



THE CORPORATION OF THE CITY OF COURTENAY

## STAFF REPORT

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**To:** Council  
**From:** Chief Administrative Officer  
**Subject:** 2022-2026 Sewer Fund Financial Plan

**File No.:** 1705-20/1715-20

**Date:** December 3, 2021

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### **PURPOSE:**

The purpose of this report is for Council to consider the 2022-2026 Sewer Fund Financial Plan and the proposed sewer user fee increase for 2022.

### **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 2022-2026 Sewer budget is a component of the annual City of Courtenay five year financial plan. A proposed increase of 7.5% for the 2022 user fee has been incorporated into the 2022-2026 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 7.5% increase for the user fee is recommended for 2022, increasing the rate for single family from \$351.60 to \$377.97. Staff recommends to keep frontage rate constant at \$10.24 per meter. The

annual increase to a single family residence is \$26.37. Of that increase, about \$7.00 is attributable to the CVRD Sewer Requisition, \$6.50 to City other sewer operating expenses and \$12.50 to capital expenses.

**CAO RECOMMENDATIONS:**

That based on the December 3<sup>rd</sup>, 2021 staff report “2022-2026 Sewer Fund Financial Plan”, Council approve OPTION 1, and proceed with the proposed 2022-2026 Sewer Fund Financial Plan; and, that sewer user fees be increased by 7.5% for 2022.

Respectfully submitted,



Geoff Garbutt, M.Pl., MCIP, RPP  
Chief Administrative Officer

**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 2022, 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 will be submitted to the province for review in fall 2021, then shared with the community and 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, 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 2022-2026 Sewer Fund Financial Plan is a collaborative effort of all the departments following the City's Asset Management Bylaw 2981.

## City of Courtenay 2022 – 2026 Sewer Fund Financial Plan

The proposed 2022-2026 Sewer Fund Financial Plan is detailed in the following attachments:

Attachment # 1 – Sewer Operating Fund Budget Overview

Attachment # 2 – Sewer Capital Fund and Debt Budget Overview

Attachment # 3 – Sewer Surplus, Reserves and DCC Projections

The sewer fund financial plan includes for 2022 \$10,287,000 in projected sewer revenues and the following expenditures: \$7,242,300 of operating expenses, \$375,000 of amortization, \$257,700 for debt payments, \$2,036,500 transferred to the capital fund (including \$770,500 carried forward from 2021) and \$375,500 transferred to reserves.

### 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 2021 and 2022 budget is \$525,500 or 7.8%, of which \$277,500 (or 53%) is directly related to the projected increase in the CVRD requisition.

Table 1: Sewer Operating Expenses 2021 – 2022 budget

Activity	Operating Activity	2021		2022 BUDGET	Budget increase (decrease)	Variance %
		2021 BUDGET	YTD Actual as at Nov.3, 2021 (Unaudited)			
<b>Sewer Admin &amp; Training</b>		280,500	264,100	<b>410,300</b>	129,800	
<b>Sewer Operations</b>	<b>Sewer Main</b>	183,800	83,425	<b>182,900</b>	(900)	
	<b>Sewer Service</b>	93,100	91,418	<b>98,600</b>	5,500	
	<b>Sewer Manhole/Chamber</b>	6,300	12,409	<b>22,300</b>	16,000	
	<b>Sewer Valve</b>	13,100	-	<b>13,800</b>	700	
	<b>Sewer Forcemain</b>	13,200	648	<b>13,900</b>	700	
	<b>Sewer Lift Station</b>	260,700	179,206	<b>270,600</b>	9,900	
	<b>Sewer Inflow &amp; Infiltration</b>	76,000	38,846	<b>77,800</b>	1,800	
<b>Sewer Admin &amp; Operations Total</b>		926,700	670,052	1,090,200	163,500	
<b>CVRD Sewer Requisition</b>		4,717,200	4,630,120	<b>4,994,700</b>	277,500	
<b>Sewer Fleet</b>		53,200	28,284	<b>49,700</b>	(3,500)	
<b>Sewer Engineering Services</b>		86,500	10,132	<b>73,000</b>	(13,500)	
<b>Sewer Work in Progress</b>		40,000	21,565	<b>40,000</b>	-	
<b>Interfund Allocation</b>		893,200	562,954	<b>994,700</b>	101,500	
<b>Sewer Operating Expenses Total</b>		<b>6,716,800</b>	<b>5,923,107</b>	<b>7,242,300</b>	<b>525,500</b>	<b>7.8%</b>

