

ADMINISTRATIVE REPORT

TO: Environment and Infrastructure Committee

FROM: B. Newell, Chief Administrative Officer

DATE: October 19, 2017

RE: Apex Mountain Waste Transfer Station - Proposed Fees and Tax Structure

Administrative Recommendation:

THAT for the Apex Mountain Waste Transfer Station the Regional District of Okanagan-Similkameen recover capital costs from taxation and operational costs as a fee for service.

Purpose:

To describe the cost recovery options available associated with construction and operation of the Apex Mountain Waste Transfer Station. Further, to allow staff to complete budget planning for the 2018-2022 period.

Reference:

[RDOS – Apex Mountain Waste Transfer Station](#)

[Apex Mountain Solid Waste Transfer Station Local Service Establishment Bylaw](#)

Business Plan Objective:

Objective 3.3.4 Implementing the Solid Waste Management Plan

Background:

In 2016 and 2017, Staff consulted with property owners at Apex Mountain regarding the construction and operation of the Apex Mountain Waste Transfer Station. Estimated costs were presented based on all capital and operational charges being placed on taxes, and were calculated using both land and improvements.

Concerns were raised by residents related to placing all charges on taxes. Bare land owners felt they would be contributing to a service they would not be using. The hotel at Apex wanted to continue their own bin service and felt contributing to a service they would not use would be unfair. Home owners with more valuable cabins felt that they were unfairly paying more towards the service than those in smaller units even though waste generation per dwelling may be similar.

Analysis:

Capital charges being placed on taxation and operational charges being applied to only properties using the service is common for water and waste water utilities operated by the RDOS. The rationale is as follows:

- Properties with no improvements are not charged operational costs but do contribute to a community asset that will be used once their property is developed;

- Entities not using the service may choose to use the service at a later date and shall have contributed a fair portion to the capital costs.

There are 598 taxable units (mix of properties and strata units) identified at Apex Mountain. Of these approximately 488 are residential units.

Using both taxation and fee for service as a cost recovery mechanism increases the overall costs for most users of the system as the costs are spread over 100 less properties. The financial analysis completed is presented in the tables below.

Table 1: Basis for Residential Charge Estimates

Estimated Costs	Cost	Notes
Total Capital Costs	\$592,790	Engineering, Construction
Annual Capital Payments	\$71,278	Amortized over 10 years at 3.5% interest
Annual Apex Mountain Contribution	(\$5,061)	7.1% of capital cost based on estimated volume of waste produced as compared to recovered funds from taxation
Remaining Annual Capital Cost	\$66,217	Amortized over 10 years
<i>Annual Operational Cost</i>	<i>\$62,100</i>	<i>Revised full year cost for 2019</i>
<i>Annual Apex Mountain Contribution</i>	<i>(\$4,409)</i>	<i>7.1% of operational cost based on estimated volume of waste produced as compared to recovered funds from taxation</i>
Remaining Annual Operational Cost	\$57,691	

Table 2: Recovery of Capital and Operational Costs By Taxation Only

Residential Taxable Mil Rate - Capital and Operational Costs (\$123,098)	1.0677 per \$1000 land and improvements; \$208 average property	Capital costs amortized over 10 years Average cost per home
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Table 3: Recovery of Capital Cost by Taxation and Operating Cost by Utility Billing (Charge per Housing Unit)

Residential Taxable Mill Rate Capital Only	0.5706 per \$1000 land and improvements; \$111 average property	Amortized costs over 10 years Capital portion
Residential Operational Charges	\$114 per home	Operational cost portion
Additional Utility Billing Costs	\$1.80 per home	Staff time/mailling per home
Average Residential Cost	\$226.80 average per home	Overall average cost per home

Initiating utility billing for the Apex Mountain Waste Trasfer Station will have additional “year-one” costs. These costs have been estimated at \$5,000 or an equivalent of \$10.40 per home.

There would be no change in what Apex Mountain Resort pays in either scenario (full taxation versus taxation and fees).

Alternatives:

Recover capital and operational costs by taxation only.

Communication Strategy:

RDOS Staff will conduct consultation with Apex Mountain property owners this winter regarding the construction of the waste transfer station and the cost recovery mechanism option chosen by the Board for implementation.

Respectfully submitted:

Cameron Baughen

C. Baughen, Solid Waste Management Coordinator

Endorsed By:

Janine Dougall

Janine Dougall, Public Works Manager