

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

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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.
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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	