*Sewer Administration and Training*

This section includes a portion of the salaries, wages and benefits of the Public Works management staff and Engineering team. The increase is due to a portion of the Asset Management team remuneration now allocated to Sewer and also CPI and contractual increase on salaries, wages and benefits.

*Sewer Operations*

The budget for sewer operations is expected to remain stable for 2022 and is distributed amongst the sewer activities restructured in 2021. 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.

*Comox Valley Sewer Service*

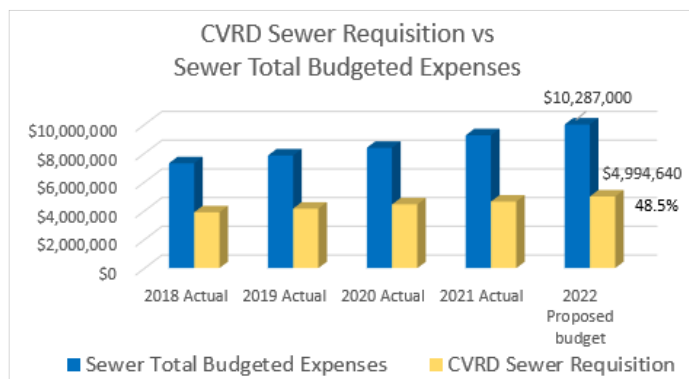
The Comox Valley Regional District 2021-2025 Financial Plan includes a 7.9% increase for the 2022 Regional Sewer Service Requisition, which is the largest expense in the Sewer Operating Fund and accounts for more than half of the 2022 sewer budget increase.

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 2021-2025 Financial Plan.

It should be noted that the 2022-2026 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

Courtenay share	\$	% 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 Proposed budget	\$4,994,640	7.9%
2023 Proposed budget	\$5,272,120	5.6%
2024 Proposed budget	\$5,757,710	9.2%
2025 Proposed budget	\$5,757,710	0.0%
2026 Proposed budget	\$5,757,710	0.0%



*Sewer Engineering Services*

This section includes \$30,000 carried forward from 2021 to complete the sewer rates review as recommended in the Water Smart Action Plan presented to Council on October 28, 2019. This review is conducted simultaneously with the water rates review. Also included is \$18,000 for the warranty work estimated to address the last deficiencies of the sewer capital projects once completed. The reduction of \$15,000 is due to the completion of the sewer master plan in 2021.

*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.

