



**SUNSHINE COAST REGIONAL DISTRICT
FINANCE COMMITTEE
AGENDA**

Thursday, November 21, 2024, 1:30 p.m.
IN THE BOARDROOM OF THE SUNSHINE COAST
REGIONAL DISTRICT OFFICES AT 1975 FIELD ROAD, SECHELT, B.C.

Pages

1. CALL TO ORDER	
2. AGENDA	
2.1 Adoption of Agenda	
3. PRESENTATION AND DELEGATION	
4. REPORTS	
4.1 Regional Water Service Area 2025 Rate Bylaw Amendment Chief Administrative Officer / Chief Financial Officer Manager, Budgeting and Grants (Voting - A, B, D, E, F, Sechelt)	4
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4.5 Greaves Road [381] Wastewater 2025 User Fee Review Manager, Utility Services Utility Business Coordinator (Voting - All Directors)	33
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4.18	Bylaw No. 522 - Proposed Planning Fee Amendments 2024 Assistant Manager, Planning and Development (Voting - A, B, D, E, F)	85

5. **COMMUNICATIONS**

6. **NEW BUSINESS**

7. **IN CAMERA**

8. ADJOURNMENT

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Tina Perreault, Chief Administrative Officer / Chief Financial Officer
Alex Taylor, Manager, Budgeting and Grants

SUBJECT: REGIONAL WATER SERVICE AREA 2025 RATE BYLAW AMENDMENT

RECOMMENDATION(S)

- (1) **THAT the report titled Regional Water Service Area 2025 Rate Bylaw Amendment be received for information.**
 - (2) **AND THAT the Water Rates and Regulations Bylaw No. 422, Schedule B be amended to increase the Regional Water Service Area User Fees and Metered Usage Fees by 4.90% and Parcel Taxes by 17.78% for an overall rate increase of 9.87%;**
 - (3) **AND THAT the Grey Creek Intake and Water Treatment Plant and PRV for Advanced Optimization of Church Road Projects be proposed to be funded 100% from Growing Communities Funds;**
 - (4) **AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
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BACKGROUND

The Regional Water Service Area (RWSA) consists of approximately 11,150 parcels and 11,800 billable water users.

An amendment to Water Rates and Regulations Bylaw No. 422 needs to be adopted prior to January 1, 2025, in order to meet the legislated timelines for user fees and the Parcel Tax Roll review process.

The current parcel tax and user rates per single family residential dwelling are \$449.99 and \$715, respectively.

The purpose of this report is to recommend 2025 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 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 as well as staffing requests will be presented as part of the Round 1 budget meetings to be held on November 25-26, 2024. These projects were proposed at pre-budget to move forward to Round 1. Projects proposed to be funded through grants and approved at Pre-Budget are not included in this overview. Any decisions by the Board to not approve any of these projects will result in an increase in Operating Reserves and/or Capital Reserves which are significantly underfunded at this time as outlined in the Capital Plan Update.

Operating

	Project	Cost (Estimated)
1	Permit Requirements; Chapman & Edwards Lake Siphon Systems	235,000
2	Second Resevior Feasibility Study Engineering Support	75,000
3	Leak Detection Equipment Phase 2	63,750
4	Concrete Reservoir Maintenance	169,000
5	Cross Connection Control Program	75,600
6	Service Review - Utility Services	112,500
7	Water Service Climate Change Resilience Analysis	76,500
8	Bylaw 320 Update - Phase 2	51,000
9	RWS Base Budget Increase	110,000
10	Fleet Rate Increase	32,000
		1,000,350

Capital

	Project	Cost (Estimated)
1	PRV for Advanced Optimization Use Church Rd	274,004
2	Grey Creek Intake & WTP Phase 1	825,000
3	Lower Crown Engineering Support	250,000
4	Senior Utility Operator; Light Duty Truck	95,000
5	2024 Deferred Vehicle*	4,153
6	Forlift Replacement & [312] Repatriation	12,741
7	Utility Engineering Equipment	25,000
8	SCADA Upgrades	204,000
9	Vehicle Replacement**	9,439
		1,699,337

* This represents 2 months of 5yr loan, total vehicle cost is \$110,000
 ** This represents 2 months of 5yr loan, total vehicle cost is \$250,000

New Staffing Requests	154,228
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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 principal payments) and that user fee revenues fund operating related expenditures. This also aligns with the Boards Financial Sustainability Policy.

In considering the rates for 2025, 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 expand the water supply. As the SCR D transitions to volumetric billing it is vital that operating reserves are sufficient to cover any operational shortfalls that may be the result of incorrect user forecasts.

Historical Rates

Historical rates and annual increases for the past 5 years are detailed in the table below:

	2020	2021	2022	2023	2024
Parcel Tax	276.94	290.79	305.33	392.05	449.99
User Fee	410.85	468.37	526.92	651.49	715
Total	687.79	759.16	832.25	1043.54	1164.99
Total \$ Increase	137.48	71.37	73.09	211.29	121.45
Total % Increase	24.98%	10.38%	9.63%	25.39%	11.64%

Historical Reserve Activity

Net contributions/(withdrawals) from the reserve funds for the past 5 years are detailed in the table below:

	2019	2020	2021	2022	2023
Operating	229,220	173,142	331,977	-93,180	1,060,275
Capital	631,826	2,562,309	1,579,725	-593,266	2,666,142

Options and Analysis

Three rate increase options are presented below for 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 2024-year end surplus/deficit values. It should be noted that the capital cost to construct the Langdale Wellfield Construction and its associated operational costs are not included below. Should this initiative proceed, the ending uncommitted capital and operating reserves may differ.

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

funding. The budgeted transfer to operating reserves is calculated by deducting existing and proposed base budget operating expenditures inclusive of operational salaries and wages, support service costs, and operational costs from total User Fee funding.

For every 1% (\$7.15) increase to User Fees and 1% (\$4.50) increase to Parcel Tax it results in approximately \$89,899 and \$52,763 increase to the Operating and Capital Reserve balance respectively.

During Round 1 budget deliberations staff will present the use of Growing Communities funds as an alternative funding option for the PRV for Advanced Optimization Use of Church Road (PRV) and Grey Creek Intake and WTP Phase 1 (Gray Creek) projects. The options that have been presented below outline the required Parcel Tax increase required to move toward obtaining more a sustainable Capital Reserve balance depending on the use of Community Works funds for these two projects.

Option 1 –\$115.01 overall rate increase (\$35 increase to user fees, \$80.01 increase to parcel taxes)

Option #1 proposes that both the PRV and Gray Creek projects are 100% funded from Growing Communities Funds.

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$715	\$449.99	\$1,164.99
Proposed Increase	\$35	\$80.01	\$115.01
2025 Rate	\$750	\$530	\$1,280
	4.90%	17.78%	9.87%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$3,821,075	\$7,559,863	
Projected 2024 Surplus/(Deficit)	770,144	449,837	
Budgeted Transfers to Reserves	2,395,824	2,044,822	
Budgeted Transfers from Reserves	(1,011,600)	(1,580,598)	
Ending Uncommitted Balance	\$5,975,443	\$8,473,924	
Total Annual Capital Funding from Parcel Taxes: \$6,214,423			
Parcel Taxes Required to Fund Operations: \$NIL			

Staff recommend this option for the following reasons:

- Provides for a projected increased ending uncommitted capital reserve balance. Working toward building a healthy capital reserve balance is important as the RWS expects significant financial investments associated with replacement of existing infrastructure and water supply expansion projects under development. Given that the cost of proposed projects funded from capital reserves are 21% of the opening reserve balance, this option provides for a sufficient contribution in order to achieve a healthy reserve balance. Based on information included in the draft Capital Plan for this service it can be

concluded that a healthy reserve balance for this service would be in excess of \$15 million. A more detailed amount can be confirmed once these capital plans are finalized.

- 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 including feasibility studies and engineering design.

The Regional Water service will continue to require significant financial investments in the years to come; therefore, it is important to strengthen both the operating and capital reserves. Consequently, additional long-term loans might be required to fund these projects with the associated debt servicing costs being funded by Parcel Taxes.

Option 2 –\$160.01 overall rate increase (\$35 increase to user fees, \$125.01 increase to parcel taxes)

Option #2 proposes that both the PRV and Gray Creek projects are 50% funded from Growing Communities Funds.

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$715	\$449.99	\$1,164.99
Proposed Increase	\$35	\$125.01	\$160.01
2025 Rate	\$750	\$575	\$1,325
	4.90%	27.78%	13.73%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$3,821,075	\$7,559,863	
Projected 2024 Surplus/(Deficit)	770,144	449,837	
Budgeted Transfers to Reserves	2,395,824	2,572,451	
Budgeted Transfers from Reserves	(1,011,600)	(2,149,622)	
Ending Uncommitted Balance	\$5,975,443	\$8,432,530	
Total Annual Capital Funding from Parcel Taxes: \$6,742,052			
Parcel Taxes Required to Fund Operations: \$NIL			

- This option presents the minimum User Fee required to start building toward a sustainable Operating Reserve whereby the RWSA is able to respond to unexpected emergencies
- This is the minimum Parcel Tax required to work toward building a healthy Capital Reserve to fund future infrastructure replacement and water supply expansion.

Option 3 –\$210.01 overall rate increase (\$35 increase to user fees, \$175.01 increase to parcel taxes)

Option #3 proposes that both the PRV and Gray Creek projects are not funded from Growing Communities Funds but require a substantial increase to Parcel Tax as a result.

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$715	\$449.99	\$1,164.99
Proposed Increase	\$35	\$175.01	\$210.01
2025 Rate	\$750	\$625	\$1,375
	4.90%	38.89%	18.03%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$3,821,075	\$7,559,863	
Projected 2024 Surplus/(Deficit)	770,144	449,837	
Budgeted Transfers to Reserves	2,395,824	3,158,753	
Budgeted Transfers from Reserves	(1,011,600)	(2,718,647)	
Ending Uncommitted Balance	\$5,975,443	\$ 8,449,807	
Total Annual Capital Funding from Parcel Taxes: \$7,328,354			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is not recommended as it would put a greater financial burden on the Regional Water rate payers.

Financial Implications

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	\$440,057	\$440,057	\$440,057
Additional Parcel Tax Revenue	\$938,126	\$1,465,755	\$2,052,057
Total Additional Revenue	\$1,378,183	\$1,905,812	\$2,492,114
Net capital funding increase over prior year	\$938,126	\$1,465,755	\$2,052,057

The following table summarizes the net operating and net capital impact from each of the proposed options, including a \$0 increase to both User Fees and Parcel Taxes.

Operating

	2024	No Change	Option 1	Option 2	Option 3
User Fee Revenue	8,989,938	8,989,938	9,429,995	9,429,995	9,429,995
Expenses					
Administrative	(1,206,100)	(1,377,017)	(1,377,017)	(1,377,017)	(1,377,017)
Salaries & Wages	(3,788,158)	(3,730,382)	(3,730,382)	(3,730,382)	(3,730,382)
Operating Costs	(1,848,136)	(1,926,772)	(1,926,772)	(1,926,772)	(1,926,772)
Funding Required from PT	-	-	-	-	-
Operating Project Costs*	(890,905)	(1,011,600)	(1,011,600)	(1,011,600)	(1,011,600)
Net Operating Surplus/ (Deficit)	1,256,639	944,167	1,384,224	1,384,224	1,384,224

*Excludes carryforward projects approved in prior years

Capital

	2024	No Change	Option 1	Option 2	Option 3
Parcel Tax Revenue	5,276,297	5,276,297	6,214,423	6,742,052	7,328,354
Expenses					
Long Term Debenture Debt	(704,309)	(741,960)	(741,960)	(741,960)	(741,960)
Equipment Financing Loans	(158,727)	(276,057)	(276,057)	(276,057)	(276,057)
LUA Short-Term Debt	(61,326)	(472,309)	(472,309)	(472,309)	(472,309)
Base Budget Expenses	(1,508,940)	(1,508,940)	(1,508,940)	(1,508,940)	(1,508,940)
Salaries & Wages	(760,619)	(1,183,978)	(1,170,335)	(1,170,335)	(1,170,335)
Funding of Operations	-	-	-	-	-
Transfer to Reserves	2,082,376	1,093,053	2,044,822	2,572,451	3,158,753
Capital Project Costs*	(1,593,815)	(2,718,647)	(1,580,598)	(2,149,622)	(2,718,647)
Net Capital Surplus/(Deficit)	488,561	(1,625,594)	464,224	422,829	440,106

*Excludes carryforward projects approved in prior years

Future Implications

In Q4 2024 a second draft Water Strategy will be presented to the Board. The Water Strategy will be the strategic plan for the SCRD Water Services. It identifies strategic priorities, objectives, and actions that will guide the future planning and delivery of SCRD Water Services, and acts as a workplan for SCRD staff. The Water Strategy supports SCRD Board priorities, provides context for policy making, strategic planning, and aligns with other SCRD strategies and management plans. The Water Strategy should be reviewed and updated at a minimum every 5 years, with a planning horizon of 10 years. There are four Strategic Priorities identified in the draft Water Strategy:

- Water Supply;
- Water Infrastructure;
- Water Efficiency;
- Source Water Protection.

Work is underway to identify action plans for each of the Strategic Priorities within the water strategy. These plans will include both initiatives that are currently underway as well as identify

new ones. The following information and initiatives should be considered in setting rates for 2025:

- The SCRD is collaborating with the shíshálh Nation to confirm the feasibility of a Lower Crown Raw Water Reservoir on Nation owned land. Pending the funding confirming for the actual construction of this reservoir by the Nation, the reservoir could be operational in 2026. The financial implications for the SCRDs operating and maintenance of this reservoir are not yet considered in the rate analyses as they are to be confirmed.
- 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.
- A preliminary finding of the water modelling analyses is that substantial investments in watermains replacements and upgrades are required to improve the fire flow in parts of this water system.
- Significant financial investments have been made and will continue to be required to address the current water supply situation in 2025 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.
- Climate change is resulting in unanticipated consequences for our water supply, including performance issues that could result in the need to undertake major upgrades to the water treatment. Additionally, climate change results in increased damage to our infrastructure resulting from more intense storms.
- 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 will increase sufficiently to grow reserves balances to service future water supply and asset management projects.
- Staff are working on the implementation of volumetric billing for all SCRD water services. The current schedule for the implementation of this rate structure within the Regional Water Service is January 1, 2027.
- While the SCRD is continuing to monitor for grants to reduce the financial burden of the required investments to the Regional Water Service, most of these grants are heavily oversubscribed which impacts the likelihood of being successful in obtaining grants.

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 12, 2024 Board Meeting for three readings and adoption. This is to allow for readings after the Round 1 Budget deliberations.

Communications Strategy

The increase to these user fees will be communicated as part of a comprehensive communication effort regarding the 2025 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).

For 2025, staff recommend a 4.90% increase to user rates and a 17.78% increase to parcel tax rates for an overall rate increase of 9.87% and the PRV and Gray Creek projects be 100% funded from Community Growing funds. Pending Board direction, Water Rates and Regulations Bylaw No. 422, Schedule B will be updated and forwarded to the December 12, 2024, Board Meeting for three readings and adoption.

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

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Tina Perreault, Chief Administrative Officer / Chief Financial Officer
Alex Taylor, Manager, Budgeting and Grants

SUBJECT: NORTH PENDER HARBOUR WATER SERVICE AREA 2025 RATE BYLAW AMENDMENT

RECOMMENDATION(S)

- (1) THAT the report titled North Pender Harbour Water Service Area 2025 Rate Bylaw Amendment be received for information;**
 - (2) AND THAT the Water Rates and Regulations Bylaw No. 422, Schedule D be amended to increase the North Pender Harbour Water Service Area User Fees and Metered Usage Fees by 3.62% and Parcel Taxes by 20.45% for an overall rate increase of 8.90%;**
 - (3) AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
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BACKGROUND

The North Pender Harbour Water Service Area (NPHWSA) consists of approximately 775 parcels and 580 billable water users. The current parcel tax and user rates per single family residential dwelling are \$440.01 and \$965.03, respectively.

An amendment to Water Rates and Regulations Bylaw No. 422 needs to be adopted prior to January 1, 2025, to meet the legislated timelines for user fees and the Parcel Tax Roll review process.

The purpose of this report is to recommend 2025 rate increases for the NPHWSA 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 NPHWSA customers over the long term while maintaining financial sustainability.

The following capital and operating projects as well as new staffing requests will be presented as part of the Round 1 budgeting meetings to be held on November 25-26, 2024. Projects proposed to be funded through grants and approved at Pre-budget are not included in this overview. Any decisions by the Board to not approve any of these projects will result in an increase in Operating Reserves and/or Capital Reserves.

Operating

	Project	Cost (Estimated)
1	Water Service Climate Change Resilience Analysis	4,500
2	Service Review - Utility Services	7,500
3	Bylaw 320 Update - Phase 2	3,000
4	Leak Detection Equipment Phase 2	3,750
5	Cross Connection Control Program	4,500
6	Base Budget Increase	30,000
		53,250

Capital

	Project	Cost (Estimated)
1	SCADA Upgrade	51,000
2	Minor Capital Budget	30,000
		81,000

New Staffing Requests	-
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The two primary sources of revenue for the NPHWSA are parcel taxes and user fees. Parcel taxes are calculated as a function of parcel classification (Residential, Institutional, Commercial) and levied against all parcels within the NPHWSA. User fees are composed of flat rate water user fees, which are levied on all residential water users within the NPHWSA.

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

In considering the rates for 2025, it is important to consider the current state of the infrastructure for this water system and its water supply. Since the system takeover 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 to bring the distribution system up to current day standards and reduce the daily maintenance cost of the service. 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. As the SCRD transitions to volumetric billing it is vital that operating reserves are sufficient to cover any operational shortfalls that may be the result of incorrect user forecasts.

Historical Rates-annual increases for the past 5 years are detailed in the table below:

	2020	2021	2022	2023	2024
Parcel Tax	326.63	326.63	341.00	385.33	440.01
User Fee	416.61	624.92	711.16	918.12	965.03
Total	743.24	951.55	1052.16	1303.45	1405.04
Total \$ Increase	\$138.87	\$208.31	\$100.61	\$251.29	\$101.59
Total % Increase	22.98%	28.03%	10.57%	23.88%	7.79%

Historical Reserve Activity

Net contributions/(withdrawals) from the reserve funds for the past 5 years are detailed in the table below:

	2019	2020	2021	2022	2023
Operating	13,668	119,842	114,724	32,985	197,301
Capital	-110,276	-7,338	209,353	185,239	254,668

Options and Analysis

Three rate increase options are presented below for consideration. Note that the rates and increases presented are the applicable rates for a residential parcel containing one dwelling unit.

All amounts are estimates and will change based on final budget allocations (wage rates, support service allocation etc.) and 2024-year end surplus/deficit values.

Total annual capital funding is equal to parcel tax revenue less any amount required to fund operations. The budgeted transfer to capital reserves is calculated by deducting existing and proposed base budget capital expenditures, debt principal repayments from total annual capital funding. The budgeted transfer to operating reserves is calculated by deducting existing and proposed base budget operating expenditures inclusive of operational salaries and wages, support service costs, and operational costs from total User Fee funding.

