

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

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SUBJECT: CURRAN ROAD [391] WASTEWATER 2025 USER FEE REVIEW

RECOMMENDATIONS

- 1) **THAT the report titled Curran Road [391] Wastewater 2025 User Fee Review be received for information;**
 - 2) **AND THAT the Curran Road Sewer User Fee for 2025 remain the same as 2024;**
 - 3) **AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
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BACKGROUND

The Curran Road Service Area (Curran Road) consists of 59 billable users. The current user rate per single family residential dwelling for 2024 is \$742.68.

An amendment to *Sewage Treatment Facilities Service Unit Bylaw No. 428*, (Schedule C) 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 utility billing.

The purpose of this report is to discuss the current financial sustainability of the Curran Road Wastewater Service Area operations, and to recommend a 2025 user fee rate decision which aligns with the funding requirements of the service.

DISCUSSION

In the Curran 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	\$618.70	\$618.70	\$668.38	\$742.68	\$742.68
Total \$ Increase		\$0.00	\$49.68	\$74.30	\$0.00
Total % Increase		0.00%	8.03%	11.12%	0.00%

*Recommended for 2025

A thorough analysis of the Curran Road operating budget was performed in Q4 2024, and the service area is currently operating within existing operating budget allowances for the year and is projecting a surplus for 2024. This year’s anticipated operating budget surplus is primarily attributed to lower-than-expected expenditures related to salaries/wages as well as other operating and maintenance expenses. Annual operating spending variances are common and although a surplus is projected for 2024, future year surpluses or deficits are uncertain. Staff perform a detailed review of operating revenue/expenditures annually and any requirements to adjust rates (i.e., increases or decreases) will be presented, as required, in future years.

Due to increases in support services as well as inflationary increases in other spending, there is a small budgeted deficit within the operating budget anticipated in 2025.

As part of the 2025 budget proposal process, staff are recommending a project within the Curran Road service area to decommission and dispose of the aged Rotating Biological Contactor (RBC) System. This project has a total estimated cost of \$91,000 and will be funded in part by existing operating reserve accounts (i.e., \$31,000) and Capital Reserves (\$60,000).

The following amount has been incorporated into the 2025 user rate requirements and operating reserve analysis outlined in this report.

- RBC Decommissioning and Removal \$31,000 (operating reserves)

Based on the anticipated operating budget requirements for 2025 (i.e., increases in salaries and wages, support services, etc.) and considering existing operating reserve balances and the above-mentioned 2025 project proposal, the following recommended rate options for Curran Road are presented. Option 1 is being recommended by staff.

Options and Analysis

As discussed, the user fee and operating budget for the Curran Road service area is adequate and therefore staff are recommending no rate increase to the user fees for 2025.

Option 1 - 0.00% rate increase (\$0.00 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$742.68
Proposed Increase	\$0.00
2025 User Fee Rate	\$742.68
% Increase	0.00%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$71,570
Projected 2024 Surplus/(Deficit)	\$7,500
Budgeted Transfers to Operating Reserves	\$0
Budgeted Transfers from Operating Reserves	(\$31,978)
Ending Uncommitted Balance	\$47,092

Staff recommend this option for the following reasons:

- Supports financial sustainability and fee stability within the Curran Road service area by avoiding increases in user fee rates.
- Maintains reasonable operating reserve levels, which improves the financial capacity to respond to emergency situations, feasibility studies, and/or other operating related one-time projects.

Should the board elect to move forward with this option, staff will bring forward a User Rate Stabilization Budget Proposal to Round 1 Budget Deliberations.

Option 2 – 11.15% rate increase (\$82.32 per year increase)

Fee Summary	User Fee
Current User Fee Rate (2024)	\$742.68
Proposed Increase	\$82.32
2025 User Fee Rate	\$825.00
% Increase	11.15%
Operating Reserve Summary	Operating Reserve
Opening Uncommitted Balance	\$71,570
Projected 2024 Surplus/(Deficit)	\$7,500
Budgeted Transfers to Operating Reserves	\$3,908
Budgeted Transfers from Operating Reserves	(\$31,000)
Ending Uncommitted Balance	\$51,978

- This option increases annual user fee rates to help build the operating reserve level following the recommended 2025 project that will be drawing down on reserve balances.
- Staff are confident that given the anticipated 2024 operating surplus and existing operating reserve levels, an increase in user fees for 2025 is not necessary at this time.

Financial Implications

This option will result in adequate user fee revenue in 2025 to fund anticipated operating budget expenditures. It is expected that approximately \$978 will need be supplemented by the Operating Reserve. Detailed review(s) of operating revenue/expenditures are performed annually, and future rate increases may be required to remain financially sustainable.

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 Sunshine Coast Regional District (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 Curran Road wastewater facility and the establishment of a sustainable funding model for the service area.

The current user fee rate for Curran Road is adequate to fund 2025 operating budget expenditures and staff recommend that the user fee at Curran Road does not increase for 2025.

Reviewed by:			
Manager		Finance	X - A. Taylor
GM	X - R. Rosenboom	Legislative	
CAO / CFO	X - T. Perreault	Other	