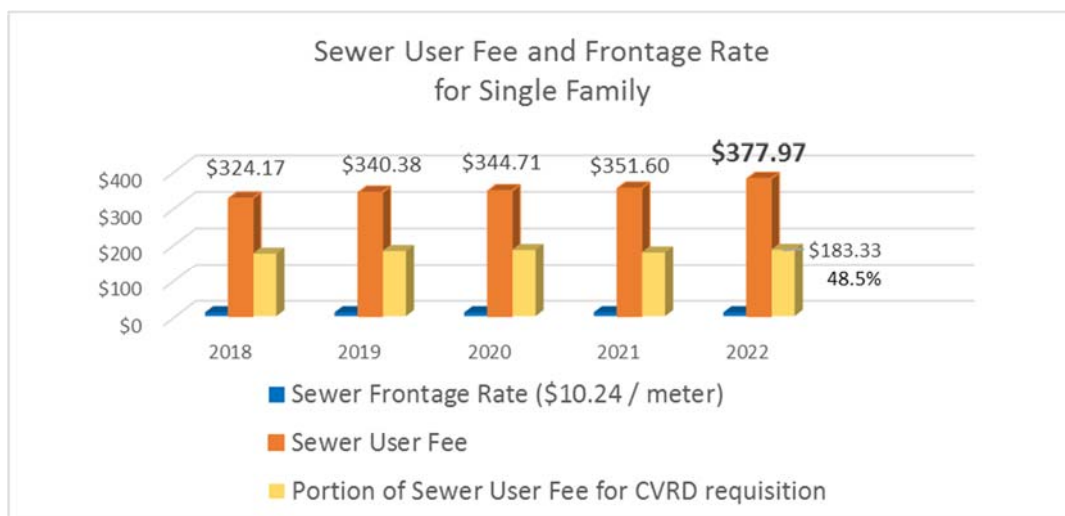
*Sewer Revenues*

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 \$2,094,500 for 2022. An increase of 7.5% of the sewer user fee is proposed for 2022 and 5.5% for the next four years to fund the significant increase anticipated for the CVRD sewer requisition. An annual 1% increase is also factored in the revenue calculations for population growth. The sewer user fees are expected to generate \$6,093,600 for 2022.

Once the sewer master plan is finalized in 2022, the results relative to both future growth and asset end of life or replacement estimations will be combined with all other linear asset class capital demand forecasts to create a draft 20 year capital asset management plan. This information, along with the sewer rates review planned to be completed in 2022, 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 2018 are detailed in Graph 2. The portion of user fee used to fund the CVRD requisition is illustrated in yellow and corresponds to about \$183, or 48.5% for 2022, leaving about \$195 per household to fund City’s sewer expenses.

Graph 2: Sewer user fee and frontage rate 2018-2022



### Sewer Capital Fund

The projects included in the 2022 Sewer Capital Budget are presented in Table 3 below. All projects are carried forward from 2021. The source of funding and the projects scheduled for the four following years are detailed in Attachment 2.

Table 3: Sewer Capital Projects - 2022 Proposed Budget

<b>2022 Proposed Budget</b>	
<b>Project description</b>	<b>Total</b>
Sewer - Mansfield Drive Forcemain	<b>1,504,000</b>
Sewer - Greenwood Trunk Construction	<b>1,360,000</b>
Puntledge Sanitary Catchment Replacement	<b>415,000</b>
Sewer - 1st Street Lift Station Replacement	<b>332,000</b>
South Courtenay Sewer System	<b>65,000</b>
Braidwood Road - Road & Utility - Sewer Component	<b>9,400</b>
<b>Grand Total</b>	<b>3,685,400</b>

### Debt Servicing Costs

The Sewer Operating Fund also includes debt servicing costs. For 2022, the interest payment is expected to be \$72,300. A principal payment of \$185,400 on existing debt is also included, for a total debt servicing costs of \$257,700 in 2022. The projected debt servicing costs for 2022 to 2026 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 2021 and 2022. The five year schedule is presented in Attachment 3.

Table 4: Estimated sewer surplus and surplus balance

<b>SEWER</b>	<b>Estimated</b>	<b>Budget</b>
<b>Surplus, Reserves and DCC Summary</b>	<b>2021</b>	<b>2022</b>
<b>Sewer Fund Surplus</b>		
Prior Year Surplus (unallocated)	1,949,500	1,068,600
Surplus Reserve For Future Expenditure (Unspent Capital 2021)	770,500	-
	<b>2,720,000</b>	<b>1,068,600</b>
<b>Sewer Capital Reserves</b>		
Sewer Reserve	566,700	566,700
Asset Management Reserve	2,097,900	749,000
Sewer Machinery and Equipment	721,200	796,200
	<b>3,385,800</b>	<b>2,111,900</b>
<b>Total Sewer Surplus and Reserves</b>	<b>6,105,800</b>	<b>3,180,500</b>
<b>Sewer Development Cost Charges (DCC)</b>		
Sewer DCC Bylaw #1638/2755	3,500	3,500
Sewer DCC Bylaw #2426/2755	801,400	801,400
<b>Total Sewer DCC</b>	<b>804,900</b>	<b>804,900</b>

### *Operating Surplus*

The 2022 sewer budget is balanced using a funding for \$880,900 from prior year surplus. Surpluses are projected in 2023, 2025 and 2026. Staff recommends a minimum surplus balance of about 2 months of operating expenses, equivalent to approximately \$1.2M. The projected balance is lower for 2024 and 2025 and use of surplus will be revisited once the masterplan and sewer rates review are completed.