For every 1% (\$9.65) increase to User Fees and 1% (\$4.40) increase to Parcel Tax it results in approximately \$6,142 and \$3,427 increase to the Operating and Capital Reserve balances respectively.

Option 1 – \$124.96 overall rate increase (\$34.97 increase to user fees, \$89.99 increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$965.03	\$440.01	\$1,405.04
Proposed Increase	\$34.97	\$88.99	\$124.96
2025 Rate	\$1,000	\$530	\$1,530
	3.62%	20.45%	8.89%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$547,540	\$998,010	
Projected 2024 Surplus/(Deficit)	137,375	7,238	
Budgeted Transfers to Reserves	27,782	188,500	
Budgeted Transfers from Reserves	(26,800)	(51,000)	
Ending Uncommitted Balance	\$685,897	\$1,142,748	
Total Annual Capital Funding from Parcel Taxes: \$412,753			
Parcel Taxes Required to Fund Operations: \$NIL			

Staff recommend this option for the following reasons:

- 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 such as feasibility studies and engineering design.
- This option allows the projected uncommitted Capital reserve to increase to a more sustainable level given the required cost to replace the infrastructure within the NPHWSA.

The North Pender Water service will require significant financial investments in the years to come; therefore, it is important to strengthen both the operating and capital reserves. The Ending Uncommitted Capital Reserve Balance is still considered low compared to the major capital investment required in the upcoming years associated with the water mains and the water treatment system.

Consequently, additional long-term loans might be required to fund these projects with the associated debt servicing being funded by Parcel Taxes.

Option 2 – \$224.96 overall rate increase (\$94.97 increase to user fees, \$129.99 increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$965.03	\$440.01	\$1,405.04
Proposed Increase	\$94.97	\$129.99	\$224.96
2025 Rate	\$1,060	\$570	\$1,630
	9.84%	29.54%	16%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$547,540	\$998,010	
Projected 2024 Surplus/(Deficit)	137,375	7,238	
Budgeted Transfers to Reserves	65,968	219,652	
Budgeted Transfers from Reserves	(26,800)	(51,000)	
Ending Uncommitted Balance	\$724,083	\$1,173,901	
Total Annual Capital Funding from Parcel Taxes: \$443,905			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is not recommended due to its burden on the rate payers of the service. It should be noted that rates reflected above may be required in the future to ensure proper funding of operations and capital infrastructure.

Option 3 – \$44.96 overall rate increase (\$14.97 increase to user fees, \$29.99 increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$965.03	\$440.01	\$1,405.04
Proposed Increase	\$14.97	\$29.99	\$44.96
2025 Rate	\$980	\$470	\$1,450
	1.55%	6.82%	3.20%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$547,540	\$998,010	
Projected 2024 Surplus/(Deficit)	137,375	7,238	
Budgeted Transfers to Reserves	15,051	141,773	
Budgeted Transfers from Reserves	(26,800)	(51,000)	
Ending Uncommitted Balance	\$673,166	\$1,096,021	
Total Annual Capital Funding from Parcel Taxes: \$366,026			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is not recommended due to its lower contributions to Operating and Capital Reserves, which are vital to ensure that the proper Capital infrastructure is sufficiently funded.

Financial Implications

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	\$22,259	\$60,445	\$9,528
Additional Parcel Tax Revenue	\$70,080	\$101,232	\$23,353
Total Additional Revenue	\$92,339	\$161,677	\$32,881
Net capital funding increase over prior year	\$70,080	\$101,232	\$23,353

The following table summarizes the net operating and net capital impact from each of the proposed options, including a \$0 increase to both User Fees and Parcel Taxes.

Operating

	2024	No Change	Option 1	Option 2	Option 3
User Fee Revenue	614,216	614,216	636,475	674,661	623,744
Expenses					
Administrative	(75,437)	(98,709)	(98,709)	(98,709)	(98,709)
Salaries & Wages	(305,773)	(354,676)	(354,676)	(354,676)	(354,676)
Operating Costs	(124,944)	(155,308)	(155,308)	(155,308)	(155,308)
Funding Required from PT	-	-	-	-	-
Operating Projects*	(100,000)	(26,800)	(26,800)	(26,800)	(26,800)
Net Operating Surplus (Deficit)	8,062	(21,277)	982	39,168	(11,749)

*Excludes carryforward projects approved in prior years

Capital

	2024	No Change	Option 1	Option 2	Option 3
Parcel Tax Revenue	342,673	342,673	412,753	443,905	366,026
Expenses					
Long Term Debenture Debt	(27,050)	(26,450)	(26,450)	(26,450)	(26,450)
Equipment Financing Loans	(13,771)	(17,058)	(17,058)	(17,058)	(17,058)
Base Budget Expenses	(21,000)	(51,000)	(51,000)	(51,000)	(51,000)
Salaries & Wages	(74,499)	(129,745)	(129,745)	(129,745)	(129,745)
Funding of Operations	-	-	-	-	-
Transfer to Reserves	206,353	118,420	188,500	219,652	141,773
Capital Project Costs*	(62,819)	(51,000)	(51,000)	(51,000)	(51,000)
Net Capital Surplus (Deficit)	143,534	67,420	137,500	168,652	90,773

*Excludes carryforward projects approved in prior years

Future Implications

In Q4 2024 a second draft of Water Strategy will be presented to the Board. The Water Strategy will be the strategic plan for the SCRD Water Services. It identifies strategic priorities, objectives, and actions that will guide the future planning and delivery of SCRD Water Services, and acts as a workplan for SCRD staff. The Water Strategy supports SCRD Board priorities, provides context for policy making, strategic planning, and aligns with other SCRD strategies and management plans. The Water Strategy should be reviewed and updated at a minimum every 5 years, with a planning horizon of 10years. There are four Strategic Priorities identified in the draft Water Strategy:

- Water Supply.
- Water Infrastructure.
- Water Efficiency.
- Source Water Protection.

Work is underway to identify action plans for each of the Strategic Priorities within the water strategy. These plans will include both initiatives that are currently underway as well as identify new ones. The following information and initiatives should be considered in setting rates for 2025:

- The infrastructure associated with the water supply and distribution system is extensive, aging, and there is an ongoing need to address performance issues such as pump stations, valves, water supply and treatment infrastructure. The replacement of old or undersized watermains that are not scheduled yet to be replaced are estimated to be multi-million dollars projects.
- A preliminary finding of water modelling analyses suggests that substantial investments in watermains replacements and upgrades are required to improve the fire flow in parts of this water system.
- Climate change is resulting in unanticipated consequences for our water supply, including performance issues for our North Pender Water System that could result in the need to undertake major upgrades to the Garden Bay water treatment system. Preliminary estimates for those upgrades are estimated at in excess of \$9,000,000.
- 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 will increase sufficiently to grow reserves balances to service future water supply and asset management projects.
- Staff are working on the implementation of volumetric billing for all SCRD water services. The current schedule for the implementation of this rate structure within the North Pender Harbour Water Service Area is January 1, 2026.
- While the SCRD is continuing to monitor for grants to reduce the financial burden of the required investments to the North Pender Harbour Water Service, most of these grants are heavily oversubscribed which impacts the likelihood of being successful in obtaining grants.

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 12, 2024, Board Meeting for three readings and adoption. This aligns with the conclusion of the 2025 Round 1 Budget deliberations.

Communications Strategy

The increase to these user fees will be communicated as part of a comprehensive communication effort regarding the 2025 Utility rates. This will include advertisement in news papers, a mail-out to all service participants, virtual and in-person information sessions, through the SCR D 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 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).

For 2025, staff recommend a 3.62% increase to user rates and 20.45% increase to parcel tax rates for an overall rate increase of 8.89%. Pending Board direction, Water Rates and Regulations Bylaw No. 422, Schedule D will be updated and forwarded to the December 12, 2024, Board Meeting for three readings and adoption.

Reviewed by:			
Manager		Finance	
GM	X – R. Rosenboom	Legislative	
CAO/CFO	X – T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Tina Perreault, Chief Administrative Officer / Chief Financial Officer
Alex Taylor, Manager, Budgeting and Grants

SUBJECT: SOUTH PENDER HARBOUR WATER SERVICE AREA 2025 RATE BYLAW AMENDMENT

RECOMMENDATION(S)

- (1) THAT the report titled South Pender Harbour Water Service Area 2025 Rate Bylaw Amendment be received for information;**
 - (2) AND THAT the Water Rates and Regulations Bylaw No. 422, Schedule E be amended to increase the South Pender Water Service Area User Fees and Metered Usage Fees by 9.47% and Parcel Taxes by 16.51% for an overall rate increase of 12.13%;**
 - (3) AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

The South Pender Harbour Water Service Area (SPHWSA) consists of approximately 1,050 parcels and 1,030 billable water users. The current parcel tax and user rates per single family residential dwelling are \$515 and \$844.97, respectively.

An amendment to Water Rates and Regulations Bylaw No. 422 needs to be adopted prior to January 1, 2025 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 2025 rate increases for the SPHWSA 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 SPHWSA customers over the long term while maintaining financial sustainability.

The following capital and operating projects as well as new staffing requests will be presented as part of the Round 1 budgeting meetings to be held on November 25-26, 2024. Projects proposed to be funded through grants and approved at Pre-budget are not included in this overview. Any decisions by the Board to not approve any of these projects will result in an increase in Operating Reserves and/or Capital Reserves.

Operating

	Project	Cost (Estimated)
1	Leak Detection Equipment Phase 2	7,500
2	Water Service Climate Change Resilience Analysis	9,000
3	Service Review - Utility Services	15,000
4	Concrete Reservoir Maintenance	247,000
5	Cross Connection Control Program	9,000
6	Bylaw 320 Update - Phase 2	6,000
7	Base Budget Lift	44,000
		337,500

Capital

	Project	Cost (Estimated)
1	SCADA Upgrade	85,000
2	Forklift purchase from [370]	5,000
3	McNeill Lake Instrumentation	20,000
4	Minor Capital Budget	50,000
		160,000
* This represents 6 months of 5 year loan (SPH Portion), total project cost is \$65,000		

New Staffing Requests	-
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The two primary sources of revenue for the SPHWSA are parcel taxes and user fees. Parcel taxes are calculated as a function of parcel size and levied against all parcels within the SPHWSA. User fees are composed of flat rate water user fees, which are levied on all residential water users within the SPHWSA.

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

In considering the rates for 2025, it is important to consider the current state of the infrastructure for this water system and its water supply. Since the management of this system was taken over by the SCRDR, 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 bringing the distribution system up to current day standards and reduce the daily maintenance cost of the service. 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. As the SCRDR transitions to volumetric billing it is vital that operating reserves are sufficient to cover any operational shortfalls that may be the result of incorrect user forecasts.

Historical Rates

Historical rates and annual increases for the past 5 years are detailed in the table below:

	2020	2021	2022	2023	2024
Parcel Tax	347.41	347.41	382.15	431.83	515
User Fee	529.14	613.80	675.18	762.95	844.97
Total	876.55	961.21	1057.33	1194.78	1359.97
Total \$ Increase	\$130.67	\$84.66	\$96.12	\$137.45	\$165.19
Total % Increase	17.52%	9.66%	10.00%	13.00%	13.83%

Historical Reserve Activity

Net contributions/(withdrawals) from the reserve funds for the past 5 years are detailed in the table below:

	2019	2020	2021	2022	2023
Operating	-92,764	42,354	148,463	25,458	145,909
Capital	-212,522	105,722	155,878	280,949	344,837

Options and Analysis

Three rate increase options are presented below for consideration. 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.

All amounts are estimates and will change based on final budget allocations (wage rates, support service allocation etc.) and 2024-year end surplus/deficit values.

Total annual capital funding is equal to parcel tax revenue less any amount required to fund operations. The budgeted transfer to capital reserves is calculated by deducting existing and proposed base budget capital expenditures, debt principal repayments from total annual capital funding. The budgeted transfer to operating reserves is calculated by deducting existing and proposed base budget operating expenditures inclusive of operational salaries and wages, support service costs, and operational costs from total User Fee funding.

For every 1% (\$8.45) increase to User Fees and 1% (\$5.15) increase to Parcel Tax it results in approximately \$9,512 and \$5,639 increase to the Operating and Capital Reserve balances respectively. User Fees are required to increase 6.79% at minimum to ensure that Parcel Taxes are not being used to fund operations.

Option 1 –\$165.03 overall rate increase (\$80.03 increase to user fees, \$85 increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$844.97	\$515	\$1,359.97
Proposed Increase	\$80.03	\$85	\$165.03
2025 Rate	\$925	\$600	\$1,525
	9.47%	16.51%	12.13%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$899,521	\$971,661	
Projected 2024 Surplus/(Deficit)	204,638	15,000	
Budgeted Transfers to Reserves	25,590	222,343	
Budgeted Transfers from Reserves	(307,000)	(110,000)	
Ending Uncommitted Balance	\$822,049	\$1,099,004	
Total Annual Capital Funding from Parcel Taxes: \$656,998			
Parcel Taxes Required to Fund Operations: \$NIL			

Staff recommend this option for the following reasons:

- 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 such as feasibility studies and engineering design.
- This option allows the projected uncommitted Capital reserve to increase to a more sustainable level given the required cost to replace the infrastructure within the SPHWSA.

The South Pender Water service will require significant financial investments in the years to come; therefore, it is important to both the operating and capital reserves are maintained. The Ending Uncommitted Capital and Operating Reserve Balances are still considered low in comparison to the major capital and operational investment required in the upcoming years associated with the water mains and the water treatment system.

Consequently, additional long-term loans may be required to fund upcoming capital projects with the associated debt servicing being funded by Parcel Taxes.

Option 2 – \$265.03 overall rate increase (\$130.03 increase to user fees, \$135 increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$844.97	\$515	\$1,359.97
Proposed Increase	\$130.03	\$135	\$265.03
2025 Rate	\$975	\$650	\$1,625
	15.39%	26.21%	19.49%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$899,521	\$971,661	
Projected 2024 Surplus/(Deficit)	204,638	15,000	
Budgeted Transfers to Reserves	81,833	277,089	
Budgeted Transfers from Reserves	(307,000)	(110,000)	
Ending Uncommitted Balance	\$878,342	\$1,153,750	
Total Annual Capital Funding from Parcel Taxes: \$711,744			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is not recommended due its burden on the rate payers of the service. It should be noted that rates reflected above may be required in the future to ensure proper funding of operations and capital infrastructure.

Option 3 – \$100.03 overall rate increase (\$65.03 increase to user fees, \$35 increase to parcel taxes)

Fee Summary	User Fee	Parcel Tax	Overall
Current Rate	\$844.97	\$515	\$1,359.97
Proposed Increase	\$65.03	\$35	\$100.03
2025 Rate	\$910	\$550	\$1,460
	7.70%	6.80%	7.36%
Reserve Summary	Operating Reserve	Capital Reserve	
Opening Uncommitted Balance	\$899,521	\$971,661	
Projected 2024 Surplus/(Deficit)	204,638	15,000	
Budgeted Transfers to Reserves	8,706	167,592	
Budgeted Transfers from Reserves	(307,000)	(110,000)	
Ending Uncommitted Balance	\$805,165	\$1,044,253	
Total Annual Capital Funding from Parcel Taxes: \$602,247			
Parcel Taxes Required to Fund Operations: \$NIL			

This option is not recommended due to its lower contributions to Operating and Capital Reserves which are vital to ensure that the proper Capital infrastructure is sufficiently funded.

Financial Implications

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	\$90,089	\$146,382	\$73,205
Additional Parcel Tax Revenue	\$93,075	\$147,821	\$38,324
Total Additional Revenue	\$183,164	\$294,203	\$111,529
Net capital funding increase over prior year	\$93,075	\$147,821	\$38,324

The following table summarizes the net operating and net capital impact from each of the proposed options, including a \$0 increase to both User Fees and Parcel Taxes.

Operating

	2024	No Change	Option 1	Option 2	Option 3
User Fee Revenue	951,212	951,212	1,041,301	1,097,594	1,024,417
Expenses					
Administrative	(128,842)	(147,062)	(147,062)	(147,062)	(147,062)
Salaries & Wages	(492,711)	(566,963)	(566,963)	(566,963)	(566,963)
Operating Costs	(256,958)	(301,686)	(301,686)	(301,686)	(301,686)
Funding Required from PT	-	(64,499)	-	-	-
Operating Projects*	(200,000)	(307,700)	(307,700)	(307,700)	(307,700)
Net Operating Surplus (Deficit)	(127,299)	(372,199)	(282,110)	(225,817)	(298,994)

*Excludes carryforward projects approved in prior years

Capital

	2024	No Change	Option 1	Option 2	Option 3
Parcel Tax Revenue	563,923	563,923	656,998	711,744	602,247
Expenses					
Long Term Debenture Debt	(123,056)	(122,156)	(122,156)	(122,156)	(122,156)
Equipment Financing Loans	(6,284)	(18,394)	(18,394)	(18,394)	(18,394)
Base Budget Expenses	(25,000)	(75,000)	(75,000)	(75,000)	(75,000)
Salaries & Wages	(105,679)	(219,105)	(219,105)	(219,105)	(219,105)
Funding of Operations	-	(64,499)	-	-	-
Transfer to (from) Reserves	303,904	64,769	222,343	277,089	167,592
Capital Project Costs*	(258,640)	(110,000)	(110,000)	(110,000)	(110,000)
Net Capital Surplus (Deficit)	45,264	(45,231)	112,343	167,089	57,592

*Excludes carryforward projects approved in prior years

Future Implications

In Q4 2024 a second draft Water Strategy will be presented to the Board. The Water Strategy will be the strategic plan for the SCRD Water Services. It identifies strategic priorities, objectives, and actions that will guide the future planning and delivery of SCRD Water Services, and acts as a workplan for SCRD staff. The Water Strategy supports SCRD Board priorities, provides context for policy making, strategic planning, and aligns with other SCRD strategies and management plans. The Water Strategy should be reviewed and updated at a minimum every 5 years, with a planning horizon of 10years. There are four Strategic Priorities identified in the draft Water Strategy:

- Water Supply;
- Water Infrastructure;
- Water Efficiency;
- Source Water Protection.

Work is underway to identify action plans for each of the Strategic Priorities within the water strategy. These plans will include both initiatives that are currently underway as well as identify new ones. The following information and initiatives should be considered in setting rates for 2025:

- 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. The replacement of old or undersized watermains that are not scheduled yet to be replaced would cost about 15-20 two million dollars.
- A preliminary finding of water modelling analyses is that substantial investments in watermains replacements and upgrades are required to improve the fire flow in parts of this water system.
- 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 will increase sufficiently to grow reserves balances to service future water supply and asset management projects.
- Staff are working on the implementation of volumetric billing for all SCRD water services. The current schedule for the implementation of this rate structure within the South Pender Harbour Water Service Area is January 1, 2026.
- While the SCRD is continuing to monitor for grants to reduce the financial burden of the required investments to the South Pender Harbour Water Service, most of these grants are heavily oversubscribed which impacts the likelihood of being successful in obtaining grants.

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 12, 2024 Board Meeting for three readings and adoption. This aligns with the conclusion of the 2025 Round 1 Budget deliberations.

Communications Strategy

The increase to these user fees will be communicated as part of a comprehensive communication effort regarding the 2025 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 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).

