

## SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

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**TO:** Finance Committee (Round 1 Budget) – November 25 and 26, 2024

**AUTHOR:** Shane Walkey, Manager, Utility Services

**SUBJECT:** **2025 ROUND 1 BUDGET PROPOSAL FOR WASTEWATER TREATMENT PLANTS [381 - 395]**

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### RECOMMENDATION(S)

**THAT the report titled 2025 Round 1 Budget Proposal for Wastewater Treatment Plants [381 - 395] be received for information.**

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### BACKGROUND

As part of the Budget Process staff report potential budget adjustments to the Board. Budget Proposals provide the detail to support the potential adjustment and allow the Board to make informed decisions regarding funding projects or service enhancements, as well as ways to reduce the budget.

### DISCUSSION

#### **2025 R1 Budget Proposals**

1	<i>Function Number – Project Title:</i>	[387] Square Bay Wastewater Treatment Plant Base Budget Increase (Realignment Capital to Operating) ( <b>Addressed through Nov. 21 Rate Report</b> )
	<i>Risk Factor:</i>	MEDIUM: Normal - Service Level Impact
	<i>Category:</i>	Non-Mandatory Base Budget Increase Requests
	<i>Geographic Areas Affected:</i>	B
	<i>2025 Funding Required:</i>	\$6,000
	<i>Funding Source(s):</i>	User Fees
	<i>Rationale / Service Impacts:</i>	The Square Bay Wastewater Treatment Plant underwent a major rebuild a few years ago. Since its commissioning, staff have focused on minimizing infiltration, improving their operational expertise, and optimizing the plant's efficiency. These efforts have led to reduced staff time and fewer emergency callouts, resulting in a \$6,000

		<p>surplus in staff costs. Despite these operational gains and the subsequent reduction in staff time and emergency interventions, other costs have continued to rise. Specifically, expenses related to contracted services, small machinery, telecommunications, and electricity have increased. These rising costs are putting pressure on the Base Budget, which needs to be adjusted to accommodate these new financial demands.</p> <p>To address this issue, staff recommend a strategic reallocation of the \$6,000 surplus, derived from reduced staff time, to cover the increased Base Budget expenses associated with the rising costs. This reallocation will ensure that the plant's operational needs are met without requiring additional financial contributions from the constituents.</p> <p>Importantly, this adjustment will not impose any extra financial burden on the users. The necessary funds to cover the increased expenses will be sourced from the existing user fees, ensuring that there is no need to increase costs for residents.</p>
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	N/A
	<i>Asset Management Implications:</i>	2.0 O&M and Capital Planning
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	n/a

2	<i>Function Number – Project Title:</i>	[392] – Roberts Creek Wastewater Treatment Plant Base Budget Increase ( <b>Addressed through Nov. 21 Rate Report</b> )
	<i>Risk Factor:</i>	MEDIUM: Normal - Service Level Impact
	<i>Category:</i>	Non-Mandatory Base Budget Increase Requests
	<i>Geographic Areas Affected:</i>	D

	<i>2025 Funding Required:</i>	\$5,000
	<i>Funding Source(s):</i>	User Fees
	<i>Rationale / Service Impacts:</i>	<p>The Roberts Creek Wastewater Treatment Plant has undergone several upgrades in recent years, leading to increased operational efficiency and reduced staff time requirements. These improvements have created a \$5,000 surplus in staff costs. 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. However, the continuous operation of the aeration blowers has led to an increase in electrical costs, raising expenses in the Base Budget by approximately \$3,100. Considering this, along with other rising costs such as telecommunications and fees, staff recommend reallocating the \$5,000 savings from reduced staff time to cover the increased Base Budget expenses.</p> <p>This adjustment will not impose any additional costs on constituents, as it will be covered by existing User Fees.</p>
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	N/A
	<i>Asset Management Implications:</i>	2.0 O&M and Capital Planning
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	n/a

3	<i>Function Number – Project Title:</i>	[394] – Painted Boat Wastewater Treatment Plant Base Budget Increase
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Base Budget Increase Requests
	<i>Geographic Areas Affected:</i>	A

	<i>2025 Funding Required:</i>	\$2,000
	<i>Funding Source(s):</i>	User Fees
	<i>Rationale / Service Impacts:</i>	The Painted Boat Wastewater Treatment Facility employs a crucial UV disinfection system as part of its wastewater treatment process to ensure compliance with the Municipal Wastewater Regulation (MWR). An additional \$2,000 in annual base budget funding is to purchase replacement UV bulbs, which are vital to maintaining the effectiveness of the disinfection system and ensuring the continued safety and regulatory compliance of our treated effluent.
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	This budget proposal allows for sufficient budget for the replacement of critical components. Funding should be sufficient until costs for replacement parts increase substantially.
	<i>Asset Management Implications:</i>	2.0 O&M and Capital Planning
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	n/a

