

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee (Round 1 Budget) – November 25 and 26, 2024

AUTHOR: Shane Walkey, Manager, Utility Services
 Jesse Waldorf, Manager, Capital Projects
 Remko Rosenboom, General Manager, Infrastructure Services

SUBJECT: **2025 ROUND 1 BUDGET PROPOSAL FOR REGIONAL WATER SERVICE [370]**

RECOMMENDATION(S)

THAT the report titled **2025 Round 1 Budget Proposal for Regional Water Service [370]** be received for information.

BACKGROUND

As part of the Budget Process staff report potential budget adjustments to the Board. Budget Proposals provide the detail to support the potential adjustment and allow the Board to make informed decisions regarding funding projects or service enhancements, as well as ways to reduce the budget.

Mandatory projects, as follows, have been included in the Draft 2025-2029 Financial Plan:

- **IMMINENT ASSET FAILURE:**
 - Chapman Raw Water Pump Station Upgrades - Phase 2
 - Chapman Intake Upgrades (Phase I) - Design, Engineering and Contract Administration
- **REGULATORY COMPLIANCE:**
 - Soames Creek Compliance Monitoring

DISCUSSION

2025 R1 Budget Proposals

1	<i>Function Number – Project Title:</i>	[370] – Regional Water Service Base Budget Increase
	<i>Risk Factor:</i>	LOW: Minimal / None
	<i>Category:</i>	Non-Mandatory Base Budget Increase Requests
	<i>Geographic Areas Affected:</i>	Regional

	<i>2025 Funding Required:</i>	\$110,000
	<i>Funding Source(s):</i>	User Fees
	<i>Rationale / Service Impacts:</i>	Staff have reviewed the base operating budget for the Regional Water Service Area and due to rising material and contracted services costs and other miscellaneous expenditures (i.e. Bank Fees), the existing base budget is not sufficient and requires an increase.
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	2026 Financial Implications: \$110,000 (ongoing) The base budget increase will provide ongoing operational funding.
	<i>Asset Management Implications:</i>	n/a - Operational
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	

2	<i>Function Number – Project Title:</i>	[370] – Gray Creek Intake and Treatment Design Engineering (Phase 1) Extraordinary
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Strategic Plan Related
	<i>Geographic Areas Affected:</i>	Sechelt
	<i>2025 Funding Required:</i>	\$864,550
	<i>Funding Source(s):</i>	Growing Community Funds
	<i>Rationale / Service Impacts:</i>	The report from NHC on Gray Creek sustainable water supply is expected to be presented to Board in Q1 (March) of 2025. Project - maximize the sustainable yield of Gray Creek to supplement the Chapman Water System, and utilize this source throughout the year, not only during times of drought and high demands. This enhances the overall water supply and resiliency for the community. The two-phase project will commence upon receipt of the hydrogeology

		<p>results determining the sustainable yield of the creek and additional direction from the Board.</p> <p>Option 1: Funded from Growing Communities Funds</p> <p>Option 2: Funded from Capital Reserves</p> <p>If Option 2 is chosen, this will have an impact on Parcel Tax Fee setting as we work toward building a healthy Capital Reserve.</p> <p>Phase 1 - Design, Permitting, and Tendering \$864,550</p> <p>Phase 2 - Construction (to be presented as part of the 2026 budget process)</p>
	<p><i>HR Implications</i></p>	<p><input checked="" type="checkbox"/> Additional FTE <input checked="" type="checkbox"/> Existing FTE <input type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)</p> <hr/> <p>Staffing (2025) FTE Count: 0.1 (Existing) Cost (2025): \$ 11,255</p> <p>Additional FTE Count: 0.22 Cost (2025): \$ 28,295</p> <p>Total FTE 0.32 Cost (2025) \$39,550</p>
	<p><i>Future Financial Implications and Life Cycle Cost Breakdown</i></p>	<p>If construction moves forward, the 2026 construction costs, along with ongoing operational and maintenance expenses, will need to be determined.</p>
	<p><i>Asset Management Implications:</i></p>	<p>3.0 Guiding Effective Decisions</p> <hr/> <p>This phase of the project will provide insights into future Asset management costs.</p>
	<p><i>Climate Action Plan Goal and Impact (if applicable)</i></p>	<p>Goal 6: Water systems are resilient to increasing temperatures, recurring, and worsening drought.</p>

