URBAN SYSTEMS MEMORANDUM

DATE: February 13, 2025
TO: Kiel Wilke, Capital Projects Manager
CC: Ehren Lee, Urban Systems
FROM: Joel Short, Urban Systems
FILE: 1577.0122.01
SUBJECT: Liquid Waste Management Plan Financial Analysis

1.0 INTRODUCTION

This memo sets out the results of a financial analysis on the District of Lake Country sewer system for the Liquid Waste Management Plan in the following sections:

- Finance Principles
- Background information
- Assumptions
- Results
- Conclusions

2.0 FINANCE PRINCIPLES

This section sets out the broad financing principles that guide the analysis. The five main guiding principles and relevant points are set out below:

1. Sewer service is self funding:
   - Sewer service should be self-funding – it should not receive funding from other services.
   - Achieve full cost recovery by those directly benefiting from the service.
   - Paid by those predominantly benefiting from the community sewer system.
2. Growth pays for growth:
   - Development pays for improvements and future works required to service development.
   - The portion of projects required for growth are allocated to growth.
   - Costs are generally recovered through Development Cost Charges, but infrastructure is also built by developers, or paid for directly up front by developers.
3. Sewer Retrofit through Local Service Areas:
   - Sewer retrofit of existing neighbourhoods will be considered through a Local Service Area process; areas include:
     - Oyama existing neighbourhoods (Cornwall, Isthmus area)
     - Winfield unserviced areas (Bond, Kelvern, Winview, Pretty, Mountview)
   - The area that benefits pays for the sewer extension.
   - Paid for through local service area process.
   - Sewer retrofit projects will depend on grants to proceed.
   - Timing for these Local Service Area projects is after the WWTP upgrades and a long-term effluent disposal option is secured.

4. Septage facility is funded as a regional service:
    - Septage facility is self funded as a Regional service, and is not subsidized by the Lake Country Sewer Utility.
    - Full cost recovery funded by the District of Lake Country charging the Regional District which covers costs by charging septage haulers, and haulers charge users to cover tipping charges.
5. Stormwater funded with mobility:
    - Stormwater operations, maintenance and capital projects will not draw on sewer revenues.
    - Most stormwater components are ditches along roadways and drainage associated with curb & gutter usually along sidewalks.
    - Stormwater is considered as part of the mobility network.
    - Separate from the LWMP and sewer function.
    - Projects identified through Storm Water Master planning process are funded under General Revenue and Transportation Parcel Tax.

3.0 BACKGROUND INFORMATION

This memo is based on background information drawn from the following:

- District of Lake Country Liquid Waste Management Plan Stage 1 / 2 Report Final Draft August 2022.
- District of Lake Country Development Cost Charge Bylaw Background Report March 2016, along with coordination with current update to DCC bylaw.
- District Of Lake Country Financial Plans, Financial Statements and Annual Reports 2020, 2021, 2022, 2023
- District of Lake Country Sanitary Sewer Regulation and Rate Bylaw 1176, 2022 Consolidated Version.
- District of Lake Country Sewer Service Parcel Tax Bylaw 98-224 Consolidated Version.
- Lake Country Sewer Service Parcel Tax Amendment Bylaw 918, 2015.
- District of Lake Country Wastewater Management Plan Parcel Tax Bylaw 98-182.
- Information provided by the District of Lake Country Finance Department including details on the Sewer revenues and expenditures and numbers of users who pay user fees and parcels that pay parcel taxes.
- Information provided by the District of Lake Country Engineering on estimates of timing for capital projects and current system parcels and users.

Currently the Liquid Waste Management system in Lake Country is funded through the following main sources:

- Sewer Parcel Tax
    - Originally established to pay for the initial Sewage Treatment System debt that retires in 2024.
    - Applies to about 3,400 parcels that are connected or could be connected to the Sewage Treatment System.
    - Currently set at $275 per year per parcel.

- Environmental Levy
  - Originally established to ensure that all parcels in Lake Country help pay for the benefit of a community Sewage Treatment System.
  - Applies to all parcels ~6,300 in Lake Country.
  - Currently set at $75 per year per parcel.
- User Fees
  - Established to pay for ongoing costs of the Sewage Treatment System.
  - User fees apply only to those connected to the Sewage Treatment System.
  - $250 per year single detached dwellings or multi family units; $100 for secondary suites; commercial units pay based on the usage.
  - About 3480 homes pay $250 per year, and about 370 secondary suites pay the extra $100 per unit. About 58 Commercial and Industrial properties pay based on usage that includes an excess discharge fee.