A budget amendment was approved by Council on November 1<sup>st</sup>, 2021 to reallocate \$711,100 to the Greenwood Trunk Construction project from other approved sewer projects funding. This amount is being carried forward to be used in 2022.

### *Capital Reserves*

The Asset Management reserve will provide \$1,000,000 in 2022 to fund a portion of the Mansfield Drive Forcemain project and \$648,900 to fund the Greenwood Trunk Construction project, as approved in the November 1, 2021 budget amendment.

A contribution of \$300,000 to the Asset Management Reserve and \$75,000 to the Machinery and Equipment Reserve has been included for 2022. The level of contribution to reserves will be revisited once the Sewer Master is completed and approved.

### *Development Cost Charges (DCC)*

No change is anticipated for the DCC in the 2022 budget.

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 7.5% is recommended for 2022. This will result in an annual increase of \$26.37 in the single family user rate, of which approximately \$7.00 is attributable to the CVRD requisition increase.

### *Debt*

The following three major sewer projects are identified in the coming years:

- Mansfield Drive Forcemain at an estimate cost of \$1.5M (construction planned for 2022)
- 1st Street Lift Station Replacement at an estimated cost of \$2.64M (construction projected for 2023)
- Puntledge Sanitary Catchment Replacement at an estimated cost of just under \$4.0M (construction projected 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 the 1<sup>st</sup> Street Lift Station replacement in 2023 and Puntledge Sanitary Catchment Replacement in 2024. 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 can take up to 8 months. The City follows *Community Charter* guidelines to determine long term debt capacity, and currently uses approximately

16% 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 investigate potential grant opportunities if available to reduce the need for borrowing.

#### **ADMINISTRATIVE IMPLICATIONS:**

Subsequent to Council endorsing the recommended increase for the 2022-2026 Sewer Fund Financial Plan and user fees, staff will prepare the user fee amendment bylaw, and return to Council for adoption. After the user fee amendment bylaw is adopted, staff will update the financial system with the new rates, prior to the 2022 utility billing.

Once finalized, the sewer budget will be incorporated as part of the statutory component of the five year financial plan. Compilation of this financial plan will take a minimum of 60 hours of staff time.

#### **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 will be finalized early 2022. These will result in a draft 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:**

Section 6.3 Sanitary Sewer Treatment to follow policies to reduce infiltration, consider downstream capacity of existing sewer mains, and to provide an effluent network that is limited to areas within the City's municipal boundaries.



