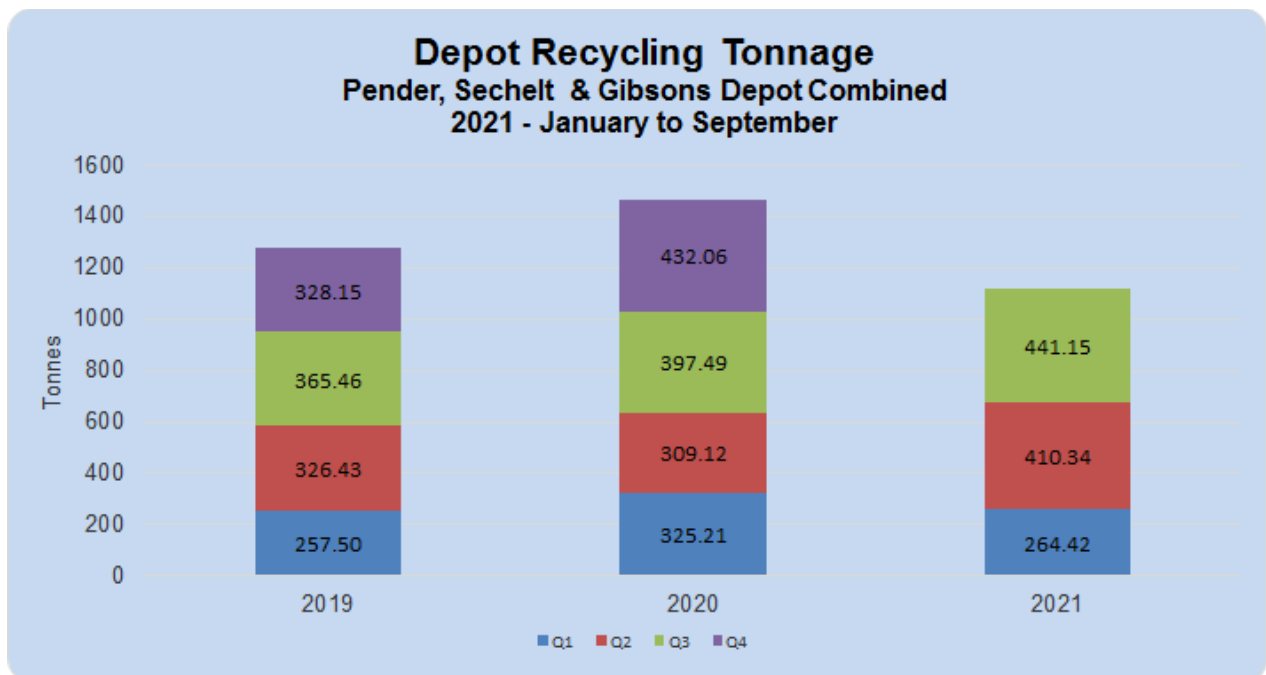
The residential curbside tonnage presented is for the curbside collection program from residential dwellings in the Sunshine Coast Regional District. Curbside residential garbage is then delivered to the Sechelt Landfill and buried. Curbside residential food waste is delivered to Salish Soils for composting.