4.0 ASSUMPTIONS

This memo is based on discussions with District Staff regarding assumptions and details. A number of key assumptions for the analysis are as follows:

- Grants of 66% are assumed for the large projects including long-term effluent disposal and the phase 5 upgrades. For the phase 4 upgrades which have been completed and was not grant funded, the annual debt servicing costs are used in the model. It is understood that phase 5 upgrades and funding assumptions are subject to change, depending on negotiations with City of Kelowna.
- Borrowing is required for all major projects including Phase 4 upgrades, long-term effluent disposal option, and Phase 5 upgrades construction.
- Borrowed funds are through the Municipal Finance Authority over 20 years at 5%. Note that the current MFA rate is about 4.5%.
- Assumed $200,000 for asset renewal starting in 2024 for 5 years until 2029 when it increases to $350,000 for 3 years, then increasing to $500,000 per year in 2032.
- Aim to have User Fee revenues replace the $350 Parcel Taxes, with 2024 as the last year the Parcel Taxes are paid. Part of the logic is that debt payments for Phase 1 end in 2024.
- Apply a $275 fee to parcels that could readily connect to sewer but are not connected, similar to the water system non-connected fee, and what they are currently paying.
- The analysis is conducted as a constant 2024 dollar analysis. Inflation has been accounted for in the modeled scenarios from 2025 to 2028.
- Operations and maintenance costs are based on costs for 2022, from Sewer Utility Fund data run November 29, 2023, with increases over time to account for expansions in the system as noted below.
- Wage related increases are 2% per year to account for increasing qualification levels over time. This is in addition to inflationary increases.

- Administration costs increase at 2% per year, to account for costs that rise slightly faster than inflation.
- Connections costs remain constant.
- Collection system and lift station operations and maintenance contracted services and materials/supplies to double over 20 years as District system size is expected to double. This results in a rate of 3.5% increase per year.
- Sewer Lift station utilities costs double over 20 years relative to system flow. This results in a rate of 3.5% increase per year.
- Oyama sewage treatment plant increase at 2% per year, to account for costs that rise slightly faster than inflation, but this cost is eliminated after the sewer retrofit occurs in 2034, since the plant will no longer be required.
- Wastewater Treatment plant operations contracted services and materials and supplies to double over 20 years as plant size could double. This results in a rate of 3.5% increase per year.
- Wastewater Treatment plant Utilities increases double over 20 years relative to system flow. This results in a rate of 3.5% increase per year.
- Operations and Maintenance cost for the Septage handling portions of the facility are assumed to be covered through the agreement with the RDCO to cover these costs.
- There are some capital expenditures that are shared between the septage facility and the community sewage facility and the portions of these shared costs that are allocated to the sewage facility are included in the sewage cost recovery analysis. The portions allocated to the septage facility are assumed to be covered through the agreement with the RDCO to cover these costs.
- Existing connections and units are based on 2024 and 2025 information from staff, as follows:

Environmental Levy	6282
Parcel Tax	3400
Parcels connected to sewer	3150
Parcels that have access but are not connected	250
User Fee Residential	3481
User Fee Suite	373
User Fee Commercial (non-residential)	58

- Future growth and development units are based on discussions with staff and a growth rate of approximately 3.1% which is consistent with the Official Community Plan High growth rate scenario. With staff we assumed 4000 residential equivalent units of growth with 67% assumed to be multi family units and 33% single detached units. We also assumed that 20% of new single detached units will have secondary suites, which will be in addition to the 4000 units. Growth is assumed to occur evenly over the 20 years. This rate may be lower than growth projected in the most recent housing needs report, but this analysis uses somewhat conservative projections to avoid having a revenue shortfall in the future.

- The resulting annual growth is as follows:
    - 66 Single detached units per year
    - 13 Secondary suites per year
    - 134 Multi family units per year
    - 1.2 ICI (Industrial, Commercial, and Institutional) new properties
- Retrofit units (largely single detached dwellings on individual parcels) will be added to the system starting in 2034, over 5 years, for a total 757 units or about 151 units per year.

