



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council
From: Chief Administrative Officer
Subject: 2023-2027 Sewer Fund Financial Plan

File No.: 1705-20/1715-20

Date: February 8, 2023

PURPOSE:

The purpose of this report is for Council to consider the 2023-2027 Sewer Fund Financial Plan and the proposed sewer user fee increase for 2023.

POLICY ANALYSIS:

Section 165 of the *Community Charter* requires a municipality to have a five year financial plan adopted annually and Section 194 permits the levying of a fee to recover the cost for the delivery of a service.

The 2023-2027 Sewer budget is a component of the annual City of Courtenay five year financial plan. A proposed increase of 5.5% for the 2023 user fee has been incorporated into the 2023-2027 Sewer Fund Financial Plan with no change to the frontage rate.

EXECUTIVE SUMMARY:

The five year sewer fund financial plan is prepared annually and user fees are established to cover the projected cost of service delivery for the upcoming year. Funded entirely from sewer user fees and frontage fees, the sewer service receives no funding from general property taxation.

The City of Courtenay owns and operates a class 3 sewer collection system that collects and conveys effluent within the City to the Regional Courtenay Lift Station and from there it is pumped via force-mains to the sewage treatment plant. The Courtenay Lift Station and the Sewage Treatment Plant are part of the Comox Valley Regional Sewer Service, which is administered by the Comox Valley Regional District (CVRD).

Each component plays a vital role in providing sewer services to the residents of Courtenay and its regional partners. The CVRD, through the Sewage Commission, has planned capital conveyance upgrades and treatment plant expansion in order to ensure the sustainability, capacity and integrity of their portion of the system infrastructure. The CVRD annually requisitions the City for the cost of the City's share of the regional sewer service.

The City must also provide funding for its own sewer collection service capital and operational needs. The cost of sewer service delivery is funded through a combination of user fees and frontage and parcel taxes. A 5.5% increase for the user fee is recommended for 2023, increasing the rate for single family from \$377.97 to \$398.76. Staff recommends to keep frontage rate constant at \$10.24 per meter. The annual

increase to a single family residence is \$20.79. Of that increase, about \$12.39 is attributable to the CVRD Sewer Requisition, \$6.10 to other City sewer operating expenses and \$2.30 to capital expenses.

CAO RECOMMENDATIONS:

THAT Council give first, second and third readings to the Courtenay Fees and Charges Amendment Bylaw 3088, 2023 (Sewer Fees),

And

THAT Council give first, second and third readings to the Courtenay Fees and Charges Amendment Bylaw 3090, 2023 (Storm Sewer Fees),

And

THAT Council approve the 2023-2027 Sewer Fund Financial Plan as presented for inclusion in the 2023-2027 Five-year plan.

Respectfully submitted,



Geoff Garbutt, M.Pl., MCIP, RPP
City Manager (CAO)

BACKGROUND:

Consideration and approval of a five year financial plan is an annual requirement under the *Community Charter*. The recommended financial plan for the sewer fund provides detail for 2023, as well as projections for the four years following.

The sewer utility service is self-funding and receives no funding from the general property taxation levy.

DISCUSSION:

The sanitary sewer utility service provided to City property owners is a combination of the City and Comox Valley Regional Sewer Service infrastructure. Administered by the CVRD, the regional sewer service infrastructure includes sewer pumping stations, sewer force mains (including the force main on Comox Road) and a wastewater treatment plant with an outfall for treated effluent. It was constructed in the early 1980's and designed with a 25 year life-cycle. As a result of the 2011 CVRD sanitary sewer master plan, a 10-year capital plan was developed and approved by members of the CVRD Sewer commission in 2012. In 2018, the CVRD has embarked on a new Liquid Waste Management Plan (LWMP). This statutory plan is outlining future capital expenditures necessary for the sustainability of the service and has been submitted to the province for review, then shared with the community and will be submitted for final approval in 2024.

City infrastructure includes lift stations, sewer trunk mains, a collection system and sewer connections within the boundaries of the municipality. This infrastructure varies in age depending on its location within the City. Infrastructure on the west side of the City varies from relatively new to over 60 years old, whereas infrastructure on the east side of the river is generally newer and less than 30 years old.

The largest cost component of this financial plan is the cost of the regional sewer service shared proportionately between the service participants, the City of Courtenay, the Town of Comox and HMCS Quadra, based on their respective sewer flows. The 2023-2027 Sewer Fund Financial Plan is a collaborative effort of all the departments following the City's Asset Management Bylaw 2981.

City of Courtenay 2023 – 2027 Sewer Fund Financial Plan

The proposed 2023-2027 Sewer Fund Financial Plan is detailed in the following attachments:

Attachment # 1 – Sewer Operating Fund 2023 Budget Overview

Attachment # 2 – Sewer Capital Fund and Debt 2023 Budget Overview

Attachment # 3 – Sewer Surplus, Reserves and DCC 2023 Projections

The sewer fund financial plan includes for 2023: \$9,684,800 in projected sewer revenues and the following expenditures: \$7,656,200 of operating expenses, \$862,100 transferred to the capital fund (including \$594,400 carried forward from 2022), \$106,500 transferred to surplus, \$375,500 transferred to reserves, \$309,500 for debt payments and \$375,000 of amortization.

Sewer Operating Fund

Sewer Operating Expenses

The sewer operating expense budget is presented by activity in Table 1. The overall increase in operating costs between 2022 and 2023 budget is \$413,900, or 5.7%, of which \$277,500 is directly related to the projected increase in the CVRD requisition (representing 67% of the increase).

