



REPORT

To: Rural Budgets Administration Committee

Report Number: ENV-RBAC-008

From: Kari Bondaroff, Environmental Services Manager

Date: December 17, 2020

Subject: Charlie Lake Sewer 2021 Budgetary Considerations

RECOMMENDATION #1:

That the Rural Budgets Administration Committee approve a funding commitment in the amount of \$1,500,000, payable from Electoral Area C Community Works Gas Tax, to be issued to the Charlie Lake sewer function – 601, for a 2021/2022 condition assessment for the Charlie Lake Waste Water Facility, including but not limited to the collection works, the lift station, the trucked waste facility, and the outfall; further, that any remaining funds be permitted to be used for immediate capital upgrade requirements.

RECOMMENDATION #2:

That the Rural Budgets Administration Committee recommend that the Regional Board authorize an amendment to “Charlie Lake Sewage Local Service Area Parcel Tax Roll Direction and Imposition Bylaw 2195, 2015” to include an increase in parcel tax to a maximum of \$250 per parcel for the Charlie Lake Sewer function – 601.

RECOMMENDATION #3:

That the Rural Budgets Administration Committee recommend that the Regional Board authorize an amendment to “Charlie Lake Sewage User Fee By-law NO.2011, 2012” to include an updated Schedule “A”, user fee structure, to reflect the annual inflation increases within the last 10 years for a total increase of 25% for each of the payment structures.

BACKGROUND/RATIONALE:

Recommendation 1 – Condition Assessment

Within the 2019-2022 Strategic Plan of the Regional Board, the first priority is to develop a corporate asset management program which includes undertaking condition assessments for all PRRD owned assets. To that end, a Request for Proposal (RFP) will be issued in 2021 to conduct a condition assessment of the Charlie Lake Sewer System. This RFP for the proposed assessments will include:

- a. A detailed inspection of each system.
- b. An estimated costs to conduct major repairs and parts replacements.
- c. Expected timelines for major repairs and parts replacements will be provided.

The results of the assessment will be used to inform budgeting for works on the appropriate sewer systems (see Financial Considerations for further details).

Recommendation 2 – Parcel Tax

The Charlie Lake Sewer system, including the Charlie Lake Collection, Treatment, and Trucked Waste Facility is currently operated by Aquatech Canadian Water Services. This contract is extended until November 30, 2021. As such, this contract will be put out for request for proposals early in the spring of 2021 to secure the 2022-2026 operations of the facility. For forecasting purposes, the current contract has a 2.5% annual increase for operations. This is the percentage increase that the parcel tax is being recommended to mirror. The Charlie Lake Wastewater Contract includes operations of the collection system and lift station that are directly related to the parcels within the service function area. As well, the contract includes operations and maintenance of the treatment system and outfall which are also directly related to the Charlie Lake sewer service function area. However, due to the current status of the bylaw, maximum parcel tax is currently set at \$150/parcel and there are 483 parcels within the service area. This maximizes the parcel tax at \$72,450.

In order to allow for an incremental increase in parcel tax to reflect the annual operational increase, Bylaw 2195, 2015 needs to be amended to allow for the increase. Currently, the maximum parcel tax that can be requested per parcel is \$150. It is recommended that the maximum parcel tax ceiling be removed to allow for parcel tax to be able to fund operations appropriately.

Recommendation 3 – Collection System User Fees

User fees for the Charlie Lake Collection System have been equivalent since 2012, as shown in Bylaw 2011, 2012, within Table 2 (See Financial Considerations). Revenue collected from the service area for 2018, 2019, and 2020¹ are as follows: \$146,916, \$147,240, and \$147,240, respectfully. These fees are directly related to the revenue required to cover the expenses related to the collection system, the lift station, the treatment facility, and the outfall. The incremental increase to operational expenditures on an annual basis has been 2.5%. To align with that trend, it is recommended that the user fees be increased by 25% to reflect this increase over the past 10 years. Projected revenue for 2021 with a 25% increase to the fees would increase revenue by \$36,810. This increase would ensure funding for operations of the collection system, lift station, treatment facility, and outfall. In addition, these funds would allow for increased budgeting for capital and operational reserve funds.