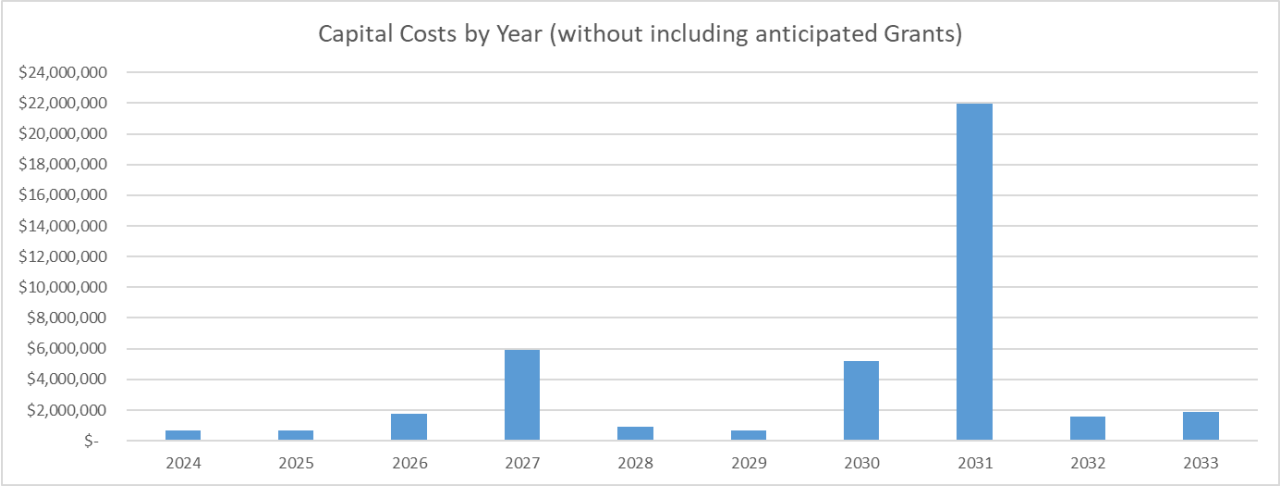
We recognize that these figures are constantly changing, but for this high level analysis we will use these figures.

- Capital projects timing and costs are based on the figures set out in the background reports, and based on discussion with staff.
- The costs and timing as set out in the financial analysis are summarized in the Table 4.1 below. The table shows the total amounts of the project costs, without including the anticipated grants.

Table 4.1 Capital projects

Project Name	Cost Recovery Note	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Phase 4 Upgrades	80% DCC - growth related	$ 674,148	$ 674,148	$ 674,148	$ 674,148	$ 674,148	$ 674,148	$ 674,148	$ 674,148	$ 674,148	$ 674,148
Turtle Bay Sewer Realignment - Construction	Not DCC - paid by existing users					$ 250,000					
Lodge Road Force Main Twinning Partial	80% DCC - growth related			$ 1,100,000							
Lodge Road Force Main Twinning Partial	80% DCC - growth related									$ 900,000	
WWTP and Septage Improvements	$1,000,000 allocated to Septage, Remainder is 80% DCC				$ 3,750,000						
McCarthy Lift Station and Gravity sewer	80% DCC - growth related				$ 1,500,000						
Seymour Lift Station and Force Main	80% DCC - growth related							$ 4,000,000			
Lodge Road and Jensen Road Gravity Sewer	80% DCC - growth related										$ 1,215,000
WWTP Phase 5 upgrades	80% DCC - growth related								$21,275,000		
Sludge Bin Enclosure	50% septage, 50% existing users							$ 500,000			

- The chart below shows total amounts of capital costs in each year without including the anticipated grants. The large spike in 2031 is for the Phase 5 upgrades. The size of the spikes indicates the importance of obtaining grants to reduce the costs to the District, and the need to borrow for the projects in order to spread out the costs over time. The chart does not include the planned retrofit costs, which will likely be paid with grants and by the properties in the Local Service Area.



- For DCC benefit allocation and funding sources, a broad assumption is that 20% of the growth related project costs are allocated to the existing population and therefore need to be paid from the fees collected; and 80% of the costs are allocated to growth and need to be paid for by DCCs. Approximately 20% of the projected sewer growth comes from existing properties. These include properties that currently have access to the sewer system but are not yet connected, as well as those that will be connected through retrofit sewer projects.. We recognize that this will vary from project to project, with some allocated 100% to growth and others having a lower allocation to growth, but for this high level analysis we will assume 20% allocated to existing, and 80% to growth. Equipment replacements are not paid for through DCCs and are not allocated to growth at all.
- Lake Country Business Park is not included in the current analysis as it is still in the early stages of development. The project is anticipated to be self-funded through Development Cost Charges (DCCs) and local service area parcel taxes.
- Retrofit sewer has the following assumptions:
    - $20.825 million cost for Winfield area retrofit.
    - $10.152 million cost for Oyama area retrofit.
    - $11.685 million cost for Oyama trunk sewer.
    - 66% Federal/Provincial Grant.
    - 16% Okanagan Basin Water Board Grant.
    - 50% of cost for Oyama Trunk line and Oyama retrofit areas allocated to growth and paid for through DCCs since providing sewer to Oyama will serve growth in the area. Note that the existing DCC bylaw identifies that 50% of the Oyama Lift station and Forcemain is allocated to new growth.
    - Retrofit starts in 10 years, in 2034.
    - Undertaken as a Local Service Area.
    - All capital costs are paid for by the properties receiving the service, inside the Local Service Area; the broader District does not cover part of the costs of the Local Service Area.
- The sewer DCCs are currently being updated, and this financial analysis model uses a simplified calculation of the DCCs that has been coordinated with the Sewer DCC updates. The DCCs used will likely not be exactly the same as in the actual DCC update, but they will be within the range of accuracy useful for the LWMP financial analysis.
- The District plans for a larger Reclaimed Irrigation Water system in certain areas of the community by 2038. Currently the estimated cost is about $20 million, but due to the number of unknowns and the timing 14 years in the future, the financial model only addresses this project in a general way. The model shows how the District can be in a positive position for the sewer capital reserve fund to help this option proceed. It is anticipated that this project would be paid for from a combination of water and sewer reserves, plus grant funding.