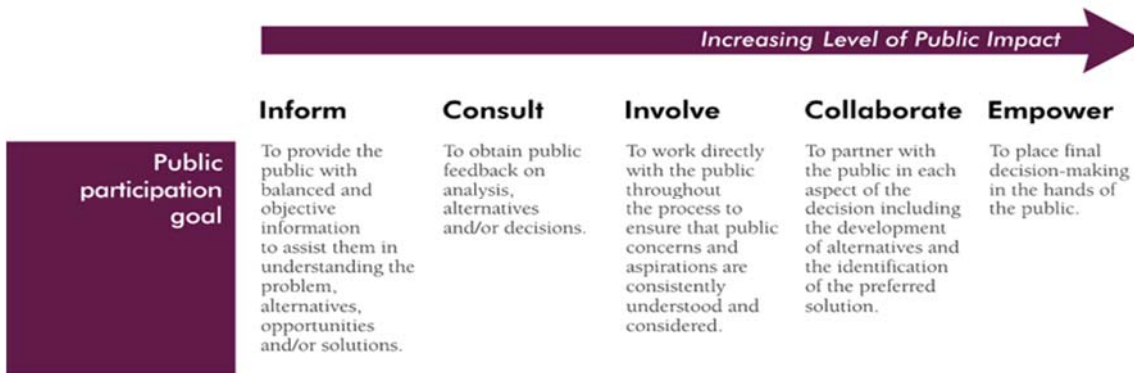
**REGIONAL GROWTH STRATEGY REFERENCE:**

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 2022-2026 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 2022-2026 Financial Plan Bylaw.

[http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum\\_vertical.pdf](http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf)



**OPTIONS:**

**Option 1:**

That Council approve the 2022-2026 Sewer Fund Financial Plan; and, that sewer user fees be increased by 7.5% for 2022. (**Recommended**)

**Option 2:**

That Council defer approval of the proposed 2022–2026 Sewer Fund Financial Plan for further discussion at a later Council meeting.

Prepared by:

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 and Business Performance

Reviewed by:

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Reviewed by:



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Director of Public Works Services

Concurrence by:



Geoff Garbutt, M.Pl., MCIP, RPP  
Chief Administrative Officer

- Attachment # 1 – Sewer Operating Fund Budget Overview
- Attachment # 2 – Sewer Capital Fund and Debt Budget Overview
- Attachment # 3 – Sewer Surplus, Reserves and DCC Projections

**Sewer Operating Fund Budget 2022-2026**

	2020	2021	2022	2023	2024	2025	2026
Frontage Rate \$/m	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.24
Sewer Utility Rate	\$ 344.71	\$ 351.60	\$ 377.97	\$ 398.76	\$ 420.69	\$ 443.83	\$ 468.24
Sewer Utility Rate Annual Increase \$		2.0%	\$ 26.37	\$ 20.79	\$ 21.93	\$ 23.14	\$ 24.41
Sewer Utility Rate Annual Increase %			7.5%	5.5%	5.5%	5.5%	5.5%