For 2025, staff recommend a 9.47% increase to user rates and 16.51% increase to parcel tax rates for an overall rate increase of 12.13%. Pending Board direction, Water Rates and Regulations Bylaw No. 422, Schedule E will be updated and forwarded to the December 12, 2024 Board Meeting for three readings and adoption.

Reviewed by:			
Manager		Finance	
GM	X – R. Rosenboom	Legislative	
CAO/CFO	X – T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024
AUTHOR: Alex Taylor, Manager, Budgeting and Grants
SUBJECT: **2025 WASTEWATER USER FEE OVERVIEW**

RECOMMENDATION(S)

- (1) THAT the report titled 2025 Wastewater User Fee Overview be received for information;**
 - (2) AND THAT the Roberts Creek WWTP [392] base budget be increased by \$5,000 offset by a decrease in allocated wages;**
 - (3) AND THAT the Sakinaw Ridge WWTP [395] base budget be decreased by \$6,000;**
 - (4) AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

The Sunshine Coast Regional District (SCRD) operates 15 established wastewater services located in the rural electoral areas.

Each year an analysis of the Wastewater/Sewage Treatment rates are conducted to align with the upcoming Financial Planning process. The various bylaws are required to be adopted prior to January 1, 2025, to meet the legislated timelines for adoption of the Financial Plan Bylaw, the Parcel Tax Roll review process, and the associated billing.

The purpose of this report is to discuss the overall status of the wastewater service area operations, and to provide context for 2025 User fee adjustments which align with the funding requirements of the services.

DISCUSSION*Options and Analysis*

A thorough analysis of the operating budgets was performed in Q4 2024 and there will be base budget and service-specific budget proposals coming forward to the 2025 Budget process.

Based on the preliminary analysis, it has been concluded that eight services do not require User Rate adjustments for 2025 because there is sufficient operating budget projected to cover operating costs, and there are adequate reserves to cover proposed project or cost shortfalls. These include the following services:

Service	Current and Proposed User Fee	Rationale and next steps
Woodcreek Park [382]	\$800.74	<ul style="list-style-type: none"> Significant operating reserve can be used to offset small operating shortfalls at this time. A 2025 proposal will be brought forward to use operating reserves as 'rate stabilization'.
Lee Bay [386]	\$487.67*	<ul style="list-style-type: none"> Significant operating reserve can be used to offset small operating shortfalls at this time. A 2025 proposal will be brought forward to use operating reserves as 'rate stabilization'. *User Rates have not increased since 2022.
Langdale [388]	\$1,427.22	<ul style="list-style-type: none"> Existing operating budget is expected to cover 2025 operational expenses.
Canoe [389]	\$985.31*	<ul style="list-style-type: none"> Existing operating budget is expected to cover 2025 operational expenses. *User Rates have not increased since 2022.
Merrill [390]	\$1,948.25*	<ul style="list-style-type: none"> Existing operating budget is expected to cover 2025 operational expenses. *User Rates have not increased since 2022.
Roberts Creek [392]	\$1,307.48	<ul style="list-style-type: none"> Existing operating budget is expected to cover 2025 operational expenses.
Lily Lake [393]	\$1,143.48	<ul style="list-style-type: none"> Existing operating budget is expected to cover 2025 operational expenses.
Sakinaw [395]	\$1,323.63*	<ul style="list-style-type: none"> Less than 50% of the lots are developed and have User Fees. Equitable rate setting within the service has resulted in Frontage Fees offsetting the Operational Shortfall. *User Rates have not increased since 2022.

The remaining seven services are addressed with reports on this agenda with associated rationale for User Fee increases/decrease for recommended bylaw amendments.

The Roberts Creek Wastewater Treatment Plant has undergone several upgrades in recent years, leading to increased operational efficiency and reduced staff time requirements. One significant upgrade was the decision to run the aeration blowers continuously, 24/7, which,

combined with the installation of carbon filters, has greatly enhanced odor control at the plant. As a result, odor complaints from nearby residents have been eliminated.

These improvements have created some notable savings and reductions in annual spending related to staff salaries/wages in operating the facility.

However, the continuous operation of the aeration blowers has led to an increase in electricity costs, raising annual electricity expenses within the service area's base budget by approximately \$3,000-\$3,500. Considering this, along with other inflationary increases in telecommunications, bank fees, etc., staff recommend reallocating the \$5,000 reductions in spending related to reduced staff time to cover the increased base budget expenses. The \$5,000 worth of staff time will be reallocated within the HR plan to Regional Water, [370]. This internal reallocation/adjustment will not impose any additional costs on Roberts Creek Co-Housing ratepayers since it will have a net zero financial impact on the operating budget and will be covered by existing user fees.

An anticipated year-end surplus of approximately \$8,000 within the Sakinaw Ridge base operating budget indicates that the current budgeted expenditures exceed the actual operating expense needs of the wastewater service. To address this surplus, Staff recommend a reduction of \$6,000 in the base budget for 2025. This adjustment will aim to reduce operating surpluses in 2025 and recalibrate the budget to more accurately align with the service's financial requirements. As mentioned in the table above, user fees currently fall short of fully funding the operating budget. This base budget reduction will lessen that gap and result in less subsidization from frontage fee revenue. This recommendation has a net zero impact on rate payers and will improve the financial sustainability and funding optimization for this service area.

Financial Implications

Addressing anticipated increases in operating and capital budgets will ensure that funding is in place to support service requirements.

Timeline for next steps or estimated completion date

If approval is received to amend user fees, the appropriate bylaw amendments will be drafted and presented to the December 12, 2024, Regular Board Meeting for three readings and adoption. The updated user fees will be reflected in the 2025 fiscal calendar year.

Communications Strategy

Information regarding rate changes and funding has been communicated via print advertising, social media, and will be included on utility invoices and posted on the SCRD website within the 'Let's Talk' pages.

STRATEGIC PLAN AND RELATED POLICIES

This rate increase/decrease is in alignment with the Bylaws and Board Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

The SCRD is responsible for the operation and maintenance of 15 wastewater facilities and the establishment of a sustainable funding model for the service area. For 2025, there are 7 services needing fee adjustments. Amendments to the Bylaws will be presented at the December 12, 2024 Board meeting for adoption.

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

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Shane Walkey, Manager, Utility Services
Bobby Rebner, Utility Business Coordinator

SUBJECT: **GREAVES ROAD [381] WASTEWATER 2025 USER FEE REVIEW**

RECOMMENDATIONS

- 1) **THAT** the report titled Greaves Road [381] Wastewater 2025 User Fee Review be received for information;
 - 2) **AND THAT** the *Sewage Treatment Facilities Service Unit Bylaw No. 428, (Schedule C)* be amended to increase the Greaves Road Service Area User Fees to \$827 for 2025;
 - 3) **AND FURTHER THAT** the 2025-2029 Draft Financial Plan be amended accordingly.
-

BACKGROUND

The Greaves Road Service Area (Greaves Road) consists of five billable users. The current user rate per single family residential dwelling for 2024 is \$763.61.

An amendment to *Sewage Treatment Facilities Service Unit Bylaw No. 428* is required to be adopted prior to January 1, 2025, to meet the legislated timelines for adoption of the Financial Plan Bylaw, the Parcel Tax Roll review process, and the associated billing.

The purpose of this report is to discuss the current financial sustainability of the Greaves Road Wastewater Service Area operations, and to recommend 2025 user fee rate increases which align with the funding requirements of the service.

DISCUSSION

In the Greaves Road Wastewater Service Area, user fees are intended to fund operational expenditures (ongoing costs of running the service) and frontage fees are intended to fund capital expenditures (acquiring or maintaining fixed assets). The Board's Financial Sustainability Policy reflects this funding alignment.

Historical Rates - Rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
User Fee	\$480.60	\$487.81	\$627.81	\$763.61	\$827.00
Total \$ Increase		\$7.21	\$140.00	\$135.80	\$63.39
Total % Increase		1.50%	28.70%	21.63%	8.30%

*Recommended for 2025

Options and Analysis

A thorough analysis of the Greaves Road operating budget was performed in Q4 2024, and the service area is operating within existing operating budget allowances for the year. However, due to increases in support services and salaries and wages, there is a need to increase the operating budget to account for these additional anticipated costs in 2025.

Based on the anticipated needs for the operating budget requirements for 2025 (i.e., increases in salaries and wages, support services, etc.) the following analysis and rate options for Greaves Road are presented.

Option 1 - 8.30% rate increase (\$63.39 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$763.61
Proposed Increase	63.39
2025 User Fee Rate	\$827
% Increase	8.30%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$6,887
Projected 2024 Surplus	\$800
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	\$0
Ending Uncommitted Balance	\$7,687

This rate option is recommended because:

- This option addresses anticipated increases in operating budget expenditures and continues to support the Sunshine Coast Regional District’s (SCRD’s) Financial Sustainability Policy by funding operational expenditures 100% with user fee revenue.
- Maintains operating reserve levels, which provides the financial capacity to respond to emergency situations, feasibility studies and/or other operating related one-time projects.

Option 2 – 0.00% rate increase (\$0.00 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$763.61
Proposed Increase	\$0.00
2025 User Fee Rate	\$763.61
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$6,887
Projected 2024 Surplus	\$800
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	(\$316)
Ending Uncommitted Balance	\$7,371

Staff do not recommend this option for the following reasons:

- This option does not support the SCRD’s Financial Sustainability Policy of balancing the funding of operational expenditures with user fee revenue and results in underfunding the operating budget, resulting in a budgeted deficit.
- This option would result in a budgeted drawdown of the operating reserve. This would draw from a reserve that is already too low to be able to fund unanticipated expenditures.

Financial Implications

By addressing anticipated increases in operating budget spending proactively, it will ensure that funding is in place to support operations and maintenance requirements in 2025. This will help reduce the risks associated with operating budget deficits and undesirable drawdowns of operating reserves.

Timeline for next steps

If approval is received to amend user fees, the appropriate bylaw amendments will be drafted and presented to the December 12, 2024, Regular Board Meeting. The updated user fees will be reflected in the 2025 fiscal calendar year.

Communications Strategy

Information regarding rate changes and funding has been communicated via print advertising, social media, and will be included on utility invoices and posted on the SCRD website within the ‘Let’s Talk’ pages.

STRATEGIC PLAN AND RELATED POLICIES

The rates presented are consistent with the Board’s Financial Sustainability policy.

CONCLUSION

The SCRD is responsible for the operation and maintenance of the Greaves Road wastewater facility and the establishment of a sustainable funding model for the service area.

The current user fee rate for Greaves Road does not provide sufficient revenue to meet the annual operations and maintenance budget obligations within the service area anticipated for 2025. It is therefore recommended to increase the user fee for this system to \$827 in 2025. This increase represents an increase of \$63.39 (8.30%) from the 2024 user fee of \$763.61.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X – R. Rosenboom	Legislative	
CAO / CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Kyle Doyle, Manager, Asset Management
Shane Walkey, Manager, Utility Services

SUBJECT: **WOODCREEK PARK [382] WASTEWATER FRONTAGE FEES**

RECOMMENDATION(S)

- (1) THAT the report titled Woodcreek Park [382] Wastewater Frontage Fees be received for information;**
 - (2) AND THAT the Woodcreek Park Sewer User Rates Bylaw No. 430 (Schedule A) be amended to increase the Frontage Fee for the Woodcreek Park Wastewater Service by \$50.00, resulting in a 2025 Frontage Fee of \$550.00, to be reviewed again prior to the 2026 budget;**
 - (3) AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

In 2023, a report titled “Woodcreek Park [382] Wastewater Capital Plan Update” was received. The report recommended that Woodcreek Park wastewater service Frontage Fees increase by \$50 for 2024. At the time, the upgrade to the treatment process and collection system had not been completed and the financial impacts of the work were not fully known. Reflecting the uncertainty of the project costs, the following SCR D Board resolution was adopted on Nov 10, 2023, and further amended by SCR D Board resolution 345/23 on Nov 23, 2023:

345/23 Recommendation No. 8 Woodcreek Park [382] Wastewater Capital Plan Update

THAT the report titled Woodcreek Park [382] Wastewater Capital Plan Update be received for information;

AND THAT the Woodcreek Park Sewer User Rates Bylaw No. 430 (Schedule A) be amended to increase the Frontage Fee for the Woodcreek Park Wastewater Service by \$50.00, resulting in a 2024 Frontage Fee of \$500.00, to be reviewed again prior to the 2025 budget;

AND FURTHER THAT the 2024-2028 Draft Financial Plan be amended accordingly.

Frontage Fees for Woodcreek Park between 2020 and 2024 have increased from \$102.00 to \$500.00.

The purpose of this report is to provide an update on the Capital Plan for the Woodcreek Wastewater Service.

DISCUSSION

Concerns regarding the overall long-term financial sustainability of the Woodcreek Park wastewater service remain. As articulated in last year’s Capital Plan Update report, significant long-term savings for each parcel can be realized by proactively increasing revenue for capital replacement and building sufficient reserve funds.

The (partially grant-funded) project to upgrade the wastewater treatment infrastructure is ongoing. Staff are currently reviewing the submissions received as part of the tendering for the construction phase of this project and will bring forward an associated contract award report to a future committee. It should be noted that as part of the acceptance of the grant received for this project, the SCR D committed to fund any project cost overruns. Any overruns may impact the capital reserve levels. Once the work is fully completed, the full impact of the upgrades on the Capital Plan will be able to inform an updated long-term capital plan.

Historical Rates - Rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
Frontage Fee	\$302.00	\$400.00	\$450.00	\$500.00	550.00
Total \$ Increase		\$98.00	\$50.00	\$50.00	\$50.00
Total % Increase		32.45%	12.50%	11.11%	10.00%

**Recommended for 2025*

Options and Analysis

Similar to last year, a one-time increase to the Frontage Fees is appropriate for this service in place of a 5-year commitment to a rate structure to account for the uncertainty of the ongoing work.

It is recommended that the Woodcreek Park User Rates Bylaw No. 430 (Schedule A) be amended to reflect a \$50 increase to Frontage Fees resulting in a \$550 fee for 2025.

The Table below illustrates the impact that the proposed frontage fee will have on the Capital Reserve.

Fee Summary	Frontage Fee
Current Frontage Fee Rate (2024)	\$500
Proposed Increase	\$50
2025 Frontage Fee Rate	\$550
% Increase	10%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$81,451
Budgeted Transfers to Capital Reserves	\$17,555
Budgeted Transfers from Capital Reserves	\$0
Ending Uncommitted Balance	\$99,006

A report will be brought back next year to provide updates on the Capital Plan for this service.

Organizational and Intergovernmental Implications

Compliance with effluent discharge permit requirements is met by ensuring the infrastructure is in good working order.

The SCRD is bound by responsibilities established by the Local Government Act:

“purposes of a regional district include... (c) providing for stewardship of the public assets of its community”

Providing for the stewardship of public assets includes planning for and funding the maintenance, repair, and eventual replacement of such assets. Taking steps towards establishing a sustainable funding model for the replacement of capital assets for wastewater services aligns with the purposes of a Regional District.

Financial Implications

Proactively building a Capital Reserve will minimize the impact of future infrastructure costs and mitigate future debt servicing costs.

Timeline for next steps or estimated completion date

Ongoing monitoring of the condition and performance of the treatment system will inform next steps. If approval is received to amend frontage fees, the appropriate bylaw amendments will be drafted and presented to the December 12, 2024, Regular Board Meeting. The updated frontage fees will be reflected in the 2025 fiscal calendar year.

Communications Strategy

Staff have worked to establish an online presence for each wastewater service at letstalk.scrd.ca – this will be the primary point of contact for these wastewater participants. The website will be communicated on utility billing literature and through typical social media channels occasionally, and any rate changes will be communicated through all these same channels.

STRATEGIC PLAN AND RELATED POLICIES

Capital Planning is a pillar of a healthy Asset Management practice and is supported by the SCRD’s Asset Management policy as well as the Financial Sustainability Policy. Efforts to mitigate foreseeable debt are supported by the SCRD’s Debt Management Policy.

CONCLUSION

The Woodcreek Park Wastewater Service has an infrastructure funding deficit and is facing significant infrastructure costs in the next 20 years. Adjustments to the revenues that contribute to Capital Reserves can mitigate projected debt obligations necessary to replace critical infrastructure. Staff recommend a \$50 annual increase for 2025 Frontage Fees for the Woodcreek Wastewater Service resulting in the following Frontage Fees: \$550 in 2025.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X – R. Rosenboom	Legislative	
CAO / CFO	X – T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Shane Walkey, Manager, Utility Services
Bobby Rebner, Utility Business Coordinator

SUBJECT: SUNNYSIDE [383] WASTEWATER 2025 USER FEE REVIEW

RECOMMENDATIONS

- 1) **THAT** the report titled Sunnyside [383] Wastewater 2025 User Fee Review be received for information;
 - 2) **AND THAT** the *Sewage Treatment Facilities Service Unit Bylaw No. 428, (Schedule C)* be amended to increase the Sunnyside Service Area User Fees to \$850 for 2025;
 - 3) **AND FURTHER THAT** the 2025-2029 Draft Financial Plan be amended accordingly.
-

BACKGROUND

The Sunnyside Service Area (Sunnyside) consists of eight billable users. The current user rate per single family residential dwelling for 2024 is \$790.62.

The purpose of this report is to discuss the current financial sustainability of the Sunnyside Wastewater Service Area operations, and to recommend a 2025 user fee rate decision which aligns with the funding requirements of the service.

DISCUSSION

In the Sunnyside Wastewater Service Area, user fees are intended to fund operational expenditures (ongoing costs of running the service) and frontage fees are intended to fund capital expenditures (acquiring or maintaining fixed assets). The Board's Financial Sustainability Policy reflects this funding alignment.

Historical Rates - rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
User Fee	\$734.22	\$745.23	\$767.59	\$790.62	\$850
Total \$ Increase		\$11.01	\$22.36	\$23.03	\$59.38
Total % Increase		1.50%	3.00%	3.00%	7.51%

*Recommended for 2025

A thorough analysis of the Sunnyside operating budget was performed in Q4 2024, and the service area is currently operating within existing operating budget allowances for the year and is projecting a small surplus for 2024. This year’s anticipated operating budget surplus is primarily attributed to lower-than-expected expenditures related to salaries/wages, as well as other operations and maintenance expenses. Annual operating spending variances are common and although a surplus is projected for 2024, future year surpluses or deficits are uncertain. Staff perform a detailed review of operating revenue/expenditures annually and any requirements to adjust rates (i.e., increases or decreases) will be presented, as required, in future years.

Current operating reserve levels have been drawn down significantly over the last several years within the Sunnyside Wastewater Service Area, leaving an uncommitted operating reserve balance of only \$324. To increase reserves, staff are recommending an increase in user fees for 2025.

There are two approved projects in Sunnyside that are currently in progress, primarily related to Statutory Right of Way matters and planning studies. These projects are funded through existing operating reserve accounts and do not directly impact user rates for 2025.

- Statutory Right of Way (various) \$19,525
- Feasibility and Planning Study \$7,500

Options and Analysis

Based on the anticipated needs for the operating budget requirements for 2025 and the need to replenish and build operating reserves within the service area, the following analysis and rate options for Sunnyside are presented. Option 1 is being recommended by staff.