5.0 RESULTS

Applying the assumptions presented in Section 4, the financial model indicates that the District needs to collect $2.4 million per year, increasing to $2.9 million by 2029 and $3.2 million by 2030. While multiple scenarios were analyzed, including variations of several factors, this memorandum focuses on the three scenarios that align with the financial principles and meet the required revenue targets.

- **Scenario 1: 4-Year Smoothed** – Rates are gradually increased over 4 years.
- **Scenario 2: Accelerated** – rates are increased at once in 2025, then subsequent minor inflationary adjustments.
- **Scenario 3: 4-Year Smoothed with Multifamily Rate at 80%** - This calculates the rates assuming multifamily properties are charged at 80% of the detached residential base rate.
- For all three scenarios we assume inflation at 3% for 2025 and 2% for years 2026 to 2028.

5.1 FEES AND TAXES

In basic terms the analysis shows that the Sewer Parcel Tax, and the Environmental Levy can be replaced with a User Fee with a moderate increase in annual costs to the users, keeping projects on schedule. The current system of charging a Sewer Parcel Tax, an Environmental Levy, and a User Fee can be replaced with a single User Fee, and the total amount charged will need to increase depending on the scenario. The tables below illustrate the shift under the three different scenarios.

Scenario 1: 4-Year Smoothed

Type of Charge	Existing	2025	2026	2027	2028
Environmental Levy	$75	$0	$0	$0	$0
Sewer Parcel Tax	$275	$0	$0	$0	$0
User Fee for • Detached Residential • Multi Family (Stratified) • Commercial	$250	$640	$670	$700	$720
Total	**$600**	**$640**	**$670**	**$700**	**$720**

Secondary Suite User Fee	$100	$115	$120	$130	$140
Multi family Non-Stratified User Fee	$250	$320	$470	$630	$720
Commercial Excess Discharge Fee	$250	$260	$270	$280	$290
Non-connected User Fee	$0	$275	$290	$295	$300

Scenario 1 shows the rates gradually increasing over 4 years from 2025 to 2028 through a combination of increases required to generate enough revenue and increases due to inflation.

Scenario 2: Accelerated

Type of Charge	Existing	2025	2026	2027	2028
Environmental Levy	$75	$0	$0	$0	$0
Sewer Parcel Tax	$275	$0	$0	$0	$0
User Fee for • Detached Residential • Multi Family (Stratified) • Commercial	$250	$700	$705	$710	$715
Total	**$600**	**$700**	**$705**	**$710**	**$715**

Secondary Suite User Fee	$100	$115	$120	$130	$140
Multi family Non-Stratified User Fee	$250	$350	$495	$640	$715
Commercial Excess Discharge Fee	$250	$280	$280	$285	$285
Non-connected User Fee	$0	$275	$290	$295	$300

Scenario 2 shows an immediate increase in rates in 2025 required to generate enough revenues, and then gradual increases in rates beyond 2025 dues to inflation.

Scenario 3: 4-Year Smoothed with Multifamily Rate at 80%

Type of Charge	Existing	2025	2026	2027	2028
Environmental Levy	$75	$0	$0	$0	$0
Sewer Parcel Tax	$275	$0	$0	$0	$0
User Fee for • Detached Residential • Commercial	$250	$665	$720	$760	$790
Total	**$600**	**$665**	**$720**	**$760**	**$790**

Multi family (Stratified) User Fee	$250	$530	$575	$610	$635
Total for Multi Family (Stratified)	**$600**	**$530**	**$575**	**$610**	**$635**

Secondary Suite User Fee	$100	$115	$120	$130	$140
Multi family Non-Stratified User Fee	$250	$265	$405	$550	$635
Commercial Excess Discharge Fee	$250	$265	$290	$305	$320
Non-connected User Fee	$0	$275	$290	$295	$300

Scenario 3 shows the rates gradually increasing over 4 years from 2025 to 2028 through a combination of increases required to generate enough revenue and increases due to inflation. With the multi family units paying only 80% in scenario 3, the rates for detached residential and commercial need to increase compared to Scenario 1 to compensate for the reduced revenue from multi family.