				Values							
Expense Type	Activity2	Activity	DESC	2021 BUDGET	2021 YTD ACTUAL as at Nov.3, 2021 (Unaudited)	2022 BUDGET	Variance 2022 Budget vs 2021 Budget	2023 BUDGET	2024 BUDGET	2025 BUDGET	2026 BUDGET
Revenue	Sewer Frontage	Sewer Frontage	SEWER FRONTAGE TAX	(2,071,600)	(2,074,501)	(2,094,500)	(22,900)	(2,115,400)	(2,136,600)	(2,157,900)	(2,179,500)
			SEWER CONNECTION PARCEL TAX	(12,000)	(11,971)	(12,000)	-	(12,000)	(12,000)	(12,000)	(12,000)
	<b>Sewer Frontage Total</b>			<b>(2,083,600)</b>	<b>(2,086,473)</b>	<b>(2,106,500)</b>	<b>(22,900)</b>	<b>(2,127,400)</b>	<b>(2,148,600)</b>	<b>(2,169,900)</b>	<b>(2,191,500)</b>
	Sewer Utility Fees	Sewer Utility Fees	SEWER USER CHARGES - COMMERCIAL	(597,000)	(650,513)	(679,200)	(82,200)	(716,900)	(756,800)	(798,800)	(843,200)
			SEWER USER CHARGES - INSTITUTIONAL (CVRD)	(306,500)	(305,230)	(318,900)	(12,400)	(336,400)	(354,900)	(374,500)	(395,100)
			SEWER USER CHARGES - RESIDENTIAL	(4,586,600)	(4,712,027)	(5,095,500)	(508,900)	(5,405,700)	(5,734,500)	(6,083,200)	(6,452,900)
	<b>Sewer Utility Fees Total</b>			<b>(5,490,100)</b>	<b>(5,667,769)</b>	<b>(6,093,600)</b>	<b>(603,500)</b>	<b>(6,459,000)</b>	<b>(6,846,200)</b>	<b>(7,256,500)</b>	<b>(7,691,200)</b>
	Sewer Other Revenues			(20,500)	(35,000)	(20,500)	-	(20,500)	(20,500)	(20,500)	(20,500)
	Transfer from Prior Year Surplus			(404,700)	-	(880,900)	(476,200)	-	(514,600)	-	-
	Sewer Work in Progress			(40,000)	(13,746)	(40,000)	-	(40,000)	(40,000)	(40,000)	(40,000)
	Transfer from Reserve	Transfer from Reserve	RESERVE FOR FUTURE EXP.	(867,300)	-	(770,500)	96,800	-	-	-	-
	<b>Transfer from Reserve Total</b>			<b>(867,300)</b>	<b>-</b>	<b>(770,500)</b>	<b>96,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Equity in Capital Assets			(350,000)	-	(375,000)	(25,000)	(375,000)	(375,000)	(375,000)	(375,000)
<b>Revenue Total</b>				<b>(9,256,200)</b>	<b>(7,802,988)</b>	<b>(10,287,000)</b>	<b>(1,030,800)</b>	<b>(9,021,900)</b>	<b>(9,944,900)</b>	<b>(9,861,900)</b>	<b>(10,318,200)</b>
Expense	<b>CVRD Sewer Requisition</b>			<b>4,717,200</b>	<b>4,630,120</b>	<b>4,994,700</b>	<b>277,500</b>	<b>5,272,200</b>	<b>5,757,800</b>	<b>5,757,800</b>	<b>5,757,800</b>
	Sewer ADMIN - Salaries/Wages			251,000	219,036	366,300	115,300	373,700	381,200	388,800	396,700
	Sewer Administration			18,500	35,758	33,000	14,500	34,000	34,400	34,900	35,400
	Sewer ADMIN - Training			11,000	9,306	11,000	-	11,000	11,000	11,000	11,000
	Sewer Engineering Services			86,500	10,132	73,000	(13,500)	30,500	38,000	47,000	28,000
	Sewer Operating	Sewer Main		183,800	83,057	182,900	(900)	185,800	187,900	190,800	193,100
		Sewer Service		93,100	91,418	98,600	5,500	100,400	101,700	103,500	103,500
		Sewer Manhole/Chamber		6,300	12,409	22,300	16,000	22,500	22,600	22,800	22,800
		Sewer Valve		13,100	-	13,800	700	14,000	14,200	14,400	14,400
		Sewer Forcemain		13,200	648	13,900	700	14,100	14,300	14,500	14,500
		Sewer Inflow & Infiltration		76,000	38,846	77,800	1,800	79,000	79,500	80,700	80,700
		Sewer Lift Station		260,700	179,206	270,600	9,900	275,700	278,800	283,200	283,200
	<b>Sewer Operating Total</b>			<b>646,200</b>	<b>405,953</b>	<b>679,900</b>	<b>33,700</b>	<b>691,500</b>	<b>699,000</b>	<b>709,900</b>	<b>712,200</b>
	Sewer Fleet			53,200	28,284	49,700	(3,500)	50,100	50,300	50,700	50,700
	Sewer Work in Progress			40,000	21,565	40,000	-	40,000	40,000	40,000	40,000
	Interfund Allocation			893,200	562,954	994,700	101,500	995,800	1,016,300	1,040,200	1,058,500
	Transfer to Reserve	Transfer to Reserve	CARBON OFFSETS	5,500	-	-	(5,500)	-	-	-	-
			CONTINGENCY RESERVE	-	-	-	-	250,600	-	376,200	226,300
			TRANS TO M&E SEWER RESERVE	75,000	68,750	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	867,300	-	770,500	(96,800)	-	-	-	-
			TRANSFER TO ASSET MGMT RESERVE	300,000	275,000	300,000	-	300,000	300,000	300,000	300,000
			TRSF TO SEWER CAPITAL FUND	682,600	-	1,266,000	583,400	232,000	700,000	-	500,000
			TRSF TO SEWER CONNECTION RESERVE	-	30,000	-	-	-	-	-	-
	<b>Transfer to Reserve Total</b>			<b>1,930,900</b>	<b>373,750</b>	<b>2,412,000</b>	<b>481,100</b>	<b>858,100</b>	<b>1,075,500</b>	<b>751,700</b>	<b>1,101,800</b>
	Debt			258,500	241,656	257,700	(800)	290,000	466,400	654,900	751,100
	Amortization			350,000	-	375,000	25,000	375,000	375,000	375,000	375,000
<b>Expense Total</b>				<b>9,256,200</b>	<b>6,538,513</b>	<b>10,287,000</b>	<b>1,030,800</b>	<b>9,021,900</b>	<b>9,944,900</b>	<b>9,861,900</b>	<b>10,318,200</b>
<b>Grand Total</b>				<b>-</b>	<b>(1,264,474)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Values														
Category	Project description	2021 Forecast	2021A General Revenues	2021A Reserves	2021A Reserve for Future Expenditures	2021A DCC Reserve	2021A Gas Tax Fed Grant	2022 Proposed Budget	2022 General Revenues	2022 Reserve for Future Expenditures	2022 Reserves	2023 Proposed Budget	2023 General Revenues	2023 Debt
New	Sewer - Greenwood Trunk Construction	2,492,500	522,500	600,000	50,000	320,000	1,000,000	1,360,000		711,100	648,900			
	South Courtenay Sewer System	65,000			65,000			65,000	15,000	50,000		-		
	Sewer Cascara and Klanawa connection to Greenwood	-						-				-		
<b>New Total</b>		<b>2,557,500</b>	<b>522,500</b>	<b>600,000</b>	<b>115,000</b>	<b>320,000</b>	<b>1,000,000</b>	<b>1,425,000</b>	<b>15,000</b>	<b>761,100</b>	<b>648,900</b>	<b>-</b>		
Renewal	Sewer - 1st Street Lift Station Replacement	25,000			25,000			332,000	332,000			2,642,000	142,000	2,500,000
	Sewer - Arden Central Trunk Main	-										75,000	75,000	
	Sewer - Mansfield Drive Forcemain	50,000			50,000			1,504,000	504,000	1,000,000		-		
	Puntledge Sanitary Catchment Replacement	30,000			30,000			415,000	415,000					
	Sewer - Cousins Ave - 20th to Willemar	-										15,000	15,000	
	Braidwood Road - Road & Utility - Sewer Component	21,900			21,900			9,400		9,400		-		-
<b>Renewal Total</b>		<b>126,900</b>			<b>126,900</b>			<b>2,260,400</b>	<b>1,251,000</b>	<b>9,400</b>	<b>1,000,000</b>	<b>2,732,000</b>	<b>232,000</b>	<b>2,500,000</b>
<b>Grand Total</b>		<b>2,684,400</b>	<b>522,500</b>	<b>600,000</b>	<b>241,900</b>	<b>320,000</b>	<b>1,000,000</b>	<b>3,685,400</b>	<b>1,266,000</b>	<b>770,500</b>	<b>1,648,900</b>	<b>2,732,000</b>	<b>232,000</b>	<b>2,500,000</b>