3	<i>Function Number – Project Title:</i>	[370] – Langdale Wellfield Construction (<i>will be updated pending staff report prior to Round 2 budget meeting</i>) Extraordinary																													
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact																													
	<i>Category:</i>	Non-Mandatory Strategic Plan Related																													
	<i>Geographic Areas Affected:</i>	F																													
	<i>2025 Funding Required:</i>	\$22,657,471																													
	<i>Funding Source(s):</i>	Long Term Debt-\$17,922,047 Canada Community-Building Funds- \$4,128,580 (\$1,329,294 Area B, \$113,331 Area D, \$2,678,427 Area E, \$7,528 Area F) Growing Communities Funds-\$606,844																													
	<i>Rationale / Service Impacts:</i>	Detailed design, engineering, tendering, construction administration by the Consultant / Engineer, and the construction of the assets and infrastructure. Results of the engineering optimization analyses will be presented to the Board late 2024 for the Boards consideration and will impact the requested budget value.																													
<i>HR Implications</i>	<input checked="" type="checkbox"/> Additional FTE <input checked="" type="checkbox"/> Existing FTE <input type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME) Staffing (2025) FTE Count: 0.08 (Existing) Cost (2025): \$ 12,409 Additional FTE Count: 0.45 Cost (2025): \$ 55,062 Total FTE 0.53 Cost (2025) \$ 67,471 Additional staffing required for the future years are included in the table below: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>2025</th> <th>2026</th> <th>2027</th> <th>2028</th> <th>2029</th> </tr> </thead> <tbody> <tr> <td>Existing FTE</td> <td>0.08</td> <td>0.08</td> <td>0.08</td> <td>0.08</td> <td>0.03</td> </tr> <tr> <td>Addition FTE:</td> <td>0.45</td> <td>0.40</td> <td>0.40</td> <td>0.35</td> <td>0.35</td> </tr> <tr> <td>Total FTE:</td> <td>0.53</td> <td>0.48</td> <td>0.48</td> <td>0.43</td> <td>0.38</td> </tr> <tr> <td>Total Costs</td> <td>\$67,471</td> <td>\$64,760</td> <td>\$66,055</td> <td>\$57,849</td> <td>\$50,817</td> </tr> </tbody> </table>		2025	2026	2027	2028	2029	Existing FTE	0.08	0.08	0.08	0.08	0.03	Addition FTE:	0.45	0.40	0.40	0.35	0.35	Total FTE:	0.53	0.48	0.48	0.43	0.38	Total Costs	\$67,471	\$64,760	\$66,055	\$57,849	\$50,817
	2025	2026	2027	2028	2029																										
Existing FTE	0.08	0.08	0.08	0.08	0.03																										
Addition FTE:	0.45	0.40	0.40	0.35	0.35																										
Total FTE:	0.53	0.48	0.48	0.43	0.38																										
Total Costs	\$67,471	\$64,760	\$66,055	\$57,849	\$50,817																										

	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	Ongoing operational and maintenance will have to be confirmed and will most likely trigger additional budget proposals for a base budget increase to be presented for in 2027 or 2028.
	<i>Asset Management Implications:</i>	3.0 Guiding Effective Decisions
		Capital Improvements to be documented in the Utilities Asset Registry for capital replacement planning.
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	Goal 6: Water systems are resilient to increasing temperatures, recurring, and worsening drought.

4	<i>Function Number – Project Title:</i>	[370] – Permit Requirements Siphon Systems Chapman Lake and Edwards Lake Extraordinary
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Strategic Plan Related
	<i>Geographic Areas Affected:</i>	Sechelt
	<i>2025 Funding Required:</i>	\$235,000
	<i>Funding Source(s):</i>	Operating Reserves
	<i>Rationale / Service Impacts:</i>	The SCRD's permits associated with the emergency siphon systems at Edwards Lake and Chapman Lake are requiring the SCRD to install a gauging station in the upper watershed of Chapman Creek and conduct a detailed environmental impact analyses and an Archeological Impact Analysis. The proposed budget enables all three requirements to be met.
	<i>HR Implications</i>	<input checked="" type="checkbox"/> Additional FTE <input checked="" type="checkbox"/> Existing FTE <input type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	Staffing (2025) Additional FTE Count: 0.20 Cost (2025): \$ 17,488	
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	Further monitoring in future years may be necessary, which may require additional funding for the operational budget.

	<i>Asset Management Implications:</i>	3.0 Guiding Effective Decisions
		Gauging stations will be added to the Utilities Capital Asset Registry.
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	Goal 6: Water systems are resilient to increasing temperatures, recurring, and worsening drought.

