

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.**
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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	
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	