Values												
Category	Project description	2024 Proposed Budget	2024 General Revenues	2024 Reserves	2024 Debt	2025 Proposed Budget	2025 Reserves	2025 Fed / Prov Funding	2025 Debt	2026 Proposed Budget	2026 General Revenues	2026 Reserves
Renewal	Puntledge Sanitary Catchment Replacement	3,935,500	435,500	500,000	3,000,000							
	Sewer - Arden Central Trunk Main	200,000	200,000			2,000,000	500,000	1,500,000				
	Sewer - Cousins Ave - 20th to Willemar	64,500	64,500			644,800		344,800	300,000			
	Braidwood Road - Road & Utility - Sewer Component									500,000	500,000	
	Sewer - Projects identified through Master Plan									600,000		600,000
<b>Renewal Total</b>		<b>4,200,000</b>	<b>700,000</b>	<b>500,000</b>	<b>3,000,000</b>	<b>2,644,800</b>	<b>500,000</b>	<b>344,800</b>	<b>1,800,000</b>	<b>1,100,000</b>	<b>500,000</b>	<b>600,000</b>
<b>Grand Total</b>		<b>4,200,000</b>	<b>700,000</b>	<b>500,000</b>	<b>3,000,000</b>	<b>2,644,800</b>	<b>500,000</b>	<b>344,800</b>	<b>1,800,000</b>	<b>1,100,000</b>	<b>500,000</b>	<b>600,000</b>