5	<i>Function Number – Project Title:</i>	[370] – Feasibility Study and Development Raw Water Reservoirs - 2025/2026 Extraordinary
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Strategic Plan Related
	<i>Geographic Areas Affected:</i>	Regional
	<i>2025 Funding Required:</i>	\$397,872
	<i>Funding Source(s):</i>	Capital Reserves / Operating Reserves
	<i>Rationale / Service Impacts:</i>	<p>As part of the 2024 Budget the Board deferred this to 2025 budget for reconsideration. The scope of the proposal has been amended based on recent developments. The previous phases 1-4 of the Raw Water Project concentrated on defining the required size of the raw water reservoir, site selection analysis, greenhouse gas emission and hydro power generation studies, and completion of sub surface geotechnical analysis of the preferred Site B location. Phase 4 of the study included further refining of the conceptual design of the preferred site (Site B), including geotechnical drilling and geophysics program to determine depth of bedrock; analysis and conceptual design of hydropower generating potential, greenhouse gas analysis, and updated cost estimate. This phase also included a multi-criteria analysis comparing Site B to multiple sites proposed on the shishalh Nation sand and gravel lands.</p> <p>The purpose of this budget proposal is to provide engineering resources to the SCRD in any future collaboration with the Nation on this project, including a confirmation of scope, conceptual design, development process and schedule. This budget proposal also allows for engineering support for the detailed design, construction and</p>

		commissioning of the Lower Crown Reservoir, if this were to proceed.
	<i>HR Implications</i>	<input checked="" type="checkbox"/> Additional FTE <input checked="" type="checkbox"/> Existing FTE <input type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME) Staffing (2025) FTE Count: 0.13 Cost (2025): \$ 25,748 Additional FTE Count: 0.35 Cost (2025): \$ 47,124 Total FTE 0.53 Cost (2025) \$ 67,471
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	If subsequent phases proceed, additional funding for reservoir construction, operation and maintenance will be required.
	<i>Asset Management Implications:</i>	3.0 Guiding Effective Decisions
		This asset will need to be included in the Utilities Asset Management Plan if constructed.
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	Goal 6: Water systems are resilient to increasing temperatures, recurring, and worsening drought.

6	<i>Function Number – Project Title:</i>	[370] – Pressure Release Valves for Advanced Optimization Use Church Road Wellfield Extraordinary
	<i>Risk Factor:</i>	MEDIUM: Normal - Service Level Impact
	<i>Category:</i>	Non-Mandatory Board Directed or Business Continuity
	<i>Geographic Areas Affected:</i>	Gibsons
	<i>2025 Funding Required:</i>	\$315,000
	<i>Funding Source(s):</i>	Growing Communities Funds
	<i>Rationale / Service Impacts:</i>	With the recent integration of the Church Road well and possibly Langdale well into the water distribution system, optimizing flow management has become crucial. This proposal aims to significantly enhance system efficiency. It

		<p>focuses on installing automated valves near the Chapman Water Treatment Plant to better regulate eastward flows from the Zone 2 Reservoir, thus maximizing the discharge from the Church Road well and boosting overall system performance.</p> <p>The project includes an engineered review to evaluate technical requirements, site conditions, and impacts on existing infrastructure, as well as detailed cost estimates and timelines. The installation phase encompasses procuring engineering and integrating automated control systems, SCADA and electrical work, required system modifications, and final testing and commissioning.</p> <p>Option 1: Funded from Growing Communities Funds</p> <p>Option 2: Funded from Capital Reserves.</p> <p>If Option 2 is chosen, this will have an impact on Parcel Tax Fee setting as we work toward building a healthy Capital Reserve.</p>
	<p><i>HR Implications</i></p>	<p><input checked="" type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)</p> <p>Staffing (2025) FTE Count: 0.22 (Existing) Cost (2025): \$ 31,832</p> <p>Additional FTE Count: 0.08 Cost (2025): \$ 9,164</p> <p>Total FTE 0.30 Cost (2025) \$ 40,996</p>
	<p><i>Future Financial Implications and Life Cycle Cost Breakdown</i></p>	<p>n/a</p>
	<p><i>Asset Management Implications:</i></p>	<p>3.0 Guiding Effective Decisions</p> <p>Capital Improvements to be documented in the Utilities Capital Asset Registry for capital replacement planning.</p>
	<p><i>Climate Action Plan Goal and Impact (if applicable)</i></p>	<p>Goal 6: Water systems are resilient to increasing temperatures, recurring, and worsening drought.</p>