Option 1 - 7.51% rate increase (\$59.38 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$790.62
Proposed Increase	\$59.38
2025 User Fee Rate	\$850.00
% Increase	7.51%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$324
Projected 2024 Surplus/(Deficit)	\$100
Budgeted Transfers to Operating Reserves	\$883
Budgeted Transfers from Operating Reserves	\$0
Ending Uncommitted Balance	\$1,307

Staff recommend this option for the following reasons:

- This option addresses anticipated increases in operating budget expenditures and helps establish appropriate operating reserve levels, which improves the financial capacity to respond to variances in operating budget spending, emergency situations, and/or other operating related one-time projects.

Option 2 – 0.00% rate increase (\$0.00 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$790.62
Proposed Increase	\$0.00
2025 User Fee Rate	\$790.62
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$324
Projected 2024 Surplus/(Deficit)	\$100
Budgeted Transfers to Operating Reserves	\$408
Budgeted Transfers from Operating Reserves	\$0
Ending Uncommitted Balance	\$832

Staff do not recommend this option for the following reasons:

- This option does not contribute as much towards the service area’s operating reserve account and results in a lesser capacity for the service area to respond to unanticipated variances within the operating budget compared to Option 1.

Financial Implications

This rate increase will help bring the operating reserve to a more desirable level to respond to unforeseen operating expenditures. Detailed review(s) of operating revenue/expenditures are performed annually, and future rate increases may be required to remain financially sustainable.

Communications Strategy

Information regarding rates and funding has been communicated via print advertising, social media, and will be included on utility invoices and posted on the SCRD website within the ‘Let’s Talk’ pages.

STRATEGIC PLAN AND RELATED POLICIES

The rates presented are consistent with the Board’s Financial Sustainability policy.

CONCLUSION

The SCRD is responsible for the operation and maintenance of the Sunnyside wastewater system and the establishment of a sustainable funding model for the service area.

The current user fee rate for Sunnyside does not provide sufficient revenue to meet or maintain a desired operating reserve balance within the service area. It is therefore recommended to increase the user fee for this system to \$850.00 in 2025. This increase represents an increase of \$59.38 (7.51%) from the 2024 user fee of \$790.62.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X – R. Rosenboom	Legislative	
CAO / CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Shane Walkey, Manager, Utility Services
Bobby Rebner, Utility Business Coordinator

SUBJECT: **JOLLY ROGER [384] WASTEWATER 2025 USER FEE REVIEW**

RECOMMENDATIONS

- 1) **THAT** the report titled Jolly Roger [384] Wastewater 2025 User Fee Review be received for information;
 - 2) **AND THAT** the *Sewage Treatment Facilities Service Unit Bylaw No. 428, (Schedule C)* be amended to increase the Jolly Roger Service Area User Fees to \$1,050 for 2025;
 - 3) **AND FURTHER THAT** the 2025-2029 Draft Financial Plan be amended accordingly.
-

BACKGROUND

The Jolly Roger Service Area (Jolly Roger) consists of 31 billable users. The current user rate per single family residential dwelling for 2024 is \$986.54.

An amendment to Sewage Treatment Facilities Service Unit Bylaw No. 428, (Schedule C) is required to be adopted prior to January 1, 2025, to meet the legislated timelines for adoption of the Financial Plan Bylaw, the Parcel Tax Roll review process, and the associated billing.

The purpose of this report is to discuss the current financial sustainability of the Jolly Roger wastewater service area operations, and to recommend a 2025 user fee rate increase that aligns with the funding requirements of the service.

DISCUSSION

In the Jolly Roger Wastewater Service Area, user fees are intended to fund operational expenditures (ongoing costs of running the service) and frontage fees are intended to fund capital expenditures (acquiring or maintaining fixed assets). The Board's Financial Sustainability Policy reflects this funding alignment.

Historical Rates - rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
User Fee	\$832.54	\$832.54	\$986.54	\$986.54	\$1,050
Total \$ Increase		\$0.00	\$154.00	\$0.00	\$63.46
Total % Increase		0.00%	18.50%	0.00%	6.43%

**Recommended for 2025*

Options and Analysis

A thorough analysis of the Jolly Roger operating budget was performed in Q4 2024, and the service area is operating within existing operating budget allowances for the year. This year’s anticipated operating budget surplus is primarily attributed to lower-than-expected expenditures related to salaries/wages as well as other operating and maintenance expenses. Annual operating spending variances are common and although a surplus is projected for 2024, future year surpluses or deficits are uncertain. Staff perform a detailed review of operating revenue/expenditures annually and any requirements to adjust rates (i.e., increases or decreases) will be presented, as required, in future years.

Due to increases in support services, as well as inflationary increases in other spending, there is a budgeted deficit within the operating budget anticipated in 2025.

There are currently three approved operating projects in Jolly Roger that are in progress. These projects are funded by existing committed reserve accounts and do not impact 2025 user fees.

- Statutory Right of Way \$1,649
- Outfall Maintenance – Phase 1 \$11,000
- Feasibility and Planning Study \$12,500

As part of the 2025 budget proposal process, staff are recommending a second phase of marine outfall maintenance to the shared Jolly Roger/Secret Cove outfall. The following amount has been incorporated into the 2025 user rate requirements and operating reserve analysis outlined in this report.

- Outfall Maintenance – Phase 2 \$10,000

Based on the anticipated needs for the operating budget requirements for 2025 (i.e., salaries and wages, support services, etc.), and considering existing operating reserve balances, the following recommended rate options for Jolly Roger are presented. Option 1 is being recommended by staff.

Option 1 - 6.43% rate increase (\$63.46 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$986.54
Proposed Increase	\$63.46
2025 User Fee Rate	\$1,050
% Increase	6.43%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$23,396
Projected 2024 Surplus	\$10,000
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	(\$10,000)
Ending Uncommitted Balance	\$23,396

Staff recommend this option for the following reasons:

- This option addresses anticipated increases in operating budget expenditures and continues to support the Sunshine Coast Regional District's (SCRD's) Financial Sustainability Policy by funding operational expenditures 100% with user fee revenue.
- Maintains appropriate operating reserve levels, which improves the financial capacity to respond to emergency situations, feasibility studies and/or other operating related one-time projects.

Option 2 – 0.00% rate increase (\$0.00 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$986.54
Proposed Increase	\$0.00
2025 User Fee Rate	\$986.54
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$23,396
Projected 2024 Surplus	\$10,000
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	(\$11,951)
Ending Uncommitted Balance	\$21,445

Staff do not recommend this option for the following reasons:

- This option does not support the SCRD's Financial Sustainability Policy of balancing the funding of operational expenditures with user fee revenue and results in underfunding the operating budget, resulting in a budgeted deficit.

- This option would result in an annual budgeted drawdown of the operating reserve, decreasing the capacity to fund unanticipated variances within the operating budget in the future.

Financial Implications

By addressing anticipated increases in operating budget spending proactively, it will ensure that funding is in place to support operational and maintenance requirements in 2025. This will help reduce the risks associated with operating budget deficits and undesirable drawdowns of operating reserves.

Timeline for next steps

If approval is received to amend user fees, the appropriate bylaw amendments will be drafted and presented to the December 12, 2024, Regular Board Meeting for three readings and adoption. The updated user fees will be reflected in the 2025 fiscal calendar year.

Communications Strategy

Information regarding rate changes and funding has been communicated via print advertising, social media, and will be included on utility invoices and posted on the SCRD website within the 'Let's Talk' pages.

STRATEGIC PLAN AND RELATED POLICIES

The rates presented are consistent with the Board's Financial Sustainability policy.

CONCLUSION

The SCRD is responsible for the operation and maintenance of the Jolly Roger wastewater facility and the establishment of a sustainable funding model for the service area.

The current user fee rate for Jolly Roger does not provide sufficient revenue to meet the annual operations and maintenance budget obligations within the service area anticipated for 2025. It is therefore recommended to increase the user fee for this system to \$1,050 in 2025. This increase represents an increase of \$63.46 (6.43%) from the 2024 user fee of \$986.54.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X – R. Rosenboom	Legislative	
CAO / CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Shane Walkey, Manager, Utility Services
Bobby Rebner, Utility Business Coordinator

SUBJECT: **SECRET COVE [385] WASTEWATER 2025 USER FEE REVIEW**

RECOMMENDATIONS

- 1) **THAT the report titled Secret Cove [385] Wastewater 2025 User Fee Review be received for information;**
 - 2) **AND THAT the *Sewage Treatment Facilities Service Unit Bylaw No. 428*, (Schedule C) be amended to increase the Secret Cove Service Area User Fees to the following for 2025:**

Secret Cove Residential User Fee: \$900.00
Secret Cove Marina User Fee: \$918.85
Secret Cove Restaurant User Fee: \$1,307.25
 - 3) **AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

The Secret Cove Service Area (Secret Cove) consists of 34 billable users – 32 residential users and two commercial users. The current approved user rate per single family residential dwelling for 2024 is \$829.96. The Secret Cove Marina commercial user rate is \$847.34, and the Secret Cove Restaurant commercial user rate is \$1,205.51.

An amendment to *Sewage Treatment Facilities Service Unit Bylaw No. 428*, (Schedule C) is required to be adopted prior to January 1, 2025, to meet the legislated timelines for adoption of the Financial Plan Bylaw, the Parcel Tax Roll review process, and the associated billing.

The purpose of this report is to discuss the current financial sustainability of the Secret Cove Wastewater Service Area operations, and to recommend 2025 user fee rate increases which align with the funding requirements of the service.

DISCUSSION

In the Secret Cove Wastewater Service Area, user fees are intended to fund operational expenditures (ongoing costs of running the service) and frontage fees are intended to fund capital expenditures (acquiring or maintaining fixed assets). The Board's Financial Sustainability Policy reflects this funding alignment.

Historical Rates - rates and annual increases are as follows (Residential User Fee):

	2021	2022	2023	2024	*2025
User Fee	\$712.57	\$712.57	\$793.52	\$829.96	\$900.00
Total \$ Increase		\$0.00	\$80.95	\$36.44	\$70.04
Total % Increase		0.00%	11.36%	4.59%	8.44%

**Recommended for 2025*

Options and Analysis

A thorough analysis of the Secret Cove operating budget was performed in Q4 2024, and the service area is operating within existing operating budget allowances for the year. This year’s anticipated operating budget surplus is primarily attributed to lower-than-expected expenditures related to salaries/wages, as well as other operating and maintenance expenses. Annual operating spending variances are common and although a surplus is projected for 2024, future year surpluses or deficits are uncertain. Staff perform a detailed review of operating revenue/expenditures annually and any requirements to adjust rates (i.e., increases or decreases) will be presented, as required, in future years.

Due to increases in support services as well as inflationary increases in other spending, there is a budgeted deficit within the operating budget anticipated in 2025.

There are currently three approved operating projects in Secret Cove that are in progress. These projects are funded by existing committed operating reserve and do not impact 2025 user fees.

- Statutory Right of Way \$4,000
- Outfall Maintenance – Phase 1 \$11,000
- Feasibility and Planning Study \$12,500

As part of the 2025 budget proposal process, staff are recommending a second phase of marine outfall maintenance to the shared Jolly Roger/Secret Cove outfall. The following amount has been incorporated into the 2025 user rate requirements and operating reserve analysis outlined in this report.

- Outfall Maintenance – Phase 2 \$10,000

Based on the anticipated needs for the operating budget requirements for 2025 (i.e., salaries and wages, support services, etc.), and considering existing operating reserve balances, the following recommended rate options for Secret Cove are presented. Option 1 is being recommended by staff.

Option 1 - 8.44% rate increase (\$70.04 per year increase)

Fee Summary	User Fee
Current Rate - Residential (2024)	\$829.96
Proposed Increase	\$70.04
2024 User Fee Rate	\$900.00
% Increase	8.44%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$24,698
Projected 2024 Surplus	\$5,000
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	(\$10,000)
Ending Uncommitted Balance	\$19,698

Note: This rate increase also includes a 8.44% increase to the user rates for the Secret Cove Marina and the Secret Cove Restaurant for 2025, \$918.85 and \$1,307.25 respectively.

Staff recommend this option for the following reasons:

- This option addresses anticipated increases in operating budget expenditures and continues to support the Sunshine Coast Regional District's (SCRD's) Financial Sustainability Policy by funding operational expenditures 100% with user fee revenue.
- Maintains appropriate operating reserve levels, which improves the financial capacity to respond to emergency situations, feasibility studies and/or other operating related one-time projects.

Option 2 – 0.00% rate increase (\$0.00 per year increase)

Fee Summary	User Fee
Current Rate - Residential (2024)	\$829.96
Proposed Increase	\$0.00
2025 User Fee Rate	\$829.96
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$24,698
Projected 2024 Surplus	\$5,000
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	(\$12,823)
Ending Uncommitted Balance	\$16,875

Staff do not recommend this option for the following reasons:

- This option does not support the SCRD's Financial Sustainability Policy of balancing the funding of operational expenditures with user fee revenue and results in underfunding the operating budget, resulting in a budgeted deficit.

- This option would result in an annual budgeted drawdown of the operating reserve, decreasing the capacity to fund unanticipated variances within the operating budget in the future.

Financial Implications

By addressing anticipated increases in operating budget spending proactively, it will ensure that funding is in place to support operations and maintenance requirements in 2025. This will help reduce the risks associated with operating budget deficits and undesirable drawdowns of operating reserves.

Communications Strategy

Information regarding rate changes and funding has been communicated via print advertising, social media, and will be included on utility invoices and posted on the SCRD website within the 'Let's Talk' pages.

STRATEGIC PLAN AND RELATED POLICIES

The rates presented are consistent with the Board's Financial Sustainability policy.

CONCLUSION

The SCRD is responsible for the operation and maintenance of the Secret Cove wastewater facility and the establishment of a sustainable funding model for the service area.

The current user fee rates for Secret Cove do not provide sufficient revenue to meet the annual operations and maintenance budget obligations within the service area anticipated for 2025. It is therefore recommended to increase the user fee rates for residential, and the marina and restaurant at Secret Cove to \$900.00, \$918.85, and \$1,307.25 respectively. This represents an increase of 8.44% from the 2024 user fees for all customer types within the service area.

Reviewed by:			
Manager		Finance	X- A. Taylor
GM	X – R. Rosenboom	Legislative	
CAO / CFO	X. T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Shane Walkey, Manager, Utility Services
Bobby Rebner, Utility Business Coordinator

SUBJECT: **SQUARE BAY [387] WASTEWATER 2025 USER FEE REVIEW**

RECOMMENDATIONS

- 1) **THAT the report titled Square Bay [387] Wastewater 2025 User Fee Review be received for information;**
 - 2) **AND THAT the *Sewage Treatment Facilities Service Unit Bylaw No. 428*, (Schedule C) be amended to decrease the Square Bay Service Area User Fees to \$1,150 for 2025;**
 - 3) **AND THAT the Square Bay Wastewater Treatment Plant [387] base budget be increased by \$6,000, offset by a decrease in allocated wages;**
 - 4) **AND THAT the Union of British Columbia Municipalities (UBCM) be notified to remove the Square Bay Wastewater Treatment Plant Upgrade Project from the Canada Community Building Fund- Community Works Fund (CWF) project list;**
 - 5) **AND THAT \$498 expended to date be returned to UBCM and reallocated to the respective Electoral Area B CWF entitlement, recovered through User Fees;**
 - 6) **AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

The Square Bay Service Area (Square Bay) consists of 82 billable users. The current user rate per single family residential dwelling for 2024 is \$1,281.02.

The purpose of this report is to discuss the current financial sustainability of the Square Bay Wastewater Service Area operations, and to recommend a 2024 user fee rate which aligns with the funding requirements of the service.

DISCUSSION

In the Square Bay Wastewater Service Area, user fees are intended to fund operational expenditures (ongoing costs of running the service) and frontage fees are intended to fund capital expenditures (acquiring or maintaining fixed assets). The Board's Financial Sustainability Policy reflects this funding alignment.

Historical Rates - rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
User Fee	\$636.02	\$786.02	\$1,281.02	\$1,281.02	\$1,150
Total \$ Increase/(Decrease)		\$150.00	\$542.00	\$0.00	(\$131.02)
Total % Increase/(Decrease)		23.58%	68.95%	0.00%	(10.23%)

**Recommended for 2025*

Options and Analysis

A thorough analysis of the Square Bay operating budget was performed in Q4 2024 to determine the financial sustainability of the service area. In 2024 there is an anticipated surplus of approximately \$13,500 due to lower than anticipated technical staff salaries/wages incurred within the Square Bay Wastewater Service Area. This year’s anticipated operating budget surplus is primarily attributed to lower-than-expected expenditures related to salaries/wages. Annual operating spending variances are common and although a surplus is projected for 2024, future year surpluses or deficits are uncertain. Staff perform a detailed review of operating revenue/expenditures annually and any requirements to adjust rates (i.e., increases or decreases) will be presented, as required, in future years.

Over the last five years, operation and maintenance budgeting has been challenging within the Square Bay Wastewater Service Area. In 2018/2019 a new wastewater treatment facility was constructed and commissioned, and operators and senior technical staff have continued to improve their knowledge, training and operational efficiencies with this new treatment system over time. This facility is the only Activated Sludge Blanket wastewater treatment system under the Sunshine Coast Regional District’s (SCRD’s) management, and both technical adjustments and process modifications have been ongoing (and required) since commissioning. Many of these improvements at the operator level have resulted in reductions in operator staff time related to laboratory work and treatment system controls and callouts, in addition to reduced pump out frequencies and other operating and maintenance spending.

Atmospheric river conditions, historically, would cause significant issues with the treatment processes, resulting in effluent quality issues and unscheduled overtime hours and operational expenditures. Several process adjustments to the plant prior to heavy rain events have resulted in reductions in high treatment volume levels and subsequent operator overtime.

Staff have also invested considerable efforts throughout the last several years to investigate, address and remediate infiltration issues at manholes and piping throughout the collection system at Square Bay. By lowering the incidence of infiltration into the system it has reduced operator time and operating expenditures associated with reactionary responses to high infiltration and poor effluent quality events. The above-mentioned efficiencies in staff resourcing have contributed to reductions in salaries/wages spending, most notably in 2023 and 2024, and moving forward is anticipated to continue. As infiltration issues are identified they are repaired, and it is expected that further additional infiltration repairs will be identified in the System Upgrade and Planning Study, and repairs will take place in 2025 utilizing the existing approved \$25,000 funds.

In 2022, the uncommitted operating reserve account balance at Square Bay fell to almost zero, while user rates were simultaneously increased to help rebuild operating reserve balances and meet operating budget requirements. Current operating reserve balances are now at \$31,969 with the anticipated 2024 operating surplus of ~\$13,500 to be added to this amount at year-end. The moderate operating reserve balance would be sufficient to provide the service area with the financial capacity to respond to an emerging operational item.

Therefore, with actioning some operational budget re-alignment, it is recommend that in 2025, the user fee for Square Bay be **reduced by 10.23%** to \$1,150.00. This change will be monitored each year as the implications to the service as well as determine an appropriate operating reserve balance.

There are currently two approved operating projects in Square Bay that are in progress. The System Upgrade and Planning Study will identify collection system upgrades required due to age and will help reduce infiltration and improve wastewater collection. These projects are funded by existing committed operating reserves and do not impact 2025 user fees.

