

The purpose of this report is to update Council on the waterworks utility rates for 2023, add and remove some waterworks charges, and outline the bylaw amendments required to move waterworks utility rates into the *Burnaby Consolidated Fees and Charges Bylaw*, effective 2023 January 01.

2.0 POLICY CONTEXT

By reviewing utility rates on an annual basis, the City is ensuring that adequate funding is provided to maintain and build upon utility infrastructure, and therefore meet the needs of the growing community. This in turn aids in encouragement of continued economic development in line with the city’s economic development strategy.

3.0 BACKGROUND

City of Burnaby rates incorporate Greater Vancouver Water District (GVWD) charges to the City. The City of Burnaby sets rates in a manner which minimizes annual fluctuations by such external drivers through drawing down on reserves when necessary. Rate changes are communicated to customers in the form of the Annual Utility Brochure, and Metered Water and Sewer Customer Information Bulletins, which are sent out early in the new-year. Table 1 provides rate change information over the past 5 years. The proposed rate increase for 2023 is **2.0%**.

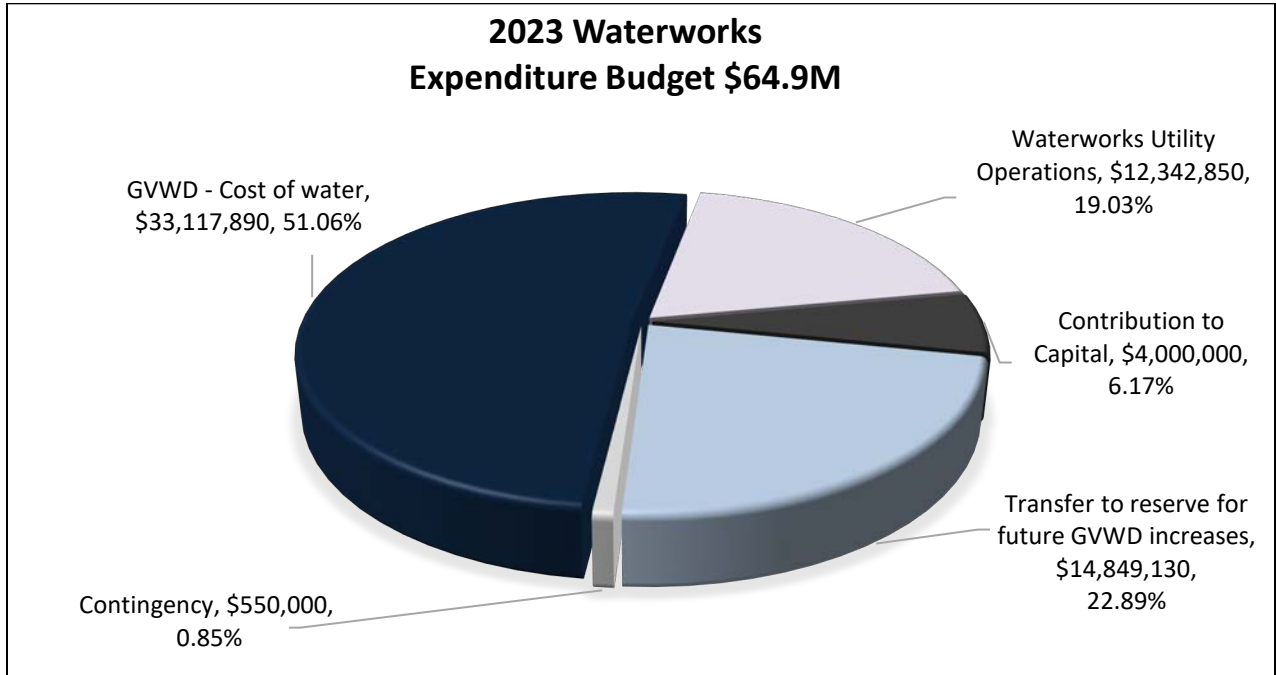
Table 1 – City of Burnaby Waterworks Utility Rate Changes

2018	2019	2020	2021	2022	Proposed 2023
1.0%	2.0%	1.0%	0.0%	2.0%	2.0%

4.0 WATERWORKS UTILITY EXPENDITURES

Waterworks Utility expenditures for 2023 are projected at \$64.9M, an overall change of approximately \$5.4M from 2022. The increase in expenditure is partially offset by an increase new billable unit growth and higher consumption levels. Attachment 1 outlines the City’s Waterworks Utility 5 year Operating Plan. Chart 1 summarises the Waterworks Utility operating expenditure budget.

