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| 3. | Community Services Department 2021 Q4 / Year-End Report General Manager, Community Services Community Services (Voting – All) | ANNEX B pp 3 - 16 |
| 4. | Square Bay Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Square Bay Waste Water Plant (Voting – All) | ANNEX C pp 17 - 25 |
| 5. | Jolly Roger Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Waste Water Plant (Voting – All) | ANNEX D pp 26 - 31 |
| 6. | Secret Cove Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Waste Water Plant (Voting – All) | ANNEX E pp 32 - 37 |
| 7. | Greaves Road Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Waste Water Plant (Voting – All) | ANNEX F pp 38 - 43 |
| 8. | Lily Lake Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Lily Lake Waste Water Plant (Voting – All) | ANNEX G pp 44 - 49 |

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| 9. Sakinaw Ridge Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Sakinaw Ridge Waste Water Plant (Voting – All) | ANNEX H pp 50 - 55 |
| 10. Roberts Creek Co-Housing Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Waste Water Plant (Voting – All) | ANNEX I pp 56 - 61 |
| 11. Woodcreek Park Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Woodcreek Waste Water Plant (Voting – All) | ANNEX J pp 62 - 67 |
| 12. Langdale Community Sewage Treatment Service - Underfunding General Manager, Infrastructure Services Manager, Utility Services Waste Water Plant (Voting – All) | ANNEX K pp 68 - 73 |

COMMUNICATIONS**NEW BUSINESS****IN CAMERA****ADJOURNMENT**

February 7, 2022

SCRD Board of Directors

Thank you for this opportunity to address you today regarding Dakota Ridge.

We are here as representatives for the Dakota Ridge Volunteer Group (DRVG) – a local community group composed of active volunteers and regular users of Dakota Ridge. Our purpose in addressing the Board today is to explore the potential for our group to be more active in the stewardship and advocacy for this incredible community asset.

DRVG believe that Dakota Ridge is a gem for all citizens of the Sunshine Coast. Our group is in a position to increase the volunteers numbers- trail hosts, work parties, volunteer trail groomers – which can in turn increase usage of Dakota Ridge. This can be done without the SCRD having to commit more staff time to the service. We also believe we would be able to fundraise and seek sponsorship for items that would enhance the service.

Attached to this letter are a number of goals and objectives from the SCRD Parks and Recreation Master Plan. We believe that our group can assist the SCRD to meet these goals as they pertain to Dakota Ridge.

We request that the Board direct staff to enter into discussions with representatives of our group, to explore the possibility of DRVG taking an increased role in providing the Dakota Ridge service. This should include developing a clearly defined role for the Dakota Ridge Volunteer group partnering with the SCRD.

We hope that the Board would look favourably upon this request.

Sincerely,

Dakota Ridge Volunteer group

Highlights of the SCRD Parks and Recreation Master Plan

Key Recommendations From Chapter 2 “The Decision-Making Framework”:

1. *Adopt the following Master Plan goals to guide the SCRD now and into the future:*
 - *One: Strengthen community fabric throughout the region.*
 - *Two: Motivate individuals and families to be healthy and active.*
 - *Three: Be stewards of the environment.*
 - *Four: Contribute to a diverse and sustainable economy.*
2. *Assume the roles of planner, provider, community builder, and protector.*
3. *Work within a community-development philosophy, train staff in community engagement and facilitation, and include performance measures that recognize the community-building role.*
4. *Adopt three service levels (small-community service level, medium-catchment-area service level, and regional service level) to guide the planning and delivery of parks and recreation services on the Sunshine Coast.*

From Chapter 7—“Volunteer Resources Plan”: Volunteerism

Develop a vision, policy, and set of strategies pertaining to SCRD volunteers based on current needs, volunteer trends, and liability concerns and future directions as outlined in the Master Plan, and continue to enhance the volunteer appreciation program.

Build and facilitate stronger working relationships with groups who provide organized recreation services, and facilitate communication between volunteer groups and the SCRD, and among volunteer groups themselves.

Expand the parks and trails volunteer program, consider ways to do this efficiently, and increase support for volunteers working on trail development and trail/environmental stewardship.

Pursue “Adopt a Park” and “Adopt a Trail” programs.

Marketing and Communication

- *Share Master Plan data with key service providers.*
- *Work together to strategize how to address overlaps and gaps.*
- *Collaborate with key service providers to track and strategize ways to address leisure needs.*
- *Continue to engage the community in the process to design, deliver, and evaluate services.*
- *Prepare a marketing and communications plan including the use of social media.*

Collaborate with other service providers including local government to promote the Sunshine Coast’s outdoor and indoor assets for recreation and sports tourism opportunities and events.

The Dakota Ridge Volunteer Group feel that our goals and objectives would directly align with those of the Parks and Recreation Master Plan.

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee – February 17, 2022

AUTHOR: Shelley Gagnon, General Manager, Community Services

SUBJECT: COMMUNITY SERVICES DEPARTMENT 2021 Q4 / YEAR-END REPORT

RECOMMENDATION

THAT the report titled Community Services Department 2021 Q4 / Year-End Report be received.

BACKGROUND

The purpose of this report is to provide an update on activity in the Community Services Department for the Fourth Quarter (Q4) of 2021 to Year-End: October 1 to December 31, 2021.

The report provides information from the following Community Services Department Divisions:

- Parks Services
- Recreation & Community Partnerships and Pender Harbour Aquatic & Fitness Centre
- Facility Services
- Transit and Fleet
- Ports & Docks

PARKS SERVICES DIVISION

Cemeteries [400]

- Sales and interments statistics remain at higher than historical trends. Industry research accredits the increase is partly due to provincial restart and the lifting of restrictions on gatherings for celebrations of life and funerals. Additionally, population trends, aging demographics and increase of population are all contributing factors.
- SCRD Cemetery Business planning awarded to E. Lees and Associates with project kick-off meeting scheduled for January 2022.

| | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Total 2021 | Total 2020 |
|--------------------|------------|------------|------------|------------|------------|---------------|---------------|
| Burials | | | | | | | |
| Plots Sold | 6 | 7 | 11 | 5 | 5 | 29 | 12 |
| Interments | 3 | 3 | 5 | 9 | 1 | 20 | 10 |
| Cremations | | | | | | | |
| Plots Sold | 1 | 3 | 6 | 0 | 1 | 10 | 1 |
| Niches Sold | 0 | 0 | 9 | 1 | 1 | 10 | 6 |
| Interments | 2 | 2 | 11 | 6 | 4 | 21 | 20 |
| Inurnments (Niche) | 0 | 0 | 2 | 2 | 2 | 4 | 5 |

Parks [650]

Projects

- Response to emergency flooding event and recovery planning for damages incurred.
- Posted and filled vacancies for Parks Operations Coordinator and Senior Parks Worker.
- Began annual renewal, amendments, extensions and requisitioning of all core service contracts.
- Further discussions with staff and SCRD Strategic Initiatives regarding carbon neutrality and achievable equipment options.
- Continued asset inventory and data acquisition and management. Work with SCRD Asset Management and IT/GIS on Parks asset data collection through a field mapping application.
- 2022 priorities and budget planning.

Parks, Trails and Beach Accesses

- Regular maintenance, inspections and operation of all electoral area parks and amenities.
- Regular playground inspections of all electoral area parks.
- Inspections and updates of COVID-19 signage at most SCRD parks, trails and beach accesses.
- Regular garbage collection and safety checks of all parks.
- Seasonal work on all trails and beach accesses drainage corrections, required ditching, trail grade improvements, culvert cleaning and vegetation management.
- All parks, trails, beach accesses and properties assessed regularly for seasonal storm damage, blowdown and safety concerns.
- Ongoing asset management work with inventory and data collection.

Area A – Egmont / Pender Harbour

- Storm cleanup of various impacted parks and trails.

- Seasonal shutdown of Katherine Lake Campground. Successful season wrap up and the expiry of the existing service contract. Request for Proposal for new Parks Operator for Katherine Lake, Dan Bosch and Ramp Rd./Ruby Lake parks to be tendered early Q1 2022.
- Mowing, trimming and blowing of Egmont Park, John Daly Park, Dan Bosch Park and to the entrance/main trailhead of the Suncoaster Trail.
- Seasonal washing of site furniture, picnic tables, benches, recycling and garbage cans.
- Ongoing vegetation management and water control of trails and beach accesses.
- Bridge inspections, assessments for damage, wear and rot.
- Trail inspections, wildlife/danger tree assessments and vegetation maintenance, trail surface and any structures documentation.

Area B – Halfmoon Bay

- Storm damage assessment in all parks and trails.
- Danger tree removal and hazard vegetation mitigation and clean up at Connor Park.
- Winterized Trout Lake Fishing Dock.
- Downed tree removal, vegetation assessment and clean up at Lohn/Hart trail.
- Repair of vandalism to Connor Park men's washroom.
- Mowing, trimming and blowing of Coopers Green, Trout Lake and Connor Park.
- Seasonal washing of site furniture, tables, benches and garbage cans.
- Winter debris cleanup of all area parks.
- Ongoing vegetation management and water control of trails and beach accesses.
- Ongoing garbage collection and safety checks on playgrounds and parks.
- Bridge inspections, assessments for damage, wear and rot.
- Trail inspections, wildlife/hazard vegetation assessments and vegetation maintenance, trail surface and any structure documentation.

Area D – Roberts Creek

- Prior to November storm:
 - Construction of new steps at Cliff Gilker Park Blue trail.
 - Rebuild of damaged bridge at Cliff Gilker Red trail.
 - Dismantling of Cliff Gilker Zig Zag Bridge and assessment of damage due to fallen tree hazard.
- November storm damage assessment in all parks and trails.
 - 10 downed trees removed from Cliff Gilker Park.
 - Decommissioned Lower Waterfall Bridge at Cliff Gilker Park due to storm damage.
- Downed tree removal at Hunter/Doris trail.
- Mowing, trimming and blowing of Roberts Creek Pier, Cliff Gilker Park and Roberts Creek Bike Path.
- Removal of box benches at Roberts Creek Pier for winter season.
- Repair of stairs at Gulf Beach Access.
- Site preparation and install of dedication bench at Park Rd. Beach access.
- Repair of access road potholes at Roberts Creek Pier and Cliff Gilker Park.
- Bridge repairs at Robinson Bridge.
- Ditching and preventative drainage repairs at Roberts Creek bike path.
- Repair of fence beside Timberland trail due to fallen tree damage.
- Winter debris cleanup of Parks.
- Seasonal washing of picnic tables, benches, signage, recycling and garbage cans.
- Ongoing vegetation management and water control of trails and beach accesses.
- Ongoing garbage collection and safety checks on playgrounds and parks.
- Bridge inspections, assessments for damage, wear and rot.

- Trail inspections, wildlife/danger tree assessment and vegetation maintenance, trail surface repairs and any structure documentation.

Area E – Elphinstone

- Storm damage assessments in all parks and trails.
 - Cleanup of Chaster House and property from creek overflow. Hall and access bridge remain closed and cordoned off/closed to public use. Structural assessment anticipated for Q1 2022.
- Meeting with neighbors of Cedar Meadows Park about water concerns.
- Removal of boardwalk at Sunnyside Park.
- Mowing, trimming and blowing of Whispering Firs, Chaster House, Chaster Park, Cedar Meadows, Grandview Heights, Maryanne West and Sunnyside Parks.
- Winter debris cleanup of all Parks.
- Seasonal washing of picnic tables, benches, signage recycling and garbage cans
- Ongoing vegetation management and water control of trails and beach accesses.
- Ongoing garbage collection and safety checks on playgrounds and parks.
- Bridge inspections, assessments for damage, wear and rot.
- Trail inspections, wildlife/danger tree assessments and vegetation maintenance, trail surface and any structure documentation.

Area F – West Howe Sound

- Storm damage assessment in all parks and trails.
- Sections of Grantham's Community Park and trails continues to be closed due to unsafe geotechnical conditions and instability issues. Staff continue monitoring on a weekly basis and immediately after any significant weather events.
- Mowing, trimming and blowing of Shirley Macey, Granthams and Maple Parks and BC Ferries bike path.
- Winter debris cleanup of all area parks.
- Seasonal washing of picnic tables, benches, signage, recycling and garbage cans.
- Boardwalk construction at Soames Hill Park and Shirley Macey / Dog Park Trail.
- Securement of septic covers at Granthams Hall.
- Vegetation maintenance and hazard tree removal at Shirley Macey Dog Park, Soames Hill Park and Shirley Macey Disc Golf Course.
- Corridor brushing and hazard Limbs removed from Eby trail.
- System draining, shutdown and winterizing of the pump house at Shirley Macey Spray Park.
- Ongoing vegetation management and drainage control of trails and beach accesses.
- Ongoing garbage collection and safety checks on playgrounds and parks.
- Bridge inspections, assessments for damage, wear and rot.
- Continual monitoring and documenting of McNair Bridge.
- Trail inspections, wildlife/danger tree assessments and vegetation removal, trail surface and any structure documentation.

Parks Planning and Community Development

- Reorganized divisional structure to accommodate a second Parks Planning and Community Development Coordinator (PPCDC) position. Recruited for the second PPCDC; starts in January 2022. Developed, advertised and hired new coordinator.
- Completed multiple development referrals processing, led by SCRD Planning Division. Working closely with planning on a high volume of subdivisions and rezoning park referrals and park dedications considerations.

- Further development and process mapping for a community-led initiatives and improvements process. Forms developed and are being shared with community representatives for applicable requests.
- Annual inspection and operations planning with Halfmoon Bay Environmental Society at Homesite Creek Secret Cove Falls Recreation site and trails.
- Annual operational planning discussions with partners CMBTA at Sprockids recreation site and trails.
- Discussions with the Ministry of Transportation and Infrastructure and SCRD Planning on proposed right-of-way alterations near Brooks Lane.
- Procurement for geotechnical assessments of West and Wreck Beach parks on Keats Island.
- On-site discussions with community about proposed improvements to Wreck Beach on Keats Island.
- Participation in the SCRD's Community Project Team for the community climate change adaptation planning project.

Sports Fields

- Irrigation system drain, shutdown and winterizing of pump houses for all fields.
- Soccer net inspections and repairs. Supplied new sandbags for soccer nets.
- Aeration of Cliff Gilker Field (x2) and Shirley Macey Fields #1&2 fields (x2).
- Ongoing grass cutting and vegetation management of all sports fields.
- Ongoing vegetation thinning around sports fields to expose more light onto the fields and improve drainage issues.
- Regular clearing storm debris from all fields.
- The 'Total 2020' stats reflect no field bookings in Q2 due to PHO restrictions.