A number of specific factors were addressed in the scenarios:

- Secondary suites - The existing charges for secondary suites are based on charges that are 40% of the user fees, however if we retained the secondary suites at 40% of the new user fees, the rates for suites would increase dramatically from, for example 40% of $250 = $100 to 40% of $700 = $280. Rather than have secondary suites increase from $100 to $280, we will have the secondary suites increase by a percentage similar to the increase in total sewer charges. For example, if the total charge increases from $600 to $700, this is an increase of about 17%, so the secondary suite charge would increase from $100 to $117, rather than to $280.
- Non-stratified multifamily - Non-stratified multifamily properties, such as apartment buildings, pay a single parcel tax and user fees based on the number of units. For example, currently a ten-unit apartment building pays one $75 Environmental Levy and one $275 Sewer parcel tax and ten $250 user fees ($2,500) for a total of $2,850 annually in sewer charges. On the other hand, a ten-unit stratified apartment building would pay the environmental Levy, sewer parcel tax and user fee for each unit or a total of $600 per unit or $6,000. If we switch directly to all user fees at, for example, $700 per unit, the 10 unit non-stratified would jump from $2,850 to $7,000 annually. To mitigate that jump we propose to gradually phase in the increase for non-stratified properties for all scenarios.
- Commercial excess discharge fee – Commercial users (including industrial and institutional) pay a user fees and excess consumption fee based on Q1 water consumption. For example, if their Q1 water consumption is 5x larger than a standard residential household, they are charged 1x user fee and 4x excess consumption fees for that year. Currently the excess consumption fee is based off the user fee of $250. If the user fee increases from $250 to $700, it disproportionately impacts this user group. The District has 58 ICI sewer accounts, and among those, 238 excess discharge fees were charged. Based on a review of data by District staff, it was determined that we should charge the 238 excess discharge fees at 40% of the user fee, as this reflects the operational cost of processing the additional sewage, for all scenarios..

The District should revaluate the costs and the financial plan within the next five years to determine if any further rate adjustments are warranted.

In all Scenarios a charge of $275 per year is proposed for the approximately 250 parcels that have access to sewer but are not connected, similar to the water system non-connected fee. The rates shown have been increased by inflation.

For lots that currently do not pay the Sewer parcel tax, but do pay the Environmental Levy (even though they are not connected to Sewer), those lots would no longer pay the $75, so their annual costs decrease by $75. These parcels that are currently not connected and don't have direct access to the District community sewer system, and only pay the $75 Environmental Levy, will no longer pay any charges related to District sewer.

The resulting User Fees can sustain the Sewer Capital Works Reserve Fund, while paying for costs, including the following:

- Operations & Maintenance costs of about $1.7 million per year.
- The portion of capital cost allocated to the existing sewer users.

- The total capital costs which amount to about $34.5 million between 2026 and 2033, with about $14 million coming from grants, $1.25 million from the septage agreement, about $15 million from DCCs, and about $4.2 million from rates.
- Existing debt service payments which include about $77,000 per year for WWTP Stage 3 and about $674,000 per year for Stage 4 upgrades.
- Lake Country pays for the sewage portion of capital projects that are shared between the Lake Country sewage facility and septage facility service provided to the Regional District.
- The $200,000 for asset renewal starting in 2024 for 5 years until 2029 when it increases to $350,000 for 3 years, then increasing to $500,000 per year in 2032.
- The financial model projects the annual required revenue to support the current plan which ranges from about:
    - $2.4 million in 2025;
    - $2.9 million in 2028; and
    - $3.2 million by 2030.