7	<i>Function Number – Project Title:</i>	[370] – Church Road Water Treatment Plant - Sodium Hypochlorite Storage Unit Extraordinary
	<i>Risk Factor:</i>	MEDIUM: Normal - Service Level Impact
	<i>Category:</i>	Non-Mandatory Board Directed or Business Continuity
	<i>Geographic Areas Affected:</i>	Gibsons
	<i>2025 Funding Required:</i>	\$100,000
	<i>Funding Source(s):</i>	Canada Community-Building Fund (Area B ,D, E, F \$25,000 each)
	<i>Rationale / Service Impacts:</i>	<p>In 2023 the Granthams WTP was constructed and commissioned. The need for additional Sodium Hypochlorite storage was identified and the project team chose a shipping container-based solution. Due to community feedback this solution was deemed to be unacceptable.</p> <p>Option 1: This proposal is for the design and construction of a less impactful and more aesthetic solution onsite for the storage of Sodium Hypochlorite.</p> <p>A new small building will be designed and constructed next to the WTP to store the Sodium Hypochlorite for use at the WTP. The shipping container will be moved and used elsewhere by operations.</p> <p>Option 2: Alternatively the aesthetics of the current storage unit could be improved in by a combination of additional landscaping and wooden fencing. This could be completed with a budget of \$10,000</p> <p>Option 3: the current storage container could be used long-term without any further modifications. This would make this budget proposal obsolete.</p>
<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input checked="" type="checkbox"/> Existing FTE <input type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)	

	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	2026 Financial Implications: Ongoing operational budget lift for associated repairs and maintenance may be required.
	<i>Asset Management Implications:</i>	2.0 O&M and Capital Planning Capital Improvements to be documented in the Utilities Asset Registry for capital replacement planning.
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	Goal 6: Water systems are resilient to increasing temperatures, recurring, and worsening drought.

8	<i>Function Number – Project Title:</i>	[370] – Vehicle Replacement (2)
	<i>Risk Factor:</i>	LOW: Minimal / None
	<i>Category:</i>	Non-Mandatory Board Directed or Business Continuity
	<i>Geographic Areas Affected:</i>	Regional
	<i>2025 Funding Required:</i>	\$250,000
	<i>Funding Source(s):</i>	MFA Loan
	<i>Rationale / Service Impacts:</i>	<p>The following vehicles have been identified and in need of replacement, based on the below mentioned reasons. The expected date for delivery for these vehicles is late 2025 or early 2026 and ~20,000 additional kilometers will be driven on each vehicle prior to replacement.</p> <p>Vehicle #530: 2019 Ford F450 w/ Crane; 79,451kms; Engine issues (blowing smoke/burning oil); transmission issues. This truck has had multiple on-going issues and more are expected</p> <p>Vehicle #535: 2018 Dodge Ram 1500; 146,999kms; fueling issues; expensive repairs</p> <p>In addition to the factory ready vehicle and/or truck types, additional aftermarket modifications and add-ons will be required to ensure the vehicles are fleet ready including add-ons such as service bodies, headache rack, seat covers, SCRD logo(s), fire extinguishers, etc. (where required). Electric vehicles will be considered if</p>

		appropriate vehicles are available and fit within budget.
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input checked="" type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	Since these are replacement vehicles, funding for their operation and maintenance is already in place.
	<i>Asset Management Implications:</i>	2.0 O&M and Capital Planning
		The vehicles will need to be included in the Utilities Capital Asset Management Plan.
	<i>Climate Action Plan Goal and Impact (if applicable)</i>	Goal 6: Water systems are resilient to increasing temperatures, recurring, and worsening drought.

9	<i>Function Number – Project Title:</i>	[370] – Senior Utility Operator (including light duty truck) FTE Increase
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Board Directed or Business Continuity
	<i>Geographic Areas Affected:</i>	Regional
	<i>2025 Funding Required:</i>	\$163,089
	<i>Funding Source(s):</i>	User Fees
	<i>Rationale / Service Impacts:</i>	<p>Due to an increasing complexity of day-to-day operations of the systems, increased focus on meeting regulatory requirements and additional regulatory requirements, capital projects watermain replacements, and developments, has meant that operations work specific to the Senior Utility Operator position is not getting completed beyond assisting with day-to-day operations (such as emergency repairs).</p> <p>This position would support/complete: leak resolution, distribution valve maintenance/replacement, hydrant program development and implementation, new developments, fire flow improvements,</p>