Number of bookings:

| Sports Field | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Total 2021 | Total 2020 |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------|
| Lions Field | 39 | 0 | 8 | 26 | 39 | 73 | 80 |
| Cliff Gilker | 198 | 106 | 164 | 217 | 198 | 685 | 458 |
| Connor Park | 95 | 127 | 92 | 92 | 105 | 404 | 225 |
| Maryanne West | 51 | 0 | 22 | 66 | 53 | 139 | 131 |
| Shirley Macey Park (2 fields) | 244 | 163 | 182 | 78 | 250 | 667 | 525 |

Community Halls

- Continuing to complete preventative building maintenance and minor capital repairs.
- Agreement oversight for the roof replacement at Sarah Wray Hall by the Pender Harbour Living Heritage Society and the ramp at the Reading Centre by the Pender Harbour Rotary Club. Corrective action on the roof overhang required due to ramp installation completed.
- Investigation and corrective action to resolve Grantham's Hall heating issue.
- Power washing and cleaning at Cardinal Hall.
- Emergency fix of a water leak at the Serendipity Preschool at the Ranger Station.

Number of bookings:

| Community Hall | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Total 2021 | Total 2020 |
|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------|
| Eric Cardinal | 8 | 0 | 10 | 43 | 18 | 62 | 59 |
| Frank West Hall | 4 | 2 | 22 | 58 | 26 | 84 | 85 |

| | | | | | | | |
|----------------|---|---|----|----|---|----|----|
| Coopers Green | 0 | 2 | 5 | 21 | 3 | 30 | 27 |
| Chaster House | 0 | 6 | 22 | 7 | 3 | 34 | 70 |
| Granthams Hall | 0 | 0 | 6 | 24 | 9 | 30 | 11 |

Dakota Ridge [680]

Operations

- Staff moved to a hybrid of both online and in person seasons pass sales for the 2021-2022 ski season and are working to further refine online sales system for the next season. Seasons pass sales continue to be strong.
- Dakota Ridge opened on December 15, 2021 (generally opens in the second or third week in December).
- Partnership agreement from Recreation Sites and Trails BC requires renewal. Board report anticipated in March 2022.
- Communicable disease prevention considerations (COVID safe operations) implemented.
- Pre-season preparation including: vegetation management of main ski trails, firewood collection, splitting, stacking, pit toilet pump out, cleanup of warming hut, and installation of signage.
- Preparation of all site equipment completed and groomer delivered from Mason road to Dakota Ridge.

Volunteers

- Volunteer work party held in November was attended by 5 volunteers and staff (helped prep the facility for the winter season by pruning brush and stacking firewood). Historically around 10 volunteers attend this event.
- The Dakota Ridge Nordics Jackrabbits participation nearly doubled this year with 92 youth participants.

Access Road

- The December flooding caused damage to sections of the access road which was subsequently repaired.

Dakota Ridge Season Pass Sales:

| | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|-------------------------|------------|------------|------------|------------|------------|
| Total Pass Sales | 127 | 107 | 112 | 209 | 221 |

Number of Volunteers:

| Volunteer Position | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|
| Trail Hosts | 28 | 22 | 15 | 20 | 20 |
| Groomers | 9 | 9 | 9 | 7 | 8 |
| Fall Work Party | 13 | 7 | 10 | 10 | 5 |
| Total | 50 | 38 | 34 | 27 | 28 |

RECREATION AND COMMUNITY PARTNERSHIPS DIVISION

Changes to Provincial Health Orders related to COVID-19 – All Facilities

- October 24 – proof of full (double) vaccination for some activities required
- October 25 – additional activities require proof of vaccination and user group personnel require proof of vaccination; and return to full capacity for activities requiring proof of vaccination.
- November 17 – spectators regardless of group size now require proof of vaccination
- December 22 – fitness programs cancelled and weight rooms closed; event size restricted; proof of vaccination for pools and recreation programs with less than 50 people required.
- Note: End of December – some closures and/or reduced hours at recreation facilities due to staffing shortages
- The 'Total 2020' stats reflect no hall bookings in Q2 due to PHO restrictions.

Safety and Staff Training

- On November 22 the aquatic facilities were closed for three hours to provide mandatory aquatic and front desk staff training. Group training included facility evacuation protocol and drill, as well as health and safety policy and procedures including incident reporting. Aquatic staff then completed mandatory training including water COVID safe rescue scenarios and fitness drills. The front desk staff team completed training related to administrative and registration procedures, customer service and internal communication.
- Staff and patrons participated in a full evacuation fire drill (emergency response) at the Gibsons & Area Community Centre (December 1) and Sunshine Coast Arena (December 8).
- Staff also participated in an emergency ammonia response drill at the Sunshine Coast Arena on December 8.
- Communications regarding a new policy effective January 1, 2022 requiring mandatory helmets for on ice SCRD programs and public skating for customers ages 12 year and younger.

Parks Booking Administration Support

- Recreation Staff facilitate the booking of Halls, Fields and Parks. Enquiries levelled off toward the fall as seasons changed and new COVID restrictions were announced.
- Adjustment to the new facility booking process continues. Applications may be obtained online at www.scrd.ca/rentable-spaces and are processed in the order that they are received. Staff continually worked to meet short timelines for facility bookings in order to accommodate groups learning the new process.
- Transition to MIABC EventPortal for insurance requirements is underway and working well.
- Communicable Disease Prevention guidelines were in place and all groups maintained responsibility for awareness of and following all applicable public health orders.
- Dakota Ridge season passes were sold online and in person at GACC.

Gibsons and District Aquatic Facility (GDAF)

- The Gibsons pool returned to reduced hours of 6:30am to 1:00pm Monday to Friday when SAC reopened in November due to lifeguard shortages. Staffing and recruitment remains a challenge. Staff continue to receive feedback about increasing hours at the facility.
- Pre-school swim lessons were offered.
- Aquafit program offered twice a week, with less participation than normal (maybe be related to ongoing pandemic)

Attendance:

| GDAF | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Q4 2019 | Total 2021 |
|------------------|------------|------------|------------|------------|------------|------------|---------------|
| Admission Visits | 2,790 | 2,884 | 3,979 | 4,379* | Closed | 5,605 | 14,032 |

*Included in this total are 82 L.I.F.E admissions for Q4 2021.
Attendance includes drop-in admissions and registered program visits.

Gibsons and Area Community Centre (GACC)

- The GACC weight room closed December 22nd (Public Health Order)
- Adult group fitness classes restarted in the Fall and were also cancelled December 22nd.
- Arena operations continued through Q4 on the ice with most pre-pandemic users returning.
- Adult 'Learn to Play Hockey' program registration was full for the four-week program. Feedback from the participants requested additional adult learn to play programs.
- To wrap up Q4, the Local Minor Hockey Association held a combined U11 & U13 tournament on December 17th to 19th (just before the Provincial government announced new restrictions which prohibited holding adult and youth tournaments). Even with spectator restrictions and other PHO protocols the tournament was very successful.
- Another highlight to Q4 was the return of the Winter Wonderland skate at GACC. Staff decorated the ice surface with trees, snow piles, lights and a Santa visit and saw over 140 patrons attend, despite an extreme snow fall and the ongoing pandemic.

Attendance:

| GACC | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Q4 2019 | Total 2021 |
|------------------|------------|------------|------------|------------|------------|------------|---------------|
| Admission Visits | 6,038 | 4,223 | 9,632 | 18,910* | 3,822 | 31,001 | 38,803 |

*Included in this total are 78 L.I.F.E admissions for those living on a low income for Q4 2021.
Attendance includes drop-in admissions, registered program visits and spectators.

Sunshine Coast Arena (SCA)

- Opened on October 5th and operations continued through Q4 on the ice with most pre-pandemic users returning.
- The only group that did not return to SCA for 2021/22 is HEROS. Staff continue to work with the HEROS organization to return in the 2022/23 season.
- shíshálh Nation returned as an ice user group (two Sundays, once in November and again in December).
- Adult Learn to Play Hockey program being planned for Sundays at SCA beginning in January 2022 (already have 28 participants registered).
- The One Goal program for youth aged 3 to 5 years continues to be successful and both programs during Q4 had full registration of 20 participants for each program.
- Facility closed between December 28th 2021 and January 2nd 2022, inclusive, due to a staffing shortage.

Attendance:

| SCA | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Q4 2019 | Total 2021 |
|------------------|------------|---------------|------------|------------|------------|------------|---------------|
| Admission Visits | 492 | No spring ice | 77 | 2,465* | 57 | 6,581 | 2,634 |

*Included in this total are 14 L.I.F.E admissions for those living on a low income for Q4 2021.
Attendance includes drop-in admissions, registered program visits and spectators.

Sechelt Aquatic Centre (SAC)

- The weight room closed December 22nd (Public Health Order)
- Adult group fitness classes restarted in the Fall and were also cancelled December 22nd. Participation was steady until the closure.
- Staff were excited to welcome the community back after an extended pool shutdown. Customer Appreciation evening was held on November 5th offering free access to the facility.
- Swimming lesson ran at full registration. Where possible, additional classes and lessons were added to address the significant number of waitlisted participants.
- Aquatics staff vacancies continue to be a challenge.

Attendance:

| SAC | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Q4 2019 | Total 2021 |
|------------------|------------|------------|------------|------------|------------|------------|---------------|
| Admission Visits | 22,894 | 19,894 | 12,096 | 21,032* | 14,124 | 42,454 | 75,916 |

*Included in this total are 600 L.I.F.E admissions for those living on a low income for Q4 2021.
Attendance includes drop-in admissions, registered program visits and spectators.

Pender Harbor Aquatic and Fitness Centre (PHAFC)

- The weight room closed December 22nd (Public Health Order)
- Adult group fitness classes restarted in the Fall and were also cancelled December 22nd. Participation was steady until the closure.
- The fall swim lesson set ran with good registration numbers.
- Staff were also able to provide the Bronze Star Program to Grade 7 and 8 students from the Pender Harbour Secondary School. The students worked very hard and all were successful in obtaining their certification.
- The hours of operation at the Pender Pool continue to be reduced due to staffing shortages. Although there are a small number of staff working at Pender Pool, they were able to provide the amended service levels during sicknesses and staffing absences for the entire season.
- Aquatics staff vacancies continue to be a challenge.

Attendance:

| PHAFC | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Q4 2019 | Total 2021 |
|------------------|------------|------------|------------|------------|------------|------------|---------------|
| Admission Visits | 3,947 | 1,687 | 1,237 | 2,541* | 2,496 | 6,527 | 9,412 |

*Included in this total are 41 L.I.F.E admissions for those living on a low income for Q4 2021.
Attendance includes drop-in admissions, registered program visits and spectators.

FACILITY SERVICES DIVISION

Building Maintenance [313]

- Building Maintenance is constructing an office space and shop at the Sunshine Coast Arena. Anticipated completion early Q1 2022.
- There has been a significant reduction in work tickets received since facilities have closed or are operating with reduced staffing due to the pandemic.

| Building Maintenance Tickets | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q4 2020 | Total 2021 | Total 2020 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|
| Tickets received | 52 | 30 | 26 | 34 | 21 | 142 | 137 |
| Tickets resolved | 37 | 30 | 36 | 35 | 28 | 138 | 127 |
| Unresolved tickets | 24 | 27 | 16 | 15 | 6 | 82 | 53 |

Recreation Facilities Services [613 & 625]

Gibsons and Area Community Centre

- 5-year fire sprinkler system inspection completed, no issues found in sprinkler piping.
- Bearing failed on evaporative condenser, emergency repair performed by contractor.
- Electric ice resurfacer battery and charger capital replacement project completed.

Sunshine Coast Arena

- 5-year fire sprinkler system inspection completed, no issues found in sprinkler piping.
- Parking lot lighting replacement project awarded, project completion anticipated in Q1 2022.
- Fire alarm system capital replacement project completed.
- Fitting failed on main water supply line inside building resulting in significant flooding of west side change room area. Water supply line repaired. Some delamination of the change room flooring occurred, working with procurement to determine if damage from flooding should be claimed through insurance.

Sechelt Aquatic Centre

- Commissioning and start-up of new pool filters completed.
- Swirl pool and lap pool UV light capital replacement project completed.
- Linear heat system installation and fire alarm system replacement project completed.
- Solar heating system taken offline and drained for winter season.
- New starting platforms delivered and installed.
- New dive board installed.
- Deficiency work from sound baffle replacement project completed.

Gibsons and District Aquatic Facility

- Air bleed valves were replaced on boilers #1 and #2.
- Filter #2 site glass and bleed valve replaced due to leak caused by cracking.
- Planning for 2022 annual maintenance closure commenced due to supply chain concerns and extended product delivery times.

Pender Harbour Aquatic and Fitness Centre

- Substantial leak occurred on the hot tub filter multiport valve. A crack was found in the valve head, system was shut down and failed parts replaced by staff.
- Main Pool chlorination pump failed, pump was disassembled and rebuilt by staff.

Staffing:

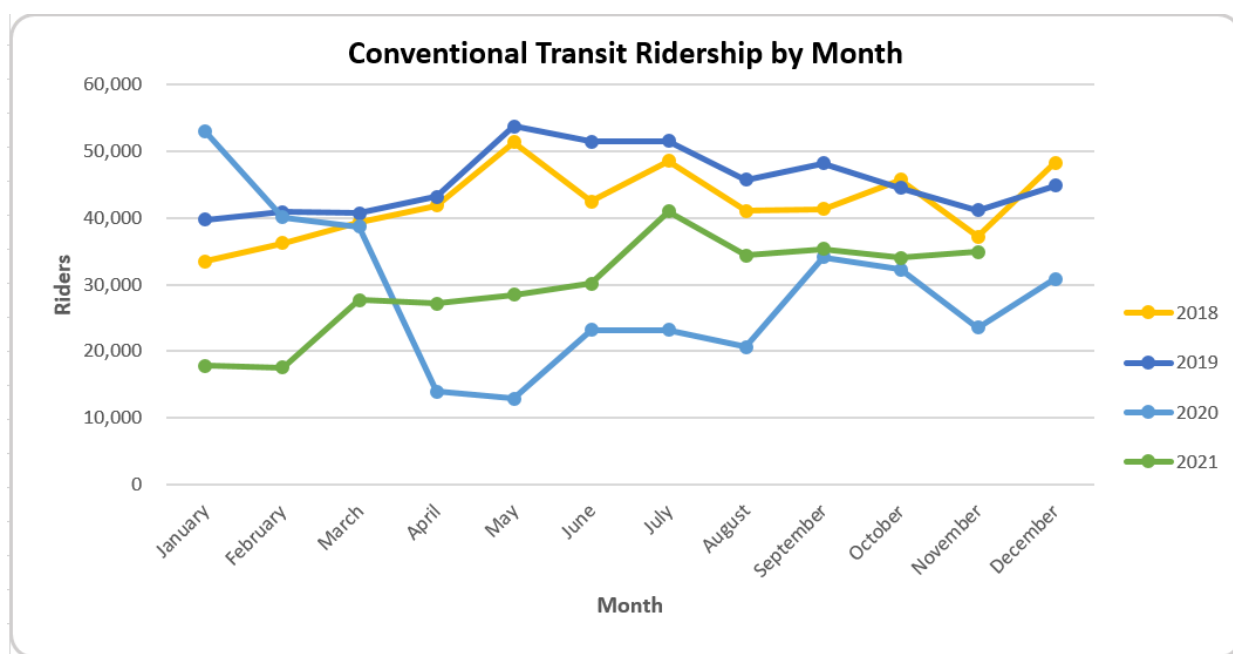
- A significant staffing shortage of certified facility operators occurred in late December, with 60% off work due to illness. This staffing shortage resulted in the temporary closure of the Sunshine Coast Arena from December 28th, 2021 to January 2nd, 2022. The staffing shortage also impacted the Gibsons and Area Community Center resulting in delayed openings December 29th to December 31st, 2021 and January 3rd, 2022. The remaining available certified staff were redeployed working long hours at multiple facilities each day to maintain operations of the aquatic facilities and meet regulatory requirements for refrigeration plant monitoring at the Sunshine Coast Arena while it was closed.