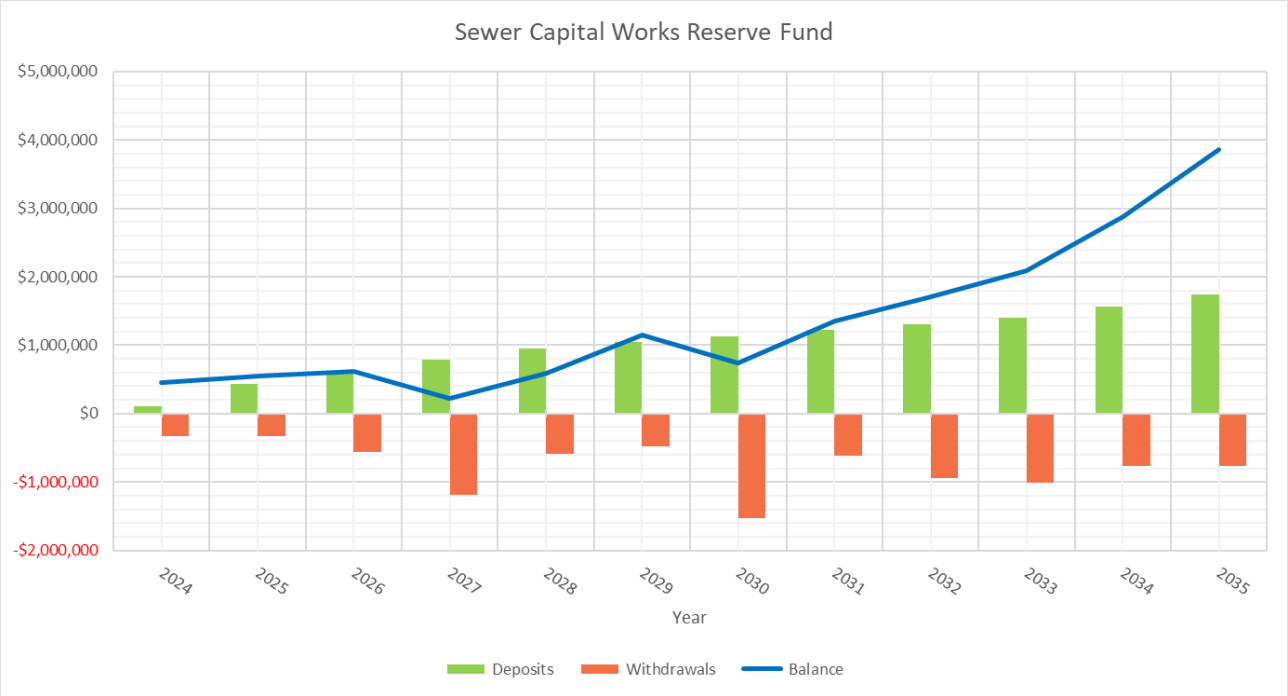
5.2 SEWER CAPITAL WORKS RESERVE FUND

The balance in the sewer capital works reserve fund is an indication of the sustainability of the sewer finances over the years. Revenues go into this fund and expenditures come out of it for the capital projects required. If the reserve fund goes negative, then the District needs to increase rates to keep it healthy. At the proposed rates, the sewer capital works reserve fund balance generally stays between $250,000 and $2 million providing flexibility to address issues over the 10 years from 2024 to 2033. The fund aims to have a healthy balance of about $4 million in 2035.

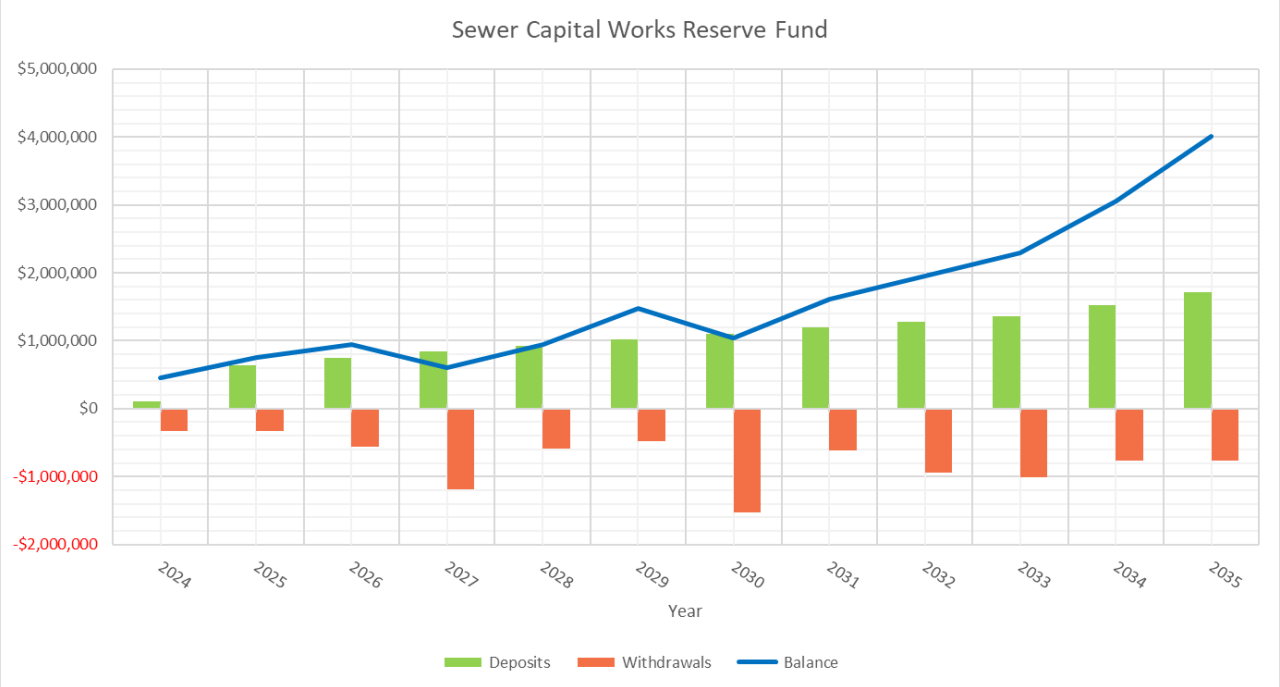
The model projects over 20 years to the year 2044 and it shows the sewer capital works reserve fund increasing to about $19 million, but that is because the last major capital project identified is in 2034 and after that the reserve fund simply collects money without having to spend anything on capital projects. Of course, by the time we get closer to 2034 the District will identify more major capital projects that need to be constructed, which will continue to draw down on the reserve fund before it gets to $19 million. One of those projects is the potential Reclaimed Irrigation Water facilities with a cost of about $20 million. Having the reserve fund moving in positive direction helps position the District for such capital expenditures in the future.