4	<i>Function Number – Project Title:</i>	[386] – Lee Bay Wastewater Treatment Plant Electrical Upgrades
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Board Directed or Business Continuity
	<i>Geographic Areas Affected:</i>	A
	<i>2025 Funding Required:</i>	\$110,000
	<i>Funding Source(s):</i>	Capital Reserves
	<i>Rationale / Service Impacts:</i>	Funds to replace the generator at the Lee Bay WWTP have been approved as part of the 2024 budget process.  Recently, an inspection conducted by a certified electrician related to the in 2024 approved generator project revealed that the electrical

		<p>components within the generator building have been significantly compromised by sewer gases. These gases have caused severe damage to the electrical systems. In addition to the immediate safety risks, the compromised infrastructure undermines the reliability of our backup power system, which is essential for emergency situations.</p> <p>To prevent future issues and enhance the safety of the facility, the building must undergo repairs to address and mitigate sewer gas damage. This includes structural repairs, improvements to the building's ventilation system, and modifications to eliminate potential points of sewer gas entry. As part of the electrical system replacement, the communication and control systems will be upgraded.</p>
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	Once the electrical system is replaced, any future maintenance to it can be completed within current base budget
	<i>Asset Management Implications:</i>	2.0 O&M and Capital Planning
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	n/a

5	<i>Function Number – Project Title:</i>	[384 / 385] – Secret Cove Outfall Maintenance Phase 2
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Board Directed or Business Continuity
	<i>Geographic Areas Affected:</i>	B
	<i>2025 Funding Required:</i>	\$20,000
	<i>Funding Source(s):</i>	Operating Reserves
	<i>Rationale / Service Impacts:</i>	The Secret Cove and Jolly Roger Wastewater Treatment Plants, operating under a permit issued by the Ministry of the Environment, require ongoing maintenance of their ocean

		<p>outfalls. Inspection in 2022 and 2024 by a dive team identified issues with the outfall anchors and markers, including the need for replacements and adjustments to meet original installation specifications.</p> <p>Phase 2, which is planned for 2025, an additional \$20,000 is required. This phased approach is proposed due to funding constraints, with the full scope of necessary maintenance estimated at \$62,000 plus ~ \$8,000 staff time. It is possible that a Phase 3 may be required to fully complete the outfall maintenance.</p>
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	<p>This is a second phase to improve this outfall and a third phase is most likely to be undertaken in 2026 to bring the entire outfall into a good and safe working condition. Ongoing maintenance can be completed within the existing base budget.</p>
	<i>Asset Management Implications:</i>	2.0 O&M and Capital Planning
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	n/a

6	<i>Function Number – Project Title:</i>	[391] – Curran Road Wastewater Treatment Plant Modifications
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Discretionary
	<i>Geographic Areas Affected:</i>	B
	<i>2025 Funding Required:</i>	\$91,000
	<i>Funding Source(s):</i>	Capital Reserves - \$60,000 Operating Reserves - \$31,000
	<i>Rationale / Service Impacts:</i>	<p><b>*Staff recommend deferring to 2026</b></p> <p>The Rotating Biological Contactor (RBC) system, which was installed in 1982, historically met the wastewater treatment needs at Curran Road.</p>

		<p>However, since the plant was upgraded to a FAST (Fixed Activated Sludge Treatment) system in 2014, the RBC was intended to be treatment for low flows. The RBC drum shaft has broken, making it unusable and its continued presence leads to inefficiencies and incurs unnecessary operational costs. To optimize facility performance and reduce maintenance expenses, staff recommend the removal of the RBC drum system along with conducting a condition assessment of the remaining RBC infrastructure to determine the best course of action.</p> <p>Any potential replacement or upgrades of the RBC system may be considered in a future proposal for 2026 only if the cost-benefit analysis deems it practicable.</p>
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input checked="" type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	This project may have a future impact on operational and maintenance costs within the service area and may result in future capital work related to asset rehabilitation or replacement on site.
	<i>Asset Management Implications:</i>	4.0 Understanding the Asset Lifecycle
		This project includes a condition assessment of the asset to confirm the feasibility of installing a new RBC unit.
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	n/a

7	<i>Function Number – Project Title:</i>	Rate Stabilization ([382],[386],[391])
	<i>Risk Factor:</i>	LOW: Minimal / None
	<i>Category:</i>	Non-Mandatory Discretionary
	<i>Geographic Areas Affected:</i>	A, B and E
	<i>2025 Funding Required:</i>	Woodcreek [382]-\$1,274 Lee Bay [386]- \$7,618

	Curran [391] - \$978
<i>Funding Source(s):</i>	Operating Reserves
<i>Rationale / Service Impacts:</i>	Due to high Operating Reserves staff have recommended supplementing 2025 Operating budget with Operating Reserves rather than raise rates.
<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input checked="" type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	n/a
<i>Asset Management Implications:</i>	3.0 Guiding Effective Decisions
<i>Climate Action Plan Goal and Impact (if applicable)</i>	n/a