TRANSIT AND FLEET DIVISION [310, 312]

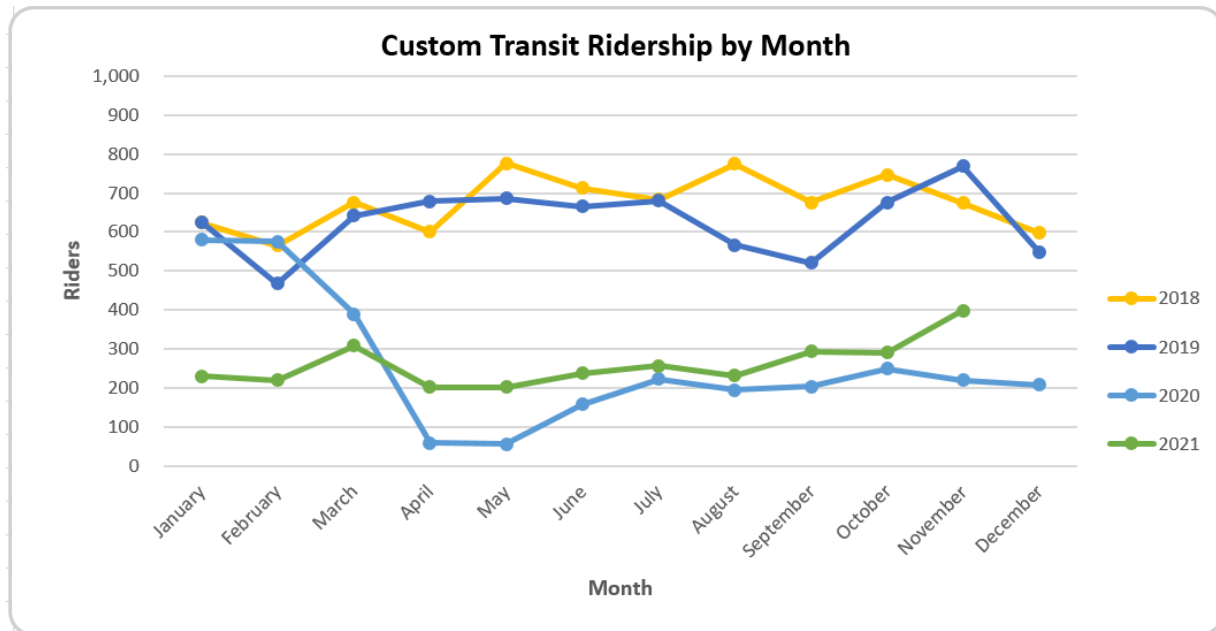
In contrast to most BC Transit systems, the SCRД functions as both the Local Government partner and the service contractor in relationship with BC Transit.

Transit

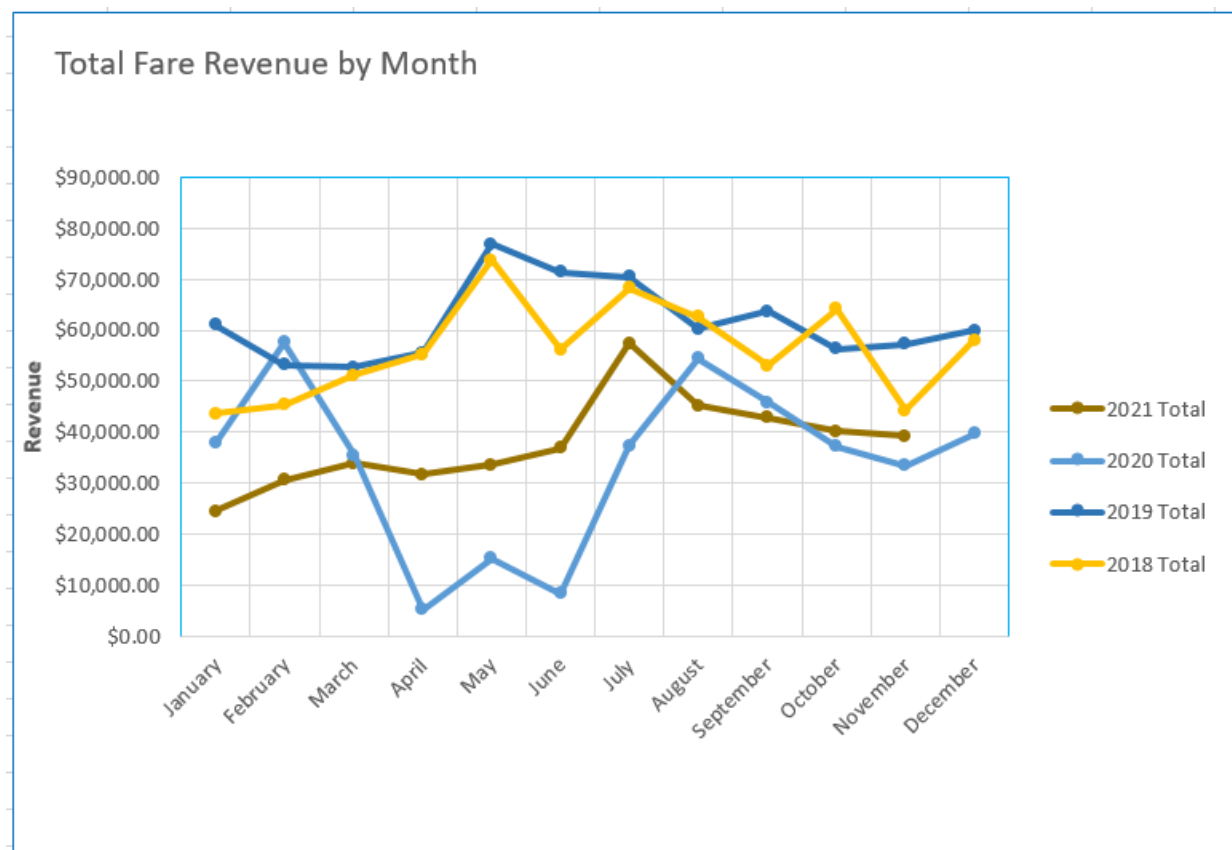
- Transit continues to operate at 100% of the regular scheduled service hours. Mandatory face coverings continue to provide a safer environment for drivers and riders and all buses are disinfected daily.
- The average monthly ridership for Conventional buses throughout the fall was 34,741 trips which represents a 22.15% decrease of average monthly riders from the pre COVID fall of 2019 and an increase of 16.05 % from the same reporting period in 2020.
- The average monthly ridership for Custom buses throughout the fall was 327 trips which represents a 50% decrease of average monthly trips from the pre COVID fall of 2019 and a 44% increase of average monthly trips from the same reporting period in 2020.
- Revenue has decreased 31.12% from the same reporting period pre COVID in 2019 and increased 4.95% from the same reporting period in 2020. The actual monthly revenue might differ slightly to what is presented in this graph due an increased irregularity in the timing of registration of cash revenue.



*Includes all data received from BC Transit to date



*Includes all data received from BC Transit to date



*Includes all data received from BC Transit to date

Transit Future Action Plan Update

- Unfortunately, due to staff changes at BC Transit and staffing capacity challenges in the SCRD, the project was delayed.
- BC Transit introduced a new Transit Planner to work with the SCRD in Q4

- A summary of the Public Engagement conducted in Q3 will be presented to the Core Project Group Members in early Q1 2022.

Inclement Weather Events Affecting Transit Service

Several severe weather occurrences in Q4 impacted Transit service including:

- Atmospheric River November 15, 2021
 - This weather event resulted in disruptions to route #1 from November 15, 2021 to December 2, 2021 due to damage on Lower Road through Roberts Creek
 - This weather event resulted in disruptions to route #4 from November 15, 2021 to November 30, 2021 due to damage on Redrooffs Road in Halfmoon Bay
 - There were 13 different Transit Alerts sent out to passengers regarding this weather event and resulting impacts to the Transit service
- Snow Storms
 - Between December 25, 2021 and December 31, 2021 snow caused disruptions to all routes
 - The routes most affected were route #1 on Lower Road and Langdale Heights and route #4 along Redrooffs Road
 - There were 19 different Transit Alerts sent out to passengers regarding this weather event and resulting impacts to the Transit service

Fleet

- Completed a 160,000 KM service on Transit bus
- Completed 32 commercial vehicle safety enforcement (CVSE) inspections on Fire Trucks, Transit buses and SCRD vehicles

PORTS AND DOCKS DIVISION [345]

- A number of maintenance repairs were completed due to seasonal weather damage.
- Seasonal maintenance inspections at all nine facilities were conducted in November.
- Recruitment of a Ports staffing resource continues.

PORTS MONITORS (POMO) COMMITTEE

- The POMO approach of “eyes on the dock” to identify condition, maintenance or operation issues provided useful feedback that enables SCRD to respond to issues more quickly and more efficiently.
- Currently 7 of the 9 POMO Committee positions are filled. The Vaucroft and Port Graves position are open for applications. A POMO meeting will be scheduled in Q1 2022.

| Reviewed by: | | | |
|--------------|---|-------------|--|
| Manager | X – A. VanVelzen X - K. Clarkson X – G. Donn X – J. Walton | Finance | |
| GM | X – S. Gagnon | Legislative | |
| CAO | X – D. McKinley | Other | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee - February 17, 2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: **SQUARE BAY COMMUNITY SEWAGE TREATMENT SERVICE - UNDERFUNDING**

RECOMMENDATIONS

THAT the report titled Square Bay Community Sewage Treatment Service - Underfunding be received;

AND THAT the Sunshine Coast Regional District Sewage Treatment Facilities Service Unit Bylaw No. 428 be amended to increase the Square Bay Community Sewage Treatment Service Area User Fees by 23.58%;

AND THAT the following projects are deferred and reconsidered as part of the 2023 Budget process:

- **Statutory Right of Way**
- **System Upgrade Planning**

AND THAT the 2022 budget for the Infiltration Reduction Phase 2 project be reduced by \$5,000 to \$20,000 and that this funding decision be reconsidered as part of the 2023 Budget process;

AND FURTHER THAT the Draft 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Square Bay Service Area consists of approximately 81 billable users and 93 frontage fees are collected. The current 2022 user rates per single family residential dwelling is set at \$636.02.

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services was conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Square Bay is one of those Wastewater Services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCR D is also improving the operations and maintenance of its wastewater treatment services

to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

Regardless of the Board policy decision made in 2020, user fees were never increased to the level that they would fully fund the operational expenditures for the Square Bay wastewater service. The 2020 and 2021 contributions from operating reserves were used to compensate for the underfunding of the operational costs. The current uncommitted operational reserves balance is \$7,697 which is insufficient to cover the budgeted operational expenditures underfunding of \$28,206. Staff are requesting direction on how to address this underfunding.

The wastewater treatment plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The anticipated budget 2021 year-end surplus/variance for Square Bay as noted in the November 18, 2021 report turned out to not fully reflect the actual expenditures until year-end as substantially more staff time and expenditures were required for the operations of this facility, in part to mitigate the impacts of the ongoing infiltration in the collection system of the facility. Unfortunately, staff were not able to prevent several non-compliances with our provincial permit requirements. The 2021 year-end surplus ended up being \$2,059 instead of the anticipated \$27,795.

Along with annual operations the following operating projects were presented as part of the 2020 and 2021 budget and have not been completed. Funds remaining in the approved projects are identified below.

| | 2020 & 2021 Approved Operating Projects | 2022 budget |
|---|--|--------------------|
| 1 | Statutory Right of Way | \$4,000 |
| 2 | System Upgrade Planning | \$14,502 |
| 3 | Infiltration Reduction Phase 1 and 2 | \$39,677 |
| 4 | Communication Plan | \$2,600 |
| | | \$ 60,779 |

Note: Only \$7,500 of the funding for the System Upgrade Planning project is from Operation Reserves and the remainder is from Community Gas Tax.

In considering the options to address the identified underfunding of the 2022 operational expenditures, it is important to consider the following:

- Over the last several years substantial efforts have been made to improve the condition of the treatment plant infrastructure. The current condition of the collection system infrastructure is such that additional effort will be required to bring it up to current day standards and reduce the daily maintenance costs of the service.
- The ongoing infiltration into the collection system is resulting in non-compliance with our provincial permit requirements that ultimately could trigger additional actions to be taken.
- Any portion of identified projects or underfunding not addressed by increasing the user fees in 2022 will defer doing so in 2023.
- The target level for operating reserves to fund more substantial unexpected operating expenditures for Square Bay is \$10,000.

Staff identified the following approaches to address the identified underfunding of this service:

- Increase the 2022 user fees by up to \$348.22.
- Deferred projects (or portions) funded from operating reserves.
- Decreasing the operating budget by further deferring maintenance and inadequate operations of the facility.

Historical Rates

The historical rates and the 2022 rates as adopted on November 18, 2021 are presented in the table below:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------------|---------------|-----------------|---------------|------------|------------|
| <i>Parcel/Frontage Tax/Fee</i> | 217.42 | 217.42 | 217.42 | XX | XX |
| <i>User Fee</i> | 501.19 | 636.02 | 636.02 | n/a | n/a |
| Total | 718.61 | 853.44 | 853.44 | XX | XX |
| Total \$ Increase | | \$134.83 | \$0.00 | XX | XX |
| Total % Increase | | 18.76% | 0.00% | XX% | XX% |

Options and Analysis

To fund the \$28,206 Budget operating underfunding for 2022, and to address underfunding in 2023 and onward, the following options are presented for review.

To fund the 2022 underfunding it is proposed that regardless of the option selected the following projects be deferred as noted.

Approved Project Details

There are currently several approved projects in Square Bay that have not been completed and staff suggest the following deferrals, or partial deferral of, the following projects to be reconsidered as part of 2023 Budget process.