The charts below show the projected Sewer Capital Reserve Fund deposits for Scenarios 1, 2 and 3, withdrawals and balance during the period where we are projecting capital expenditures, until 2035. The chart shows a relatively steady amount of withdrawals from the fund compared to the spikes in the chart showing capital cost per year, because the annual impact on the reserve fund is reduced by obtaining grants, and spreading out costs over time through borrowing for major projects.

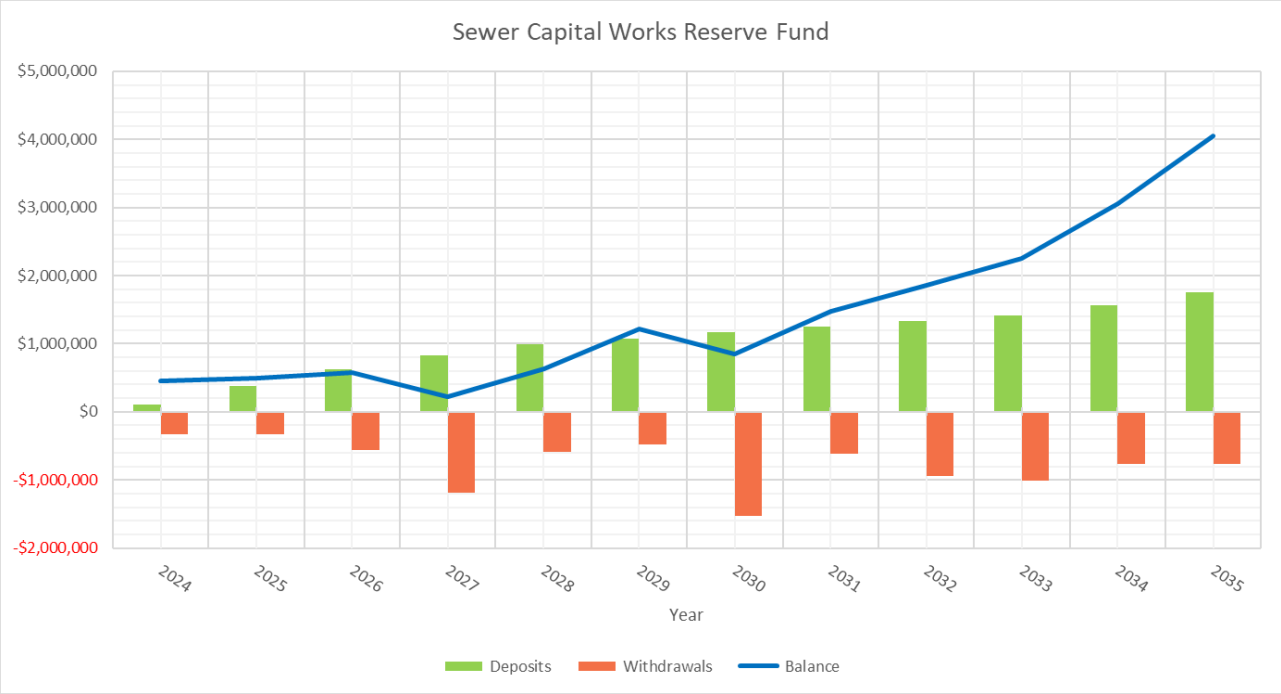
Scenario 1 - 4-Year Smoothed – Rates are gradually increased over 4 years



Scenario 2 - Accelerated – rates are increased at once in 2025.