**Financial Implications**

<b>Five-Year Capital Reserve Plan (or longer, if applicable)</b>					
<b>(use table illustrating capital contributions and expenditures, if available)</b>					
<b>386 - Lee Bay</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Item</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Opening Balance in reserve	\$ 359,654	\$ 299,493	\$ 370,245	\$ 449,797	\$ 529,349
Contributions Surplus	\$ 49,809	\$ 70,752	\$ 79,552	\$ 79,552	\$ 79,552
2025 Proposals	-\$ 109,970	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance in Reserve	\$ 299,493	\$ 370,245	\$ 449,797	\$ 529,349	\$ 608,901

<b>391 - Curran Road</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Item</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Opening Balance in reserve	\$ 90,219	\$ 58,562	\$ 65,632	\$ 59,607	\$ 53,582
Contributions Surplus	\$ 28,343	\$ 7,070	-\$ 6,025	-\$ 6,025	\$ 36,216
2025 Proposals	-\$ 60,000	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance in Reserve	\$ 58,562	\$ 65,632	\$ 59,607	\$ 53,582	\$ 89,798

<b>Five-Year Operating Reserve Plan (or longer, if applicable)</b>					
<b>(use table illustrating capital contributions and expenditures, if available)</b>					
<b>384 - Woodcreek Park</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Item</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Opening Balance in Reserve	\$ 98,714	\$ 125,429	\$ 120,401	\$ 114,780	\$ 109,159
2024 Operating Surplus	\$ 29,639	\$ -	\$ -	\$ -	\$ -
2025 Budget Proposals	-\$ 1,774	\$ -	\$ -	\$ -	\$ -
Contribution to Reserve	-\$ 1,150	-\$ 5,028	-\$ 5,621	-\$ 5,621	\$ 24,625
Closing Balance in Reserve	\$ 125,429	\$ 120,401	\$ 114,780	\$ 109,159	\$ 133,784

<b>384 - Jolly Roger</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Item</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Opening Balance in Reserve	\$ 26,078	\$ 23,781	\$ 20,602	\$ 17,153	\$ 13,704
2024 Operating Surplus	\$ 10,089	\$ -	\$ -	\$ -	\$ -
2025 Budget Proposals	-\$ 10,500	\$ -	\$ -	\$ -	\$ -
Contribution to Reserve	-\$ 1,886	-\$ 3,179	-\$ 3,449	-\$ 3,449	\$ 10,297
Closing Balance in Reserve	\$ 23,781	\$ 20,602	\$ 17,153	\$ 13,704	\$ 24,001

<b>385 - Secret Cove</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Item</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Opening Balance in Reserve	\$ 27,633	\$ 18,980	\$ 14,920	\$ 10,588	\$ 6,256
2024 Operating Surplus	\$ 4,595	\$ -	\$ -	\$ -	\$ -
2025 Budget Proposals	-\$ 10,500	\$ -	\$ -	\$ -	\$ -
Contribution to Reserve	-\$ 2,748	-\$ 4,060	-\$ 4,332	-\$ 4,332	\$ 9,536
Closing Balance in Reserve	\$ 18,980	\$ 14,920	\$ 10,588	\$ 6,256	\$ 15,792

<b>386 - Lee Bay</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Item</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Opening Balance in Reserve	\$ 243,504	\$ 241,151	\$ 231,629	\$ 221,699	\$ 211,769
2024 Operating Surplus	\$ 13,273	\$ -	\$ -	\$ -	\$ -
2025 Budget Proposals	-\$ 8,118	\$ -	\$ -	\$ -	\$ -
Contribution to Reserve	-\$ 7,508	-\$ 9,522	-\$ 9,930	-\$ 9,930	\$ 11,007

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<b>391 - Curran Road</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Item</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Opening Balance in Reserve	\$ 75,572	\$ 49,780	\$ 47,089	\$ 44,022	\$ 40,955
2024 Operating Surplus	\$ 7,583	\$ -	\$ -	\$ -	\$ -
2025 Budget Proposals	-\$ 32,478	\$ -	\$ -	\$ -	\$ -
Contribution to Reserve	-\$ 897	-\$ 2,691	-\$ 3,067	-\$ 3,067	\$ 15,942
Closing Balance in Reserve	\$ 49,780	\$ 47,089	\$ 44,022	\$ 40,955	\$ 56,897

<b>394 - Painted Boat</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Item</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Opening Balance in Reserve	\$ 82,816	\$ 80,045	\$ 76,192	\$ 72,121	\$ 68,050
2024 Operating Surplus	\$ 469	\$ -	\$ -	\$ -	\$ -
2025 Budget Proposals	-\$ 2,500	-\$ 2,000	-\$ 2,000	-\$ 2,000	-\$ 2,000
Contribution to Reserve	-\$ 740	-\$ 1,853	-\$ 2,071	-\$ 2,071	\$ 9,255
Closing Balance in Reserve	\$ 80,045	\$ 76,192	\$ 72,121	\$ 68,050	\$ 75,305

Reviewed by:			
CAO		Legislative	
CFO		Manager	
GM	X – R. Rosenboom	Other Staff	