

**DATE:** February 4, 2021**FILE:** 1700-02/2021/331**TO:** Chair and Directors  
Electoral Areas Services CommitteeSupported by Russell Dyson  
Chief Administrative Officer**FROM:** Russell Dyson  
Chief Administrative Officer**R. Dyson****RE: 2021-2025 Financial Plan – King Coho Wastewater Service – Function 331**

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**Purpose**

To provide the Electoral Areas Services Committee with the proposed 2021-2025 financial plan and work plan highlights for the King Coho Wastewater Service, function 331.

**Recommendation from the Chief Administrative Officer:**

THAT the proposed 2021-2025 financial plan for King Coho Wastewater Service, function 331, be approved.

**Executive Summary**

The proposed 2021-2025 financial plan for the King Coho Wastewater Service, function 331, includes the following highlights:

- A 2021 parcel tax rate for the service of \$1,786.41 per user. Included in the 2021 rate is an estimated \$193.92 to support debt financing costs for short-term borrowing to be repaid over five years.
- A total Community Works Funds contribution of \$90,509, carried forward from 2020, has been allocated to wastewater treatment plant upgrades to be completed in 2021.
- The proposed financial plan includes \$11,981 for personnel costs required to operate the wastewater treatment plant. Resources are provided from the Comox Valley Regional District's (CVRD) pool of wastewater operators.
- Capital expenditures of \$187,106 are proposed in 2021 to complete the conversion of the emergency storage tank to an equalization tank.
- The future expenditure reserve contribution in 2021 and in each year across the five-year financial plan support, in part, revisions to the wastewater discharge permit, changing the outfall inspection frequency from once every two years to once every five years.
- Decreased operational costs have resulted in an increase in the capital works reserve contribution for the service. The asset management needs of the service will be re-evaluated following the completion of the capital upgrades in 2021.

Prepared by:

Concurrence:

**D. Monteith****M. Rutten**

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General Manager of Engineering  
Services

## Board Strategic Drivers

The CVRD Board has set four strategic drivers to guide service delivery. Not all services will be influenced by all drivers. Table No. 1 notes the degree of influence the drivers have on projects and work plans.

**Table No. 1: Board Strategic Drivers**

<b>Fiscal responsibility:</b> <ul style="list-style-type: none"> <li>With only 37 participants, even small increases in operational needs and/or capital works requirements for the service can have a significant impact on parcel tax rates.</li> <li>Community Work Funds have been committed to capital upgrades to reduce the impact on residents.</li> </ul>	<b>Climate crisis and environmental stewardship and protection:</b> <ul style="list-style-type: none"> <li>Capital improvements planned for 2021 will result in improved water quality in the receiving environment, and reduced risk to the CVRD of enforcement actions due to permit non-compliance.</li> </ul>
<b>Community partnerships:</b> <ul style="list-style-type: none"> <li>This service is provided to three freehold strata corporations in partnership.</li> </ul>	<b>Indigenous relations:</b> <ul style="list-style-type: none"> <li>Projects are not significantly influenced by this driver.</li> </ul>

## Rethink Comox Valley / COVID-19 Response and Renewal

The King Coho Wastewater Service was identified as a service both minor in scope and supporting environmental and public health requirements with a small participant base, thus limiting CVRD opportunities to find change. As such, it was not included in COVID-19 Response and Renewal planning.

## Financial Plan Overview


The King Coho Wastewater Service is a domestic sewer treatment service servicing three freehold strata corporations with a combined total of 37 units, with 2019 being the first full year of CVRD operation.

The 2021-2025 proposed five-year financial plan for King Coho Wastewater Service, function 331, including service establishment information, the requisition summary and the operating and capital budgets, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD financial plan web page at [www.comoxvalleyrd.ca/currentbudget](http://www.comoxvalleyrd.ca/currentbudget).

Table No. 2 on the following page summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the financial plan sections that follow.