Table 1: Sewer Operating Expenses 2022 – 2023 budget

Sewer Activity	Operating Activity	2022 BUDGET	2023 BUDGET	Budget increase (decrease)	Variance %
CVRD Sewer Requisition		4,994,700	5,272,200	277,500	
Sewer ADMIN - Salaries/Wages		366,300	386,900	20,600	
Sewer Administration		33,000	40,300	7,300	
Sewer ADMIN - Training		11,000	17,500	6,500	
Sewer Engineering Services		68,000	45,500	(22,500)	
Sewer Asset Mgmt		5,000	51,000	46,000	
Sewer Operations					
	Sewer Main	182,900	185,000	2,100	
	Sewer Service	98,600	105,900	7,300	
	Sewer Manhole/Chamber	22,300	23,800	1,500	
	Sewer Valve	13,800	14,200	400	
	Sewer Forcemain	13,900	14,200	300	
	Sewer Lift Station	270,600	285,300	14,700	
	Sewer Inflow & Infiltration	77,800	70,600	(7,200)	
Sewer Operations Total		679,900	699,000	19,100	
Sewer Fleet		49,700	49,000	(700)	
Sewer Work in Progress		40,000	40,000	-	
Interfund Allocation		994,700	1,054,800	60,100	
Total Sewer Operating Expense		7,242,300	7,656,200	413,900	5.7%

Comox Valley Sewer Service

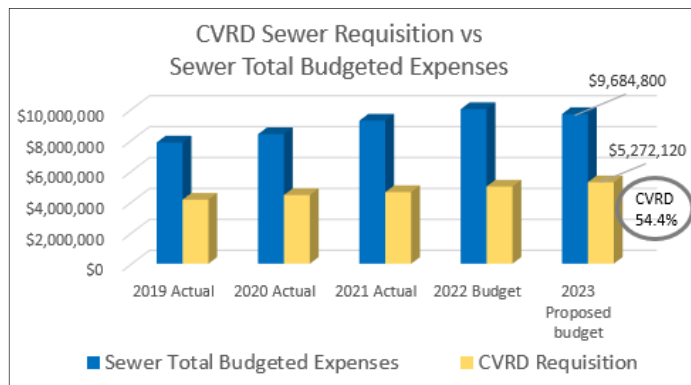
The Comox Valley Regional District 2022-2026 Financial Plan includes a 5.6% increase for the projected 2023 Regional Sewerage Service Requisition, which is the largest expense in the City’s Sewer Operating Fund and accounts for more than half of the 2023 sewer budget increase.

Table 2 presents the increase in Courtenay’s share of the sewer service requisition since 2018 to the proposed budget for 2026, based on the CVRD 2022-2026 Financial Plan.

It should be noted that the 2023-2027 Comox Valley Regional District Financial Plan is not available at the time of this report, therefore future year requisition amounts are subject to change and may impact future user fee estimates.

Table 2: Comox Valley Sewer Service Requisition, Courtenay’s Share 2018 – 2026

<i>CVRD Sewer Service Requisition Courtenay share</i>	CVRD Requisition	% increase
2018 Actual	\$ 3,890,928	
2019 Actual	\$ 4,145,491	6.5%
2020 Actual	\$ 4,439,680	7.1%
2021 Actual	\$ 4,630,120	4.3%
2022 Budget	\$ 4,994,640	7.9%
2023 Proposed budget	\$ 5,272,120	5.6%
2024 Proposed budget	\$ 5,549,600	5.3%
2025 Proposed budget	\$ 5,827,080	5.0%
2026 Proposed budget	\$ 6,104,560	4.8%



Sewer Administration and Training

Those sections include a portion of the salaries, wages and benefits of the Public Works management staff and Engineering team and training expenses. The increase is due to the contractual increase for salaries, wages and benefits and inflation.

Sewer Engineering Services

This section includes \$20,000 carried forward from 2022 to complete the sewer rates review as recommended in the Water Smart Action Plan presented to Council on October 28, 2019. This review is currently underway and conducted simultaneously with the water rates review.

Sewer Operations

The budget for sewer operations is expected to remain stable for 2023. It includes the crew wages and benefits as well as the material and services needed to perform regular operations, preventative and reactive work on the sewer infrastructure. Regular contractual increases are also included for crew wages and benefits.

Sewer Fleet Charges

The Sewer Fleet Charges budget is adjusted every year based on actual and anticipated equipment and vehicle usage.

Internal Allocations

Internal Allocations is a percentage of the General Fund and Public Works administrative expenses transferred to the Sewer Fund. The intent is to transfer a reasonable amount for General Government Services and Public Works administrative expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the costs necessary to provide the service.

The sewer allocation is set to 11.5% of the General Government Services and to 17% of the Public Works administrative expenses based on prior year estimate. The allocation percentage is reviewed periodically and will be analyzed before next year budget. The variance represents the general increase in the General Government Services and Public Works expense budget.