Statutory Right of Way (SRW) \$4,000 defer for reconsideration in 2023

- Collection lines cross private property to allow for correct alignment. Some of the collection lines in Square Bay need a SRW. As this situation has been as it is for years, deferring this project could be considered a low risk to the organization.

System Upgrade Planning \$7,500 defer for reconsideration in 2023

- The collection system is in poor condition as noted in the Asset Management Plan. A system review is required for future upgrades to the collection system to reduce infiltration and maintenance. Such system review is required before the SCRD can apply for grants for the identified upgrades.

Infiltration Reduction Phase 1 and 2 \$39,677 defer \$5,000 for reconsideration in 2023

- There are high infiltration rates due to aging infrastructure and a collection system that is in poor condition. These funds are used to repair the highest priority section of the collection system. Deferring a part of these funds would impact staff's ability

to address these issues. Continuing with this project will address additionally incurred costs due to infiltration such as additional pump outs and staff (over)time.

Deferring these recommended projects will result in \$16,500 of additional operating reserves being available. With the current relatively low level of operating reserves, it should be noted that deferring these projects will require a one-time user fee increase at the time that the Board approves these projects to move forward.

Proposed 2022 Project Detail

There is currently one proposed project at Square Bay;

Communication Plan \$2,600

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

Given the financial status of this service it is not recommended to defer the communication plan project.

User fee options

With respect to the 2022 user fees, staff prepared three options for the Board's consideration.

Option 1 – 17.58% overall rate increase (23.58% increase to user fees, 0% increase to frontage/parcel taxes (Recommended))

This option would defer the above suggested projects and increase the 2022 user fee by \$150/user to collect \$12,150 additional user fees to address some of the 2022 underfunding and ensure sufficient operating reserve levels to fund unexpected expenditures.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|----------------------------|-------------------|
| Current Rate | \$636.02 | \$217.42 | \$853.44 |
| Proposed Increase | \$150.00 | \$0.0 | \$150.00 |
| 2022 Rate | \$786.02 | \$217.42 | \$1,003.44 |
| % Increase | 23.58% | 0.0% | 17.58% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$56,815 | \$46,974 | |
| Projected 2021 Surplus | \$2,059 | - | |
| Budgeted Transfers to Reserves | - | \$1,239 | |
| Budgeted Transfers from Reserves to Fund Operations | (15,377) | | |
| Budgeted Transfers from Reserves | (37,277) | | |
| Ending Uncommitted Balance | \$6,220 | \$48,213 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$20,220 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Staff recommend Option 1 for the following reasons:

- Current efforts to address the infiltration in the collection system and associated performance and non-compliance issues can be continued in a limited manner.
- Deferring some projects result in only funding about 43% of the anticipated 2022 operating underfunding is significantly reducing the financial impacts to the users of the system in 2022.
- Confirming a sustainable funding source for about 57% of the currently underfunded operation expenditures is deferred to the 2023 budget process.
- Operating reserves levels would remain below the set target level for this system. This would create some risk that any unforeseen major expenditures would need to be funded from 2023 user fees or a levy. This should be considered when establishing the 2023 user fees.
- Any underfunding of the operational expenditures in 2022 not addressed through increasing the 2022 user fees will be considered as part of the 2023 user fee analyses and presented at a Q4 Committee meeting.

Option 2 – 40.8% overall rate increase (54.75% increase to user fees, 0% increase to frontage/parcel taxes)

This option would *not* defer the above approved projects and increase the 2022 user fee by \$348.22/user to address all of the projected 2022 underfunding.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|----------------------------|------------------|
| Current Rate | \$636.02 | \$217.42 | \$853.44 |
| Proposed Increase | \$348.22 | \$0.0 | \$348.22 |
| 2022 Rate | \$984.24 | \$217.42 | \$1200.84 |
| % Increase | 54.75% | 0.0% | 40.80% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$56,815 | \$46,974 | |
| Projected 2021 Surplus | \$2,059 | - | |
| Budgeted Transfers to Reserves | \$1,575 | \$1,239 | |
| Budgeted Transfers from Reserves | (53,777) | | |
| Ending Uncommitted Balance | \$6,673 | \$48,213 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$20,220 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

This option:

- would have the most significant financial impact on the users of the system in 2022;
- would not require any additional user fee increases in 2023 to address the identified current underfunding;
- would not impact the progress of any of the approved projects;
- would result in the operating reserves levels to remain below the set target level for this system. This would create some risk that any unforeseen major expenditures would need to be funded from 2023 user fees or a levy. This should be considered when establishing the 2023 user fees.

Staff don't recommend this option given the implications on users in 2022.

Option 3 – 7.45% overall rate increase (10% increase to user fees, 0% increase to frontage/parcel taxes)

This option would defer the above suggested projects, use the remainder of operating reserves and use \$1,239 in parcel taxes. This would only increase the 2022 user fee by \$63.60/user to address all of the projected 2022 underfunding.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|----------------------------|-----------------|
| Current Rate | \$636.02 | \$217.42 | \$853.44 |
| Proposed Increase | \$63.60 | \$0.00 | \$50.00 |
| 2022 Rate | \$699.62 | \$217.42 | \$917.04 |
| % Increase | 10.0% | 0.00% | 7.45% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$56,815 | \$46,974 | |
| Projected 2021 Surplus | \$2,059 | - | |
| Budgeted Transfers from Reserves to Fund Operations | (21,528) | - | |
| Budgeted Transfers from Reserves | (37,277) | | |
| Ending Uncommitted Balance | 70 | \$46,974 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$18,981 | | | |
| Parcel Taxes Required to Fund Operations: \$1,239 | | | |

This option will result in:

- A limited financial impact on the users of the system in 2022.
- Operating reserves would be almost entirely depleted. This would create the risk that any unforeseen expenditures would need to be funded from 2023 user fees or a levy.
- There would be no 2022 contribution to capital reserves as the 2022 contribution to capital reserves of \$1,239 would be required to fund operational expenditures.

- Current efforts to address the infiltration in the collection system and associated performance and non-compliance issues can be continued in a limited manner.
- Confirming a sustainable funding source for about 92% of the currently underfunded operation expenditures is deferred to the 2023 budget process.

Staff don't recommend this option given the financial implications on users in 2023 and financial sustainability of the service in general.

Financial Implications

The options fee impacts are as follows:

| | Option 1 | Option 2 | Option 3 |
|--|-----------------|-----------------|-----------------|
| Additional User Fee Revenue | \$12,829 | \$29,781 | \$5,440 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 | \$0 |
| Total Additional Revenue | \$12,829 | \$29,781 | \$5,440 |
| | | | |
| Net Operating Funding Increase | \$12,829 | \$29,781 | \$5,440 |

The following table summarizes the net operating and net capital impact from each of the options including a result if no changes to user fee rates or projects deferrals were implemented:

| | | | | | |
|---|-----------------|-------------------|-------------------|------------------|--|
| Operating | | | | | |
| | No Change | Option 1 (23.58%) | Option 2 (54.75%) | Option 3 (7.86%) | |
| User Fee Revenue | 54,395 | 67,224 | 84,176 | 59,835 | |
| Expenses | | | | | |
| Administrative | (8,586) | (8,586) | (8,586) | (8,586) | |
| Salaries & Wages | (45,464) | (45,464) | (45,464) | (45,464) | |
| Operating Costs | (28,551) | (28,551) | (28,551) | (28,551) | |
| Under Funded | 28,206 | - | - | 22,766 | |
| Operating Projects | (53,777) | (37,277) | (53,777) | (37,277) | |
| Net Operating Deficit | (81,983) | (52,654) | (52,202) | (60,043) | |
| Capital | | | | | |
| | No Change | Option 1 (0%) | Option 2 (0%) | Option 3 (0%) | |
| Parcel Tax Revenue | 20,220 | 20,220 | 20,220 | 20,220 | |
| Expenses | | | | | |
| Long Term Debenture Debt | (17,869) | (17,869) | (17,869) | (17,869) | |
| Equipment Financing Loans | (1,112) | (1,112) | (1,112) | (1,112) | |
| Base Budget Expenses | - | - | - | - | |
| Funding of Operations** | (1,239) | - | - | (1,239) | |
| Transfer to Reserves | - | 1,239 | 1,239 | - | |
| Capital Project Costs | - | - | - | - | |
| Net Capital Surplus (Deficit) | - | 1,239 | 1,239 | - | |
| **There is only \$1,239 in remaining P/T Revenue after addressing all Capital Expenditure Costs | | | | | |

Timeline for next steps

Based on the direction received from the Committee at this meeting, staff will prepare an update to Sunshine Coast Regional District Sewage Treatment Facilities Service Unit Bylaw No. 428.

At the February 24, 2022 Board meeting the Board will need to approve 1) the minutes for this Committee meeting and 2) the Sunshine Coast Regional District Sewage Treatment Facilities Service Unit Bylaw No. 428 before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed through increasing the 2022 user fees will be considered as part of the 2023 user fee analyses and presented at a Q4 Committee meeting.

Communications Strategy

A Communication Plan has been developed to inform homeowners of rate increases. This will include a virtual information session for the users of this system in March or April 2022 to provide

them with information and answer questions about the identified operating underfunding and the decision made by the Board to address it.

Information regarding rate changes and funding will also be communicated via print advertising, social media, on utility invoices sent to customers and will also be posted on the SCRD website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCRD services is borne from the guiding policies adopted by the Board. This report aligns with the Board's strategic focus area of Asset Stewardship and Engagement and Communication. Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required expenditure to operate each individual plant, Square Bay is one of the wastewater services underfunded by \$28,206 in 2022.

The wastewater treatment plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend Option 1 to increase the 2022 user fees by \$150/user and defer several projects currently listed as being funded from operating reserves. Staff will engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X – B. Wing |
| GM | | Legislative | |
| CAO | X- D. McKinley | Other | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee - February 17, 2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: **JOLLY ROGER COMMUNITY SEWAGE TREATMENT SERVICE - UNDERFUNDING**

RECOMMENDATIONS

THAT the report titled Jolly Roger Community Sewage Treatment Service - Underfunding be received;

AND THAT \$2,266 of the [384] Jolly Roger Operating Reserve will be used to fund 2022 operations;

AND FURTHER THAT the Draft 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Jolly Roger Service Area consists of 31 billable users and 31 frontage fees are collected. At the November 25, 2021 Board meeting the 2022 user fee for this service was set at \$832.54

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services has been conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Lily Lake is one of those wastewater services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCRD is also improving the operations and maintenance of its wastewater treatment services to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The 2022 operations of the Jolly Roger system are estimated to be underfunded by \$2,266.

Along with annual operations the following operating projects were presented as part of the 2022 budget and have not been completed. Funds for the projects are identified below.

Operating

| | 2022 Proposed Operating Projects | Cost |
|---|----------------------------------|-----------------|
| 1 | Communication Plan | \$1,900 |
| 2 | Statutory Right of Way | \$4,000 |
| | | \$ 5,900 |

Historical Rates

Historical rates and 2022 rates adopted on November 25, 2021:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------------|---------------|---------------|---------------|-----------|-----------|
| <i>Parcel/Frontage Tax/Fee</i> | 102.00 | 152.00 | 152.00 | XX | XX |
| <i>User Fee</i> | 682.19 | 832.54 | 832.54 | n/a | n/a |
| Total | 784.19 | 984.54 | 984.54 | XX | XX |
| Total \$ Increase | | \$200.35 | \$0.00 | XX | XX |
| Total % Increase | | 25.55% | 0.00% | XX% | XX% |

Options and Analysis

Jolly Roger underfunding is due to the disparity between the user fees collected, and the Operating Budget, the difference of which has historically been funded by Reserves. To fund the \$2,266 Budget operating underfunding for 2022, and to address underfunding in 2023 and onward, the following options are presented for review.

Approved Project Details

There are currently two approved projects in the Jolly Roger service area that have not been completed and are carryforward projects to be completed in 2022/2023.

Headworks Replacement \$7,161

- The headworks screens had failed and needed repairs. Pump damage and failure needs to be addressed.

Statutory Right of Way \$4,000

- The SCRCD does not have legal access to the Jolly Roger plant across private property, and a ROW is required.

Proposed 2022 Project Detail

There is currently one proposed project at Jolly Roger;

Communication Plan \$1,900

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

After the 2022 projects the uncommitted Operating Reserves will be \$25,975. The minimum Operating Reserve goal will be met. Staff therefore recommend to not defer any of these projects to fund the 2022 underfunding of the operational expenditures.

User Fee Options

Option 1 – 7.43% overall rate increase (8.78% increase to user fees, 0% increase to frontage/parcel taxes)

Increase fees by \$73.10/user to address all of the projected 2022 underfunding. If the entire 2022 budget is expended this option would forecast no underfunding for 2022.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|----------------------------|-------------------|
| Current Rate | \$832.54 | \$152.00 | \$984.54 |
| Proposed Increase | \$73.10 | \$0 | \$72.03 |
| 2022 Rate | \$905.64 | \$152.00 | \$1,057.64 |
| % Increase | 8.78% | 0.0% | 7.43% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$21,509 | \$39,772 | |
| Projected 2021 Surplus | \$12,632 | - | |
| Budgeted Transfers to Reserves | - | \$4,307 | |
| Budgeted Transfers from Reserves | \$(5,900) | | |
| Ending Uncommitted Balance | \$28,241 | \$44,079 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$4,864 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes about Option 1:

- This option aligns with the Financial Sustainability Policy.
- This option will result in a substantial increase in the rates and could impact the financial situation of system users.
- System users have not been engaged on how to address the current underfunding of operational expenditures.

Option 2 – 0% overall rate increase (0% increase to user fees, 0% increase to frontage/parcel taxes)

Do not increase User Fees. Fund the Operating Budget underfunding by Operating Reserves.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|------------------------|-----------------|
| Current Rate | \$832.54 | \$152.00 | \$984.54 |
| Proposed Increase | \$0 | \$0 | \$0 |
| 2022 Rate | \$832.54 | \$152.00 | \$984.54 |
| % Increase | 0% | 0.0% | 0% |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$21,509 | \$39,772 | |
| Projected 2021 Surplus | 12,632 | - | |
| Budgeted Transfers to Reserves | - | 4,307 | |
| Budgeted Transfers from Reserves to Fund Operations | (2,286) | | |
| Budgeted Transfers from Reserves | (5,900) | | |
| Ending Uncommitted Balance | \$25,975 | \$44,079 | |
| Total Annual Capital Funding from Parcel Taxes: \$4,864 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes regarding Option 2:

- The communication plan may be less costly due to the ongoing communication with this community.
- Completing Operating Projects will increase plant effluent quality.
- Completing annual maintenance as planned is recommended.
- The Operating Reserves Budget will meet the \$10,000 minimum level goals.

As Option 1 aligns with the SCRD Financial Sustainability Policy, staff would under normal circumstances recommend that option to be implemented. Given the unique timing of this Committee report and that there has been no opportunity to engage with the community, staff recommend the implementation of Option 2 on an interim basis for 2022.