Statistics – Recycling

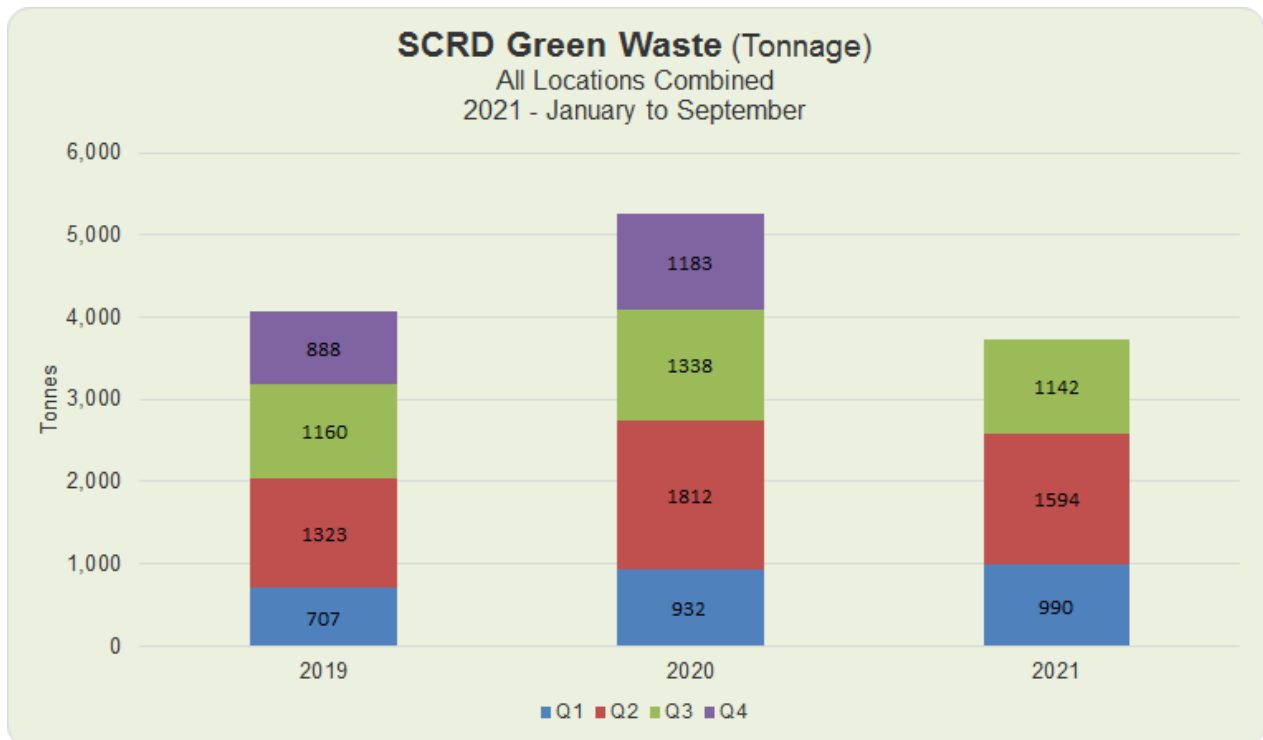
The SCR D has an agreement with RecycleBC to provide residential packaging and paper products (PPP) Depot Recycling Services in Gibsons, Pender Harbour and Sechelt. The SCR D contracts these services to Gibsons Recycling, GRIPS and Salish Soils respectively. The data presented is provided by RecycleBC and is updated as it is received. The data represents the combined monthly weight (by tonne) of the materials dropped off at the three recycling depots.



Statistics - Green Waste

The SCRD green waste recycling program provides collection locations for residents to self-haul and drop-off yard and garden green waste at the South Coast Residential Green Waste Drop-off Depot, Pender Harbour Transfer Station, and Salish Soils. The SCRD also provides commercial sector green waste drop-off at the Pender Harbour Transfer Station and Sechelt Landfill. The collected green waste is hauled and processed in Sechelt into compost.

The data presented provides the combined weight (by tonne) of green waste dropped off at the SCRD locations.



Reviewed by:			
Manager	X – R. Cooper X – S. Walkey X – S. Misiurak X – M. Edbrooke	Finance	
GM		Legislative	
CAO	X – D. McKinley	Other	

**SUNSHINE COAST REGIONAL DISTRICT
TRANSPORTATION ADVISORY COMMITTEE
October 21, 2021**

MINUTES OF THE TRANSPORTATION ADVISORY COMMITTEE MEETING HELD
ELECTRONICALLY AND TRANSMITTED VIA THE SCRD BOARDROOM AT 1975 FIELD
ROAD, SECHELT, BC

PRESENT:

(Voting Members)	Director, Electoral Area E, Chair	D. McMahon
	Director, Electoral Area F	M. Hiltz
	Director, Electoral Area A	L. Lee
	Director, Electoral Area D	A. Tize
	Director, District of Sechelt	D. Siegers
	Director, District of Sechelt	A. Toth
	Director, Town of Gibsons	D. Croal (Alt)
	Transportation Choices (TraC)	A. Woolliams
	Trustee, School District No. 46	S. Girard
	Southern Sunshine Coast Ferry Advisory Committee	D. Mumford
	Ministry of Transportation and Infrastructure	M. Braun
	Ministry of Transportation and Infrastructure	J. Tasker
	BC Ferries	R. Edwards

ALSO PRESENT:

(Non-Voting)	GM, Community Services	S. Gagnon
	Corporate Officer	S. Reid
	Manager, Transit and Fleet	J. Walton
	School District No.46	N. Weswick
	SCRD Administrative Assistant / Recorder	T. Ohlson
	Public	1
	Media	0

Regrets Louisa Mendonca, ICBC

CALL TO ORDER 3:32 p.m.

AGENDA The agenda was adopted as presented.

PRESENTATIONS AND DELEGATIONS

Nicholas Weswick, Secretary-Treasurer, School District No. 46 presented to the Committee on active transportation infrastructure and initiatives for students and youth on the Sunshine Coast.

Discussion included the following points:

- *Memorandum of Understanding between SCRD and Ministry of Transportation and Infrastructure for active transportation infrastructure on road right of ways;*
- *Active travel safe routes to schools;*
- *Bike safety training and road awareness programs in schools;*

- *Ministry of Transportation and Infrastructure Safe Routes to Schools program requirements;*
- *Federal gas tax funds available for active transportation improvements.*

MINUTES

Recommendation No. 1 *Transportation Advisory Committee Meeting Minutes of July 15, 2021*

The Transportation Advisory Committee recommended that the Transportation Advisory Committee meeting minutes of July 15, 2021 be received for information.

REPORTS

Recommendation No. 2 *Select Committee Review*

The Transportation Advisory Committee recommended that the report titled Select Committee Review be received for information.

Discussion included the following:

- *Mandate of Transportation of Advisory Committee;*
- *Delegation process to Community Services Committee meetings;*
- *Challenges of transportation-related issues on the Sunshine Coast;*
- *Opportunities to bring transportation concerns forward;*
- *Integrated transportation planning.*

Recommendation No. 3 *BC Ferries Route 3 Traffic Statistics and Reports*

The Transportation Advisory Committee recommended that the report titled BC Ferries Route 3 Traffic Statistics and Report be received for information.

Discussion included the following points:

- *Comparison of statistics to 2019;*
- *Traffic on Route 3, particularly vehicle traffic, improving faster than other BC Ferries routes.*

Recommendation No. 4 *Bike Sense and Active Transportation Report Card*

The Transportation Advisory Committee recommended that the report titled Bike Sense and Active Transportation Report Card be received for information.

Discussion included the following points:

- *Bike Sense Pamphlet – ‘How To’ guide for cycling in BC available for distribution;*
- *District of Sechelt and Town of Gibsons have received grant funding for active transportation improvements;*
- *Ministry of Transportation installation of separated bike lane on North Road;*
- *Goal to release Active Transportation report card every two years;*
- *Active Transportation Week successful, impacted by weather;*
- *Update of legislation of regional districts;*

- *Relationship between regional districts and the province regarding rural road planning;*
- *SCRD Board Strategic initiative – advocacy.*

ROUNDTABLE

Committee members provided roundtable updates as follows:

Alun Woolliams (TraC) – a semi-regular meeting regarding transportation-related items would be appreciated. He noted the option to appear as a delegation to the Community Services Committee. Inquired about visibility on what's happening with transportation planning or active transportation and whether the Community Services quarterly report can contain updates on transportation planning and active transportation.

Shelley Gagnon (SCRD) – the Transportation Advisory Committee has been dissolved. Community Services will explore facilitating or hosting community groups to provide opportunities for continued networking and communication on transportation-related issues. The Community Services departmental Quarterly report is not the right venue for transportation planning or active transportation, however a report to the Community Services Committee is an option.