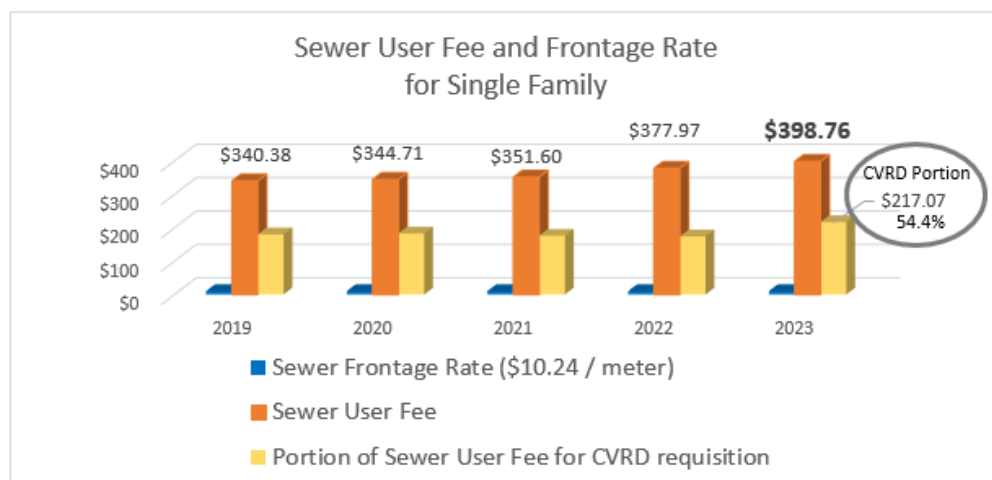
Sewer Revenues

Revenues collected through sewer user and frontage fees are used to cover the costs of the operating and capital expenditures. Staff recommend maintaining the current frontage rate at \$10.24 per meter, which is expected to generate \$2,108,200 for 2023 (\$2,094,500 – 2022) an increase of \$13,700 or 0.5%. An increase of 5.5% of the sewer user fee is proposed for 2023 (7.5% - 2022) as identified in 2022 and 5.5% for the next four years to fund the significant increase anticipated for the CVRD sewer requisition. An annual 0.5% increase is also factored in the revenue calculations for population growth. The sewer user fees are expected to generate \$6,534,700, for 2023 (\$6,093,600 – 2022).

Through the implementation of the Sewer Master Plan, the estimations for future growth and asset end of life and replacement will be combined with the estimations for the other linear asset classes to create a draft 20 year capital asset management plan. This information, along with the sewer rates review planned to be completed in 2023, will be the basis for a detailed analysis of the frontage and sewer user fees. Recommendations will then be presented to adjust the sewer revenue requirements in future year financial plans to create a sustainable utility.

The sewer user fees and frontage rates since 2019 are detailed in Graph 2 below. The portion of user fee used to fund the CVRD requisition is illustrated in yellow and corresponds to about \$217, or 54.4% for 2023, leaving about \$182 per household to fund City’s sewer expenses.

Graph 2: Sewer user fee and frontage rate 2019-2023



Sewer Capital Fund

The projects included in the 2023 Sewer Capital Budget are presented in Table 3 below. The source of funding and the projects scheduled for the four following years are detailed in Attachment 2.

Table 3: Sewer Capital Projects - 2023 Budget

Proposed Budget

2023 Proposed Budget	
Project description	Total
Sewer - 1st Street Lift Station Replacement	3,095,600
South Courtenay Sewer System	327,500
Puntledge Sanitary Catchment Replacement (Comox Rd)	224,000
Sewer - Cousins Ave - 20th to Willemar	15,000
Grand Total	3,662,100

Debt Servicing Costs

The Sewer Operating Fund also includes debt servicing costs. For 2023, the interest payment is expected to rise by \$51,800 due to the 1st Street Lift Station Replacement project to \$124,100 (\$72,300 – 2022). Principal payments of \$185,400 on existing debt is also included, for a total debt servicing costs of \$309,500 (\$257,700 – 2022) in 2023. Due to timing in debt payment, no principal payments will be required for the 1st Street Lift Station Replacement project until 2024. The projected debt servicing costs for 2023 to 2027 are detailed in Attachment 2.

Sewer Surplus and Reserves

Table 4 shows the sewer surplus, reserves and Development Cost Charges (DCC) estimated closing balances for 2022 and 2023. The five year schedule is presented in Attachment 3.

Table 4: Estimated sewer surplus and surplus balance

SEWER	Estimated	Budget
Surplus, Reserves and DCC Summary	2022	2023
Sewer Fund Surplus		
Prior Year Operating Surplus (unallocated)	1,450,600	1,557,100
Surplus Reserve For Future Expenditure (Unspent Capital 2022)	594,400	-
	<u>2,045,000</u>	<u>1,557,100</u>
Sewer Capital Fund Surplus	21,700	21,700
Sewer Capital Reserves		
Sewer Reserve	1,091,500	1,091,500
Asset Management Reserve	1,793,100	1,793,100
Sewer Machinery and Equipment	810,900	885,900
	<u>3,695,500</u>	<u>3,770,500</u>
Total Sewer Surplus and Reserves	<u>5,762,200</u>	<u>5,349,300</u>
Sewer Development Cost Charges (DCC)		
Sewer DCC Bylaw #1638/2755	35,700	35,700
Sewer DCC Bylaw #2426/2755	1,415,800	1,415,800
Total Sewer DCC	<u>1,451,500</u>	<u>1,451,500</u>

Operating Surplus

The sewer prior year operating surplus balance has been depleted in 2022 to accommodate for the funding of some major sewer capital projects. The 2023-2027 sewer budget was developed to generate a small surplus every year in order to replenish the prior year operating surplus balance to recommended level equivalent to about 2 to 3 months of operating expenses, approximately \$1.3M to \$2.0M.

Capital Reserves

The Asset Management reserve will provide \$300,000 in 2023 to fund a portion of the 1st Street Lift Station Replacement project.

Contributions of \$300,000 to the Asset Management Reserve and \$75,000 to the Machinery and Equipment Reserve have remained consistent in 2023 to 2022 levels. The level of contribution to reserves will be revisited once the Sewer Master is completed and approved.