- Infiltration Reduction \$38,412
- System Upgrade and Planning Study \$5,000

In addition to the rate review recommendations identified within this report, staff are recommending an increase to the base operating budget at Square Bay in 2025 to accommodate inflationary increases in contracted services, small machinery, telecommunications, and various other operating expenditure categories. No additional funding is required for this proposed base budget increase, instead a reallocation of budgeted operating funding from salaries/wages (resulting from improvements in operational efficiencies as noted above) is recommended.

In summary, staff are recommending a strategic reallocation of \$6,000 derived from reduced staff time at Square Bay, redirected to cover the increased base budget expenses associated with the rising costs discussed above. This reallocation will ensure that the plant's operational needs are met without requiring additional financial contributions from the constituents. The \$6,000 worth of staff time will be reallocated in the HR plan to Regional Water [370].

Based on the above discussions, the following options and analysis are based on addressing the anticipated operating budget requirements for 2025.

Option 1 – (10.23%) rate decrease (\$131.02) per year decrease)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$1,281.02
Proposed Increase/(Decrease)	(\$131.02)
2025 User Fee Rate	\$1,150.00
% Increase/(Decrease)	(10.53%)
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$31,969
Projected 2024 Surplus	\$13,500
Budgeted Transfers to Operating Reserves	\$8,165
Budgeted Transfers from Operating Reserves	\$0
Ending Uncommitted Balance	\$53,634

Staff recommend this option for the following reasons:

- This option provides some relief for ratepayers by reducing the annual user fee rate by over ten percent in 2025.
- Maintains appropriate operating reserve levels, which improves the financial capacity to respond to emergency situations, feasibility studies, and/or other operating related one-time projects.

Option 2 – 0.00% rate increase \$0.00 per year increase

Fee Summary	User Fee
Current User Fee Rate (2023)	\$1,281.02
Proposed Increase	\$0.00
2025 User Fee Rate	\$1,281.02
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$31,969
Projected 2024 Surplus	\$13,500
Budgeted Transfers to Operating Reserves	\$19,433
Budgeted Transfers from Operating Reserves	\$64,902

Staff do NOT recommend this option for the following reasons:

- This option does not provide any relief for ratepayers which can be lowered due to operational efficiencies realized.

System Upgrade planning -CWF Return

In 2021 the Square Bay System Upgrade Planning Study was approved for \$15,000 of which \$7,500 was funded from Community Works Funds. In 2022, the Board elected to defer this project until 2023. This project was subsequently included in the 2023-2027 Financial plan for \$15,000, funded \$10,000 through an Infrastructure Planning Grant, and \$5,000 from Square Bay [387] operating reserves. To date, \$498 has been expended on this project through the use of the Community Works Funds. Given that this work has been determined operational in nature, it does not meet the requirements to be funded from the Community Works Funds. Therefore, the funds must be returned to the overall pool of funds to be allocated by Area B. Staff recommend that these funds be returned in 2025 and absorbed through the 2025 Operational Budget.

Financial Implications

Through addressing anticipated increases in operating budget spending and reallocating staff time expenditures within the Square Bay service area, it will ensure that funding is in place to appropriately support operational and maintenance requirements in 2025. Lowering the annual user fees will reduce the financial burden on ratepayers while meeting operating budget requirements and maintaining adequate operating reserve levels.

Communications Strategy

Information regarding rate changes and funding will be communicated via print advertising, social media, and will be included on utility invoices and posted on the SCRD website within the 'Let's Talk' pages.

STRATEGIC PLAN AND RELATED POLICIES

The rates presented are consistent with the Board's Financial Sustainability policy.

CONCLUSION

The SCRD is responsible for the operation and maintenance of the Square Bay wastewater facility and the establishment of a sustainable funding model for the service area.

Staff have performed an annual review and analysis of the current user fee rate, as well as operating budget and operating reserve balances within the Square Bay service area and have determined that the current user fee for Square Bay should be decreased by 10.53% from the current 2024 rate of \$1,281.02 to \$1,150.00 for 2025. This reduction will provide some financial relief to the ratepayers within the service area and is financially sustainable in meeting the annual operating budget requirements and maintaining adequate operating reserve balances.

In addition, staff are recommending a reallocation of operating budgeted expense amounts to accommodate a base budget increase of \$6,000, to be funded by reducing the HR allocation within the Square Bay service area.

Staff recommend that \$498 in Community Works Funds expended in 2021 for the Square Bay System Upgrade Planning Study be returned to UBCM and absorbed through the 2025 Base Operations budget.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X – R. Rosenboom	Legislative	
CAO/CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Kyle Doyle, Manager, Asset Management
Shane Walkey, Manager, Utility Services

SUBJECT: LANGDALE [388] WASTEWATER FRONTAGE FEES

RECOMMENDATION(S)

- (1) **THAT the report titled Langdale [388] Wastewater Frontage Fees be received for information;**
 - (2) **AND THAT the Sewage Treatment Facilities Service Unit Bylaw No. 428 (Schedule B) be amended to increase the Frontage Fee for the Langdale Wastewater Service by \$50, resulting in a 2025 Frontage Fee of \$550, to be reviewed again prior to the 2026 budget;**
 - (3) **AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

In 2023, a report titled “Langdale [388] Wastewater Capital Plan Update” was received. The report recommended that Langdale wastewater service Frontage Fees increase by \$50 for 2024. At the time, the upgrade to the treatment process and collection system had not been completed and the financial impacts of the work were not fully known. Reflecting the uncertainty of the project costs, the following SCRD Board resolution was Nov 10, 2023, and further amended by SCRD Board resolution 345/23 on Nov 23, 2023:

345/23 Recommendation No. 8 Langdale [388] Wastewater Capital Plan Update

THAT the report titled Langdale [388] Wastewater Capital Plan Update be received for information;

AND THAT the Sewage Treatment Facilities Service Unit Bylaw No. 428 (Schedule B) be amended to increase the Frontage Fee for the Langdale Wastewater Service by \$50.00, resulting in a 2024 Frontage Fee of \$500.00, to be reviewed again prior to the 2025 budget;

AND FURTHER THAT the 2024-2028 Draft Financial Plan be amended accordingly.

Frontage Fees for Langdale between 2020 and 2024 have increased from \$102 to \$500.

The purpose of this report is to provide an update on the Capital Plan for the Langdale Wastewater Service.

DISCUSSION

The Langdale Wastewater Service has received grant funding for the replacement of the wastewater treatment plant. The option of connecting to the neighboring wastewater service to leverage the economy of scale is being explored. At this point the preferred solution has not been determined and there has not been any significant progress that informs the eventual impact on the Capital Plan.

The concerns regarding the overall long-term financial sustainability of Langdale wastewater service remain. As articulated in last year’s Capital Plan Update report, significant savings to each parcel can be realized by proactively increasing revenue for capital replacement and building sufficient reserve funds.

Historical Rates - Rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
Frontage Fee	\$202.00	\$400.00	\$450.00	\$500.00	\$550.00
Total \$ Increase		\$198.00	\$50.00	\$50.00	\$50.00
Total % Increase		98.02%	12.50%	11.11%	10.00%

**Recommended for 2025*

Options and Analysis

Similar to last year, a one-time increase to the Frontage Fees is appropriate for this service in place of a 5-year commitment to a rate structure to account for the uncertainty of the ongoing work.

It is recommended that the Sewage Treatment Facilities Service Unit Bylaw No. 428 (Schedule B) be amended to increase the Frontage Fee for the Langdale Wastewater Service by \$50.00, resulting in a 2025 Frontage Fee of \$550.00

The Table below illustrates the impact that the proposed frontage fee will have on the Capital Reserve.

Fee Summary	Frontage Fee
Current Frontage Fee Rate (2024)	\$500
Proposed Increase	\$50
2025 Frontage Fee Rate	\$550
% Increase	10%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$29,400
Budgeted Transfers to Capital Reserves	\$2,283
Budgeted Transfers from Capital Reserves	\$0
Ending Uncommitted Balance	\$31,863

A report will be brought back next year to provide updates on the Capital Plan for this service.

Organizational and Intergovernmental Implications

Compliance with effluent discharge permit requirements is met by ensuring the infrastructure is in good working order.

The SCRD is bound by responsibilities established by the Local Government Act:

“purposes of a regional district include... (c) providing for stewardship of the public assets of its community”

Providing for the stewardship of public assets includes planning for and funding the maintenance, repair, and eventual replacement of such assets. Taking steps towards establishing a sustainable funding model for the replacement of capital assets for wastewater services aligns with the purposes of a Regional District.

Financial Implications

Proactively building a Capital Reserve will minimize the impact of future infrastructure costs and mitigate future debt servicing costs.

Timeline for next steps or estimated completion date

The determination of the final cost of the solution to the failed treatment plant will inform next steps. If approval is received to amend frontage fees, the appropriate bylaw amendments will be drafted and presented to the December 12, 2024, Regular Board Meeting. The updated frontage fees will be reflected in the 2025 fiscal calendar year.

Communications Strategy

Staff have worked to establish an online presence for each wastewater service at letstalk.scrd.ca – this will be the primary point of contact for these wastewater participants. The website will be communicated on utility billing literature and through typical social media channels occasionally, and any rate changes will be communicated through all these same channels.

STRATEGIC PLAN AND RELATED POLICIES

Capital Planning is a pillar of a healthy Asset Management practice and is supported by the SCRD’s Asset Management policy as well as the Financial Sustainability Policy. Efforts to mitigate foreseeable debt are supported by the SCRD’s Debt Management Policy.

CONCLUSION

The Langdale Wastewater Service has an infrastructure funding deficit and is facing significant infrastructure costs in the next 20 years. Adjustments to the revenues that contribute to Capital Reserves can mitigate projected debt obligations necessary to replace critical infrastructure. Staff recommend that the Board implement a one-time \$50.00 increase, resulting in a 2025 Frontage Fee of \$550.00, and to be reviewed again prior to the 2026 budget.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X - R. Rosenboom	Legislative	
CAO/CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Shane Walkey, Manager, Utility Services
Bobby Rebner, Utility Business Coordinator

SUBJECT: CURRAN ROAD [391] WASTEWATER 2025 USER FEE REVIEW

RECOMMENDATIONS

- 1) **THAT the report titled Curran Road [391] Wastewater 2025 User Fee Review be received for information;**
 - 2) **AND THAT the Curran Road Sewer User Fee for 2025 remain the same as 2024;**
 - 3) **AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

The Curran Road Service Area (Curran Road) consists of 59 billable users. The current user rate per single family residential dwelling for 2024 is \$742.68.

An amendment to *Sewage Treatment Facilities Service Unit Bylaw No. 428*, (Schedule C) is required to be adopted prior to January 1, 2025, to meet the legislated timelines for adoption of the Financial Plan Bylaw, the Parcel Tax Roll review process, and utility billing.

The purpose of this report is to discuss the current financial sustainability of the Curran Road Wastewater Service Area operations, and to recommend a 2025 user fee rate decision which aligns with the funding requirements of the service.

DISCUSSION

In the Curran Road Wastewater Service Area, user fees are intended to fund operational expenditures (ongoing costs of running the service) and frontage fees are intended to fund capital expenditures (acquiring or maintaining fixed assets). The Board’s Financial Sustainability Policy reflects this funding alignment.

Historical Rates - rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
User Fee	\$618.70	\$618.70	\$668.38	\$742.68	\$742.68
Total \$ Increase		\$0.00	\$49.68	\$74.30	\$0.00
Total % Increase		0.00%	8.03%	11.12%	0.00%

*Recommended for 2025

A thorough analysis of the Curran Road operating budget was performed in Q4 2024, and the service area is currently operating within existing operating budget allowances for the year and is projecting a surplus for 2024. This year’s anticipated operating budget surplus is primarily attributed to lower-than-expected expenditures related to salaries/wages as well as other operating and maintenance expenses. Annual operating spending variances are common and although a surplus is projected for 2024, future year surpluses or deficits are uncertain. Staff perform a detailed review of operating revenue/expenditures annually and any requirements to adjust rates (i.e., increases or decreases) will be presented, as required, in future years.

Due to increases in support services as well as inflationary increases in other spending, there is a small budgeted deficit within the operating budget anticipated in 2025.

As part of the 2025 budget proposal process, staff are recommending a project within the Curran Road service area to decommission and dispose of the aged Rotating Biological Contactor (RBC) System. This project has a total estimated cost of \$91,000 and will be funded in part by existing operating reserve accounts (i.e., \$31,000) and Capital Reserves (\$60,000).

The following amount has been incorporated into the 2025 user rate requirements and operating reserve analysis outlined in this report.

- RBC Decommissioning and Removal \$31,000 (operating reserves)

Based on the anticipated operating budget requirements for 2025 (i.e., increases in salaries and wages, support services, etc.) and considering existing operating reserve balances and the above-mentioned 2025 project proposal, the following recommended rate options for Curran Road are presented. Option 1 is being recommended by staff.

Options and Analysis

As discussed, the user fee and operating budget for the Curran Road service area is adequate and therefore staff are recommending no rate increase to the user fees for 2025.

Option 1 - 0.00% rate increase (\$0.00 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$742.68
Proposed Increase	\$0.00
2025 User Fee Rate	\$742.68
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$71,570
Projected 2024 Surplus/(Deficit)	\$7,500
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	(\$31,978)
Ending Uncommitted Balance	\$47,092

Staff recommend this option for the following reasons:

- Supports financial sustainability and fee stability within the Curran Road service area by avoiding increases in user fee rates.
- Maintains reasonable operating reserve levels, which improves the financial capacity to respond to emergency situations, feasibility studies, and/or other operating related one-time projects.

Should the board elect to move forward with this option, staff will bring forward a User Rate Stabilization Budget Proposal to Round 1 Budget Deliberations.

Option 2 – 11.15% rate increase (\$82.32 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$742.68
Proposed Increase	\$82.32
2025 User Fee Rate	\$825.00
% Increase	11.15%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$71,570
Projected 2024 Surplus/(Deficit)	\$7,500
Budgeted Transfers to Operating Reserves	\$3,908
Budgeted Transfers from Operating Reserves	(\$31,000)
Ending Uncommitted Balance	\$51,978

- This option increases annual user fee rates to help build the operating reserve level following the recommended 2025 project that will be drawing down on reserve balances.
- Staff are confident that given the anticipated 2024 operating surplus and existing operating reserve levels, an increase in user fees for 2025 is not necessary at this time.

Financial Implications

This option will result in adequate user fee revenue in 2025 to fund anticipated operating budget expenditures. It is expected that approximately \$978 will need be supplemented by the Operating Reserve. Detailed review(s) of operating revenue/expenditures are performed annually, and future rate increases may be required to remain financially sustainable.

Communications Strategy

Information regarding rate changes and funding has been communicated via print advertising, social media, and will be included on utility invoices and posted on the Sunshine Coast Regional District (SCRD) website within the ‘Let’s Talk’ pages.

STRATEGIC PLAN AND RELATED POLICIES

The rates presented are consistent with the Board’s Financial Sustainability policy.

CONCLUSION

The SCRD is responsible for the operation and maintenance of the Curran Road wastewater facility and the establishment of a sustainable funding model for the service area.

The current user fee rate for Curran Road is adequate to fund 2025 operating budget expenditures and staff recommend that the user fee at Curran Road does not increase for 2025.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X - R. Rosenboom	Legislative	
CAO / CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Shane Walkey, Manager, Utility Services
Bobby Rebner, Utility Business Coordinator

SUBJECT: **PAINTED BOAT [394] WASTEWATER 2025 USER FEE REVIEW**

RECOMMENDATIONS

- 1) **THAT** the report titled **Painted Boat [394] Wastewater 2025 User Fee Review** be received for information;
 - 2) **AND THAT** the *Sewage Treatment Facilities Service Unit Bylaw No. 644, (Schedule A)* be amended to increase the Painted Boat Service Area User Fees to the following for 2025:
 - Painted Boat Residential User Fee: \$650.00**
 - Painted Boat Spa User Fee: \$1,360.50**
 - Painted Boat Restaurant User Fee: \$2,766.36**
 - 3) **AND FURTHER THAT** the 2025-2029 Draft Financial Plan be amended accordingly.
-

BACKGROUND

The Painted Boat Service Area (Painted Boat) consists of 33 billable users, including 31 residential units and two commercial user accounts. The current rate per single family dwelling for 2024 is \$586.13. The current user rates for the Painted Boat Spa and Painted Boat Restaurant are \$1,226.78 and \$2,494.46 respectively.

An amendment to *Sewage Treatment Facilities Service Unit Bylaw No. 644, (Schedule A)* is required to be adopted prior to January 1, 2025 in order to meet the legislated timelines for adoption of the Financial Plan Bylaw, the Parcel Tax Roll review process, and the associated billing.

The purpose of this report is to discuss the current financial sustainability of the Painted Boat Wastewater Service Area operations, and to recommend 2025 user fee rate increases which align with the funding requirements of the service.

DISCUSSION

In the Painted Boat Wastewater Service Area, user fees are intended to fund operational expenditures (ongoing costs of running the service) and frontage fees are intended to fund capital expenditures (acquiring or maintaining fixed assets). The Board's Financial Sustainability Policy reflects this funding alignment.

Historical Rates - rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
User Fee	\$577.47	\$586.13	\$586.13	\$586.13	\$650.00
Total \$ Increase		\$8.66	\$0.00	\$0.00	\$63.87
Total % Increase		1.50%	0.00%	0.00%	10.90%

**Recommended for 2025*

Note: There are two other user rate ‘types’ within the Painted Boat Wastewater Service Area which are rates levied on the Painted Boat Spa and Painted Boat Restaurant. For simplicity, only the residential rates have been identified in the table above.

Options and Analysis

A thorough analysis of the Painted Boat operating budget was performed in Q4 2024, and the service area is operating within existing operating budget allowances for the year. This year’s anticipated operating budget surplus is primarily attributed to lower-than-expected expenditures related to salaries/wages, as well as other operating and maintenance expenses. Annual operating spending variances are common and although a surplus is projected for 2024, future year surpluses or deficits are uncertain. Staff perform a detailed review of operating revenue/expenditures annually and any requirements to adjust rates (i.e., increases or decreases) will be presented, as required, in future years.

Due to increases in support services as well as inflationary increases in other spending, there is a budgeted deficit within the operating budget anticipated in 2025.

As part of the 2025 budget proposal process, staff are recommending an increase to the base operating budget for the Painted Boat service area to address increases in spending related to ultraviolet disinfection bulbs and other materials and supplies related to the treatment system.

The following amount has been incorporated into the 2025 user rate requirements and operating reserve analysis outlined in this report.

- Base Budget Increase – Materials and Supplies \$2,000

Based on the anticipated needs for the operating budget requirements for 2025 (i.e., increases in salaries and wages, support services, etc.), and considering existing operating reserve balances, the following rate options for Painted Boat are presented. Option 1 is being recommended by staff.

Option 1 - 10.90% rate increase (\$63.87 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$586.13
Proposed Increase	\$63.87
2024 User Fee Rate	\$650.00
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$78,494
Projected 2024 Surplus/(Deficit)	\$500
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	\$0
Ending Uncommitted Balance	\$78,994

Note: This rate increase also includes a 10.90% increase to the user rates for the Painted Boat Spa and the Painted Boat Restaurant for 2025, \$1,360.50 and \$2,766.36 respectively.