Robert Edwards (BC Ferries) – nothing further. Interested in participating in future meetings.

Joey Tasker (MOTI) – noted it has been a very busy week dealing with the recent significant rainfall. Expressed interest in participating in future meetings when organized.

Diana Mumford (Southern SC Ferry Advisory) – noted the fog line painting is missing on widened section of Sunshine Coast Highway and inquired when this would be completed.

Michael Braun (MOTI) – noted that a shortage of road paint is impacting completion of fog line painting, challenging weekend with recent rain events. Thank you to Capilano Highways. He is interested and willing to participate in future meetings.

James Walton (SCRD) – nothing further.

Sue Girard (School District No. 46) – noted an extended (six-foot) stop arm has been installed on School Bus No. 269 and data will be collected to determine its impact. Noted line painting still missing on section of Port Mellon highway paved within the past six months, concerned for safety of children biking to and from school.

Director Toth (District of Sechelt) – noted the fog line painting required in Selma Park.

Director Tize (Roberts Creek) – noted the blocked culvert at 2330 Lower Road needs to be addressed. MOTI advised the culvert will be upsized and replaced.

Director Siegers (District of Sechelt) – noted the Wharf Avenue sidewalk installation from Dolphin Avenue to Cowrie Street will begin very soon and delays are expected. The Trail Avenue project is complete, except for a small amount of sidewalk paving.

Alternate Director Croal (Town of Gibsons) – thanked everyone for their contributions to this committee. Interested in working with TraC and School District No. 46 in the New Year on cycling training and noted the Town of Gibsons lobby is an option for cycling brochures.

Director Lee (Pender Harbour and Egmont) - would like to have a quarterly update on transportation-related issues included in the Community Services Committee meeting. He noted

that seasonal calls have increased and he is directing inquiries to Capilano Highways. He thanked the Committee for the meeting.

Director Hiltz (West Howe Sound) – noted there is a large amount of water travelling down Gilmour Road to Reed Road and inquired how MOTI addresses non-roadway water entering their roadways. He also confirmed the location of the Reed Road culvert replacement between Henry Road and Payne Road. MOTI advised that it depends on the scope of the issue.

Director McMahon – noted the flooding in Area E on the weekend and looks forward to future meetings.

ADJOURNMENT

4:52 p.m.

Committee Chair

**SUNSHINE COAST REGIONAL DISTRICT
WATER SUPPLY ADVISORY COMMITTEE**

November 08, 2021

RECOMMENDATIONS FROM THE WATER SUPPLY ADVISORY COMMITTEE MEETING
HELD IN THE BOARDROOM AT 1975 FIELD ROAD, SECHELT, B.C.

PRESENT:

Chair		S. Thurber
Members		D. McCreath T. Adams T. Beck B. Fielding R. Hanson M. Hennessy D. Marteinson

ALSO PRESENT:

(Non-voting)	Director, Area F Director, Area D Director, Area A	M. Hiltz (electronic) A. Tize L. Lee
	GM, Infrastructure Services Manager, Strategic Initiatives Administrative Assistant/Recorder District of Sechelt (Invited Guest) Econics Consulting Firm (Invited Guest)	R. Rosenboom M. Edbrooke G. Lawrie Meghan Lee (part) K. Stinchcombe (electronic, part)
	Econics Consulting Firm (Invited Guest)	R. Mersereau (electronic, part)
	Public	1

REGRETS:

	A. Skelley K. Chi
--	----------------------

Directors, staff, and other attendees present for the meeting participated by means of electronic or other communication facilities in accordance with Sunshine Coast Regional District Board Procedures Bylaw 717.

CALL TO ORDER 3:33 p.m.

AGENDA The agenda was adopted as presented.

REPORTS

Recommendation No. 1 *Potential Use of Reclaimed Water*

The Water Supply Advisory Committee recommended that staff evaluate the benefits to the SCRD water supply system if a minimum of 2,000 m³/day of reclaimed water, meeting all applicable quality and regulatory standards, is delivered to lower Chapman Creek below the

intake to the Water Treatment Plant for the purpose of augmenting the Environmental Flow Needs (EFN).

