

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

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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.**
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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	