



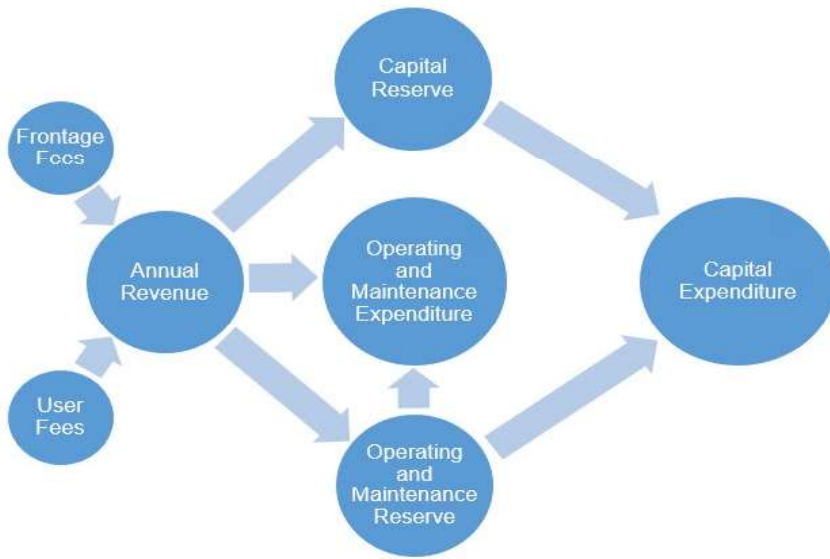
A recent review of the Lily Lake Village wastewater local service area was conducted as a part of the Sunshine Coast Regional District's (SCRD) efforts to implement Best Practices across all wastewater services. This review identified a funding deficit related to operations and maintenance and long-term infrastructure replacement (capital expenditures).

This fact sheet supplements the Wastewater Service Review and Asset Management Plans that were presented to residents on December 11, 2019 at the Pender Harbour Secondary School.

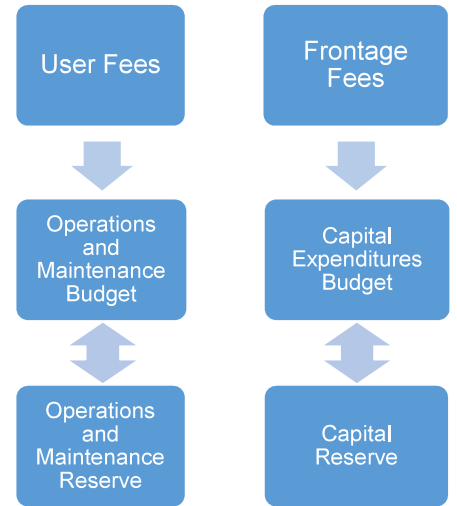
A copy of the Lily Lake Village Wastewater Local Service Asset Management Plan can be obtained from:
www.scrd.ca/Lily-Lake

SCRD staff have considered all necessary replacements over the next 50 years for this wastewater service. To accommodate the cost associated with these upgrades, staff have explored changes to the current funding model. These changes include increases in fees collected from residents. As illustrated below, the preferred funding model is easier for residents to understand where their money is going. Staff will present their recommendations to the Board of Directors on January 23, 2020.

Current SCRDR Wastewater Funding Model



Preferred Funding Model

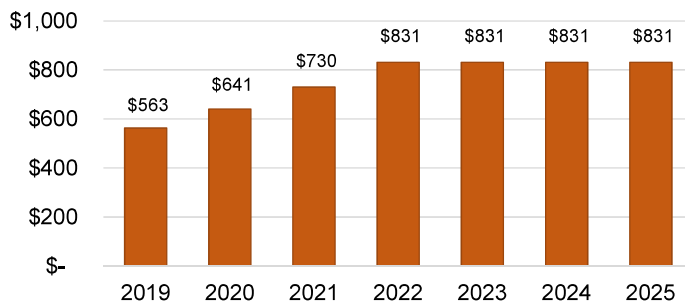


User Fee and Operations and Maintenance Budget Review

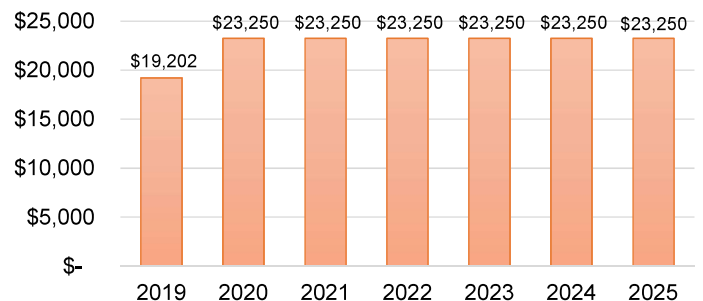
An increase of up to \$268 from 2019 user fees is being considered. The SCRDR has hired one additional wastewater staff to ensure wastewater systems are maintained adequately. In addition, under the preferred funding model, frontage fees would no longer contribute to the operations and maintenance budget.

Staff are proposing three consecutive annual increases of 14% to minimize the impact of the increase. Shortfalls in the 2020 and 2021 annual revenues would be subsidized from operating reserves.

Projected User Fee



Projected Operating Budget



Frontage Fee and Capital Expenditures Budget Review

Unlike user fees, which only apply to those parcels connected to the wastewater treatment facility, frontage fees are applied to all parcels that are located within the local service area.

Three different 50-year models were prepared to consider how frontage fees could be increased. A summary of the key features of each model is shown to the right.

Models 1 and 2 require less overall financial contribution from residents due to accumulation of interest from the reserves.

Model 3 conflicts with the SCRD policy for financial sustainability given the excessive frontage fees in the later years. Due to this, staff are unable to promote this model as a feasible option.