Staff recommend this option for the following reasons:

- This option addresses anticipated increases in base operating budget expenditures and continues to support the Sunshine Coast Regional District's (SCRD's) Financial Sustainability Policy by funding operational expenditures with user fee revenue.
- Maintains operating reserve levels, which improves the financial capacity to respond to emergency situations, feasibility studies and/or other operating related one-time projects.

Option 2 – 0.00% rate increase (\$0.00 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$586.13
Proposed Increase	\$0.00
2024 User Fee Rate	\$586.13
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$78,494
Projected 2024 Surplus/(Deficit)	\$500
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	(\$2,798)
Ending Uncommitted Balance	\$76,196

Staff do not recommend this option for the following reasons:

- This option does not support the SCR D's Financial Sustainability Policy of balancing the funding of operational expenditures with user fee revenue and results in underfunding the operating budget, resulting in a budgeted deficit.

- This option would result in an annual budgeted drawdown of the operating reserve, decreasing the capacity to fund unanticipated variances within the operating budget in the future

Financial Implications

By addressing anticipated increases in operating budget spending proactively, it will ensure that funding is in place to support operations and maintenance requirements in 2025. This will help reduce the risks associated with operating budget deficits and undesirable drawdowns of operating reserves.

Communications Strategy

Information regarding rate changes and funding has been communicated via print advertising, social media, and will be included on utility invoices and posted on the SCRD website within the 'Let's Talk' pages.

STRATEGIC PLAN AND RELATED POLICIES

The rates presented are consistent with the Board's Financial Sustainability policy.

CONCLUSION

The SCRD is responsible for the operation and maintenance of the Painted Boat wastewater facility and the establishment of a sustainable funding model for the service area.

The current user fee rates for Painted Boat do not provide sufficient revenue to meet the annual operations and maintenance budget obligations within the service area anticipated for 2025. It is therefore recommended to increase the user fee rates for residential, and the spa and restaurant at Painted Boat to \$650.00, \$1,360.50, and \$2,766.36 respectively. This represents an increase of 10.90% from the 2024 user fees for all customer types within the service area.

Reviewed by:			
Manager		Finance	X- A. Taylor
GM	X – R. Rosenboom	Legislative	
CAO / CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Kyle Doyle, Manager, Asset Management
Shane Walkey, Manager, Utility Services

SUBJECT: SAKINAW RIDGE [395] WASTEWATER FRONTAGE FEES

RECOMMENDATION(S)

- (1) THAT the report titled Sakinaw Ridge [395] Wastewater Frontage Fees be received for information;**
 - (2) AND THAT Sakinaw Ridge Community Sewage Treatment System Fees and Charges Bylaw No. 714 (Schedule A) be amended to increase Frontage Fees by 2%, resulting in a 2025 Frontage Fee of \$879.42;**
 - (3) AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

In 2022, a report titled “Sakinaw Ridge [395] Wastewater Capital Plan Update” was received. The report recommended that Sakinaw Ridge wastewater service Frontage Fees increase by 2% for 2023. The Frontage Fees for 2024 were similar to those approved for 2023. At the time, Frontage Fees offset User Fees to cover operational costs. Reflecting the high cost of service for the residents in Sakinaw Ridge, the following SCRD Board resolution was adopted on Dec 9, 2022, and further amended by SCRD Board resolution 369/22 on Dec 15, 2022:

369/22 Recommendation No. 8 Sakinaw Ridge [395] Wastewater Capital Plan Update

THAT the report titled Sakinaw Ridge [395] Wastewater Capital Plan Update be received for information;

AND THAT the Sewage Treatment Facilities Service Unit Bylaw No. 428 (Schedule B) be amended to increase the Frontage Fee for the Sakinaw Wastewater Service by 2%, resulting in a 2024 Frontage Fee of \$862.18;

AND FURTHER THAT the 2023-2027 Draft Financial Plan be amended accordingly.

Frontage Fees for Sakinaw Ridge between 2020 and 2024 have increased from \$418.20 to \$862.18.

The purpose of this report is to provide an update on the Capital Plan for the Sakinaw Ridge Wastewater Service.

DISCUSSION

Sakinaw Ridge wastewater service has 29 participating properties that contribute to capital expenses. The current estimated cost to replace the infrastructure for this wastewater service is approximately \$3,100,000. This service is not fully built out, there are only 13 users for a wastewater system designed to accommodate 29 properties. This has resulted in a scenario where funding operational costs solely through User Fees would result in exorbitant rates for residents. As such a portion of Frontage Fees are currently used to fund operating expenses.

A typical sustainable rate structure leverages investment returns from reserve funds to offset the capital costs to the residents. Increasing the annual revenue in the lead up to infrastructure replacement will mitigate the frontage fee increase necessary to meet future debt servicing obligations.

Historical Rates - Rates and annual increases are as follows:

	2021	2022	2023	2024	*2025
Frontage Fee	\$845.27	\$845.27	\$862.18	\$862.18	\$879.42
Total \$ Increase		\$0.00	\$16.91	\$0.00	\$17.24
Total % Increase		0.00%	2.00%	0.00%	2.00%

**Recommended for 2025*

Options and Analysis

Until there are more developed properties in this service area, a portion of the Frontage Fees will continue to offset high operating costs. There are proposed developments in the service area that may increase future Frontage fee revenue. The User Fee review for this service has indicated that a reduction in the base budget is appropriate for this service. This will result in a smaller portion of Frontage Fee revenue subsidizing operations.

The Table below illustrates the impact that the proposed frontage fee will have on the Capital Reserve.

Fee Summary	Frontage Fee
Current Frontage Fee Rate (2024)	\$862.18
Proposed Increase	\$17.24
2025 Frontage Fee Rate	\$879.42
% Increase	2%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$58,754
Budgeted Transfers to Capital Reserves	\$10,527
Budgeted Transfers from Capital Reserves	\$0
Ending Uncommitted Balance	\$69,281

Organizational and Intergovernmental Implications

Compliance with effluent discharge permit requirements is met by ensuring the infrastructure is in good working order.

The SCRCD is bound by responsibilities established by the Local Government Act:

“purposes of a regional district include... (c) providing for stewardship of the public assets of its community”

Providing for the stewardship of public assets includes planning for and funding the maintenance, repair, and eventual replacement of such assets. Taking steps towards establishing a sustainable funding model for the replacement of capital assets for wastewater services aligns with the purposes of a Regional District.

Financial Implications

Proactively building a Capital Reserve will minimize the impact of future infrastructure costs and mitigate future debt servicing costs.

Timeline for next steps or estimated completion date

Ongoing monitoring of the condition and performance of the treatment system will inform the next steps. Since the initial service review in 2019 the Board has received annual updates of the financial modelling for capital infrastructure at wastewater services. Depending on the option selected above it is possible to extend the time between updates for this service until the operational projects are completed or an emerging development occurs. If approval is received to amend frontage fees, the appropriate bylaw amendments will be drafted and presented to the December 12, 2024, Regular Board Meeting.

Funding opportunities for design and construction of the eventual treatment system replacement will continue to be sought.

Communications Strategy

Staff have worked to establish an online presence for each wastewater service at letstalk.scrd.ca – this will be the primary point of contact for these wastewater participants. This will be communicated on utility billing literature and through typical social media channels.

STRATEGIC PLAN AND RELATED POLICIES

Capital Planning is a pillar of a healthy Asset Management practice and is supported by the SCRCD’s Asset Management policy as well as the Financial Sustainability Policy. Efforts to mitigate foreseeable debt are supported by the SCRCD’s Debt Management Policy.

CONCLUSION

The Sakinaw Ridge Wastewater Service has an infrastructure funding deficit and is facing significant infrastructure costs in the next 20 years. Adjustments to the revenues that contribute to Capital Reserves can mitigate projected debt obligations necessary to replace critical infrastructure. Staff recommend that the 2025 Frontage Fees be increased by 2% from 2024 rates resulting in a 2025 Frontage Fee of \$879.42.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X - R. Rosenboom	Legislative	
CAO/CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Marc Sole, Manager, Solid Waste Services

SUBJECT: 2025 REFUSE COLLECTION [355] FEE REVIEW

RECOMMENDATIONS

- 1) **THAT the report titled 2025 Refuse Collection [355] Fee Review be received for information;**
 - 2) **AND THAT Schedule A of *Sunshine Coast Regional District Waste Collection Bylaw No. 431* be amended to increase waste collection fees by 5.71% for 2025 and the cost of a replacement Food Waste Can to \$72 per can;**
 - 3) **AND THAT the 2025 projected operating shortfall be funded by Refuse Collection [355] Operating Reserves in the amount of \$70,905;**
 - 4) **AND FURTHER THAT the 2025-2029 Financial Plan be updated accordingly.**
-

BACKGROUND

The garbage and organic curbside collection services are both funded from fees collected under *Sunshine Coast Regional District Waste Collection Bylaw No. 431*.

There were no rate increases proposed for 2024 as an analysis determined that the existing rate was sufficient to fund the service through the remainder of the prior curbside garbage collection contract, which expired on May 31, 2024. The Sunshine Coast Regional District (SCRD) entered into a new curbside collection agreement in Q3, 2024, which contained higher collection fees than the previous contract. The financial implications of the new curbside collection contract need to be considered in the rate structure of this service.

The purpose of this report is to present an analysis and make recommendations to the Refuse Collection Service [355] rates for 2025.

DISCUSSION

An analysis of projected service costs for 2025 has been done in preparation for establishing rates for the coming year. Refuse collection rates are set based on the revenue required to fund the service level and contract values approved by the Board. Any surplus is transferred to operating reserves, and conversely, operating reserves can be used to stabilize or smooth out rate increases if sufficient funds exist.

A review of the proposed 2025 budget determined that the existing rates may not be sufficient to fund the service at this time. There is also a projected uncommitted operating reserve balance of \$402,871 in 2024.

Therefore, it is recommended that the rates for 2025 be increased by 5.71%, with operating reserves funding a shortfall of \$70,905 in 2025. A further rate increase in 2026 will be required to fully fund the service without incurring a shortfall. Using operating reserves in 2025 allows for the increased costs to deliver this service to be spread over a two-year period. If operating reserves are not used to buffer the increased costs of this service, a rate increase of \$22.97 or 11.41% would be required. The proposed rates for 2025 are as follows:

<u>Annual Collection Fee</u>	<u>2024</u>	<u>2025</u>
Single Family Residential Dwelling Unit	\$201.26	\$212.75
Mobile Home in Mobile Home Park	\$169.67	\$181.16
Rate stabilization from operating reserves	\$0	\$70,905

A further financial analysis will be conducted in advance of the 2026 budget process to confirm the rate options for 2026, including using a portion of the operating reserve for rate stabilization.

An additional increase to the cost of a Food Waste Can (“Green Bin”) is also proposed to ensure cost recovery for each replacement container sold. The current replacement cost per can is \$72. However, the bylaw only allows us to charge \$40 per can. It is proposed that this fee be increased to \$72 to recover the cost of each replacement container sold.

Timelines for next steps

If approval is received to increase the rates, an amendment to *Sunshine Coast Regional District Waste Collection Bylaw No. 431* will be presented for the Boards consideration at the December 12, 2024, Board meeting. The 2025-2029 Financial Plan will also be updated accordingly.

Communications Strategy

User Fees will be communicated as part of the 2025 budget and utility rates communications plan. Service participants will have the opportunity to engage with the SCR D during the public budget engagement process. There will also be information included with utility bills when distributed.

STRATEGIC PLAN AND RELATED POLICIES

The rates presented are consistent with the Board’s Financial Sustainability policy.

CONCLUSION

The refuse collection rates are insufficient to fund the service in 2025. Therefore, it is recommended that the refuse collection rates be increased by 5.71% in 2025 and that operating reserves be used to fund the projected shortfall of \$70,905.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X - R. Rosenboom	Legislative	
CAO/CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024
AUTHOR: Marc Sole, Manager, Solid Waste Services
SUBJECT: SOLID WASTE FACILITIES TIPPING FEES REVIEW

RECOMMENDATIONS

- (1) THAT the report titled Solid Waste Facilities Tipping Fees Review be received for information;**
 - (2) AND THAT the tipping fee for Municipal Solid Waste be increased from \$150 to \$165 per tonne in 2025, \$180 per tonne in 2026, and \$195 per tonne in 2027;**
 - (3) AND THAT the tipping fee for Cardboard be increased from \$285 to \$385 per tonne;**
 - (4) AND THAT the tipping fee for Scrap Metal be increased from \$150 to \$170 per tonne in 2025, \$190 per tonne in 2026, and \$210 per tonne in 2027;**
 - (5) AND THAT the tipping fee for Dry Mattresses or Boxsprings be increased from \$25 to \$30 per unit;**
 - (6) AND THAT the tipping fee for Crib Mattresses be increased from \$5 to \$10 per unit;**
 - (7) AND FURTHER THAT these tipping fees be incorporated into a future amendment of *Sunshine Coast Regional District Sanitary Landfill Site Bylaw No. 405*.**
-

BACKGROUND

The Sunshine Coast Regional District (SCRD) manages the Sechelt Landfill and Pender Harbour Transfer Station, where materials are collected for recycling or burial. The current Municipal Solid Waste (MSW) tipping fee at the Sechelt Landfill is \$150 per tonne, which has not been increased since September 2013. Rising costs over the past eleven years, particularly for cover material and landfill operations, have been funded through taxation. To ease the taxation burden and support future solid waste initiatives, staff propose a schedule for increasing the MSW tipping fee, moving towards a user fee cost recovery model.

At both disposal sites, cardboard, scrap metal, and mattresses are accepted for diversion. Cardboard is collected in a lidded 40-yard container and primarily serves commercial businesses that cannot access recycling depots. Once full, a contractor transports the cardboard off-coast for recycling. Scrap metal is also collected in designated 40-yard containers, with a contractor compacting and transporting the metal to a recycler in Vancouver. At Pender Harbour Transfer Station, customers stack mattresses in a 40-yard container, which

is later transported to Sechelt Landfill for reloading into a 53-foot trailer. SCRD staff manage the loading of the trailer, and once full, it is sent to a recycling plant in the Lower Mainland.

The purpose of this report is to present the results of a tipping fee analysis for MSW, cardboard, metal, and mattresses, and provide recommendations for increased tipping fees in *SCRD Sanitary Landfill Site Bylaw No. 405*.

DISCUSSION

Each material type has its own complexities that need consideration to make a fulsome analysis.

Tipping Fee Review of MSW

The MSW tipping fee serves as the main funding source for landfill operations, covering overhead costs, subsidies for diversion programs that aren't fully funded, and direct operational expenses. A review of recent contracts related to landfill operations revealed funding shortfalls that have required support through taxation. Increasing the MSW tipping fee could potentially reduce reliance on taxation for these services in future years. Table 1 presents the taxation required to support the operations of the Sechelt Landfill in 2025.

Table 1 - 2025 budget funded through taxation for Sechelt Landfill operations

	Required 2025 taxation
Sechelt Landfill Site Operations	\$460, 975
Sechelt Landfill cover and aggregate materials	\$151,200
Total	\$612,175

The average MSW received at the Sechelt Landfill over the past three years is 12,595 tonnes. To fully recover the costs of tax-funded landfill operations through user fees, an increase of \$46 per tonne would be necessary. Staff suggest a phased approach to increase the MSW tipping fee over three years to reduce the impact on the community. Table 2 includes the proposed fee schedule for the upcoming three years.

Table 2 - Proposed tipping fee schedule for MSW

	2024 (Current Tip Fee)	2025	2026	2027
Proposed Tipping Fee Increases	\$150	\$165	\$180	\$195

Tipping Fee Review of Scrap Metal

Revenues from the metal recycler and the large appliance stewardship program (Major Appliance Recycling Round table; MARR) must be considered in a review of scrap metal tipping fees. An analysis of 2023 expenses and revenues revealed that taxation funded \$60,540 in direct costs, with 844 tonnes collected. To fully fund this service through user fees, a \$61 per tonne increase in tipping fees is needed. To minimize the impact on stakeholders, staff

recommend a gradual adjustment to the tipping fee schedule over the next three years as follows.

Table 3 - Proposed Tipping Fee Schedule for Scrap Metal

	2024 (Current Tip Fee)	2025	2026	2027
Proposed Tipping Fee Increases	\$150	\$170	\$190	\$210

Tipping Fee Review of Mattresses and Cardboard

Direct costs for managing cardboard include expenses related to containers, hauling, and processing. Due to cardboard’s lightweight nature, the cost per tonne to recycle it is relatively high. A summary of current tipping fees and the projected direct costs for 2025 at each site is provided in Table 4. To promote diversion, full cost recovery is not recommended; however, a \$100 per tonne increase would help shift some of the costs to the users of this service.

Similarly, direct costs for mattresses encompass containers, hauling, and processing. In 2024, the mattress recycling contractor based in Delta was acquired by another recycler located in Hope. This change has resulted in increased direct costs due to the new contractor's pricing structure and additional transportation charges. The current contractor is the only facility in BC that recycles mattresses. A summary of current tipping fees and 2025 direct costs at each site is also included in Table 4. While full cost recovery is not recommended to encourage diversion, a \$5 per unit increase would aid in recovering a greater portion of costs through user fees.

Table 4 – Current Tipping Fees Compared to Direct Costs for Mattresses and Cardboard

Material Category	Current Tipping Fee	Estimated Direct Costs		Unit of Measure	Types of Direct Costs Incurred
		Pender Harbour Transfer Station	Sechelt Landfill		
Cardboard	\$285	\$1,752	\$455	Per tonne	Containers, hauling and processing
Mattress or Boxspring - Dry	\$25	\$65	\$43	Per unit	Containers, hauling and processing
Crib Mattress	\$5	\$30	\$19	Per Unit	Containers, hauling and processing

Financial Implications

Tipping fees are intended to cover the direct costs of disposing or recycling specific materials. The proposed fees for these materials were carefully evaluated to maintain incentives for diversion while taking into account the operational costs at the Pender Harbour Transfer Station and Sechelt Landfill.

A summary of the proposed tipping fee compared to the current fee is provided in Table 5.

Table 5 – Proposed Changes to Tipping Fees to be Implemented in 2025

Material Category	Current Tipping Fee	Proposed Tipping Fee	Unit of Measure
MSW	\$150	\$165	Per Tonne
Cardboard	\$285	\$385	Per Tonne
Metal – Scrap	\$150	\$170	Per Tonne
Mattress or Boxspring – Dry	\$25	\$30	Per Unit
Crib Mattress	\$5	\$10	Per unit

Timeline for next steps

Based on the Finance Committee’s recommendations, staff will bring forward an amendment to Bylaw No. 405 to the SCRD Board. The timing of this amendment is anticipated for Q1, 2025.

Staff will undertake further financial analyses in preparation of the 2026 budget process and will present the proposed tipping fees for 2026 and 2027 at the 2025 Finance Committee meeting.

Communications Strategy

Staff will develop a communications plan based on the Board's recommendations and timelines. This plan will proactively inform the public about the changes to the tipping fees and their rationale through a news release, social media posts, the Coast Current newsletter, and local media. If the Board approves the proposed tipping fees for MSW and scrap metal, these new rates will be publicly communicated to inform residents and businesses of future increases in the coming years.