Table No. 2: Financial Plan Highlights

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2021

Proposed Budget

#331 King Coho Sewer

Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)
Revenue			
Frontage / Parcel Taxes	66,097	66,097	-
Prior Year's Surplus		11,500	11,500
	\$ 66,097	\$ 77,597	\$ 11,500
Expenditures			
Personnel Costs	10,096	11,981	1,885
Operating	32,162	30,231	(1,931)
Contribution to Reserve	15,119	26,860	11,741
Tsfr Other Functions	1,350	1,350	-
Debt Charges	7,370	7,175	(195)
	\$ 66,097	\$ 77,597	\$ 11,500
Capital			
Funding Sources			
Senior Government Grants	101,250	90,509	(10,741)
Short Term Debt Proceeds	33,750	33,750	-
Transfer from Reserves	62,847	62,847	-
	\$ 197,847	\$ 187,106	\$ (10,741)
Funding Applied			
Capital Projects & Equip	197,847	187,106	(10,741)
	\$ 197,847	\$ 187,106	\$ (10,741)

Highlights of the 2021-2025 proposed financial plan for function 331 include:

#### Revenue Sources

In 2021, annual operating revenue and short-term debt servicing costs will be recovered through an annual parcel tax, at a rate of \$1,786.41 per user with a total annual revenue of \$66,097.

A prior year surplus of \$11,500 provides additional revenues for the service allowing for a larger contribution to capital works reserves in 2021.

A total Community Works Funds contribution of \$90,509 was allocated to wastewater treatment plant upgrades to be completed in 2021.

#### Personnel

The proposed financial plan includes \$11,981 of personnel costs required to operate the wastewater treatment plant. Resources are provided from the CVRD's pool of wastewater operators. Position allocations remain consistent with 2020, with 10.63 per cent of a wastewater treatment plant operator position allocated to this service.

Management of the service is provided by the Liquid Waste Management Planning service, function 340. Management fees of \$1,000 remain consistent with 2020, captured under “transfer to other functions”. An additional \$350 is allocated under “transfer to other functions” to service 335 for vehicle usage.

### Operations

There was a modest decrease in operational costs in 2021 despite minor increases in hydro, water and lab analysis.

Additional operational costs were included in the 2020 budget to fund a compulsory emergency repair to the marine outfall and the rotating biological contactor (RBC) unit identified in late 2019. As such, the allocations for contract services and repairs and maintenance have been decreased for 2021 with the completion of these repairs, along with a significant decrease in support services, and contribution to future expenditure reserves, due to a change in outfall inspection frequency in the revised permit from once every two years to once every five years.

### Capital

In 2020, capital expenditures of \$187,106 are proposed to finish the necessary upgrades to the King Coho treatment process. Planned work includes the conversion of the emergency storage tank to an equalization tank. The conversion will allow for primary solids to settle out in the equalization tank, and therefore significantly reduce solids loading into the RBC, while also delivering wastewater to the RBC unit at a consistent flow rate. Engineering and design for the conversion have been completed, and necessary equipment has been purchased.

An amendment to the Ministry of Environment and Climate Change Strategy discharge permit was required for construction of the upgrade project. The time required for consideration and subsequent approval of the revised permit resulted in a delay in construction with works now proposed for spring 2021.

### Reserves

As of December 31, 2020, the projected capital works reserve fund balance is \$92,029. The 2021 proposed budget includes an estimated contribution of \$22,807 towards capital works reserves, with \$4,053 being contributed to the service’s future expenditure reserve, which has a balance of \$7,750 as of December 31, 2020. The contribution to capital reserves will assist in building adequate reserves for asset management. No reserve funds were transferred to the service when the utility was acquired by the CVRD in 2018. Staff plan to re-evaluate asset management needs following the completion of the system upgrades.

### Tax Impacts

The 2021 parcel tax rate for this service is \$1,786.41. This includes an estimated \$193.92 in debt servicing costs for the short-term borrowing required to complete capital upgrades. This debt will be repaid by increased parcel taxes for five years. No property tax requisition is anticipated over the five-year financial plan.

### **Citizen/Public Relations**

A newsletter highlighting the timing of the emergency storage tank conversion project is planned to be distributed to service participants in spring 2021.

Following completion of the system upgrades, staff will re-evaluate the asset management needs of the service and will engage with residents early if a change in parcel tax rates is required in future years.