Development Cost Charges (DCC)

The City's DCC bylaw is set to be updated in 2023 however this process will take some time and therefore no anticipated changes in the DCC budget are included for 2023. DCC are presented as deferred revenues in the financial statements and are not included with the reserves.

FINANCIAL IMPLICATIONS:

To cover the overall cost to deliver the sewer utility operating and capital activities, an increase of 5.5% (7.5% - 2022) is recommended for 2023. This will result in an annual increase of \$20.79 (\$26.37 – 2022) in the single family user rate, of which approximately \$12.39 is attributable to the CVRD requisition increase.

Debt

The following major sewer projects are identified for the next two years:

- 1st Street Lift Station Replacement: estimated construction cost of \$2.5M included for 2023
- Puntledge Sanitary Catchment Replacement (Comox Road): estimated construction cost of \$2.53M included for 2024

Since anticipated revenues, existing reserves, and prior year surplus are not sufficient to cover the anticipated design and construction costs of these major projects, long term borrowing has been considered as the primary source of funding for those two projects.

In order to obtain long term financing, the City must follow a lengthy statutory process that includes adoption of a municipal loan authorization bylaw, approval by the Ministry of Community Services, elector approval, and inclusion in our regional district security issuing bylaw. The entire borrowing process takes at least 8 months. The City follows *Community Charter* guidelines to determine long term debt capacity, and currently uses approximately 12% of the limit, leaving the City in a good position to consider future opportunities to borrow for any sewer, water or general projects. Staff will continue to explore potential grant opportunities if available to reduce the need for borrowing.

*Connection Fees**Sanitary Sewer System Connection Fee*

There is proposed update to the sewer system fee schedule to increase connection fees to \$6,000 from \$3,000. Average cost of a 4-inch sewer connection from 2019 through 2022 was \$9,034 while connection fees over this period have been limited to \$3,000. Over the four-year period the City has provided a subsidy to sewer connections of about \$167,000. By increasing the connection fees over the next several years, the City will be near the break-even point for this service. Although for 2023 the fees will not be at the break-even point, a phased approach is recommended.

Storm Sewer System Connection Fee

The City's storm sewer system costs are captured under the general operating fund as the storm function does not operate as a separate fund similar to water and sewer functions. There is proposed update to the storm system fee schedule to increase connection fees to \$6,000 from \$3,000. Average cost of a 6-inch storm connection from 2019 through 2022 was \$5,826 while connection fees over this period have been limited to \$3,000. Over the four-year period the City has provided a subsidy to storm connections of about \$105,000. By increasing the connection fees to near the average actual cost the City should be near the break-even point for this service.

ADMINISTRATIVE IMPLICATIONS:

Subsequent to Council endorsing the recommended increase for the 2023-2027 Sewer Fund Financial Plan and user fees bylaws for the sewer and storm sewer services, staff will update the financial system with the new rates, prior to the 2023 utility billing.

Once finalized, the sewer budget will be incorporated as part of the statutory component of the five year financial plan.

ASSET MANAGEMENT IMPLICATIONS:

Much of the sewer network in west Courtenay was built during in the early 1960s and is projected to reach its end-of-life in the 2020s. Detailed Condition Assessment (CCTV inspections) work was completed in 2018-2019. This information has allowed the Asset Management group to identify priority projects that align with Council's Strategic Plan and future development and growth. Additionally, the Sewer Master Plan was finalized in 2022 and will aid informing a 20-year capital asset management plan.

STRATEGIC PRIORITIES REFERENCE:**We focus on organizational and governance excellence**

- Communicate appropriately with our community in all decisions we make
- Responsibly provide services at levels which the people we serve are willing to pay

We proactively plan and invest in our natural and built environment

- Focus on asset management for sustainable service delivery
- ▲ Look for regional infrastructure solutions for shared services

- **AREA OF CONTROL:** The policy, works and programming matters that fall within Council's jurisdictional authority to act
- ▲ **AREA OF INFLUENCE:** Matters that fall within shared or agreed jurisdiction between Council and another government or party
- **AREA OF CONCERN:** Matters of interest that are outside Council's jurisdictional authority to act

OFFICIAL COMMUNITY PLAN REFERENCE:

Municipal Infrastructure

OBJECTIVES:

1. Infrastructure and services are resilient to risks and impacts of climate change
2. Infrastructure investments are guided by a multiple bottom line decision-making approach: this means energy efficient, fiscally responsible, equitably distributed, sustainable levels of service that protect public health, safety, and the environment
3. Natural and engineered forms of green infrastructure are integrated to manage rainwater resources, protect water and air quality, maintain ecosystem function, provide flood control, and address and adapt to climate impacts

4. Solid waste, potable water, sanitary sewer and rain and storm water infrastructure life-cycle costs are minimized by increasing conservation actions and reducing the need to develop new infrastructure capacity

5. Third party utility providers such as energy and communications utilities are low carbon and reliable

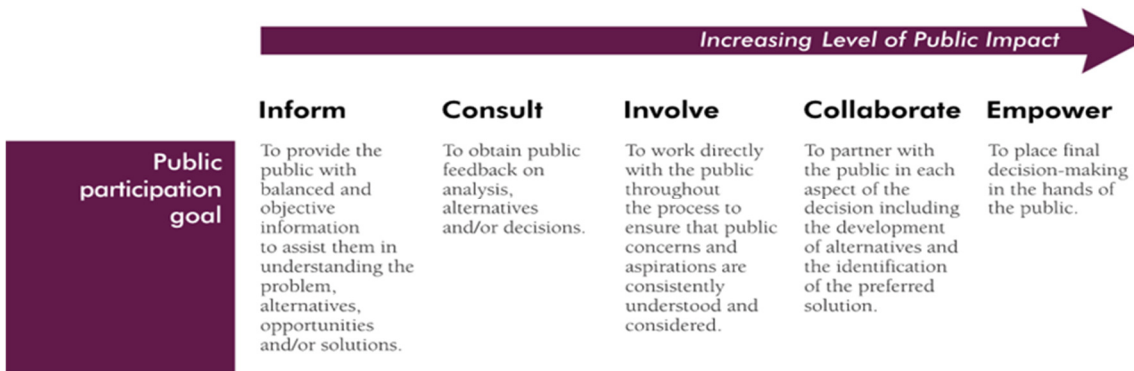
REGIONAL GROWTH STRATEGY REFERENCE:

This budget is presented with the intent of encouraging sewer management approaches and the use of processes and technologies that provide the public with infrastructure that addresses public health needs and concerns and provides equal service to all residents within the municipality and region (per Comox Valley Regional Growth Strategy Bylaw No. 120, 2010, Part 3.2.5, Objective 5-D Page 56).

PUBLIC ENGAGEMENT:

The *Community Charter* (sec. 166) requires that a council must undertake a process of public consultation regarding the proposed financial plan before it is adopted. The City will “**inform**” the public about the 2023-2027 Sewer Fund Financial Plan through council meetings, media webcasts, and information posted on the City’s website. In addition, the City will “**consult**” the public prior to final adoption of the 2023-2027 Financial Plan Bylaw.

http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf



OPTIONS:

Option 1:

THAT Council give first, second and third readings to the Courtenay Fees and Charges Amendment Bylaw 3088, 2023 (Sewer Fees),

And

THAT Council give first, second and third readings to the Courtenay Fees and Charges Amendment Bylaw 3090, 2023 (Storm Sewer Fees),

And

THAT Council approve the 2023-2027 Sewer Fund Financial Plan as presented for inclusion in the 2023-2027 Five-year plan.

Option 2:

That Council provide alternative direction to staff.

Prepared by:



Annie Bérard, CPA, CMA, MBA
Manager of Financial Planning, Payroll
and Business Performance

Reviewed by:



Adam Langenmaier, BBA CPA, CA
Director of Financial Services

Reviewed by:



Kyle Shaw, ASCT, CPWI, CWP, CWWP
Director of Public Works Services

Concurrence by:



Geoff Garbutt, M.Pl., MCIP, RPP
City Manager (CAO)

Attachments:

- 1 – Sewer Operating Fund 2023 Budget Overview
- 2 – Sewer Capital Fund and Debt 2023 Budget Overview
- 3 – Sewer Surplus, Reserves and DCC 2023 Projections
- 4 - Courtenay Fees and Charges Amendment Bylaw 3088, 2023 (Sewer)
- 5 - Courtenay Fees and Charges Amendment Bylaw 3090, 2023 (Storm Sewer)

Sewer Operating Fund Budget 2023-2027

Frontage Rate \$/m	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.24
Sewer Utility Rate	\$ 377.97	\$ 398.76	\$ 420.69	\$ 443.83	\$ 468.24	\$ 493.99
Sewer Utility Rate Annual Increase \$	\$ 26.37	\$ 20.79	\$ 21.93	\$ 23.14	\$ 24.41	\$ 25.75
Sewer Utility Rate Annual Increase %	7.5%	5.5%	5.5%	5.5%	5.5%	5.5%

