

SANITARY SEWER INFRASTRUCTURE FAQS



>> SANITARY SEWER FAST FACTS

1. What is sanitary sewer infrastructure and what is a sewer utility?

Sewer infrastructure, or assets, are comprised of sewer pipes, connections, manholes, pumps, equipment, the Waste Water Treatment Plant and the Prowse Road Lift Station – the physical equipment and pipes required to collect, treat and discharge waste water from residences and businesses.

In addition to the sanitary infrastructure, a sanitary sewer utility includes the staff and equipment required to operate and maintain the infrastructure.

2. What do sanitary sewer charges pay for?

Sanitary sewer charges are comprised of user fees and parcel taxes. Together, these charges contribute to funding the sanitary sewer utility. For example, they cover system maintenance, replacement of aging infrastructure, and sludge hauling and disposal.

3. Why are sanitary sewer rates increasing?

Sanitary sewer rates are increasing to pay for the maintenance and replacement of aging sanitary sewer infrastructure. Recent studies found that in the next 20 years, significant assets will be coming to the end of their useful lives and must be replaced or upgraded.

4. Why is it important to invest in our infrastructure?

Infrastructure has a lifespan and much of our infrastructure is old. Delaying replacements/upgrades will result in unpredicted equipment failures and interrupted services which will cost more to address in the long-run.

The most current example of an aging asset that requires re-investment is the Prowse Road Lift Station. This asset is near the end of its useful life and requires upgrades (estimated at \$1.76 million) within the next year. As there was no capital reserve in place for these upgrades and no grant money available, the Town needed to borrow the money necessary to finance this project.



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5. What are the funding sources for the Town's sanitary sewer utility?

The sanitary sewer utility is funded by parcel taxes, grants from the provincial and federal governments, borrowed money, and user fees. Grants are becoming less dependable. The Town is moving towards a financial model that relies less on unpredictable external funding and debt to ensure our utilities are sustainable in the long-term.

6. How much is being invested in our sanitary sewer asset in 2020?

In 2020, the Town has budgeted \$1.7 million for its sanitary sewer utility operations. This includes costs associated with the operation of the wastewater treatment plant, regular maintenance and repair of sewer infrastructure, and debt repayment.

7. How are rate increases calculated?

The Town works with a consulting company to assess the infrastructure and revenues of our sewer utility. For 2020, it was concluded that an increase of 5% would make a significant contribution towards the money required for infrastructure replacement. A lower increase would not provide adequate revenues to perform essential work, which would lead to an unacceptable risk of system failures and service interruptions.

8. Will there be ongoing rate increases?

Although we have made a good start toward financial sustainability, the sanitary sewer utility is still underfunded. As a result, we expect to continue increasing sewer rates by about 5% each year until 2029. After that, rate hikes are expected to be closer to cost-of-living increases. However, Council will revisit annual rates in March of each year to determine if further adjustments need to be made to ensure adequate funding is in place to operate our utility. (See FAQ #7)

9. What is the Town doing to keep rates as low as possible?

The Town is investing in infrastructure replacement, which will avoid the added expenses associated with system failures in the future. As well, the Town constantly reviews operational practices and looks for improvements in system efficiencies.

10. Where can I find more information?

Detailed information about the sanitary sewer asset (and all of the Town's assets) is posted on the Town's website gibsons.ca/asset-management. Our staff is also available to respond to any questions you may have. Feel free to drop by Town Hall for a visit or to give us a call at 604.886.2274.