STRATEGIC PLAN AND RELATED POLICIES

This staff report is aligned with the Board’s Service Delivery Focus Area of Solid Waste Solutions: Enhance diversion and recycling programs and look for ways to reduce costs. This report is also in alignment with the SCRD’s 2011 Solid Waste Management Plan.

CONCLUSION

A review of tipping fees for materials collected at the SCRD’s solid waste facilities determined that a portion of the associated costs is currently funded by taxation. To address this, proposed increases to the tipping fees aim to transition to a user-pay model, shifting some of the financial burden from taxpayers to users of these services.

Reviewed by:			
Manager		Finance	
GM	X - R. Rosenboom	Legislative	
CAO/CFO	X - T. Perreault	Other	

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Brian Kennett, Chief Building Official

SUBJECT: BUILDING BYLAW NO. 687 AND PLUMBING BYLAW NO. 400 FEES UPDATE

RECOMMENDATIONS

- 1) **THAT the report titled Building Bylaw No. 687 and Plumbing Bylaw No. 400 Fees Update be received for information;**
 - 2) **AND THAT proposed fee updates to increase the fees prescribed in Schedules A and B of Building Bylaw No. 687, enclosed as Attachment A, be approved;**
 - 3) **AND THAT proposed fee updates to increase the fees prescribed in Schedule A of Plumbing Bylaw No. 400, enclosed as Attachment B, be approved;**
 - 4) **AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

Building Inspection Services are provided to all Electoral Areas within the Sunshine Coast Regional District (SCRD) and lands under the jurisdiction of the shíshálh Nation Government District (sNGD) via a service agreement. Services include issuing permits, conducting site inspections, monitoring construction and information sharing with both members of the public and other agencies for the purpose of regulating construction in the interest of the health and safety of the public.

The service is currently 100% funded by revenues generated from user fees. User fees are comprised of various permit and service fees prescribed in the fee schedules contained within the regulatory bylaws. These bylaws include *SCRD Building Bylaw No. 687* (Building Bylaw), *SCRD Plumbing Bylaw No. 400* (Plumbing Bylaw) and *sNGD Building Bylaw No. 2017.09*. The fees prescribed by both SCRD and sNGD bylaws are currently aligned, however the SCRD has no authority over sNGD bylaws.

As a component of the Building and Plumbing Bylaw renewal project, scheduled for completion in 2025, staff recently conducted and completed a user fee review. The purpose of this report is to discuss the findings of this review in conjunction with a brief financial overview and present a recommendation for a pre-emptive fee update to increase the fees for 2025 in advance of a new draft bylaw.

DISCUSSION

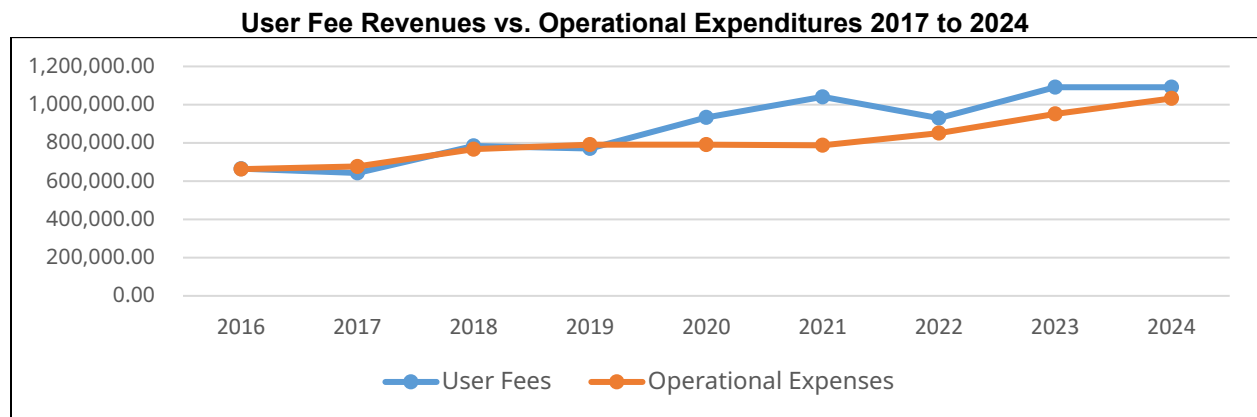
Financial Overview

Service Funding

Service delivery is currently explicitly funded by user fees revenues. Full cost recovery has been maintained since 2020 with subsidization from taxation having ceased after 2019. For the purpose of this report, the period from 2020 onwards is referred to as the “cost recovery period”.

User Fee Revenues vs. Operational Expenditures

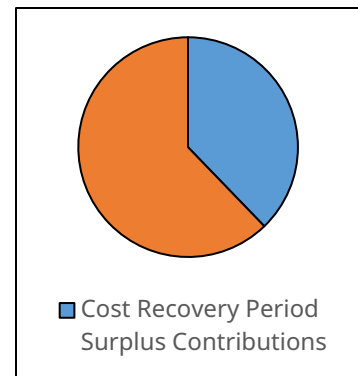
Yearly user fee revenues have increased 70% overall from \$642,757 in 2017 to \$1,091,598 in 2023. The highest rate of growth occurred through the beginning of the cost recovery period, after which time revenues dipped slightly and essentially leveled off. At time of this report, 2024 year to date user fees revenues are tracking to be equal or above those recorded in 2023.



Operational expenditures, inclusive of support services and wages, have increased 53% from \$676,414 in 2017 to \$951,595 in 2023. Inflation stalled through the first two years of the cost recovery period but has continued to rise since. At the time of this report, 2024 year to date expenditures revenues are forecast to exceed those recorded in 2023.

Operational Reserve Fund

The balance of the service’s operational reserve fund includes surplus revenues resulting from the combination of user fees and subsidization from taxation received prior to the cost recovery period. The balance of the reserve fund at the start of 2024 was \$1,645,189. Surplus user fee revenues during the cost recovery period totaled \$621,723 and account for approximately 38% of this balance. User fee revenues and expenditures in 2021 resulted in a \$240,124 surplus and the largest yearly reserve fund contribution on record.



Fee Review Findings:

Last Updates

The fees prescribed in both the SCRD Building and Plumbing Bylaws have remained unchanged for 10 years and 14 years respectively.

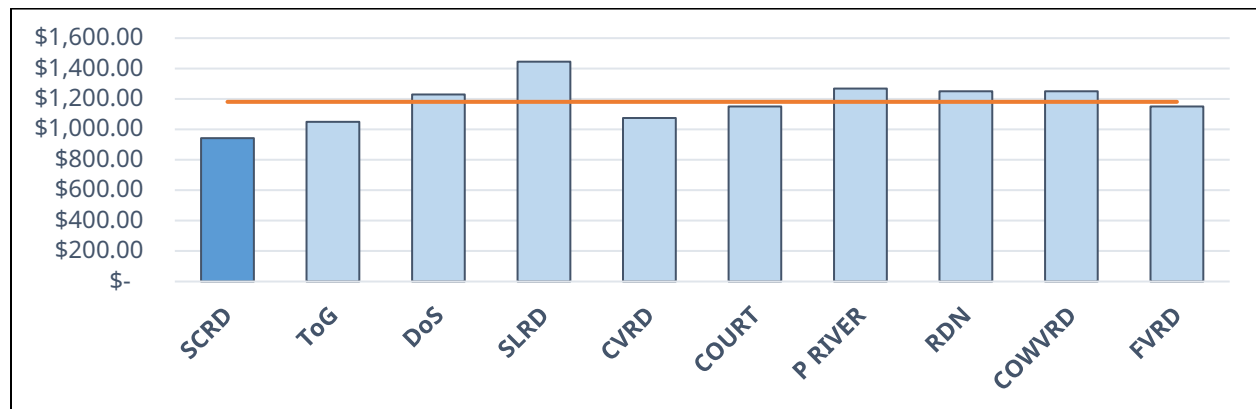
Comparison to Other Local Governments

SCRD user fees were compared to those charged by 9 comparable jurisdictions including: Town of Gibsons, District of Sechelt, Squamish Lillooet Regional District, Comox Valley Regional District, City of Courtenay, City of Powell River, Regional District of Nanaimo, Cowichan Valley Regional District, and Fraser Valley Regional District. Some but not all have recently updated their fees.

Data revealed that current SCRD user fees are below the average of the fees charged by the compared jurisdictions (the standard) to the extent of:

- 50% on average for lower value of construction permits (\$50,000 or less),
- 16% on average for medium to higher value of construction permits (\$50,001 to \$3,000,000), and
- over 100% for numerous flat permit and service fees.

As an example, the chart below depicts the current fees prescribed by all jurisdictions for a permit with a \$100,000 value of construction. The orange line represents the standard.



Fees vs. Costs

Through additional analysis, data confirmed that costs associated with processing, inspecting, and delivering lower value permits and flat fee services far exceed the revenues generated from the fees being charged. The resulting deficits are being offset by revenues from the high value of construction permit fees. In addition, recent changes to building regulations have introduced new requirements. Permit processing and administration costs, in the form of additional review time and added inspections, for medium to higher value of construction permits have increased as a result.

Fee Update Proposal Summary

A 16% average increase to medium to higher value of construction permit fees combined with varying higher percentage increases to lower value of construction permit, flat permit and service fees is proposed. Resulting fees to be equivalent or slightly higher than the average fees charged by comparable jurisdictions. Increases to application processing fees, applied as credits towards the total fees, are also included.

Examples of Current vs. Proposed Building Permit Fees.

As standard building permit fees are calculated according to the formula applicable to the value of construction, the table below provides examples of the current vs. proposed fees as calculated and the percentage change.

Standard Building Permit Fee Examples			
Value of Construction (Typical Project)	Current	Proposed	% Increase
\$1,000.00 - (minor repair)	\$85.00	\$150.00	76%
\$10,000.00.-.(small aux. building)	\$193.00	\$249.00	29%
\$50,000.00 - (aux. building / suite)	\$493.00	\$699.00	42%
\$100,000.00 - (alteration / addition)	\$943.00	\$1197.00	27%
\$350,000.00 - (1000 sqft. new ADU)_	\$3,193.00	\$3,687.00	15%
\$650,000.00 - (1850 sqft. new SFD)	\$5,893.00	\$6,675.00	13%
\$1,000,000.00 - (2850 sqft new SFD)	\$9,043.00	\$10,161.00	12%

Attachments A and B enclosed in this report outline all proposed changes to the standard building permit fee formulas, flat permit, application processing and service fees.

Staff recommend a fee increase for the following reasons:

- Inflation: Fees have not been updated to account for the inflationary costs associated with service delivery nor the 30% rise in the Consumer Price Index (CPI) since Building Bylaw adoption in 2014. Although standard building permit fees incorporate an inflationary component by referencing value of construction, the resulting fees calculated by current fee formulas are not universally proportional to the percentage increase in values of construction.
- Cost recovery: Lower value of construction permit, flat permit, service, and application processing fees currently do not promote cost recovery. Medium value of construction permit fees are trending in the same direction.
- Comparability: Current fees are lower than the standard being charged by comparable jurisdictions and do not promote regional consistency.
- Financial sustainability: to ensure that the service continues to be funded explicitly by user fee revenues and avoid future subsidization from the operational reserve fund, taxation or considerably higher fee increase proposals. Comparable regional district building inspection services have recorded consecutive drops in user fee revenues due to reduced permit activity over the past two years and have resorted to these alternate means of subsidization; some to the degree that they are close to depleting their reserve funds.

- Response to trends: The rate of growth in revenues during the beginning of the cost recovery period is unlikely to repeat. Various drivers were at play during this period, including low interest rates, strong real estate activity, abrupt increase in values of construction and other factors related to the pandemic.
- Impact to Affordability: With current standard building permit fees equaling roughly 0.9% of the value of construction, the proposed 16% on average increase will be negligible in terms of impacts to cost and affordability. The proposed increase would result in a less than 0.15% increase to the overall cost of construction.

Timeline for Next Steps

If approval is received, bylaw amendments will be drafted and presented to an upcoming Regular Board Meeting (proposed as December 12, 2024) for three readings and adoption with a proposed effective date of January 1. Upon adoption, permit applications and service requests received in the 2025 fiscal calendar year will be subject to the updated fees.

Communications Strategy

Information regarding an approved fees increase would be communicated to the public via social media, SCR D website, and bulletins posted at the Building Division counter at the Field Road office. Staff would also communicate outcomes directly with sNGD staff for awareness and in support of regional consistency.

STRATEGIC PLAN AND RELATED POLICIES

The proposed fee update aligns with the Board Financial Sustainability Policy and Development Approvals Process Review (DAPR) Recommendation #10B.

CONCLUSION

Building Inspection Services is one of the few SCR D services funded solely by user fees. The service is currently in a stable financial position, due largely in part to the abundance of construction activity over the past 5 years. Analysis has revealed that current user fees are below the comparable standard in other similar jurisdictions. Although user fees generated from permit activity are difficult to forecast, there are signs that indicate that recently recorded rates of growth in revenues are unlikely to be repeated any time soon. Based on this information, staff recommend a fee update proposal to increase user fees as a proactive approach to maintaining full cost recovery and financial sustainability.

Attachments:

- A – Proposed Fee Updates Bylaw No. 687 Schedules A and B
- B - Proposed Fee Updates Bylaw No. 400 Schedule A

Reviewed by:			
Manager	X – B. Kennett	Finance	X – B. Wing
GM	X – I. Hall	Legislative	
CAO/CFO	X - T. Perreault	Other	

ATTACHMENT A

Proposed Fee Updates Sunshine Coast Regional District Building Bylaw No. 687 Schedule A Application Processing Fees

Section	Fee	Existing	Proposed
A.1.(1) a) to c)	The non-refundable application processing fee for a permit to construct		
	Any works requiring a permit under this bylaw with a value of building construction as determined by the Building Official	of \$30,000 or less \$80.00	of \$41,000 or less \$150.00
	Any works requiring a permit under this bylaw with a value of building construction as determined by the Building Official	of \$30,000 to \$200,000 \$300.00	of more than \$41,000 shall be 25% of the estimated permit fee required pursuant to Schedule B
	of more than \$200,000 \$750.00		

ATTACHMENT A

Proposed Fee Updates Sunshine Coast Regional District Building Bylaw No. 687 Schedule B

Building Permit Fees			
Section	Fee	Existing	Proposed
B.1.(1) a)	For standard buildings except those referenced in B.1.(1)(b)		
	\$0.00 to \$1,000.00	\$85.00	\$150.00
	\$1,001.00 to \$10,000.00	\$85.00 plus \$12.00 per \$1,000.00 or part thereof exceeding the first \$1,000.00	\$150.00 plus \$11.00 per \$1,000.00 or part thereof exceeding the first \$1,000.00
	\$10,001.00 to \$50,000.00	\$193.00 plus \$7.50 per \$1,000.00 or part thereof exceeding the first \$10,000.00	\$249.00 plus \$11.25 per \$1,000.00 or part thereof exceeding the first \$10,000.00
	\$50,001.00 to \$3,000,000.00	\$493.00 plus \$9.00 per \$1,000.00 or part thereof exceeding the first \$50,000.00	\$699.00 plus \$9.96 per \$1,000.00 or part thereof exceeding the first \$50,000.00
	\$3,000,001.00 to \$10,000,000.00	\$27,043 plus \$5.50 per \$1,000.00 or part thereof exceeding the first \$3,000,000.00	\$30,081.00 plus \$7.00 per \$1,000.00 or part thereof exceeding the first \$3,000,000.00
	\$10,000,001.00 and greater	\$65,543 plus \$5.50 per \$1,000.00 or part thereof exceeding the first \$10,000,000.00	\$79,089 plus \$7.00 per \$1,000.00 or part thereof exceeding the first \$10,000,000.00
B.1.(1) b)	For Multi Family Residential, Industrial, Commercial, Office Buildings, Assembly and Institutional Buildings	add to fees in B.1.(1) a) \$3.25 per \$1,000.00	add to fees in B.1.(1) a) \$2.18 per \$1,000.00
B.1.(2)	Chimney / Wood Burning Appliance Permit Fees	\$50.00	\$85.00
B.1.(3)	Subsoil drainage installation for standard buildings	\$60.00	\$125.00
B.1.(4)	Building Design Modification Administration Fee - Plan review rate per hour	\$70.00	\$150.00

B.1.(5)	Extension of a building permit when required	original permit value of less than \$30,000 \$50.00	original permit value of less than \$30,000 \$100.00
		original permit value of \$30,000 or more and less than \$200,000 \$150.00	original permit value of \$30,000 or more and less than \$200,000 \$250.00
		original permit value of \$200,000 or more \$250.00	original permit value of \$200,000 or more \$500.00
B.1.(8)	Demolition Permit Fee	\$150.00	\$300.00
B.1.(11)	For each special inspection during normal working hours (non-refundable)	\$150.00	\$250.00
B.1.(12)	Re-inspection Fee - Where it has been determined by the building inspection that due to Non compliance with the provisions of this bylaw or the British Columbia Building Code more than two (2) inspections are necessary - for each type of inspection in accordance with Section 16.4 after the second inspection	\$50.00	\$250.00
B.1.(13)	Microfilming of Records Fee - To assist in the cost of preparing efficient permanent construction plans and permit records – per document sheet	\$2.00 (per sheet)	\$2.50 (per sheet)
B.1.(14)	Removal of Notice on Title Fee	\$100.00	\$1000.00
B.1.(16)	Alternative Solutions - An alternative solution presented by an owner or his consultant must be submitted in the form prescribed by the Building Official and subject to an application fee, including initial review	\$200.00 plus \$100.00/hr for any review time in excess of two hours	\$1000.00 plus \$100.00/hr for any review time in excess of two hours
B.1.(17)	To complete a title search	\$20.00	\$50.00

ATTACHMENT B

Proposed Fee Updates Sunshine Coast Regional District Plumbing Bylaw No. 400 Schedule A Plumbing Permit Fees and Inspection Service Charges

Plumbing Fees			
Section	Fee	Existing	Proposed
1. (i), (ii), (iv)	<u>Fixtures</u> For the purpose of this calculation in addition to the more common plumbing fixtures, hot water storage tanks, automatic washers, built in dishwashers, rod drains and floor drains shall be included as fixtures and be charged at the following rates	The minimum fee for a plumbing permit shall be \$50.00	The minimum fee for a plumbing permit shall be \$75.00
		The permit fee for each fixture shall be 18.33 per fixture or a maximum of 12 shall be \$220.00	The permit fee for each fixture shall be 20.83 per fixture or a maximum of 12 shall be \$250.00
		The permit fee for each fixture over twenty-five (25) shall be \$8.00	The permit fee for each fixture over twenty-five (25) shall be \$12.00
2. (i), (ii)	<u>Water Service</u> The permit fee for each water service shall be	Up to two (2) inches in diameter \$40.00	Up to two (2) inches in diameter \$55.00
		Over two (2) inches in diameter \$50.00	Over two (2) inches in diameter \$65.00
4. (i), (iv)	<u>Fire Sprinklers</u> Each floor level of a building shall be considered as being a separate installation for the purpose of determining fees. The permit fee for each sprinkler system shall be as follows	A minimum fee for each system up to a maximum ten (10) sprinkler heads \$50.00	A minimum fee for each system up to a maximum ten (10) sprinkler heads \$75.00
		Each added zone \$50.00	Each added zone \$75.00
6.	<u>Backflow Prevention Device</u> The permit fee for each backflow prevention device shall be	\$15.00	\$45.00
7.	<u>Internal Roof Leaders</u> The permit fee for the installation or alteration of rain water leaders or roof drains per leader or roof drain shall be	\$15.00	\$45.00

8. (i)	<u>Storm Water Drainage</u> The permit fee for the installation of a storm water drainage system shall be	For single and two family dwelling \$50.00	For single and two family dwelling \$60.00
11.	<u>Fire Fighting Supply</u> The permit fee for each siamese connection, hose station or hose cabinet used for firefighting shall be	\$40.00	\$60.00
Service Charges			
1.	<u>Special Inspection Fee</u> For special arrangements or to check condition of a plumbing system the fee shall be	\$50.00	\$250.00
2.	<u>Re-Inspection Fee</u> In every case where, due to non-compliance with the British Columbia Plumbing Code or provisions of this Bylaw, more than two inspections are necessary, the fee for each inspection after the second inspection shall be	\$50.00	\$250.00
3.	<u>Permit Extension Fee</u> For the extension of a plumbing permit when required an additional fee shall be paid of twenty percent (20%) to the nearest dollar of the original permit fee to a maximum of	\$50.00	\$75.00
Application Processing Fee			
1.	The application processing fee for a permit application to construct a plumbing system with a permit value of more than \$50.00 shall be	\$50.00	\$75.00

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Kevin Jones, Assistant Manager, Planning and Development

SUBJECT: BYLAW NO. 522 - PROPOSED PLANNING FEE AMENDMENTS 2024

RECOMMENDATION(S)

- (1) **THAT the report titled Bylaw No. 522 – Proposed Planning Fee Amendments 2024 be received for information;**
 - (2) **AND THAT staff be directed to bring forward an amendment to *Planning & Development Procedures and Fees Bylaw No. 522* with updates to Schedule B (Fee Schedule) as proposed in this report, to come into effect January 1, 2025;**
 - (3) **AND FURTHER THAT staff be directed to continue to implement recommendations contained in the *Development Approvals Process Review* to develop a full cost recovery program for planning and development fees and charges.**
-

BACKGROUND

Bylaw 522, which governs planning fees and charges, was last updated January 1, 2023. The bylaw aims to achieve full cost recovery for planning services, though this objective has not yet been fully realized. The proposed amendment seeks to bring the current fees closer to this goal, pending a more comprehensive review and revision of the bylaw, which is scheduled for 2025.