Model 1

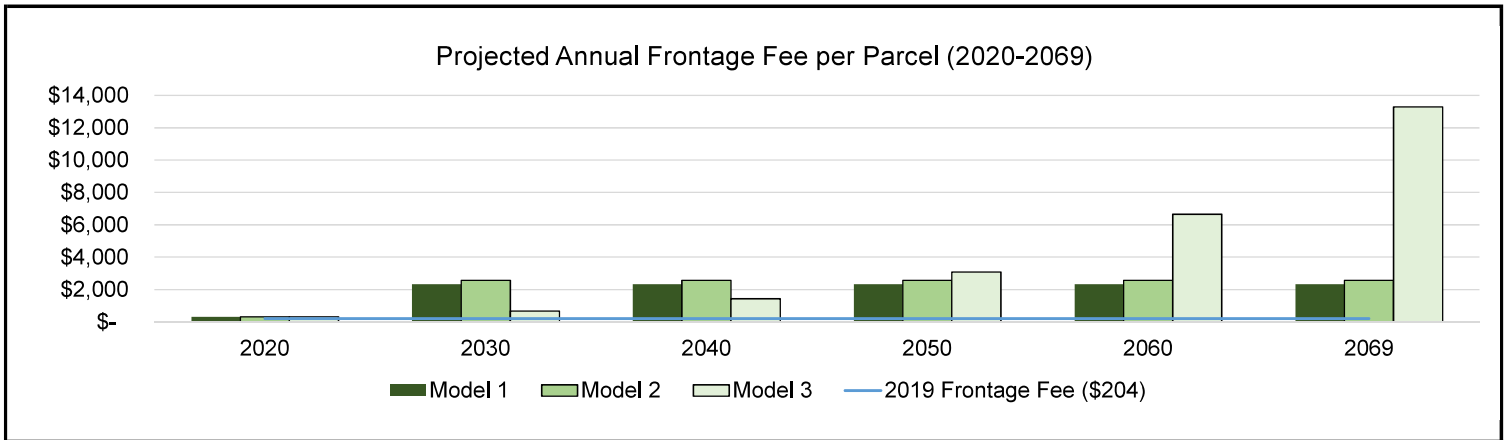
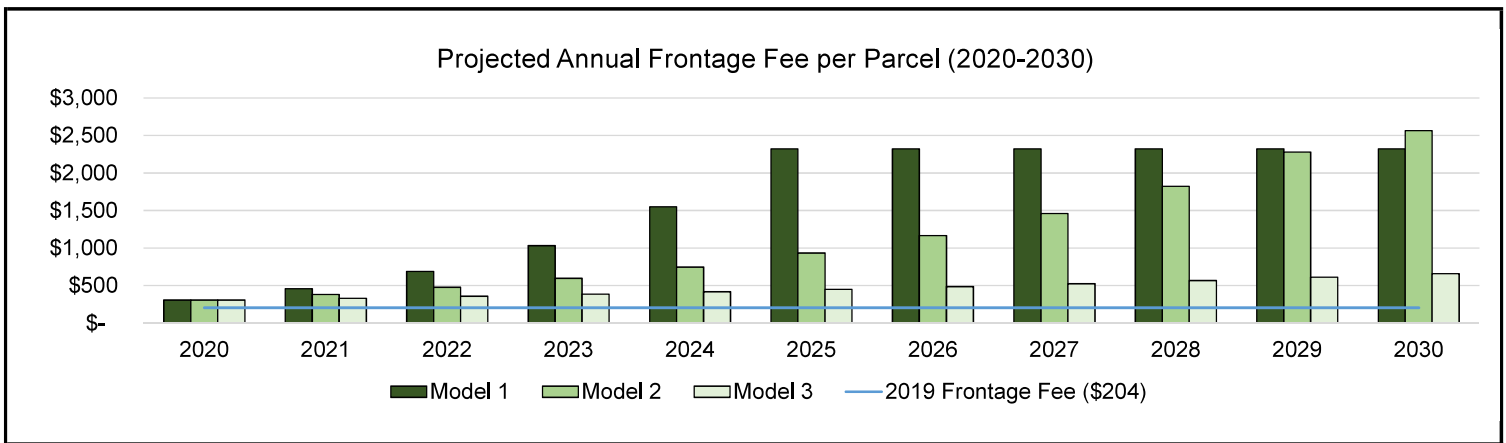
Frontage fee increases by **50%** to \$306 in 2020
 Frontage fee increases by **50%** annually between 2021-2025
 No additional increase in frontage fees beyond **2025**

Model 2

Frontage fee increases by **50%** to \$306 in 2020
 Frontage fee increases by **25%** annually between 2021-2029
 Frontage fee increases by **12.5%** in 2030
 No additional increase in frontage fees beyond **2030**

Model 3

Frontage fee increases by **50%** to \$306 in 2020
 Frontage fee increases by **8%** annually between 2021-2069



Frontage Fees from Recommended Model - Model 2 (2020-2030)

This bar chart shows the frontage fees for Model 2 from 2020 to 2030. The y-axis ranges from \$0 to \$3,000. The fees are: 2020 (\$306), 2021 (\$383), 2022 (\$478), 2023 (\$598), 2024 (\$747), 2025 (\$934), 2026 (\$1,167), 2027 (\$1,459), 2028 (\$1,824), 2029 (\$2,280), and 2030 (\$2,565).

Based on initial public feedback, SCRD staff recommends Model 2 for frontage fee increases. This option provides long-term rate stability while reducing the severity of the annual financial impact to the property owners.

The SCRD staff will present this model to the Board of Directors as the most suitable for all wastewater local service areas in order to support future capital replacements.