



## AGENDA ITEM

### Sylvan Lake Regional Wastewater Commission

### 2020 Operating Budget

**November 28, 2019**

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#### **BACKGROUND**

Lacombe County is a member of the Sylvan Lake Regional Wastewater Commission (SLRWC) and, as such, is given the opportunity to comment on the operating and capital budget of this Commission.

Attached is the proposed 2020 operating budget that was presented at the November 4, 2019 Commission Meeting. The Commission Board will consider the Budget at its December 2, 2019 board meeting.

#### **ANALYSIS**

This budget reflects the first full year of operation for the Red Deer Transmission Line. As a result, the budget is based on a combination of the Commission's 2019 business plan and projections based on the first 5 months of operation of the new transmission line.

One variation from the business plan is the exclusion of the line extension to SV of Sunbreaker Cove as this line has not yet been constructed.

As the commission has transitioned from construction to operations, most expenses are related to the delivery of wastewater services to its members and in particular Sylvan Lake, which is the Commission's largest customer.

The 2020 budget includes the following:

##### Revenues

- Member contributions include levies to members to cover administration and for those not receiving services, a share of the debenture cost. Lacombe County will pay both levies.
- The bulk of the revenue will be collected from volume-based sales from its member municipalities. Sales in this area will increase from \$1.81 million to \$2.95 million as the line to Red Deer is operated for a full year.
- Volumes to date have been approximately 25 to 27% below expectations. As a result, the per unit rate has increased from \$1.69 to \$1.85 per cubic



metre for the Town of Sylvan Lake. The business plan forecasted a rate of \$1.70 per cubic metre.

#### Expenses

- The largest cost to the Commission is the cost of wastewater treatment by the City of Red Deer. This is expected to increase from \$1.12 to \$1.16 per cubic metre. Volumes are also expected to be 25 to 27% below expectations which will offset the higher per unit treatment costs.
- Other major costs include, odor management chemicals (\$110,400), electricity (\$108,997) and operations (\$128,993).
- The budget also include debenture borrowing costs related to the Red Deer Transmission Line and the Sylvan Lake Lift Station. This results in total debt servicing of \$251,983.
- The Lakeshore line will see some reductions in costs as the septic receiving station is moved to the Sylvan Lake lift station location. As a result, the rate charged to Lakeshore members will decrease from \$3.38 to \$3.25 per cubic metre. The business plan forecasted a rate of \$3.55 per cubic metre.

### **ALTERNATIVES**

1. Accept budget for information and adopt resolution stating Council had no comments or concerns regarding the proposed budget.
2. Council to direct Administration on a different course of action.

### **BUDGET IMPLICATIONS**

Administration has accounted for the County's commitments to the 2020 Commission budget as follows:

- Administration – 12.5% of total budget or \$8,540, down from \$40,700 in 2019.
- Debenture - \$14,181, down from \$148,806 in 2019 (this was due to the retirement of a portion of existing debt).

### **LEGISLATIVE RESPONSIBILITIES**

1. Section 3 of the Municipal Government Act (MGA) states the purposes of a municipality are: 1) to provide good government, 2) to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or part of the municipality, and 3) to develop and maintain safe and viable communities.



- 2. Sylvan Lake Regional Wastewater Commission Bylaw 8: 11.4(c) Any Member may submit comments and questions to the Board in writing in relation to the Budget and the Financial Plan within thirty (30) days immediately following the date of distribution of the Budget and the Financial Plan.

**PUBLIC PARTICIPATION**

The County’s public engagement will be limited to informing the public of Council’s decision on this matter as well as communicating Council’s decision to the Commission.

**STRATEGIC PLAN**

The following elements of the County’s Strategic Plan are relevant to this issue:

Our Vision: “An attractive, balanced and progressive community”.

Our Mission: “Building a safe and vibrant community through leadership, innovation and the development of healthy relationships”.

Key Principles: 1) “Fair and Objective in our decisions and in how we treat individuals”, and 2) “Accountability for our decisions and for our actions”.

Resource and Asset Management Strategy: “To manage the natural, financial and physical assets of the County in order to obtain maximum value from all of these resources”.

Key Success Measures – Sustainability: “Current services are maintainable and provide benefits for the future, while minimizing negative impacts on the community”, and “Shared sense of identity, regardless of municipal boundaries”.

**RECOMMENDATION**

That Council approve the following resolution:

*That Council receive the Sylvan Lake Regional Wastewater Commission 2020 budget for information; and*

*Further that a letter be forwarded to the Commission stating that Lacombe County has no comments or concerns regarding the proposed budget.*

**PREPARED BY: Michael Minchin, Director of Corporate Services**

**REVIEWED BY: Tim Timmons, County Manager**