At the July 27, 2023 Board meeting, several key motions were passed regarding the *Development Approvals Process Review (DAPR) Final Report*. Among the recommendations, the Board resolved to:

- THAT the report titled *Development Approvals Process Review (DAPR) Final Report* be received for information;
- AND THAT the DAPR Final Report be accepted and endorsed to guide enhancements to the SCRD's development approval process;
- AND THAT implementation of the DAPR Final Report recommendations be considered as part of the 2024 budget process.

The DAPR report highlighted that “the SCRD’s existing development application fees do not recoup the current cost of processing applications” and included the recommendation to “supplement in-house resources” by reviewing and updating the current fees bylaw to support a full cost-recovery model for development applications.

DISCUSSION

Analysis

The proposed changes to Schedule B fees aim to better align development application fees with the actual work effort involved, while simplifying the administration of fees and charges.

Development Permit Fees

The Development Permit category has been redefined to reflect the complexity and effort required for staff-issued versus Board-issued permits. Form and character permit fees have been streamlined, removing incremental charges that did not reflect actual work effort.

Development Variance Permit Fees

The structure for Development Variance Permits has been simplified, combining categories and removing unnecessary fees. The new system proposes a base fee of \$3,250 with an incremental cost of \$300 for each additional variance, streamlining the process while ensuring accurate cost recovery.

Tree Cutting Permits

Tree Cutting Permits are now in their own section, with a base fee of \$200 and an additional charge of \$25 for each tree beyond 10. This ensures that larger-scale applications are appropriately priced.

Subdivision Fees

A key change to subdivision fees is the differentiation between subdivisions of up to three lots and those creating three or more. Subdivisions requiring park dedication or cash in lieu will incur additional review time, with a base fee of \$5,000 plus \$1,000 for each additional lot after two. Other changes include new fees for Lot Line Adjustments and Subdivision Condition Amendments.

Bylaw Amendments

OCP and zoning bylaw amendments have been consolidated into a single category, with a proposed base fee of \$10,000 for individual amendments and \$15,000 for joint OCP and zoning amendments. When a public hearing is required a \$1,500 fee will apply. This streamlines the process and ensures efficient handling of complex applications.

Other Adjustments

Several outdated fees, such as those for Land Use Contracts and Local Board of Health Variances, have been removed. Amendments to existing permits will be charged 50% of the original fee, better aligning to the actual cost of providing this service.

Refunds

Refunds for applications that are withdrawn or do not proceed have been updated to reflect covering approximate percentage of costs incurred at the point the application was terminated.

Official Community Plans

The SCRD's Official Community Plans (OCPs) establish the vision, goals, objectives, and policies that guide community planning and development. In recent years, the Sunshine Coast has experienced significant growth and development alongside evolving regulatory requirements and the increasing impacts of climate change. Many areas within the SCRD are designated as multiple Development Permit Areas (DPAs), which adds complexity and demands additional time and resources for application reviews. To ensure appropriate cost recovery for applying the policies and regulations set out in the OCPs, the planning and development fees outlined in Bylaw No. 522 must be regularly reviewed and updated.

Organization and Intergovernmental Implications

In alignment with Section 462 of the *Local Government Act*, planning fees must not exceed the estimated average cost of providing services. Staff have conducted an analysis of current workflows, processing times, and costs associated with various application types.

Financial Implication

The proposed fee changes are expected to impact revenue. The current 2024 budgeted revenue is \$200,486, while actual revenue to date, as of October, is \$222,600. The estimated annual revenue with the new fees is \$390,000 based on current conservatively-estimated trends, reflecting a projected two-thirds cost recovery. The estimated annual cost for administering these applications is \$603,000, covering the full cost of various planning staff roles, including planning technicians, planners, and management. These estimates are based on planning staff hours for application processing, only, and have not been expanded to include other related functions involved with running a development planning service (such as fleet vehicle use, software, professional accreditation, etc.) that would be contemplated as part of a full cost recovery model.

As the fee revisions shift more revenue reliance onto user fees rather than tax requisition, there is increased risk of fluctuation in revenue from year to year, which could vary based on application volumes. To mitigate this risk, applicable planning reserves will need to be carefully reviewed to ensure they are sufficient to address any unanticipated fluctuations in revenue. The proposed fee adjustments aim to take a second step, following the 2023 update, towards cost recovery while continuing to support efficient service delivery. A proposed 2025 review will aim to align with full cost recovery of development planning services, including considering appropriate reserve fund policies and actioning DAPR implementation items.

Timeline for next steps or estimated completion date

Subject to Board approval, staff will introduce amendments to Bylaw No. 522 by December 2024, with the proposed changes scheduled to take effect on January 1, 2025. These amendments are part of a broader strategy to ensure that development fees more accurately reflect the actual costs of providing planning services, reducing the need for SCRD taxation to subsidize development activities.

In alignment with Recommendation 3 of this report, to achieve full cost recovery staff propose to continue to monitor and analyze the financial impact of current fees and bring forward proposed updates to Planning and Development fees in 2025. Proposed future adjustments would further align fees with the true costs of delivering the service, ensuring a sustainably funded service

model for Planning and Development where the burden of costs is appropriately shared by those benefiting from the services. This phased approach will support the SCRD’s financial sustainability while maintaining a high standard of service delivery for the community.

Communications Strategy

The development community and all relevant stakeholders will be informed of these changes, with details of the changes to be posted on the SCRD website and social media platforms. SCRD staff will also send the updates via established communication channels to relevant stakeholders and the development community to ensure they remain apprised. Signage will be posted at the planning desk at the SCRD Field Road office with the updated fees.’

STRATEGIC PLAN AND RELATED POLICIES

This update aligns with SCRD’s Financial Sustainability Policy and supports long-term financial planning goals by ensuring that planning fees adequately cover the cost of service delivery.

CONCLUSION

Amendments to Bylaw No. 522 are necessary to reflect the actual costs associated with planning services and to provide adequate resources for the growing demand. The recommended fee increases will better align SCRD’s planning fees with those of peer municipalities and ensure financial sustainability for the planning functions.

Attachments

Attachment A – Proposed Bylaw No. 522 Schedule B – Planning Fees Changes Summary

Reviewed by:			
Manager	X - J. Jackson	Finance	
GM	X – I. Hall	Legislative	
CAO	X – T. Perreault		

Proposed Schedule B Changes

Development Permit Fees

- Restructure categories to better reflect work effort requirements rather than DPA type. Current categories do not accurately reflect work effort requirements.
- Main differentiator is staff report and referral effort associated with Board issued development permits compared to delegated staff issued development permits.
- Incremental fees for form and character development permits have been removed as these do not accurately reflect the level of work effort required and are less efficient to administer.
- Where work is done without prior permit a Remedial Pre-Application fee will apply followed by double base and additional fees.

Current

Application Type	Pre-Application Fee	Base Fee	Additional Fee
DP: Geotechnical hazard, aquifer protection	\$200	\$800	\$400 for each subsequent DP Area
DP: Riparian and shoreline projection, form and character	\$500	\$1,000	\$100 / Unit for form and character
DP involving remediation (where work has commenced without a permit)	\$2,500	N/A	N/A

Proposed

Description	Pre-Application Fee	Base Fee	Additional Fee
Staff Issued DP (Hazard and Environment)	\$500	\$1,500	\$400 per additional DPA
Board Issued DP (Form and Character, Ag Buffer)		\$2,000	\$400 per additional DPA
Remedial DP Pre-Application (Work without Permit)	\$2,500	-	-

Development Variance Permit Fees

- Simplify administration by combining categories.

- Additional variances beyond a single bylaw provision are captured through an additional incremental fee.
- Variances for sign permits have been removed as the fee was rarely utilized and does not accurately represent work effort. All bylaw variances will be handled under a single category.

Current

Application Type	Pre-Application Fee	Base Fee
DVP: variance from a single bylaw provision (e.g. side yard set back)	\$300	\$2,200
DVP: variance from multiple bylaw provisions (e.g. side yard setback, front yard setback and height) or permit requested by another agency	\$500	\$3,000
DVP for Sign (involving sign(s) and no other structures)	N/A	\$150

Proposed

Description	Pre-Application Fee	Base Fee	Additional Fee
Development Variance Permit	\$600	\$3,250	\$300 per additional variance

Board of Variance

- Simplify administration by combining categories into one.
- Additional variances beyond a single bylaw provision can be captured through an additional incremental fee.

Current

Application Type	Pre-Application Fee	Base Fee
BOV: variance from a single bylaw provision (e.g. side yard setback)	\$300	\$2,200
BOV: variance from multiple bylaw provisions (e.g. side yard setback, front yard setback and height); or permit requested by another agency; or involving industrial, commercial or assembly uses)	\$500	\$3,000

Proposed

Description	Pre-Application Fee	Base Fee	Additional Fee
Board of Variance	\$600	\$3,000	\$300 per additional variance

Tree Cutting Permits

- Tree Cutting Permit Application Fees are being moved from Other Permit Fees to its own section.
- Additional fee introduced for each additional tree after ten.
- Temporary Use Permits are moved to the Bylaw Amendment section and Strata Conversion to the Subdivision section.

Current

Application Type	Base Fee	Additional Fee
Tree Cutting	\$100	N/A
Temporary Use Permits	\$500	\$1/m2 floor area to a maximum of \$1,000
Strata conversion	\$650	N/A

Proposed

Description	Pre-Application Fee	Base Fee	Additional Fee
Tree Cutting Permit	N/A	\$200	\$25 per additional tree after 10

Subdivision

- The main change to the subdivision fee structure is a distinction between up to three additional lots and more than three additional lots.
- The *Local Government Act* invokes park dedication requirements when more than three additional lots are created by subdivision. This requires significantly more staff time for review.
- The current subdivision fee distinguishes between 10 or more lots and less than 10 lots. This is related to the requirements for a public information meeting.
- The additional fee per lot is sufficient to cover additional staff costs related to a public information meeting.
- Frontage Waiver fee now includes a per additional lot fee.
- Strata Conversion fees are increased to reflect the significant staff time involved in referrals and review.
- Lot Line Adjustment or Consolidation is a new fee category related to subdivision applications. These are a type of subdivision with a simple review process that requires less staff time than full subdivision applications.
- A fee to amend Conditions of Subdivision is introduced.

Current

Application Type	Pre-Application Fee	Base Fee	Additional Fee
Subdivision: up to 9 lots	\$500	\$1,700	\$300 per lot
Subdivision: over 10 hectares or over 10 lots	\$1,000	\$3,000	
Frontage Waiver: request to SCRD to waive the minimum frontage requirements	N/A	\$2,200	N/A

Proposed

Description	Pre-Application Fee	Base Fee	Additional Fee
Subdivision creating up to two additional lots	\$500	\$5,000	-
Subdivision creating more than two additional lots	\$1,000	\$5,000	\$1,000 per additional lot after two
Frontage Waiver	-	\$2,000	\$250 per additional lot
Strata Conversion	\$500	\$3,000	\$1,000 per additional lot/unit
Lot Line Adjustment or Consolidation	\$500	\$2,000	-
Subdivision Conditions Amendment (PLR)	-	\$500	-

Bylaw Amendments

- Fees related to zoning and OCP bylaw amendments have been simplified by incorporating zoning and OCP bylaw amendments into a single category.
- An option for a Joint OCP and Zoning Bylaw Amendment is provided to reflect efficiencies when considering bylaws in tandem.
- Per unit fees have been removed as this is not an accurate predictor of the work effort required.
- Amendments outside an OCP area would be charged at the same rate as an OCP or Zoning Bylaw Amendment.
- A fee for additional public hearings has been added.

Current

Application Type	Pre-Application Fee	Base Fee	Additional Fee
Zoning Amendment: Text amendment or map amendment	\$500	\$5,500	N/A

for park or environmental protection			
Zoning amendment	\$1,000	\$6,400	\$300 per unit fee
Zoning Amendment for Cannabis Production or Retail (Combined with a license endorsement request to the Liquor and Cannabis Regulation Branch)	N/A	See "Other fees"	N/A
Amendment outside Official Community Plan (OCP) area	N/A	\$1,400	<ul style="list-style-type: none"> a. \$60/hour - professional staff time; b. \$40/hour - technical and clerical staff; c. consulting services, including fees for legal services, billed at cost; d. other related expenses, such as covenant registrations, billed at cost. e. Additional fees will be paid in instalments prior to consideration of third reading and final adoption of the respective bylaw(s).
OCP Amendment: Text amendment or map amendment for park or environmental protection)	\$500		\$5,500
OCP Amendment	\$1,000		\$6,400
Plan Amendment for Cannabis Production or Retail (Combined with a license endorsement request to the Liquor and Cannabis Regulation Branch)			See "Other fees"

Proposed

Description	Pre-Application Fee	Base Fee	Additional Fee
OCP or Zoning Bylaw Amendment	\$2,000	\$10,000	\$1,500 per public hearing
Joint OCP and Zoning Bylaw Amendment	\$2,500	\$15,000	\$1,500 per public hearing
Temporary Use Permit	\$1,000	\$4,000	-

Liquor and Cannabis Licenses

- Liquor license related fees remain unchanged.
- The option of combining a rezoning with a cannabis licence has been removed as it does not reflect cost and effort of a rezoning application.

Current

Type	Description	Fee
Cannabis Production and Retail	Where an application is made to rezone a property where cannabis production or retail is proposed to occur the fee for an endorsement will include the zoning bylaw amendment fee	\$4,275
	Where a request for endorsement for cannabis production or retail is received within a permitted zone	\$3,275
Liquor License Application or Amendment	Where a request for endorsement for a new or amended liquor-related license is received within a permitted zone	\$3,275

Proposed

Description	Pre-Application Fee	Base Fee	Additional Fee
Liquor Licence	-	\$3,500	-
Cannabis Licence	-	\$4,500	-

Other Fees and Charges

- Land Use Contract fees have been removed as they are no longer relevant.
- Local Board of Health Variance fees have been removed as they are no longer relevant.
- Site Inspection fee is a flat rate rather than hourly to simplify administration.
- Consolidate Property Information Request fees.

Proposed

Description	Pre-Application Fee	Base Fee	Additional Fee
Change of Applicant	-	\$200	-
Covenant Discharge or Amendment	-	\$1,000	-
Site Inspection	-	-	\$300 per site inspection
Property Information Request (Comfort Letter)	-	\$500	-

Title Document	-	-	\$50 per document
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Work Without Permits

- All work started before obtaining the required permit is subject to double the Base Fee and Additional Fee.
- Double pre-application fee removed for development variance permits, board of variance, rezoning or OCP amendment. This was overly burdensome as double application fees still apply.
- Increased development permit pre-application fee for remedial work is maintained.
- Consolidate and simplify pre-application fees.
- Permit amendments continue to be 50% of the original fee.

Current

<p>5. Work Without Permit(s) If land alteration, tree cutting, construction of buildings or structures have commenced without a valid permit pursuant to this bylaw: (1) the pre-application fee for an application for a development variance permit, Board of Variance, rezoning or official community plan amendment will be double the applicable fee. (2) the base fee and any additional fees for such applications will be double the applicable fee.</p>
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Proposed

<p>Permit Amendments and Work Without Permits</p>
<ol style="list-style-type: none"> 1. All amendments or extensions to liquor and cannabis licenses, temporary use permits, development permits, tree cutting permits, and development variance permits shall be subject to 50% of the original Base Fee and Additional Fee. 2. The application fee shall be 200% of the original Fee where work has started without the required development permit, tree cutting permit, development variance permit, or board of variance approval.

Refunds

- Change refund of bylaw amendment that does not proceed to public hearing or third reading to 25% of the original fee to reflect increase in base fees and legislation that no longer allows some public hearings.
- Removed non-profit fee reduction request as this is not compatible with cost recovery and request for fee reduction can be considered through Grant-In-Aid process.

Current

11. Refunds

An application fee paid pursuant to this bylaw is non-refundable, except;

- (1) where an application is withdrawn within twenty-one (21) days of its submission, in which case a refund equalling half of the applicable fee will be paid to the applicant within 14 (fourteen) days immediately following receipt of the withdrawal notice; or
- (2) where an application to amend an official community plan, zoning bylaw or land use contract does not proceed to a public hearing, a refund of \$2,000 will be provided.
- (3) A non-profit corporation or a public utility operated by an improvement district or local government may apply to the Regional District to reduce up to half of the applicable fee for a bylaw amendment application, development permit or development variance permit.
- (4) Public hearing advertisement costs may be waived if advertisement fees have been paid and more than one public hearing is required to correct a procedural and/or legal matter.

Proposed

Refunds

1. 50% of the Base Fee and Additional Fee will be refunded when an application is withdrawn within 21 days of submission.
2. If a bylaw amendment does not proceed to a public hearing, or third reading if a public hearing is not required, a refund of 25% of the original application fee will be provided.
3. A non-profit organization or public utility operated by a local government may apply to the SCRD Board to reduce fees up to 50% for a bylaw amendment, development permit, or development variance permit.