Expense Type	Activity2	Activity	DESC	Variance						
				2022 BUDGET	2023 BUDGET	2023 Budget - 2022 Budget	2024 BUDGET	2025 BUDGET	2026 BUDGET	2027 BUDGET
Revenue	Sewer Frontage	Sewer Frontage	SEWER FRONTAGE TAX	(2,094,500)	(2,108,200)	(13,700)	(2,118,700)	(2,129,300)	(2,140,000)	(2,150,700)
			SEWER CONNECTION PARCEL TAX	(12,000)	(12,000)	-	(12,000)	(12,000)	(12,000)	(12,000)
	Sewer Frontage Total			(2,106,500)	(2,120,200)	(13,700)	(2,130,700)	(2,141,300)	(2,152,000)	(2,162,700)
	Sewer Utility Fees	Sewer Utility Fees	SEWER USER CHARGES - RESIDENTIAL	(5,095,500)	(5,451,500)	(356,000)	(5,777,400)	(6,123,100)	(6,489,400)	(6,877,400)
			SEWER USER CHARGES - COMMERCIAL	(679,200)	(735,600)	(56,400)	(775,700)	(818,000)	(862,600)	(909,700)
			SEWER USER CHARGES - INSTITUTIONAL (CVRD)	(318,900)	(347,600)	(28,700)	(366,700)	(386,900)	(408,200)	(408,200)
	Sewer Utility Fees Total			(6,093,600)	(6,534,700)	(441,100)	(6,919,800)	(7,328,000)	(7,760,200)	(8,195,300)
	Sewer Other Revenues			(20,500)	(20,500)	-	(20,500)	(20,500)	(20,500)	(20,500)
	Transfer from Prior Year Surplus			(880,900)	-	880,900	-	-	-	(51,900)
	Sewer Work in Progress			(40,000)	(40,000)	-	(40,000)	(40,000)	(40,000)	(40,000)
	Transfer from Reserve	Transfer from Reserve	RESERVE FOR FUTURE EXP.	(1,339,600)	(594,400)	745,200	-	-	-	-
	Transfer from Reserve Total			(1,339,600)	(594,400)	745,200	-	-	-	-
	Equity in Capital Assets			(375,000)	(375,000)	-	(375,000)	(375,000)	(375,000)	(375,000)
	Outside Contributions Total			-	-	-	-	-	-	-
Revenue Total				(10,856,100)	(9,684,800)	1,171,300	(9,486,000)	(9,904,800)	(10,347,700)	(10,845,400)
Expense	CVRD Sewer Requisition			4,994,700	5,272,200	277,500	5,549,600	5,827,100	6,104,600	6,382,100
	Sewer ADMIN - Salaries/Wages			366,300	386,900	20,600	408,500	416,800	425,300	433,700
	Sewer Administration			33,000	40,300	7,300	40,700	41,200	41,600	41,600
	Sewer ADMIN - Training			11,000	17,500	6,500	17,500	17,500	17,500	17,500
	Sewer Engineering Services			68,000	45,500	(22,500)	33,000	42,000	23,000	23,000
	Sewer Asset Mgmt			5,000	51,000	46,000	21,000	51,000	21,000	51,000
	Sewer Operating	Sewer Main		182,900	185,000	2,100	187,200	190,200	192,600	192,600
		Sewer Service		98,600	105,900	7,300	107,200	109,100	109,100	109,100
		Sewer Manhole/Chamber		22,300	23,800	1,500	24,000	24,100	24,100	24,100
		Sewer Valve		13,800	14,200	400	14,400	14,600	14,600	14,600
		Sewer Forcemain		13,900	14,200	300	14,400	14,600	14,600	14,600
		Sewer Inflow & Infiltration		77,800	70,600	(7,200)	71,100	72,400	72,400	72,400
		Sewer Lift Station		270,600	285,300	14,700	288,500	293,000	293,000	293,000
	Sewer Operating Total			679,900	699,000	19,100	706,800	718,000	720,400	720,400
	Sewer Fleet			49,700	49,000	(700)	49,300	49,600	49,600	49,600
	Sewer Work in Progress			40,000	40,000	-	40,000	40,000	40,000	40,000
	Interfund Allocation			994,700	1,054,800	60,100	1,103,400	1,100,000	1,118,100	1,132,400
	Transfer to Reserve	Transfer to Reserve	CONTINGENCY RESERVE	-	106,500	106,500	161,600	201,000	229,600	-
			TRANS TO M&E SEWER RESERVE	75,000	75,000	-	75,000	75,000	75,000	75,000
			TRANS TO M.F.A.RESERVE	500	500	-	500	500	500	500
			TRANS TO RES. FOR FUTURE EXP	1,339,600	594,400	(745,200)	-	-	-	-
			TRANSFER TO ASSET MGMT RESERVE	300,000	300,000	-	300,000	300,000	300,000	300,000
			TRSF TO SEWER CAPITAL FUND	1,266,000	267,700	(998,300)	96,000	10,000	140,000	500,000
	Transfer to Reserve Total			2,981,100	1,344,100	(1,637,000)	633,100	586,500	745,100	875,500
	Debt			257,700	309,500	51,800	508,100	640,100	666,500	703,600
	Amortization			375,000	375,000	-	375,000	375,000	375,000	375,000
Expense Total				10,856,100	9,684,800	(1,171,300)	9,486,000	9,904,800	10,347,700	10,845,400
Grand Total				-	-	-	-	-	-	-

Category	Project description	2022 Budget	2022 Forecast	2023 Proposed Budget	2023 Taxation - User fees	2023 Reserve for Future Expenditures	2023 Reserves	2023 Debt	2024 Proposed Budget	2024 Taxation - User fees	2024 Reserves	2024 Debt	2025 Proposed Budget	2025 Taxation - User fees	2025 Prov / Funding	2025 Debt
New	South Courtenay Sewer System	86,400	43,900	224,000	181,500	42,500										
	Sewer - Greenwood Trunk Construction	1,724,700	1,724,700													
New Total		1,811,100	1,768,600	224,000	181,500	42,500										
Renewal	Sewer - 1st Street Lift Station Replacement	332,000	107,600	3,095,600	71,200	224,400	300,000	2,500,000								
	Puntledge Sanitary Catchment Replacement (Comox Rd)	429,300	101,800	327,500		327,500			2,531,500	31,500	500,000	2,000,000				
	Sewer - Cousins Ave - 20th to Willemar		-	15,000	15,000				64,500	64,500			644,800		344,800	300,000
	Braidwood Road - Road & Utility - Sewer Component	20,300	9,000		-								10,000	10,000		
	Sewer - Mansfield Drive Forcemain - Genset	1,504,000	-		-											
Renewal Total		2,285,600	218,400	3,438,100	86,200	551,900	300,000	2,500,000	2,596,000	96,000	500,000	2,000,000	654,800	10,000	344,800	300,000
Grand Total		4,096,700	1,987,000	3,662,100	267,700	594,400	300,000	2,500,000	2,596,000	96,000	500,000	2,000,000	654,800	10,000	344,800	300,000

Category	Project description	2026 Proposed Budget	2026 Taxation - User fees	2026 Debt	2027 Proposed Budget	2027 Taxation - User fees	2027 Debt
Renewal	Braidwood Road - Road & Utility - Sewer Component	500,000		500,000			
	Anderton Dike Remediation - Sanitary Lift Station Relocalisation	140,000	140,000		1,500,000	500,000	1,000,000
Renewal Total		640,000	140,000	500,000	1,500,000	500,000	1,000,000
Grand Total		640,000	140,000	500,000	1,500,000	500,000	1,000,000

