

## SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

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

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### 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.
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### 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:

| <b>Service</b>       | <b>Current and Proposed User Fee</b> | <b>Rationale and next steps</b>   |
|----------------------|--------------------------------------|---|
| Woodcreek Park [382] | \$800.74                             | <ul style="list-style-type: none"> <li>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'.</li> </ul>   |
| Lee Bay [386]        | \$487.67*                            | <ul style="list-style-type: none"> <li>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'.</li> <li>*User Rates have not increased since 2022.</li> </ul> |
| Langdale [388]       | \$1,427.22                           | <ul style="list-style-type: none"> <li>Existing operating budget is expected to cover 2025 operational expenses.</li> </ul>   |
| Canoe [389]          | \$985.31*                            | <ul style="list-style-type: none"> <li>Existing operating budget is expected to cover 2025 operational expenses.</li> <li>*User Rates have not increased since 2022.</li> </ul>   |
| Merrill [390]        | \$1,948.25*                          | <ul style="list-style-type: none"> <li>Existing operating budget is expected to cover 2025 operational expenses.</li> <li>*User Rates have not increased since 2022.</li> </ul>   |
| Roberts Creek [392]  | \$1,307.48                           | <ul style="list-style-type: none"> <li>Existing operating budget is expected to cover 2025 operational expenses.</li> </ul>   |
| Lily Lake [393]      | \$1,143.48                           | <ul style="list-style-type: none"> <li>Existing operating budget is expected to cover 2025 operational expenses.</li> </ul>   |
| Sakinaw [395]        | \$1,323.63*                          | <ul style="list-style-type: none"> <li>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.</li> <li>*User Rates have not increased since 2022.</li> </ul>               |

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.

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