ALTERNATIVE OPTIONS:

1. That the Rural Budgets Administration Committee provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Organizational Effectiveness
- ☒ Develop a Corporate Asset Management Program

FINANCIAL CONSIDERATION(S):**Recommendation 1 – Parcel Tax**

Parcel tax has historically fluctuated in a manner that has not been consistent with operational activities within the Charlie Lake collection and treatment systems. The contractual financial allocations for the maintenance of these systems has increased annually by approximately 2.5%. As such, the parcel tax should also increase with these expenditures in order to have enough funds to allocate to unexpected

¹Revenue as of Dec 4, 2020

capital expenditures through capital reserve budgeting. Table 1 outlines the historical parcel tax for the Charlie Lake sewer service area, as well as the projected parcel tax allocations moving forward from 2021-2025.

Table 1. Charlie Lake Sewer Historical and Projected Parcel Tax with a 2.5% annual increase.

2018	2019	2020	2021	2022	2023	2024	2025
\$71,400	\$69,090	\$71,258	\$72,450	\$74,261	\$76,118	\$78,021	\$79,971

*It should be noted that following a successful award of the 2021-2026 Charlie Lake Sewer Operational Contract, the percentage increase in 2022 should reflect the contractual annual increase. This will require an amendment to bylaw 2195, 2015 to allow for future increases.

Recommendation 3 –User Fees

Table 2 (next page) shows the current user fee payment structure for the Charlie Lake collection system. All parcels within the service area share the parcel tax fee. However, user fees are only paid by property owners that are connected to the collection system. With a 25% increase monthly charges will increase within the following manner:

- \$20/month increases to \$25/month for an annual charge of \$300
- \$40/month increases to \$50/month for an annual charge of \$600

Table 2. Charlie Lake Sewage System User Fees as per Bylaw 2011, 2012.

CHARLIE LAKE SEWAGE SYSTEM - USER FEES					
		Household Equivalent	Monthly Charge	Semi-Annual Charge	Annual Charge
1.	For each single dwelling, manufactured home, trailer, second dwelling, or apartment	1	\$20	\$120	\$240
2.	Manufactured Home Parks occupied or unoccupied - without holding pond per pad	1	\$20	\$120	\$240
	- with holding pond for every 3 pads or part thereof	2	\$40	\$240	\$480
3.	Recreational Vehicle Parks - for every 6 pads or part thereof	1	\$20	\$120	\$240
	- with showers add for every 12 pads or part thereof	1	\$20	\$120	\$240
	- with laundromat add for every 12 pads or part thereof	1	\$20	\$120	\$240
4.	Campgrounds - for every 6 sites or part thereof	1	\$20	\$120	\$240
5.	Schools - for every classroom	2	\$40	\$240	\$480
6.	For each store or retail business	1	\$20	\$120	\$240
7.	For each Post Office	1	\$20	\$120	\$240
8.	Each Gas Bar or Service Station	1	\$20	\$120	\$240
9.	Each cafe, restaurant or dining room - for every 10 seats or part thereof	1	\$20	\$120	\$240
10.	Each cabaret, public house or beer parlour - for every 5 seats or part thereof	1	\$20	\$120	\$240
11.	Church	1	\$20	\$120	\$240
12.	Industrial users (must be metered) - for every 40,860 litres (9,000 gallons) discharged per annum, or part thereof	1	\$20	\$120	\$240

Reserves

The following are the current reserve balances as of December 4, 2020:

Charlie Lake DCC Reserve Balance (for community sewer alteration/expansion):	\$280,265
Charlie Lake Waste Water Truck Facility Capital Reserve (facility upgrades):	\$593,733
Charlie Lake Treatment/Disposal Capital Reserve (treatment upgrades):	\$366,403
Charlie Lake Sewer Capital Reserve (for community sewer capital/land purchase):	\$517,209
Charlie Lake Sewer Operating Reserve (community sewer maintenance/repairs):	\$103,499
PRA Carryforward for Lift Station Land Purchase:	\$100,000

Reserve Summary as of November 2020:

- PRA Reserve Area C:
 - (Uncommitted) - \$2,310,314
 - (Currently committed) - \$1,255,978
 - Total - **\$3,566,291**
- Other Available Reserves:
 - Gas Tax Area C (Uncommitted) - \$1,712,490
 - Fair Share Area C (Uncommitted) - \$1,088,617

All stated reserves are applicable for capital infrastructure designed as an improvement to the rural community.

COMMUNICATIONS CONSIDERATION(S):

Following approval of recommendations 2 and/or 3, a letter should be sent to all property owners within the service function area to inform them of the 2021 changes.

OTHER CONSIDERATION(S):

None at this time.

External Links:

1. [Bylaw 2195, 2015](#) – Parcel Tax bylaw.