Financial Implications

The options fee impacts are as follows;

| | Option 1 | Option 2 |
|--|----------------|------------|
| Additional User Fee Revenue | \$2,266 | \$0 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 |
| Total Additional Revenue | \$2,260 | \$0 |
| | | |
| Net Operating Funding Increase | \$2,260 | \$0 |

The following table summarizes the net operating and net capital impact from each of the options including results from if no changes to rates were made:

| | | |
|--------------------------------------|----------------------|----------------------|
| Operating | | |
| | Option 1 (No Change) | Option 2 (23.58%) |
| User Fee Revenue | 25,809 | 28,075 |
| Expenses | | |
| Administrative | (2,301) | (2,301) |
| Salaries & Wages | (12,087) | (12,087) |
| Operating Costs | (13,687) | (13,687) |
| Under Funded | 2,266 | - |
| Operating Projects | (5,900) | (5,900) |
| Net Operating Deficit | (8,166) | (5,900) |
| Capital | | |
| | Option 1 (No Change) | Option 1 (No Change) |
| Parcel Tax Revenue | 4,864 | 4,864 |
| Expenses | | |
| Equipment Financing Loans | (557) | (557) |
| Base Budget Expenses | - | - |
| Funding of Operations** | - | - |
| Transfer to Reserves | 4,307 | 4,307 |
| Capital Project Costs | (3,608) | (3,608) |
| Net Capital Surplus (Deficit) | 699 | 699 |

Timeline for next steps

At the February 24, 2022 Board meeting the Board will need to approved the minutes for this Committee meeting before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed thru increasing the 2022 user fees will be considered as part of the 2023 user fees analyses and presented at a Q4 Committee meeting.

Once approval is received the Financial Plan will be amended.

Communications Strategy

A Communication Plan has been developed to inform homeowners of rate increases. This will include a virtual information session for the users of this system in March or April 2022 to provide them with information and answer questions about the identified operating underfunding and the decision made by the Board to address it.

Information regarding rate changes and funding will also be communicated via print advertising, social media, on utility invoices sent to customers and will also be posted on the SCRD website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCRD services is borne from the guiding policies adopted by the Board. This report aligns with the Board's Strategic focus area of Asset Stewardship and Engagement and Communication. Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required budget to operate each individual plant, Jolly Roger is one of the Wastewater Services underfunded by \$2,266 annually.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend to fund the underfunding of the 2022 Operational expenditures from Operating Reserves (Option 2) and engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|-----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X – B. Wing |
| GM | | Legislative | |
| CAO | X - D. McKinley | Other | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee - February 17,2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: **SECRET COVE COMMUNITY SEWAGE TREATMENT SERVICE – UNDERFUNDING**

RECOMMENDATIONS

THAT the report titled Secret Cove Community Sewage Treatment Service - Underfunding be received;

AND THAT \$680 of the [385] Secret Cove Operating Reserve be used to fund 2022 operations;

AND FURTHER THAT the Draft 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Secret Cove Service Area consists of 32 billable users and 30 residential and 2 commercial frontage fees are collected. At the November 25, 2021 Board meeting the 2022 user fee for this service was set at \$712.57.

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services has been conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Secret Cove is one of those wastewater services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCRD is also improving the operations and maintenance of its wastewater treatment services to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The 2022 operations of Secret Cove is estimated to be underfunded by \$680.

Along with annual operations the following operating projects were presented as part of the 2022 budget and have not been completed. Funds for the projects are identified below.

Operating

| | 2022 Proposed Operating Projects | Cost |
|---|----------------------------------|-----------------|
| 1 | Communication Plan | \$1,900 |
| | | \$ 1,900 |

Historical Rates

Historical rates and 2022 rates adopted on November 25, 2021:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------------|---------------|-----------------|----------------|------------|------------|
| <i>Parcel/Frontage Tax/Fee</i> | \$102.00 | \$152.00 | \$152.00 | XX | XX |
| <i>User Fee</i> | \$616.36 | \$712.57 | \$723.26 | n/a | n/a |
| Total | 718.36 | 864.57 | 875.26 | XX | XX |
| Total \$ Increase | | \$146.21 | \$10.69 | XX | XX |
| Total % Increase | | 20.35% | 0.00% | XX% | XX% |

Options and Analysis

Secret Cove underfunding is due to the disparity between the user fees collected, and the Operating Budget, the difference of which has historically been funded by Reserves. To fund the \$680 Budget operating deficit for 2022 and to address underfunding in 2023 and onward the following options are presented for review.

Approved Project Details

There are currently two approved projects in Secret Cove that have not been completed and are carryforward projects to be completed in 2022/2023.

Headworks Replacement \$7,485

- The headworks screens had failed and needed repairs. Pump damage and failure needs to be addressed.

Statutory Right of Way \$4,000

- The SCR D does not have legal access to the Secret Cove plant across private property, and a ROW is required.

Proposed 2022 Project Detail

There is currently one proposed project at Secret Cove;

Communication Plan \$1,900

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

After the 2022 project the uncommitted Operating Reserves will be \$43,795. The minimum Operating Reserve goal will be met. Staff therefore recommend to not defer any of these projects to fund the 2022 underfunding of the operational expenditures.

User fee options

Option 1 – 2.46% overall rate increase (2.98% increase to user fees, 0% increase to frontage/parcel taxes)

Increase fees by \$21.25/user to address all of the projected 2022 underfunding. If the entire 2022 budget is expended this option would forecast no underfunding for 2022.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|----------------------------|-----------------|
| Current Rate | \$712.57 | \$152 | \$864.57 |
| Proposed Increase | \$21.25 | \$0.0 | \$ |
| 2022 Rate | \$733.82 | \$152 | \$885.82 |
| % Increase | 2.98% | 0.0% | 2.46% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Uncommitted Balance | \$33,520 | \$12,540 | |
| Projected 2021 Surplus | \$16,855 | - | |
| Budgeted Transfers to Reserves | - | \$4,611 | |
| Budgeted Transfers from Reserves | \$(5,900) | (3,742) | |
| Ending Uncommitted Balance | \$44,475 | \$13,409 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$5,168 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes about Option 1:

- This option aligns with the Financial Sustainability Policy.
- This option will result in a substantial increase in the rates and could impact the financial situation of system users.
- System users have not been engaged on how to address the current underfunding of operational expenditures.

Option 2 – 0% overall rate increase (0% increase to user fees, 0% increase to frontage/parcel taxes)

Do not increase User Fees. Fund the Operating Budget underfunding by Operating Reserves.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|-------------------|---------------------|-----------------|
| Current Rate | \$712.57 | \$152 | \$864.57 |
| Proposed Increase | \$0 | \$0 | \$0 |
| 2022 Rate | \$712.57 | \$152 | \$864.57 |
| % Increase | 0% | 0.0% | 0% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$33,520 | \$12,540 | |
| Projected 2021 Surplus | \$16,855 | - | |
| Budgeted Transfers to Reserves | - | \$4,611 | |
| Budgeted Transfers from Reserves to Fund Operations | (680) | | |
| Budgeted Transfers from Reserves | \$(5,900) | (3,742) | |
| Ending Uncommitted Balance | \$43,795 | \$13,409 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$5,168 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes regarding Option 2:

- The communication plan may be less costly due to the ongoing communication with this community.
- Completing Operating Projects will increase plant effluent quality.
- Completing annual maintenance as planned is recommended.
- The Operating Reserves Budget will meet the \$10,000 minimum level goals.

As Option 1 aligns with the SCRD Financial Sustainability Policy, staff would under normal circumstances recommend that option to be implemented. Given the unique timing of this Committee report and that there has been no opportunity to engage with the community, staff recommend the implementation of Option 2 on an interim basis for 2022.

Financial Implications

The options fee impacts are as follows;

| | Option 1 | Option 2 |
|--|--------------|------------|
| Additional User Fee Revenue | \$680 | \$0 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 |
| Total Additional Revenue | \$680 | \$0 |
| | | |
| Net Operating Funding Increase | \$680 | \$0 |

The following table summarizes the net operating and net capital impact from each of the options including results from if no changes to rates were made:

| | | |
|--------------------------------------|----------------------|----------------------|
| Operating | | |
| | Option 1 (No Change) | Option 2 (2.98%) |
| User Fee Revenue | 24,856 | 25,597 |
| Expenses | | |
| Administrative | (2,114) | (2,114) |
| Salaries & Wages | (12,221) | (12,221) |
| Operating Costs | (11,201) | (11,201) |
| Under Funded | 680 | - |
| Operating Projects | (5,900) | (5,900) |
| Net Operating Deficit | (6,580) | (5,839) |
| Capital | | |
| | Option 1 (No Change) | Option 1 (No Change) |
| Parcel Tax Revenue | 5,168 | 5,168 |
| Expenses | | |
| Equipment Financing Loans | (557) | (557) |
| Base Budget Expenses | - | - |
| Funding of Operations | - | - |
| Transfer to Reserves | 4,611 | 4,611 |
| Capital Project Costs | (3,742) | (3,742) |
| Net Capital Surplus (Deficit) | 869 | 869 |

Timeline for next steps

At the February 24, 2022 Board meeting the Board will need to approved the minutes for this Committee meeting before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed thru increasing the 2022 user fees will be considered as part of the 2023 user fees analyses and presented at a Q4 Committee meeting.

Communications Strategy

A Communication Plan has been developed to inform homeowners of rate increases. This will include a virtual information session for the users of this system in March or April 2022 to provide them with information and answer questions about the identified operating underfunding and the decision made by the Board to address it.

Information regarding rate changes and funding will also be communicated via print advertising, social media, on utility invoices sent to customers and will also be posted on the SCRD website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCRD services is borne from the guiding policies adopted by the Board. This report aligns with the Board's Strategic focus area of Asset Stewardship and Engagement and Communication. Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required budget to operate each individual plant, Secret Cove is one of the Wastewater Services underfunded by \$680 annually.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend to fund the underfunding of the 2022 Operational expenditures from Operating Reserves (Option 2) and engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|-----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X - B. Wing |
| GM | | Legislative | |
| CAO | X - D. McKinley | Other | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee - February 17, 2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: **GREAVES ROAD COMMUNITY SEWAGE TREATMENT SERVICE - UNDERFUNDING**

RECOMMENDATIONS

THAT the report titled Greaves Road Community Sewage Treatment Service - Underfunding be received;

AND THAT \$468 of the [381] Greaves Road Operating Reserve will be used to fund 2022 operations;

AND FURTHER THAT the 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Greaves Road Service Area (Greaves Road) consists of 5 billable users and 6 frontage fees are collected. The current User Fees per single family residential dwelling are \$487.

At the November 25, 2021 Board meeting the 2022 user fee for this service was set at \$487.

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services has been conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Greaves Road is one of those wastewater services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCRD is also improving the operations and maintenance of its wastewater treatment services to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The 2022 operations of Greaves Road is estimated to be underfunded by \$468.

Along with annual operations the following operating projects were presented as part of the 2022 budget and have not been completed. Funds for the projects are identified below.

Operating

| | 2022 Proposed Operating Projects | Cost |
|---|----------------------------------|-----------------|
| 1 | Septic Field Repairs | \$5,000 |
| 2 | Communication Plan | \$1,900 |
| | | \$ 6,900 |

In considering the rates for 2022, it is important to consider the current state of the infrastructure for this wastewater system. The current condition of the septic field infrastructure is such that additional effort will be required to bring it up to current day standards by removing nearby trees and root systems that are infiltrating the distribution lines.

Historical Rates

Historical rates and 2022 rates adopted on November 18, 2021:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------------|-----------------|------------------|-----------------|-----------|-----------|
| <i>Parcel/Frontage Tax/Fee</i> | \$102.00 | \$202.00 | \$400.00 | XX | XX |
| <i>User Fee</i> | \$595.84 | \$480.60 | \$487.81 | n/a | n/a |
| Total | \$697.84 | \$682.60 | \$887.81 | XX | XX |
| Total \$ Increase | | (\$15.24) | \$205.21 | XX | XX |
| Total % Increase | | -2.18% | 0.00% | XX% | XX% |

Options and Analysis

Greaves Road underfunding is due to the disparity between the user fees collected, and the Operating Budget, the difference of which has historically been funded by Reserves. To fund the \$468 Budget operating deficit for 2022, and to address underfunding in 2023 and onward, the following options are presented for review.

Proposed 2022 Project Details

There are currently two approved projects in Greaves Road that have not been completed;

Septic Field Maintenance \$5,000

- The nearby trees root system is infiltrating the distribution pipes. The roots and trees need to be removed.

Communication Plan \$1,900

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

After completion of the 2022 projects the uncommitted Operating Reserves will be \$4,084. The goal of retaining a \$5,000 Operating Reserve will not be met. However, given the low number of users of this system staff could end up spending less time on the communication plan project than budgeted. Staff do not recommend to defer any of these projects to future years.

User Fee options

Option 1 – 10.54% overall rate increase (19.19% increase to user fees, 0% increase to frontage/parcel taxes)

Increase User Fees and allow the Operating Reserves to be under the \$5,000 goal. The identified underfunding of \$468 is fully addressed.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|----------------------------|-----------------|
| Current Rate | \$487.81 | \$400.00 | \$887.81 |
| Proposed Increase | \$93.60 | \$0 | \$94 |
| 2022 Rate | \$581.41 | \$400.00 | \$981.41 |
| % Increase | 19.19% | 0.00% | 10.54% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$10,416 | \$3,359 | |
| Projected 2021 Surplus | \$1,036 | - | |
| Budgeted Transfers to Reserves | - | \$2,271 | |
| Budgeted Transfers from Reserves | \$(6,900) | | |
| Ending Uncommitted Balance | \$4,552 | \$5,630 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$2,400 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes about Option 1:

- This option aligns with the Financial Sustainability Policy.
- This option will result in a substantial increase in the rates and could impact the financial situation of system users.
- System users have not been engaged on how to address the current underfunding of operational expenditures.

Option 2 – 0% overall rate increase (0% increase to user fees, 0% increase to frontage/parcel taxes)

Do not increase User Fees and allow the Operating Reserves to be under the \$5,000 goal. 2022 underfunding of \$468 is not addressed.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|------------------------|-----------------|
| Current Rate | \$487.81 | \$400.00 | \$887.81 |
| Proposed Increase | \$0 | \$0 | \$0 |
| 2022 Rate | \$487.81 | \$400 | \$887.81 |
| % Increase | 0% | 0.0% | 0% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$10,416 | \$3,359 | |
| Projected 2021 Surplus | \$1,036 | - | |
| Budgeted Transfers to Reserves | - | \$2,271 | |
| Budgeted Transfers from Reserves to Fund Operations | (468) | | |
| Budgeted Transfers from Reserves | \$(6,900) | | |
| Ending Uncommitted Balance | \$4,084 | \$5,630 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$2,400 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes regarding Option 2:

- The communication plan may be less costly due to the ongoing communication with this community.
- Completing Operating Projects will increase plant effluent quality.
- Completing annual maintenance as planned is recommended.
- The Operating Reserves Budget will meet the \$10,000 minimum level goals.