Debt Servicing Costs
New debt calculated at 4.14% over 20 years

Category	Description	2021 Budget	2023 Proposed Budget	2024 Proposed Budget	2025 Proposed Budget	2026 Proposed Budget	2027 Proposed Budget
Debt Interest	Existing Debt Interest	73,100	72,300	72,300	72,300	69,500	66,700
	New Debt Interest		51,800	144,900	192,500	209,100	240,100
Debt Interest Total		73,100	124,100	217,200	264,800	278,600	306,800
Debt Principal	Existing Debt Principal	185,400	185,400	185,400	185,400	185,400	173,200
	New Debt Principal			105,500	189,900	202,500	223,600
Debt Principal Total		185,400	185,400	290,900	375,300	387,900	396,800
Grand Total		258,500	309,500	508,100	640,100	666,500	703,600

**City of Courtenay
for the Years 2023 - 2027**

SEWER Surplus, Reserves and DCC Summary	Estimated	Budget		Proposed Budget		
	2022	2023	2024	2025	2026	2027
Sewer Fund Surplus						
Prior Year Operating Surplus (unallocated Surplus Reserve For Future Expenditure (Unspent Capital 2022))	1,450,600	1,557,100	1,718,700	1,919,700	2,149,300	2,097,400
	594,400	-	-	-	-	-
	<u>2,045,000</u>	<u>1,557,100</u>	<u>1,718,700</u>	<u>1,919,700</u>	<u>2,149,300</u>	<u>2,097,400</u>
Sewer Capital Fund Surplus (unexpended)	21,700	21,700	21,700	21,700	21,700	21,700
Sewer Capital Reserves						
Sewer Reserve	1,091,500	1,091,500	1,091,500	1,091,500	1,091,500	1,091,500
Asset Management Reserve	1,793,100	1,793,100	1,593,100	1,893,100	2,193,100	2,493,100
Sewer Machinery and Equipment	810,900	885,900	960,900	1,035,900	1,110,900	1,185,900
	<u>3,695,500</u>	<u>3,770,500</u>	<u>3,645,500</u>	<u>4,020,500</u>	<u>4,395,500</u>	<u>4,770,500</u>
Total Sewer Surplus and Reserves	<u>5,762,200</u>	<u>5,349,300</u>	<u>5,385,900</u>	<u>5,961,900</u>	<u>6,566,500</u>	<u>6,889,600</u>
Sewer Development Cost Charges (DCC)						
Sewer DCC Bylaw #1638/2755	35,700	35,700	35,700	35,700	35,700	35,700
Sewer DCC Bylaw #2426/2755	1,415,800	1,415,800	1,415,800	1,415,800	1,415,800	1,415,800
Total Sewer DCC	<u>1,451,500</u>	<u>1,451,500</u>	<u>1,451,500</u>	<u>1,451,500</u>	<u>1,451,500</u>	<u>1,451,500</u>

Purpose of Sewer Reserves

Prior Year Operating Surplus : accumulated excess of revenues over expenses from prior years which has not been set aside for specific purposes

Reserve for Future Expenditure : revenues collected for 2022 capital projects unfinished and carried forward to 2023

Sewer Reserve , Bylaw #1382: established for funding capital expenditures or debt related to sewer utility only

Asset Management Reserve , Bylaw #2819: established to acquire tangible capital assets relating to the sewer fund or for refurbishing, renewing or replacing existing tangible capital assets for those assets within the sewer fund

Sewer Machinery and Equipment , Bylaw #1976: established to fund replacement of depreciated or obsolete machinery and equipment in the sewer fund

Sewer DCC 'North East Zone' , Bylaw #1638/2755: to be used for approved sewer projects

Sewer DCC , Bylaw #2426/2755: to be used for approved sewer projects

THE CORPORATION OF THE CITY OF COURTENAY

BYLAW NO. 3088, 2023

A bylaw to amend City of Courtenay Fees and Charges Bylaw No. 1673, 1992

The Council of the Corporation of the City of Courtenay in open meeting assembled enacts as follows:

1. This bylaw may be cited for all purposes as **“City of Courtenay Fees and Charges Amendment Bylaw No. 3088, 2023.”**
2. That “City of Courtenay Fees and Charges Bylaw No. 1673, 1992” be amended as follows:
 - (a) That Schedule of Fees and Charges, Section III, Appendix II “Sanitary Sewer System” be hereby repealed and substituted therefore by the following attached hereto and forming part of this bylaw:

Schedule of Fees and Charges Section III, Appendix II – Sanitary Sewer System

3. This bylaw shall come into effect upon final adoption hereof.

Read a first time this day of , 2023

Read a second time this day of , 2023

Read a third time this day of , 2023

Finally passed and adopted this day of , 2023

Mayor

Deputy Corporate Officer

**SCHEDULE OF FEES AND CHARGES
CITY OF COURTENAY FEES AND CHARGES AMENDMENT
BYLAW NO. 3088, 2023
SECTION III, APPENDIX II
SANITARY SEWER SYSTEM**

1. CONNECTION FEES

(a) Connection Fees

Connection from either side of road to property line

10.16 centimetres (4" inch) \$6,000.00

Where a larger connection than the one listed above is required, the connection will be installed at City cost plus 25%.

(b) Abandonment Fee

Fee for disconnecting an abandoned service connection at the sanitary sewer main irrespective of the size of the connection	Actual City cost plus 25%, min charge \$2,500.00
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(c) Connection Charges for Annexed Areas

For owners where commitment letters were issued between 1997 and 2006 quoting a sewer connection bylaw fee of \$1,500 (plus a capital contribution fee of \$5,000), this bylaw fee amount shall be in effect until October 31, 2007, after which the following schedule of connection fees will apply.