		<p>watermain replacements, and any other capital or operational requirements.</p> <p>Note: A new vehicle to support this position is being proposed. Light duty gas or electric 4x4 truck at a cost of \$95,000 plus additional operating expenditures.</p>
	<p><i>HR Implications</i></p>	<p><input checked="" type="checkbox"/> Additional FTE <input type="checkbox"/> Existing FTE <input type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)</p> <p>Staffing (2025) Proration (6 Months) FTE Count: 0.5 Cost (2025): \$ 61,369</p> <p>Additional Staffing Costs: \$1,720</p> <p>Future Year FTE Request FTE Count:1.0 Cost: \$126,112</p>
	<p><i>Future Financial Implications and Life Cycle Cost Breakdown</i></p>	<p>Total 2026 Financial Implications: \$132,832</p> <p>Ongoing base budget lift for staffing \$1,720 plus \$5,000 for related vehicle operational expenses.</p>
	<p><i>Asset Management Implications:</i></p>	<p>2.0 O&M and Capital Planning</p> <p>The vehicle asset must be incorporated into the Utilities Capital Asset Management Plan.</p>
	<p><i>Climate Action Plan Goal and Impact (if applicable)</i></p>	<p>Goal 6: Water systems are resilient to increasing temperatures, recurring, and worsening drought.</p>

10	<i>Function Number – Project Title:</i>	[370] – Utility Engineering Equipment
	<i>Risk Factor:</i>	HIGH RISK: Urgent - Service Level Impact
	<i>Category:</i>	Non-Mandatory Discretionary
	<i>Geographic Areas Affected:</i>	Regional
	<i>2025 Funding Required:</i>	\$25,000
	<i>Funding Source(s):</i>	Capital Reserves
	<i>Rationale / Service Impacts:</i>	Additional field equipment for the utility engineering staff is proposed to be purchased to increase the efficiency of getting GPS data associated with infrastructure locations collected in the field into our GIS systems and to conduct fire hydrant testing to confirm fire flows. The proposed budget of \$25,000 will enable staff to procure these essential tools. Purchasing this equipment will increase efficiency and reduce the need to hire contractors to perform fire hydrant testing.
	<i>HR Implications</i>	<input type="checkbox"/> Additional FTE <input checked="" type="checkbox"/> Existing FTE <input type="checkbox"/> No Additional FTE or Resourcing <input type="checkbox"/> Term or Student (TIME)
	<i>Future Financial Implications and Life Cycle Cost Breakdown</i>	2026 ongoing maintenance and license fees may require additional base budget funds.
	<i>Asset Management Implications:</i>	2.0 O&M and Capital Planning The assets will need to be included in the Utilities Capital Asset Management Plan.
<i>Climate Action Plan Goal and Impact (if applicable)</i>	N/A	

Financial Implications

Five-Year Capital Reserve Plan (or longer, if applicable)					
(use table illustrating capital contributions and expenditures, if available)					
	2025	2026	2027	2028	2029
Item	Amount	Amount	Amount	Amount	Amount
Opening Balance in reserve	\$ 7,563,770	\$ 6,999,452	\$ 7,662,362	\$ 8,834,901	\$ 10,030,832
Contributions Surplus	\$ 1,085,203	\$ 1,126,159	\$ 1,238,594	\$ 1,253,780	\$ 3,766,342
2025 Proposals	-\$ 1,649,521	-\$ 463,249	-\$ 66,055	-\$ 57,849	-\$ 50,817
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance in Reserve	\$ 6,999,452	\$ 7,662,362	\$ 8,834,901	\$ 10,030,832	\$ 13,746,357

Five-Year Operating Reserve Plan (or longer, if applicable)
(use table illustrating capital contributions and expenditures, if available)

	2025	2026	2027	2028	2029
Item	Amount	Amount	Amount	Amount	Amount
Opening Balance in Reserve	\$ 3,822,889	\$ 5,846,695	\$ 7,044,747	\$ 8,381,032	\$ 9,673,566
2024 Operating Surplus	\$ 1,272,327	\$ -	\$ -	\$ -	\$ -
2025 Budget Proposals	-\$ 1,084,089	-\$ 175,832	-\$ 136,705	-\$ 136,705	-\$ 136,705
Contribution to Reserve	\$ 1,835,568	\$ 1,373,884	\$ 1,472,990	\$ 1,429,238	\$ 5,854,483
Closing Balance in Reserve	\$ 5,846,695	\$ 7,044,747	\$ 8,381,032	\$ 9,673,566	\$ 15,391,344

Reviewed by:			
CAO		Legislative	
CFO		Manager	
GM		Other Staff	