As Option 1 aligns with the SCRD Financial Sustainability Policy, staff would under normal circumstances recommend that option to be implemented. Given the unique timing of this Committee report and that there has been no opportunity to engage with the community, staff recommend the implementation of Option 2 on an interim basis for 2022.

Financial Implications

The options fee impacts are as follows;

| | Option 1 | Option 2 |
|--|--------------|------------|
| Additional User Fee Revenue | \$468 | \$0 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 |
| Total Additional Revenue | \$0 | \$0 |
| | | |
| Net Operating Funding Increase | \$468 | \$0 |

The following table summarizes the net operating and net capital impact from each of the options including results if no changes to rates were made:

| | | |
|--------------------------------------|----------------------|----------------------|
| Operating | | |
| | Option 1 (No Change) | Option 2 (19.19%) |
| User Fee Revenue | 2,439 | 2,907 |
| Expenses | | |
| Administrative | (214) | (214) |
| Salaries & Wages | (1,941) | (1,941) |
| Operating Costs | (752) | (752) |
| Under Funded | 468 | - |
| Operating Projects | (6,900) | (6,900) |
| Net Operating Deficit | (7,368) | (6,900) |
| Capital | | |
| | Option 1 (No Change) | Option 1 (No Change) |
| Parcel Tax Revenue | 2,400 | 2,400 |
| Expenses | | |
| Equipment Financing Loans | (129) | (129) |
| Base Budget Expenses | - | - |
| Funding of Operations | - | - |
| Transfer to Reserves | 2,271 | 2,271 |
| Capital Project Costs | - | - |
| Net Capital Surplus (Deficit) | 2,271 | 2,271 |

Timeline for next steps

At the February 24, 2022 Board meeting the Board will need to approve 1) the minutes for this Committee meeting, and 2) the Sunshine Coast Regional District Sewage Treatment Facilities Service Unit Bylaw No. 428 before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed thru increasing the 2022 user fees will be considered as part of the 2023 user fees analyses and presented at a Q4 Committee meeting.

Communications Strategy

A Communication Plan has been developed to inform homeowners of rate increases. This will include a virtual information session for the users of this system in March or April 2022 to provide them with information and answer questions about the identified operating underfunding and the decision made by the Board to address it.

Information regarding rate changes and funding will also be communicated via print advertising, social media, on utility invoices sent to customers and will also be posted on the SCRD website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCRD services is borne from the guiding policies adopted by the Board. This report aligns with the Board's Strategic focus area of Asset Stewardship and Engagement and Communication. Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required budget to operate each individual plant, Greaves Road is one of the Wastewater Services underfunded by \$468 annually.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend to fund the underfunding of the 2022 Operational expenditures from Operating Reserves (Option 2) and engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|-----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X – B. Wing |
| GM | | Legislative | |
| CAO | X - D. McKinley | Other | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee - February 17, 2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: LILY LAKE COMMUNITY SEWAGE TREATMENT SERVICE - UNDERFUNDING

RECOMMENDATION

THAT the report titled Lily Lake Community Sewage Treatment Service - Underfunding be received;

AND THAT \$7,095 of the [381] Lily Lake Operating Reserve will be used to fund 2022 operations;

AND FURTHER THAT the 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Lily Lake Service Area consists of 28 billable users and 29 frontage fees are collected. At the November 25, 2021 Board meeting the 2022 user fee for this service was set at \$711.89.

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services has been conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Lily Lake is one of those wastewater services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCRD is also improving the operations and maintenance of its wastewater treatment services to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The 2022 operations of Lily Lake are estimated to be underfunded by \$7,095.

Along with annual operations the following operating projects were presented as part of the 2022 budget and have not been completed. Funds for the projects are identified below.

Operating

| | 2022 Proposed Operating Projects | Cost |
|---|----------------------------------|------------------|
| 1 | Communication Plan | \$1,900 |
| 2 | System Repairs and Upgrades | \$35,000 |
| 3 | Statutory Right of Way | \$4,000 |
| | | \$ 40,900 |

Historical Rates

Historical rates and 2022 rates adopted on November 25, 2021:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------------|--------|---------|---------|-------|-------|
| <i>Parcel/Frontage Tax/Fee</i> | 204 | 204 | 204 | XX | XX |
| <i>User Fee</i> | 641 | 701 | 712 | n/a | n/a |
| Total | 844.69 | 905.37 | 915.89 | XX | XX |
| Total \$ Increase | | \$60.68 | \$10.52 | XX | XX |
| Total % Increase | | 7.18% | 1.16% | XX% | XX% |

Options and Analysis

Lily Lake underfunding is due to the disparity between the user fees collected, and the Operating Budget, the difference of which has historically been funded by Reserves. To fund the \$7,095 Budget operating underfunding for 2022, and to address underfunding in 2023 and onward, the following options are presented for review.

Approved Project Details

There is currently one approved project in Lily Lake that has not been completed and is a carryforward projects to be completed in 2022.

Statutory Right of Way (SRW) \$4,000

- Some of the collection system is situated in private land without a legal SRW for access to maintain and repair the infrastructure.

Proposed 2022 Project Detail

There are currently two proposed projects at Lily Lake;

Communication Plan \$1,900

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

System Repairs and Upgrades \$35,000

- Several repairs and upgrades have been identified to address the current performance issues.

After the 2022 projects the uncommitted Operating Reserves will be \$22,208. The minimum Operating Reserve goal will be met. Staff therefore recommend to not defer any of these projects to fund the 2022 underfunding of the operational expenditures.

User Fee options

Option 1 – 27.7% overall rate increase (35.6% increase to user fees, 0% increase to frontage/parcel taxes)

Increase fees by \$253.39/user to address all of the projected 2022 underfunding. If the entire 2022 budget is expended this option would forecast no underfunding for 2022.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|----------------------------|-------------------|
| Current Rate | \$711.89 | \$204.00 | \$915.89 |
| Proposed Increase | \$253.39 | \$0.00 | \$252.39 |
| 2022 Rate | \$965.28 | \$204.00 | \$1,169.28 |
| % Increase | 35.6% | 0.0% | 27.7% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$65,057 | | |
| Projected 2021 Surplus | \$(9) | | |
| Budgeted Transfers to Reserves | \$5,155* | | |
| Budgeted Transfers from Reserves | \$(40,900) | | |
| Ending Uncommitted Balance | \$29,203 | | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$5,712 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

*Lily Lake only has an Operating Reserve established. Therefore, both User Fees and Parcel Taxes and the respective operating and capital expenditures flow through the operating reserve. The net operating deficit is \$0 while the net capital surplus is \$5,155 which results in a transfer to reserve of \$5,155.

Notes about Option 1:

- This option aligns with the Financial Sustainability Policy.
- This option will result in a substantial increase in the rates and could impact the financial situation of system users.
- System users have not been engaged on how to address the current underfunding of operational expenditures.

Option 2 – 0% overall rate increase (0% increase to user fees, 0% increase to frontage/parcel taxes)

Do not increase User Fees. Fund the Operating Budget underfunding by Operating Reserves.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|----------------------------|-----------------|
| Current Rate | \$711.89 | \$204 | \$915.89 |
| Proposed Increase | \$0 | \$0 | \$0 |
| 2022 Rate | \$711.89 | \$204.00 | \$915.89 |
| % Increase | 0% | 0.0% | 0% |
| | | | |
| Reserve Summary | Operating Reserve | | |
| Opening Balance | \$65,057 | | |
| Projected 2021 Surplus (deficit) | \$(9) | | |
| Budgeted Transfers from Reserves to Fund Operations | (1,940)* | | |
| Budgeted Transfers from Reserves | \$(40,900) | | |
| Ending Uncommitted Balance | \$22,208 | | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$5,712 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

*Lily Lake has only an Operating Reserve established. Therefore, both User Fees and Parcel Taxes and the respective operating and capital expenditures flow through the operating reserve. The net operating deficit is \$7,095 while the net capital surplus is \$5,155 which results in a negative transfer to reserve of \$1,940.

Notes regarding Option 2:

- The communication plan may be less costly due to the ongoing communication with this community.
- Completing Operating Projects will increase plant effluent quality.
- Completing annual maintenance as planned is recommended.
- The Operating Reserves Budget will meet the \$10,000 minimum level goals.

As Option 1 aligns with the SCRD Financial Sustainability Policy, staff would under normal circumstances recommend that option to be implemented. Given the unique timing of this Committee report and that there has been no opportunity to engage with the community, staff recommend the implementation of Option 2 on an interim basis for 2022.

Financial Implications

The options fee impacts are as follows;

| | Option 1 | Option 2 |
|--|-----------------|-----------------|
| Additional User Fee Revenue | \$7,095 | \$0 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 |
| Total Additional Revenue | \$7,095 | \$0 |

| | | |
|---------------------------------------|----------------|------------|
| Net Operating Funding Increase | \$7,095 | \$0 |
|---------------------------------------|----------------|------------|

The following table summarizes the net operating and net capital impact from each of the options including results from if no changes to rates were made:

| Operating | | Option 1 (No Change) | Option 2 (35.6%) |
|--------------------------------------|--|----------------------|----------------------|
| User Fee Revenue | | 19,933 | 27,028 |
| Expenses | | | |
| Administrative | | (2,607) | (2,607) |
| Salaries & Wages | | (13,597) | (13,597) |
| Operating Costs | | (10,824) | (10,824) |
| Under Funded | | 7,095 | - |
| Operating Projects | | (40,900) | (40,900) |
| Net Operating Deficit | | (47,995) | (40,900) |
| Capital | | Option 1 (No Change) | Option 1 (No Change) |
| Parcel Tax Revenue | | 5,712 | 5,712 |
| Expenses | | | |
| Equipment Financing Loans | | (557) | (557) |
| Base Budget Expenses | | - | - |
| Funding of Operations | | - | - |
| Transfer to Reserves | | 5,155 | 5,155 |
| Capital Project Costs | | - | - |
| Net Capital Surplus (Deficit) | | 5,155 | 5,155 |

Timeline for next steps

At the February 24, 2022 Board meeting the Board will need to approved the minutes for this Committee meeting before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed thru increasing the 2022 user fees will be considered as part of the 2023 user fees analyses and presented at a Q4 Committee meeting.

Communications Strategy

A Communication Plan has been developed to inform homeowners of rate increases. This will include a virtual information session for the users of this system in March or April 2022 to provide them with information and answer questions about the identified operating underfunding and the decision made by the Board to address it.

Information regarding rate changes and funding will also be communicated via print advertising, social media, on utility invoices sent to customers and will also be posted on the SCR D website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCR D services is borne from the guiding policies adopted by the Board. This report aligns with the Board's Strategic focus area of Asset Stewardship and Engagement and Communication. Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required budget to operate each individual plant, Lily Lake is one of the Wastewater Services underfunded by \$7,095 annually.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend to fund the underfunding of the 2022 Operational expenditures from Operating Reserves (Option 2) and engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|-----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X – B. Wing |
| GM | | Legislative | |
| CAO | X - D. McKinley | Other | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee - February 17,2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: **SAKINAW RIDGE COMMUNITY SEWAGE TREATMENT SERVICE - UNDERFUNDING**

RECOMMENDATION

THAT the report titled Sakinaw Ridge Community Sewage Treatment Service - Underfunding be received;

AND THAT \$2,224 of the [395] Sakinaw Ridge Operating Reserve be used to fund 2022 operations;

AND FURTHER THAT the 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Sakinaw Ridge Service Area consists of 10 billable users and 29 frontage fees are collected. At the November 25, 2021 Board meeting the 2022 user fee for this service was set at \$1,323.63.

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services has been conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Sakinaw Ridge is one of those wastewater services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCR D is also improving the operations and maintenance of its wastewater treatment services to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The 2022 operations of Sakinaw Ridge is estimated to be underfunded by \$2,224.

Along with annual operations the following operating projects were presented as part of the 2022 budget and have not been completed. Funds for the projects are identified below.

Operating

| | 2022 Proposed Operating Projects | Cost |
|---|----------------------------------|-----------------|
| 1 | Communication Plan | \$1,900 |
| | | \$ 1,900 |

Historical Rates

Historical rates and 2022 rates adopted on November 25, 2021:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------------|----------------|----------------|---------------|-----------|-----------|
| <i>Parcel/Frontage Tax/Fee</i> | \$670.27 | \$845.27 | \$845.27 | XX | XX |
| <i>User Fee</i> | \$1,205.94 | \$1,304.07 | \$1,323.63 | n/a | n/a |
| Total | 1876.21 | 2149.34 | 2168.9 | XX | XX |
| Total \$ Increase | | \$273.13 | \$19.56 | XX | XX |
| Total % Increase | | 14.56% | 0.00% | XX% | XX% |

Options and Analysis

Sakinaw Ridge underfunding is due to the disparity between the user fees collected, and the Operating Budget, the difference of which has historically been funded by Reserves. To fund the \$2,224 Budget operating deficit for 2022, and to address underfunding in 2023 and onward, the following options are presented for review.

Proposed 2022 Project Detail

There is currently one proposed project at Sakinaw Ridge;

Communication Plan \$1,900

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

After the 2022 project the uncommitted Operating Reserves will be \$22,375. The minimum \$10,000 Operating Reserve goal will be met. Staff therefore recommend to not defer this project to fund the 2022 underfunding of the operational expenditures.

User Fee Options

Option 1 – 10.25% overall rate increase (16.8% increase to user fees, 0% increase to frontage/parcel taxes)

Increase fees by \$222.40/user to address all of the projected 2022 underfunding. If the entire 2022 budget is expended this option would forecast no underfunding for 2022.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|----------------------------|-------------------|
| Current Rate | \$1,323.63 | \$845.27 | \$2,168.90 |
| Proposed Increase | \$222.40 | \$0 | \$222.40 |
| 2022 Rate | \$1,546.03 | \$845.27 | \$2,391.30 |
| % Increase | 16.8% | 0.0% | 10.25% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$26,499 | \$0 | |
| Projected 2021 Surplus | - | \$19,258 | |
| Budgeted Transfers to Reserves | - | \$0 | |
| Budgeted Transfers from Reserves | \$(1,900) | | |
| Ending Uncommitted Balance | \$24,599 | \$19,258 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$1,112 | | | |
| Parcel Taxes Required to Fund Operations: \$23,401 | | | |

Notes about option 1:

- This option aligns with the Financial Sustainability Policy.
- This option will result in a substantial increase in the rates and could impact the financial situation of system users.
- System users have not been engaged on how to address the current underfunding of operational expenditures.