Property Use	Connection Charge		
	Capital Contribution		Connection Fee
	Existing Building	New Development	
Single Family Home OR Duplex	\$6,000.00	\$6,000.00	Either side of road from main - \$6,000.00
Multifamily, Strata OR Apartment OR Mobile Homes	\$6,000.00	\$6,000.00 for first unit, \$3,000.00 per unit for the next five units, \$2,500.00 per unit for the next five units, \$2,000.00 per unit for the next five units and \$1,500.00 per unit for all units thereafter	For a 100 mm diameter connection or the Bylaw rate for larger pipe sizes: Either side of road from main \$6,000.00

Industrial OR Commercial OR Public Assembly	\$10,000.00	\$10,000.00 minimum or the greater amount calculated based on the design sewage flows from the development.	For a 100 mm diameter connection or the Bylaw rate for larger pipe sizes: Either side of road from main \$10,000.00
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Note: Under the heading of ‘Capital Contribution’ an ‘Existing Building’ is defined as a building that existed or a property that had a building permit application in place on or before April 14, 2004. ‘New Development’ is defined as a property on which a building permit application was made on or after April 15, 2004.

1. SANITARY SEWER USER RATES – APPLIED ON A PER-UNIT/SPACE BASIS

- The minimum user rate per year or portion thereof shall be as follows:

		Bylaw Rates (per annum) Effective Date January 1, 2023
Part 1 - Residential Users		
1	Single Family Dwelling	398.76
2	Multiple Family Dwelling -per unit	398.76
3	Mobile Home Park -per space	398.76
4	Kiwanis Village -per unit	398.76

	Bylaw Rates (per annum) Effective Date January 1, 2023
Part 2 - Commercial Users	
1 Hotels and Motels -per unit	160.57
2 Trailer Park and Campsite -per serviced site	82.85
3 Wholesale and Retail Stores	398.76
4 Car Wash	398.76
5 Bus Depot	398.76
6 Funeral Parlour	398.76
7 Garage	398.76
8 Machine Shop and Repair Shop	398.76
9 Bakery	398.76
10 Photographer	398.76
11 Business Office - per office	398.76
12 Professional Office -per office	398.76
13 Barber and Hairdresser	398.76
14 Pool Room and Recreation Facility	398.76
15 Theatre	797.51
16 Department Store	797.51
17 Supermarket	797.51
18 Bowling Alley	797.51
19 Bank	797.51
20 Nursing Home	797.51
21 Cafe and Restaurant (including drive-in or take-out)	797.51
22 Dry Cleaner	797.51
23 Beverage Room	797.51
24 Laundry and Coin Laundry	3,187.38
25 Sawmill	3,972.59
26 Other Commercial Users	797.51
27 Cheese Processing Plant	6,610.08
Part 3 - Institutional Users	
1 Church	398.76
2 Public Hall	398.76
3 Utility Office	797.51
4 School -per classroom	714.69
5 Regional Recreation Complex	31,732.94
6 Regional District Administrative Office	8,525.76
7 Hospital per Patient room	160.57
8 Hospital per Staff room	398.76

2. UTILITY BILLING ADJUSTMENTS AND COLLECTION

- a) Where a billing error is suspected by the consumer, notification in writing must be made to the City of Courtenay Finance Department within one year of the original billing date for review and consideration. Upon investigation, if it is determined by the City that an error occurred and the consumer has been overcharged, an adjustment will be made to the utility bill in question in an amount to be determined by the City. The City will not provide refunds or adjustments to billing errors made more than two years prior to the date of the notification being received by the City.

- b) The rates and charges, enumerated in this Bylaw, are hereby imposed and levied for sewer utility services supplied or ready to be supplied by the City. All such rates and charges which are imposed for work done or services provided to lands or improvements shall form a charge on those lands which may be recovered from the Owner of the lands in the same manner and by the same means as unpaid taxes.

THE CORPORATION OF THE CITY OF COURTENAY

BYLAW NO. 3090, 2023

A bylaw to amend City of Courtenay Fees and Charges Bylaw No. 1673, 1992

The Council of the Corporation of the City of Courtenay in open meeting assembled enacts as follows:

1. This bylaw may be cited for all purposes as **“City of Courtenay Fees and Charges Amendment Bylaw No. 3090, 2023.”**
2. That “City of Courtenay Fees and Charges Bylaw No. 1673, 1992” be amended as follows:
 - (a) That Schedule of Fees and Charges, Section III, Appendix III “Storm Sewer System” be hereby repealed and substituted therefore by the following attached hereto and forming part of this bylaw:

Schedule of Fees and Charges Section III, Appendix III – Storm Sewer System

3. This bylaw shall come into effect upon final adoption hereof.

Read a first time this day of , 2023

Read a second time this day of , 2023

Read a third time this day of , 2023

Finally passed and adopted this day of , 2023

Mayor

Deputy Corporate Officer

**SCHEDULE OF FEES AND CHARGES
CITY OF COURTENAY FEES AND CHARGES AMENDMENT
BYLAW NO. 3090, 2023
SECTION III, APPENDIX III
STORM SEWER SYSTEM**

(a) Connection Fees

Connection from either side of road to property line

15.24 centimetres (6" inch)	\$6,000.00
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Where a larger connection than the one listed above is required, the connection will be installed at City cost plus 25%.

(b) Abandonment Fee

Fee for disconnecting an abandoned service connection at the sanitary sewer main irrespective of the size of the connection

Actual City cost plus
25%, minimum
charge of \$500.00