Scenario 3 – 4-Year Smoothed with Multifamily Rate at 80%



The charts for all three scenarios are similar and show the reserve fund balance remains positive with a dip in 2027 when there are significant expenditures. After 2027 the reserve fund builds to just over $4 million by 2035.

Scenario 2 with the immediate rate increase shows a healthier reserve fund in the early years from 2025 to 2028. Scenarios 1 and 3 that more gradually phase in the rate increase sees the reserve fund stay at a lower level until the full rates are implemented, after which the fund begins to build to healthier levels.

5.3 PROJECT TIMING

The timing of projects can have a measurable impact on the finances. The anticipated timing for various projects is set out in Table 4.1. In general, if we build the projects sooner than set out in the table, the reserve fund balance will be lower and may even go negative. If the District builds projects sooner, or in a more compressed timeline with more projects in fewer years, the reserve fund does not have enough time to collect the money needed to pay for the projects. Conversely, if the District delays projects or spreads out the timing, that generally improves the balance in the reserve fund. In addition, as growth occurs the District has more units to pay the user fees, so waiting a couple of years allows for more units to pay fees resulting in more revenues each year. Of course, if the District delays projects too much then the community needs to wait longer for projects which might result in reduced levels of service or other issues. In some cases, it might not be possible to delay projects because of the potential negative impacts.

The timing of projects represents a balance between the need for the projects and the funds available to build the projects. The analysis shows that the project timing set out in Table 4.1 results in a balance, with projects built in a timely manner and sustainable finances for the sewer system.

5.4 DEVELOPMENT COST CHARGES

In order to address the costs allocated to new growth the Sewer DCC rates need to increase significantly. The model projects that the Sewer DCCs for a single detached dwelling needs to increase from the existing rates. Since many of the projects are required primarily to serve growth, the model allocates much of the project costs to new growth (typically 80% to new growth / 20% to existing, project dependant). This is consistent with the philosophy that growth should pay for growth.

6.0 CONCLUSIONS

Conclusions that can be drawn from the results are as follows:

- Lake Country can sustainably finance the Liquid Waste Management System by applying the finance principles set out in this memo, which include:
    - Sewer service is self funding from its users.
    - Growth pays for growth.
    - Sewer Retrofit through Local Service Areas and Senior Government Support.
    - Septage facility is funded as a regional service.
    - Stormwater funded with mobility.
- Lake Country can consider replacing the revenues generated by the Sewer Parcel Tax and Environmental Levy with revenues generated by User Fees. The current Sewer Parcel Taxes could be replaced by User Fees in 2025 with a moderate increase.
- Parcels that can readily connect but are not connected could pay a charge of $275 per year (adjusted to inflation). Parcels that are not connected or do not have the ability to connect will no longer pay a charge for sewer.
- The cost for users will increase moderately. Currently residential users pay $600 per year through a combination of Environmental Levy, Sewer Parcel Tax, and Sewer User Fees. After eliminating the Environmental Levy and the Sewer Parcel Tax, users directly benefiting from the sewer system will pay somewhat more in total annual charges as a User Fee. Properties that are not connected to sewer and cannot readily connect will not pay the Environmental Levy or any other charges related to sewer..
- Depending on the scenario, residential users could see an increase in gradual steps over 4 years from $600 to $720 per year. If the increase occurs in one step, the rates would go from $600 to $700 in 2025. If multi family is reduced to pay 80% of detached residential, then the multi family rate stays lower increasing from $600 to $635 over 4 years, but the detached residential rate needs to gradually increase more from $600 to $790 over 4 years.
- Lake Country will need to take advantage of grants to reduce the costs to the District, and will need to use borrowing to spread out the costs of large projects over time.
- The District can sustainably construct the required projects by following the timing set out in Table 4.1, which generally has most projects constructed over a nine year period from 2025 to 2033.
- Sewer DCCs will need to increase. Lake Country should continue to update the Sewer DCCs to reflect the new costs, the allocation of those costs to growth, and the sewer area growth projections.

- The District will need to regularly review rates as capital programs evolve and to ensure that cost assumptions keep pace with inflation.