Option 2 – 0% overall rate increase (0% increase to user fees, 0% increase to frontage/parcel taxes)

Do not increase User Fees. Fund the Operating Budget underfunding by Operating Reserves.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|---|--------------------------|----------------------------|-------------------|
| Current Rate | \$1,323.63 | \$845.27 | \$2,168.90 |
| Proposed Increase | \$0 | \$0 | \$0 |
| 2022 Rate | \$1,323.63 | \$845.27 | \$2,168.90 |
| % Increase | 0% | 0.0% | 0% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$26,499 | \$0 | |
| Projected 2021 Surplus | - | \$19,258 | |
| Budgeted Transfers from Reserves to Fund Operations | (2,224) | \$0 | |
| Budgeted Transfers from Reserves | \$(1,900) | | |
| Ending Uncommitted Balance | \$22,375 | \$19,258 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$1,112 | | | |
| Parcel Taxes Required to Fund Operations: \$23,401 | | | |

Notes about Option 2:

- The communication plan may be less costly due to the ongoing communication with this community.
- Operating Reserve will continue to meet minimum level goals.
- This option allows for engagement with the system users before on the 2023 user fee rates will be set in Q4 2024.

The funding of this service does not align with the Financial Sustainability Policy as frontage fees are continuing to support the operations of the service. This will be reviewed annually to move toward alignment, especially as build out occurs.

Option 1 ensures that the remainder of the operational expenditures are funded from user fees as per SCRD Financial Sustainability Policy. Under normal circumstances staff would therefore recommend that option to be implemented. Given the unique timing of this Committee report and that there has been no opportunity to engage with the community, staff recommend the implementation of Option 2 on an interim basis for 2022.

Financial Implications

The options fee impacts are as follows;

| | Option 1 | Option 2 |
|--|-----------------|-----------------|
| Additional User Fee Revenue | \$2,224 | \$0 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 |
| Total Additional Revenue | \$2,224 | \$0 |
| | | |
| Net Operating Funding Increase | \$2,224 | \$0 |

The following table summarizes the net operating and net capital impact from each of the options including results from if no changes to rates were made:

| | | |
|--------------------------------------|----------------------|----------------------|
| Operating | | |
| | Option 1 (16.80%) | Option2 (No Change) |
| User Fee Revenue | 15,460 | 13,236 |
| Expenses | | |
| Administrative | (4,521) | (4,521) |
| Salaries & Wages | (20,082) | (20,082) |
| Operating Costs | (14,258) | (14,258) |
| Funding from Parcel Taxes | 23,401 | 23,401 |
| Under Funded | - | 2,224 |
| Operating Projects | (1,900) | (1,900) |
| Net Operating Deficit | (25,301) | (27,525) |
| Capital | | |
| | Option 1 (No Change) | Option 1 (No Change) |
| Parcel Tax Revenue | 24,513 | 24,513 |
| Expenses | | |
| Equipment Financing Loans | (1,112) | (1,112) |
| Funding of Operations | (23,401) | (23,401) |
| Transfer to Reserves | - | - |
| Capital Project Costs | - | - |
| Net Capital Surplus (Deficit) | - | - |

Timeline for next steps

At the February 24, 2022 Board meeting the Board will need to approved the minutes for this Committee meeting before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed thru increasing the 2022 user fees will be considered as part of the 2023 user fees analyses and presented at a Q4 Committee meeting.

Communications Strategy

A Communication Plan has been developed to inform homeowners of rate increases. This will include a virtual information session for the users of this system in March or April 2022 to provide them with information and answer questions about the identified operating underfunding and the decision made by the Board to address it.

Information regarding rate changes and funding will also be communicated via print advertising, social media, on utility invoices sent to customers and will also be posted on the SCRD website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCRD services is borne from the guiding policies adopted by the Board. This report aligns with the Board's Strategic focus area of Asset Stewardship and Engagement and Communication. Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required budget to operate each individual plant, Sakinaw Ridge is one of the Wastewater Services underfunded by \$2,224 annually.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend to fund the underfunding of the 2022 Operational expenditures from Operating Reserves (Option 2) and engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|-----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X – B. Wing |
| GM | | Legislative | |
| CAO | X - D. McKinley | Other | |
| | | | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee - February 17, 2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: **ROBERTS CREEK CO-HOUSING COMMUNITY SEWAGE TREATMENT SERVICE - UNDERFUNDING**

RECOMMENDATIONS

THAT the report titled Roberts Creek Co-housing Community Sewage Treatment Service - Underfunding be received;

AND THAT \$10,943 of the [392] Roberts Creek Co-housing Operating Reserve be used to fund 2022 operations;

AND FURTHER THAT the 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Roberts Creek Co-housing Service Area consists of 32 billable users and 32 frontage fees are collected. At the November 25, 2021 Board meeting the 2022 user fee for this service was set at \$865.67.

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services has been conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Roberts Creek Co-housing is one of those wastewater services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCRD is also improving the operations and maintenance of its wastewater treatment services to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The 2022 operations of Roberts Creek Co-housing is estimated to be underfunded by \$10,953.

Along with annual operations the following operating projects were presented as part of the 2022 budget and have not been completed. Funds for the projects are identified below.

Operating

| | 2022 Proposed Operating Projects | Cost |
|---|----------------------------------|-----------------|
| 1 | Communication Plan | \$1,900 |
| | | \$ 1,900 |

Staff will continue with the treatment plant upgrades that were initiated in 2021 to improve effluent quality. The \$15,000 donation by the Roberts Creek Co-housing and residual approved project funds will be utilized to complete the upgrade project.

Historical Rates

Historical rates and 2022 rates adopted on November 25, 2021:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------------|--------|----------|----------|--------|--------|
| <i>Parcel/Frontage Tax/Fee</i> | 204 | 304 | 400.00 | XX | XX |
| <i>User Fee</i> | 687.94 | 852.88 | 865.67 | 891.64 | 918.39 |
| Total | 891.94 | 1156.88 | 1265.67 | XX | XX |
| Total \$ Increase | | \$264.94 | \$108.79 | XX | XX |
| Total % Increase | | 29.70% | 9.40% | XX% | XX% |

Options and Analysis

Roberts Creek Co-housing underfunding is due to the disparity between the user fees collected, and the Operating Budget, the difference of which has historically been funded by Reserves. To fund the \$10,953 Budget operating deficit for 2022 and to address underfunding in 2023 and onward the following options are presented for review. The treatment plant upgrades that are currently underway may increase efficiencies in future years to reduce some expenses that were incurred in 2021.

Approved Project Details

There is currently one approved project in Roberts Creek Co-housing that has not been completed and is a carryforward projects to be completed in 2022.

Treatment System and Regulatory Enhancement \$20,021

- Various improvements to the treatment facility, collection system and pump replacement are required. De-registration with the MWR and registration with VCH.

Proposed 2022 Project Details

There is currently one 2022 proposed project in Roberts Creek Co-housing;

Communication Plan \$1,900

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

After the 2022 projects the uncommitted Operating Reserves will be \$13,325. The goal of retaining a \$10,000 Operating Reserve will be met. Staff therefore recommend to not defer any of these projects to fund the 2022 underfunding of the operational expenditures.

User Fee Options

Option 1 – 27% overall rate increase (39.54% increase to user fees, 0% increase to frontage/parcel taxes)

Increase fees by \$342.28/user to address all of the projected 2022 underfunding. If the entire 2022 budget is expended this option would forecast no underfunding for 2022.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|----------------------------|-------------------|
| Current Rate | \$865.67 | \$400 | \$1,265.67 |
| Proposed Increase | \$342.28 | \$0 | \$342.28 |
| 2022 Rate | \$1207.95 | \$400 | \$1,607.95 |
| % Increase | 39.54% | 0.0% | 27% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$26,664 | \$0 | |
| Projected 2021 Surplus | \$(486) | - | |
| Budgeted Transfers to Reserves | - | \$11,287 | |
| Budgeted Transfers from Reserves | \$(1,900) | | |
| Ending Uncommitted Balance | \$24,278 | \$11,287 | |
| Total Annual Capital Funding from Parcel Taxes: \$12,400 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes about Option 1:

- Possible combination of annual maintenance and the ongoing plant upgrades may cause efficiencies in the operating budget.
- The budget for this service will be reassessed after plant modifications are completed to find efficiencies.
- This option aligns with the Financial Sustainability Policy.
- This option will result in a substantial increase in the rates and could impact the financial situation of system users.
- System users have not been engaged on how to address the current underfunding of operational expenditures.

Option 2 – 0% overall rate increase (0% increase to user fees, 0% increase to frontage/parcel taxes)

Do not increase User Fees. 2022 underfunding to be funded by reserves.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|----------------------------|-------------------|
| Current Rate | \$865.67 | \$400 | \$1,265.67 |
| Proposed Increase | \$0 | \$0 | \$0 |
| 2022 Rate | \$865.67 | \$400 | \$1,265.67 |
| % Increase | 0% | 0.0% | 0% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$26,664 | \$0 | |
| Projected 2021 Surplus (Deficit) | \$(486) | - | |
| Budgeted Transfers to Reserves | - | \$11,287 | |
| Budgeted Transfers from Reserves to Fund Operations | (10,953) | | |
| Budgeted Transfers from Reserves | \$(1,900) | | |
| Ending Uncommitted Balance | \$13,325 | \$11,287 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$12,400 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes regarding Option 2:

- The communication plan may be less costly due to the ongoing communication with this community.
- Possible combination of annual maintenance and the ongoing plant upgrades may cause efficiencies in the operating budget.
- The budget for this service will be reassessed after plant modifications are completed to find efficiencies.
- Operating Reserve will continue to meet minimum level goals.
- This option allows for engagement with the system users before the 2023 user fee rates will be set in Q4 2024.

As Option 1 aligns with the SCRD Financial Sustainability Policy, staff would under normal circumstances recommend that option to be implemented. Given the unique timing of this Committee report and that there has been no opportunity to engage with the community, staff recommend the implementation of Option 2 on an interim basis for 2022.

Financial Implications

The options fee impacts are as follows;

| | Option 1 | Option 2 |
|--|-----------------|------------|
| Additional User Fee Revenue | \$10,953 | \$0 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 |
| Total Additional Revenue | \$10,953 | \$0 |
| | | |
| Net Operating Funding Increase | \$10,953 | \$0 |

The following table summarizes the net operating and net capital impact from each of the options including results from if no changes to rates were made:

| Operating | | | |
|--------------------|-------------------------------|----------------------|----------------------|
| | | Option 1 (No Change) | Option 2 (39.54%) |
| User Fee Revenue | | 27,701 | 38,654 |
| Expenses | | | |
| | Administrative | (3,393) | (3,393) |
| | Salaries & Wages | (22,729) | (22,729) |
| | Operating Costs | (12,532) | (12,532) |
| | Under Funded | 10,953 | - |
| | Operating Projects | (1,900) | (1,900) |
| | Net Operating Deficit | (12,853) | (1,900) |
| Capital | | | |
| | | Option 1 (No Change) | Option 1 (No Change) |
| Parcel Tax Revenue | | 12,400 | 12,400 |
| Expenses | | | |
| | Equipment Financing Loans | (1,113) | (1,113) |
| | Base Budget Expenses | - | - |
| | Funding of Operations | - | - |
| | Transfer to Reserves | 11,287 | 11,287 |
| | Capital Project Costs | - | - |
| | Net Capital Surplus (Deficit) | 11,287 | 11,287 |

Timeline for next steps

At the February 24, 2022 Board meeting the Board will need to approved the minutes for this Committee meeting before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed thru increasing the 2022 user fees will be considered as part of the 2023 user fees analyses and presented at a Q4 Committee meeting.

Communications Strategy

A Communication Plan has been developed to inform homeowners of rate increases. This will include a virtual information session for the users of this system in March or April 2022 to provide them with information and answer questions about the identified operating underfunding and the decision made by the Board to address it.

Information regarding rate changes and funding will also be communicated via print advertising, social media, on utility invoices sent to customers and will also be posted on the SCRD website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCRD services is borne from the guiding policies adopted by the Board. This report aligns with the Board's Strategic focus area of Asset Stewardship and Engagement and Communication. Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required budget to operate each individual plant, Roberts Creek Co-housing is one of the Wastewater Services underfunded by \$10,953 annually.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend to fund the underfunding of the 2022 Operational expenditures from Operating Reserves (Option 2) and engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|-----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X - B. Wing |
| GM | | Legislative | |
| CAO | X - D. McKinley | Other | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee - February 17,2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: **WOODCREEK PARK COMMUNITY SEWAGE TREATMENT SERVICE - UNDERFUNDING**

RECOMMENDATIONS

THAT the report titled Woodcreek Park Community Sewage Treatment Service - Underfunding be received;

AND THAT \$5,378 of [382] Woodcreek Operating Reserve be used to fund 2022 operations;

AND FURTHER THAT the Draft 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Woodcreek Park Service Area has 73 billable users and 73 frontage fees are collected. At the November 25, 2021 Board meeting the 2022 user fee for this service was set at \$658.28.

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services has been conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Woodcreek Park is one of those wastewater services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCR D is also improving the operations and maintenance of its wastewater treatment services to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The 2022 operations of Woodcreek Park are estimated to be underfunded by \$5,378.

Along with annual operations the following operating projects were presented as part of the 2022 budget and have not been completed. Funds for the projects are identified below.

Operating

| | 2022 Proposed Operating Projects | Cost |
|---|----------------------------------|-----------------|
| 1 | Communication Plan | \$2,600 |
| | | \$ 2,600 |

Historical Rates

Historical rates and 2022 rates adopted on November 25, 2021:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------|---------------|-----------------|-----------------|------------|------------|
| <i>Parcel/Frontage</i> | \$102.00 | \$302.00 | \$400.00 | XX | XX |
| <i>Tax/Fee</i> | | | | | |
| <i>User Fee</i> | \$554.17 | \$648.55 | \$658.28 | n/a | n/a |
| Total | 656.17 | 950.55 | 1058.28 | XX | XX |
| Total \$ Increase | | \$294.38 | \$107.73 | XX | XX |
| Total % Increase | | 44.86% | 0.00% | XX% | XX% |

Options and Analysis

Woodcreek Park underfunding is due to the disparity between the user fees collected, and the Operating Budget, the difference of which has historically been funded by Reserves. To fund the \$5,378 Budget operating deficit for 2022, and to address underfunding in 2023 and onward, the following options are presented for review.

Approved Project Details

There are currently two approved projects in Woodcreek Park that have not been completed and are carryforward projects to be completed in 2022/2023.

Collection System Designs \$19,501 reserves/gas tax

- There are deficiencies to the treatment process, engineer design is required.