Debt Servicing Costs

Values							
Category	Description	2021 Budget	2022 Proposed Budget	2023 Proposed Budget	2024 Proposed Budget	2025 Proposed Budget	2026 Proposed Budget
Debt Interest	Existing Debt Interest	73,100	72,300	72,300	72,300	72,300	69,400
	New Debt Interest			32,300	103,200	165,100	188,300
<b>Debt Interest Total</b>		<b>73,100</b>	<b>72,300</b>	<b>104,600</b>	<b>175,500</b>	<b>237,400</b>	<b>257,700</b>
Debt Principal	Existing Debt Principal	185,400	185,400	185,400	185,400	185,400	185,400
	New Debt Principal				105,500	232,100	308,000
<b>Debt Principal Total</b>		<b>185,400</b>	<b>185,400</b>	<b>185,400</b>	<b>290,900</b>	<b>417,500</b>	<b>493,400</b>
<b>Grand Total</b>		<b>258,500</b>	<b>257,700</b>	<b>290,000</b>	<b>466,400</b>	<b>654,900</b>	<b>751,100</b>

**City of Courtenay  
for the Years 2022 - 2026**

<b>SEWER Surplus, Reserves and DCC Summary</b>	Estimated Actual <b>2021</b>	Budget <b>2022</b>	<b>2023</b>	Proposed Budget		
Estimated Closing Balance	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Sewer Fund Surplus</b>						
Prior Year Surplus (unallocated)	1,949,500	1,068,600	1,319,200	804,600	1,180,800	1,407,100
Surplus Reserve For Future Expenditure (Unspent Capital 2021)	770,500	-	-	-	-	-
	<u>2,720,000</u>	<u>1,068,600</u>	<u>1,319,200</u>	<u>804,600</u>	<u>1,180,800</u>	<u>1,407,100</u>
<b>Sewer Capital Reserves</b>						
Sewer Reserve	566,700	566,700	566,700	566,700	566,700	566,700
Asset Management Reserve	2,097,900	749,000	1,049,000	849,000	649,000	349,000
Sewer Machinery and Equipment	721,200	796,200	871,200	946,200	1,021,200	1,096,200
	<u>3,385,800</u>	<u>2,111,900</u>	<u>2,486,900</u>	<u>2,361,900</u>	<u>2,236,900</u>	<u>2,011,900</u>
<b>Total Sewer Surplus and Reserves</b>	<u><b>6,105,800</b></u>	<u><b>3,180,500</b></u>	<u><b>3,806,100</b></u>	<u><b>3,166,500</b></u>	<u><b>3,417,700</b></u>	<u><b>3,419,000</b></u>
<b>Sewer Development Cost Charges (DCC)</b>						
Sewer DCC Bylaw #1638/2755	3,500	3,500	3,500	3,500	3,500	3,500
Sewer DCC Bylaw #2426/2755	801,400	801,400	801,400	801,400	801,400	801,400
<b>Total Sewer DCC</b>	<u><b>804,900</b></u>	<u><b>804,900</b></u>	<u><b>804,900</b></u>	<u><b>804,900</b></u>	<u><b>804,900</b></u>	<u><b>804,900</b></u>

Purpose of Sewer Reserves

**Prior Year 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 2021 capital projects unfinished and carried forward to 2022

**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