Discussion included the following:

- As population grows, drinking water needs and wastewater volumes increases
- Project led by District of Sechelt, and they would be responsible for delivering highly treated wastewater to a location for reuse, such as the Chapman Creek intake
- Quality requirements needed, including temperature
- Impact to EFN and available drinking water potential
- Potential for up to 73.3% funding from program “Investing in Canada Infrastructure – Environmental Quality” closes Jan.26, 2022.

Meghan Lee from the District of Sechelt provided the Committee with an update on the reclaimed water project

Discussion included the following:

- DoS Reclaimed Water Feasibility Study is 60% complete
- Implementation of this project could have a regional benefit, but would need to be supported by grants
- Lots of considerations, for example reliability, seasonality, environmental benefit, infrastructure, public support, capital and operation cost
- DoS would charge SCRCD for providing reclaimed water
- Currently water samples are sent to lab; not live fish tested
- Unknown if EFN augmentation has precedent in other jurisdictions

Econics (consulting firm from Vancouver) delivered a 30-minute presentation: Developing a Watershed Protection Business Case

Discussion included the following:

- SCRCD 2019-2023 Board Strategic Plan includes a tactic to develop an action plan for the protection of watersheds and aquifers, advocacy goal for improved watershed governance
- Currently SCRCD does not have a mandate for broader watershed protection
- Primarily funded by a Healthy Watersheds Initiative grant
- Consulting firm Econics is supporting the SCRCD to develop a business case that will examine the opportunities and challenges of establishing watershed-focused services
- Provided examples from other jurisdictions
- November 18, 2021, scheduled check-in with the SCRCD Board on this topic
- Service could be regional or sub-regional
- A service would need to be approved by the Board
- Draft business case and engagement summary will be shared in early 2022 to Infrastructure Services Committee

The Chair thanked Econics for their presentation.

The Manager of Strategic Initiatives provided the Committee with an update regarding the Water Public Participation Plan

Discussion included the following:

- Phase 1: lead up to AAP water meter, loan request and two Let’s Talk Water events, which had low participation.
- Phase 2: engagement phase, all projects under development, including Bylaw 422 proposals, scoping Water Supply Plans for discussion with WASAC in January 2022
- Staff will work with Chair and Vice-Chair to identify WASAC future meeting topics’ instead for remaining meetings before 2-year term ends in June 2022
- WASAC shared frustration that the SCRDC needs to do more listening rather than telling
- Chair suggested WASAC provide a summary from current committee of their experience at end of their term

The General Manager, Infrastructure Services provided the Committee with an update on current water supply projects which included the Church Road Well Field, Langdale Well Field development and Gray Creek water treatment feasibility.

Future Meeting Topics

- Questions / Advice from the Committee on next steps for Water Supply Plans

NEXT MEETING January 10, 2022 @ 3:30 p.m.

ADJOURNMENT 5:32 p.m.



November 2, 2021

VIA EMAIL: info@scrd.ca

Lori Pratt, Chair
Sunshine Coast Regional District
1975 Field Road
Sechelt, British Columbia
V7Z 0A8

Dear Lori Pratt:

Thank you to your delegation for meeting with myself and other ministry representatives during this year's Union of British Columbia Municipalities (UBCM) Annual Convention process. I am writing to provide an update regarding the commitments made during your conference.

I have been advised by the South Coast Region that the water decisions under the *Water Sustainability Act* discussed during our meeting remain a high priority to complete. Please email Bryan Robinson, Water Resources Manager, at Bryan.Robinson@gov.bc.ca, as your continued point of regular engagement on this matter.

Again, thank you for the meeting, and I am pleased that our governments had an opportunity to connect about this important topic.

Sincerely,

Katrine Conroy
Minister

pc: Bryan Robinson, Water Resources Manager, South Coast Natural Resource Region