Inspection Chamber Repairs \$5,964

- A number of collection system cleanouts were damaged. Work will continue to locate and repair other cleanouts

Proposed 2022 Project Detail

There is currently one proposed project at Woodcreek Park;

Communication Plan \$2,600

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

After the 2022 projects the uncommitted Operating Reserves will be \$142,187. The minimum Operating Reserve goal will be met. Staff therefore recommend to not defer any of these projects to fund the 2022 underfunding of the operational expenditures.

User fee Options

Option 1 – 6.96% overall rate increase (11.19% increase to user fees, 0% increase to frontage/parcel taxes)

Increase fees by \$73.67/user to address all of the projected 2022 underfunding. If the entire 2022 budget is expended this option would forecast no underfunding for 2022.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|----------------------------|-------------------|
| Current Rate | \$658.28 | \$400 | \$1,058.28 |
| Proposed Increase | \$73.67 | \$0.0 | \$ 73.67 |
| 2022 Rate | \$731.95 | \$400 | \$1,131.95 |
| % Increase | 11.19% | 0.0% | 6.96% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$153,074 | \$30,393 | |
| Projected 2021 Surplus | \$13,055 | - | |
| Budgeted Transfers to Reserves | - | \$28,087 | |
| Budgeted Transfers from Reserves | \$(18,564) | | |
| Ending Uncommitted Balance | \$147,565 | \$58,480 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$29,200 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes about Option 1:

- This option aligns with the Financial Sustainability Policy.
- This option will result in a substantial increase in the rates and could impact the financial situation of system users.
- System users have not been engaged on how to address the current underfunding of operational expenditures.

Option 2 – 0% overall rate increase (0% increase to user fees, 0% increase to frontage/parcel taxes)

Do not increase User Fees. Fund the Operating Budget underfunding by Operating Reserves.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|----------------------------|-------------------|
| Current Rate | \$658.28 | \$400 | \$1,058.28 |
| Proposed Increase | \$0 | \$0 | \$0 |
| 2022 Rate | \$658.28 | \$400 | \$1,058.28 |
| % Increase | 0% | 0.0% | 0% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$153,074 | \$30,393 | |
| Projected 2021 Surplus | \$13,055 | - | |
| Budgeted Transfers to Reserves | - | \$28,087 | |
| Budgeted Transfers from Reserves to Fund Operations | (5,378) | | |
| Budgeted Transfers from Reserves | \$(18,564) | | |
| Ending Uncommitted Balance | \$142,187 | \$58,480 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$29,200 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes regarding Option 2:

- The communication plan may be less costly due to the ongoing communication with this community.
- Completing Operating Projects will increase plant effluent quality.
- Completing annual maintenance as planned is recommended.
- The Operating Reserves Budget will meet the \$10,000 minimum level goals.

As Option 1 aligns with the SCRD Financial Sustainability Policy, staff would under normal circumstances recommend that option to be implemented. Given the unique timing of this Committee report and that there has been no opportunity to engage with the community, staff recommend the implementation of Option 2 on an interim basis for 2022.

Financial Implications

The options fee impacts are as follows;

| | Option 1 | Option 2 |
|--|-----------------|-----------------|
| Additional User Fee Revenue | \$5,378 | \$0 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 |
| Total Additional Revenue | \$5,378 | \$0 |
| | | |
| Net Operating Funding Increase | \$5,378 | \$0 |

The following table summarizes the net operating and net capital impact from each of the options including results from if no changes to rates were made:

| | | |
|--------------------------------------|----------------------|----------------------|
| Operating | | |
| | Option 1 (No Change) | Option 2 (11.19%) |
| User Fee Revenue | 48,054 | 53,432 |
| Expenses | | |
| Administrative | (5,154) | (5,154) |
| Salaries & Wages | (25,982) | (24,590) |
| Operating Costs | (22,296) | (22,151) |
| Under Funded | 5,378 | - |
| Operating Projects | (18,564) | (18,564) |
| Net Operating Deficit | (23,942) | (17,027) |
| Capital | | |
| | Option 1 (No Change) | Option 1 (No Change) |
| Parcel Tax Revenue | 29,200 | 29,200 |
| Expenses | | |
| Equipment Financing Loans | (1,113) | (1,113) |
| Base Budget Expenses | - | - |
| Funding of Operations | - | - |
| Transfer to Reserves | 28,087 | 28,087 |
| Capital Project Costs | - | - |
| Net Capital Surplus (Deficit) | 28,087 | 28,087 |

Timeline for next steps

Based on the direction received from the Committee at this meeting staff will prepare an update to Woodcreek Park Sewer User Rates Bylaw No. 430.

At the February 24, 2022 Board meeting the Board will need to approved the minutes for this Committee meeting before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed thru increasing the 2022 user fees will be considered as part of the 2023 user fees analyses and presented at a Q4 Committee meeting.

Communications Strategy

A Communication Plan has been developed to inform homeowners of rate increases. This will include a virtual information session for the users of this system in March or April 2022 to provide them with information and answer questions about the identified operating underfunding and the decision made by the Board to address it.

Information regarding rate changes and funding will also be communicated via print advertising, social media, on utility invoices sent to customers and will also be posted on the SCRD website.

STRATEGIC PLAN AND RELATED POLICIES

The basis for the establishment of sustainable rate structures for SCRD services is borne from the guiding policies adopted by the Board. This report aligns with the Board's Strategic focus area of Asset Stewardship and Engagement and Communication. Other related corporate guiding documents are the Financial Sustainability Policy and the Corporate Asset Management Plan.

CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required budget to operate each individual plant, Woodcreek Park is one of the Wastewater Services underfunded by \$5,378 annually.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend to fund the underfunding of the 2022 Operational expenditures from Operating Reserves (Option 2) and engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|-----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X – B. Wing |
| GM | | Legislative | |
| CAO | X - D. McKinley | Other | |

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Community Services Committee-February 17,2022

AUTHOR: Remko Rosenboom, General Manager, Infrastructure Services
Shane Walkey, Manager, Utility Services

SUBJECT: **LANGDALE COMMUNITY SEWAGE TREATMENT SERVICE - UNDERFUNDING**

RECOMMENDATIONS

THAT the report titled Langdale Community Sewage Treatment Service - Underfunding be received;

AND THAT \$5,987 of the [388] Langdale Operating Reserve will be used to fund 2022 operations;

AND FURTHER THAT the Draft 2022-2026 Financial Plan be amended accordingly.

BACKGROUND

The Langdale Service Area consists of 40 billable users and 40 frontage fees are collected. At the November 25, 2021 Board meeting the 2022 user fee for this service was set at \$1,126.

The purpose of this report is to provide additional information on the financial sustainability of the facilities operations and seek direction on next steps.

DISCUSSION

While finalizing the 2022-2026 Financial Plan, a final review of the 2022 budgets for 15 wastewater services has been conducted. It was identified that for 9 wastewater plants the 2022 user fees do not fund the required budget to operate each individual plant, Langdale is one of those wastewater services. While this report is about this service, the underfunding of the other 8 services are the subject of other reports on this Committee agenda.

As part of the Waste Water Asset Management Plans it was recommended that operational costs be funded by user fees (ongoing costs of running the service) and capital be funded through frontage fees. The Boards Financial Sustainability Policy was amended accordingly. Since 2020 the SCRD is also improving the operations and maintenance of its wastewater treatment services to improve their performance, expand their useful life and reduce the potential for regulatory non-compliances and associated unintended environmental impacts. The improved operation of these services is possible because of additional staff resources approved by the Board in 2019. Additionally, operational expenditures for contracted services and materials and supplies have also increased.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly. The 2022 operations of Langdale is estimated to be underfunded by \$5,987.

Along with annual operations the following operating projects were presented as part of the 2021 and 2022 budget and have not been completed. Funds for the projects are identified below.

Operating

| | 2022 Proposed Operating Projects | Cost |
|---|----------------------------------|------------------|
| 1 | Communication Plan | \$1,900 |
| 2 | Remediation Project | \$35,000 |
| 3 | Statutory Right of Way | \$4,000 |
| | | \$ 40,900 |

Historical Rates

Historical rates and 2022 rates adopted on November 18, 2021:

| | 2020 | 2021 | 2022 | 2023* | 2024* |
|--------------------------|----------------|-----------------|-----------------|------------|------------|
| <i>Parcel/Frontage</i> | 102 | 202 | 400 | XX | XX |
| <i>Tax/Fee</i> | | | | | |
| <i>User Fee</i> | 925 | 1110 | 1126 | n/a | n/a |
| Total | 1026.98 | 1311.78 | 1526.43 | XX | XX |
| Total \$ Increase | | \$284.80 | \$214.65 | XX | XX |
| Total % Increase | | 27.73% | 16.36% | XX% | XX% |

Options and Analysis

Langdale underfunding is due to the disparity between the user fees collected, and the Operating Budget, the difference of which has historically been funded by Reserves. To fund the \$5,987 Budget operating underfunding for 2022, and to address underfunding in 2023 and onward, the following options are presented for review.

Proposed 2022 Project Detail

There is currently three proposed projects at Langdale:

Communication Plan \$1,900

- A robust plan to communicate fully with all wastewater plants will be undertaken in 2022.

Remediation Project \$35,000

- The Wastewater Plant is in a bypass situation and a permanent solution is required.

Statutory Right of Way (SRW) \$4,000

- Some of the collection system is situated in private land without a legal SRW for access to maintain and repair the infrastructure.

After the 2022 projects the uncommitted Operating Reserves will be \$21,569. The minimum Operating Reserve goal will be met. Staff therefore recommend to not defer any of these projects to fund the 2022 underfunding of the operational expenditures.

User Fee Options

Option 1 – 9.81% overall rate increase (13.29% increase to user fees, 0% increase to frontage/parcel taxes)

Increase fees by \$149.68/user to address all of the projected 2022 underfunding. If the entire 2022 budget is expended this option would forecast no underfunding for 2022.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|----------------------------|-------------------|
| Current Rate | \$1,126.43 | \$400 | \$1,526.43 |
| Proposed Increase | \$149.68 | \$0 | \$149.68 |
| 2022 Rate | \$1,276.11 | \$400 | \$1,676.11 |
| % Increase | 13.29% | 0.0% | 9.81% |
| | | | |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$51,401 | \$764.27 | |
| Projected 2021 Surplus | \$17,055 | - | |
| Budgeted Transfers to Reserves | - | \$4,839 | |
| Budgeted Transfers from Reserves | \$(40,900) | | |
| Ending Uncommitted Balance | \$27,556 | \$5,603 | |
| | | | |
| Total Annual Capital Funding from Parcel Taxes: \$16,000 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes about Option 1:

- This option aligns with the Financial Sustainability Policy
- This option will result in a substantial increase in the rates and could impact the financial situation of system users.
- System users have not been engaged on how to address the current underfunding of operational expenditures

Option 2 – 0% overall rate increase (0% increase to user fees, 0% increase to frontage/parcel taxes)

Do not increase User Fees. Fund the Operating Budget underfunding by Operating Reserves.

| Fee Summary | User Fee | Frontage/Parcel Tax | Overall |
|--|--------------------------|------------------------|-------------------|
| Current Rate | \$1,126.43 | \$400 | \$1,526.43 |
| Proposed Increase | \$0 | \$0 | \$0 |
| 2022 Rate | \$1,126.43 | \$400 | \$1,526.43 |
| % Increase | 0% | 0.0% | 0% |
| Reserve Summary | Operating Reserve | Capital Reserve | |
| Opening Balance | \$51,401 | \$764.27 | |
| Projected 2021 Surplus | \$17,055 | - | |
| Budgeted Transfers to Reserves | - | \$4,839 | |
| Budgeted Transfers from Reserves to Fund Operations | (5,987) | | |
| Budgeted Transfers from Reserves | \$(40,900) | | |
| Ending Uncommitted Balance | \$21,569 | \$5,603 | |
| Total Annual Capital Funding from Parcel Taxes: \$16,000 | | | |
| Parcel Taxes Required to Fund Operations: \$NIL | | | |

Notes regarding Option 2:

- The communication plan may be less costly due to the ongoing communication with this community.
- Completing Operating Projects will increase plant effluent quality.
- Completing annual maintenance as planned is recommended.
- The Operating Reserves Budget will meet the \$10,000 minimum level goals.

As Option 1 aligns with the SCRD Financial Sustainability Policy, staff would under normal circumstances recommend that option to be implemented. Given the unique timing of this Committee report and that there has been no opportunity to engage with the community, staff recommend the implementation of Option 2 on an interim basis for 2022.

Financial Implications

The options fee impacts are as follows;

| | Option 1 | Option 2 |
|--|----------------|------------|
| Additional User Fee Revenue | \$5,987 | \$0 |
| Additional Frontage Parcel Tax Revenue | \$0 | \$0 |
| Total Additional Revenue | \$5,987 | \$0 |
| Net Operating Funding Increase | \$5,987 | \$0 |

The following table summarizes the net operating and net capital impact from each of the options including results if no changes to rates were made:

| | | |
|--------------------------------------|----------------------|----------------------|
| Operating | | |
| | Option 1 (No Change) | Option 2 (13.29%) |
| User Fee Revenue | 45,057 | 51,044 |
| Expenses | | |
| Administrative | (4,303) | (4,303) |
| Salaries & Wages | (24,590) | (24,590) |
| Operating Costs | (22,151) | (22,151) |
| Under Funded | 5,987 | - |
| Operating Projects | (40,900) | (40,900) |
| Net Operating Deficit | (46,887) | (40,900) |
| Capital | | |
| | Option 1 (No Change) | Option 1 (No Change) |
| Parcel Tax Revenue | 16,000 | 16,000 |
| Expenses | | |
| Equipment Financing Loans | (557) | (557) |
| Short-Term Financing Loans | (10,604) | (10,604) |
| Base Budget Expenses | - | - |
| Funding of Operations | - | - |
| Transfer to Reserves | 4,839 | 4,839 |
| Capital Project Costs | - | - |
| Net Capital Surplus (Deficit) | 4,839 | 4,839 |

Timeline for next steps

At the February 24, 2022 Board meeting the Board will need to approved the minutes for this Committee meeting before it could consider to approve the final 2022-2026 Financial Plan.

Any underfunding of the operational expenditures in 2022 not addressed thru increasing the 2022 user fees will be considered as part of the 2023 user fees analyses and presented at a Q4 Committee meeting.

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CONCLUSION

A final review of the 2022 budgets for 15 wastewater services has been conducted which has identified 9 underfunded wastewater plants where user fees do not fund the required budget to operate each individual plant, Langdale is one of the Wastewater Services underfunded by \$5,987 annually.

The Wastewater Treatment Plant budgets are based on Asset Management reviews, best practices and staff time required to maintain the wastewater plants properly.

Staff recommend to fund the underfunding of the 2022 Operational expenditures from Operating Reserves (Option 2) and engage with the service users prior to the rate setting for 2023.

| | | | |
|--------------|-----------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | | Finance | X – B. Wing |
| GM | | Legislative | |
| CAO | X - D. McKinley | Other | |