Chart 1 – Waterworks Utility Operating Expenditure Budget



4.1 Metro Vancouver – Greater Vancouver Water District (GVWD) Costs

For 2023, the GVWD cost of water makes up over 51% of total expenditure, based on predicted consumption of 38.4m cubic litres per annum, at \$33.1M. The GVWD is responsible for acquiring and maintaining the water supply, water treatment and delivery to the City. The GVWD also provides ongoing capital work for the treatment of water, including the upgrading of facilities to meet safety and environmental standards.

Attachment 2 summarizes the projected GVWD increases in the cost of water services for the next five years. Consumption estimates for 2023 are based on past actual City of Burnaby consumption, while figures for 2024 and beyond are based on GVWD projected volume figures. The blended average GVWD rate increase imposed on the City of Burnaby for 2023 is 2.8%; however, only peak rates are being increased, with off-peak rates held at 2020 rates. Based on staff estimations for consumption and its distribution across peak and off-peak periods, the overall change in total expenditure on water is 1.9% or \$617K (2022 - \$32.5M, 2023 - \$33.1M). Attachment 2 also includes estimated rates for both peak and off-peak consumption for 2024 – 2027, on the assumption that both will be increased by the GVWD.

Table 2 shows the current five year rates compared to the projected rates from last year.

Table 2 – GVWD Rate Projections

Projections	2023	2024	2025	2026	2027
2022 – 2026 Plan (Previous Plan)	6.1%	10.7%	11.7%	11.5%	N/A
2023 – 2027 Plan (Current Plan)	2.8%	9.0%	13.8%	12.8%	13.8%

GVWD Major Capital Projects:

GVWD capital program expenditures over the next five years are required to expand the system to meet the needs of a growing population, to improve system resiliency, and to maintain aging infrastructure. The 2023 – 2027 GVWD capital plan is \$2.7 billion. The following are highlights of ongoing and planned capital project spend for 2023:

- Annacis Supply Tunnel \$74.6M
- Coquitlam Main \$64.0M
- Second Narrows Supply Tunnel \$40.0M
- Kennedy Newton Main \$19.3M
- Fleetwood Reservoir \$17.0M
- Coquitlam Lake \$15.0M
- South Fraser Works Yard \$13.0M

4.2 Waterworks Utility Operations

The City’s Engineering Department, Water Services Division, provides high quality drinking water to homes and businesses, as well as water supply for fire suppression. This division manages the installation and maintenance of over 700km of water mains and connections throughout the City. Planned operational expenditures are \$12.3M, which represents an increase of \$617K or 5.3%. Key drivers include:

Compensation:

Net change of \$118K after reductions, key items include:

- Salary Adjustments (Collective Agreements, Chargeouts & Other Salary Adjustments) \$243.8k
- Staffing Level Adjustments (FTE Changes) \$260.4k
- Salary Chargeout to Capital Projects (\$386.1k)

4.3 Contribution to Capital

The proposed capital expenditure for 2023 is approximately \$10.2M. The City’s target is to retain a capital reserve balance that will fund five years of expenditure. Funding of replacement and new capital infrastructure annually allows the City to sustain the capital program without the need for external debt financing. Staff recommend a reduced contribution to capital for 2023 of \$4M.

4.4 Transfer to Reserve for Future GVWD Increases

The provision of \$14.8M for future rate increases (up from \$5.2M) is required due to continuing uncertainty regarding future GVWD rates. This provision is possible while retaining relatively low rate increases compared to inflation.

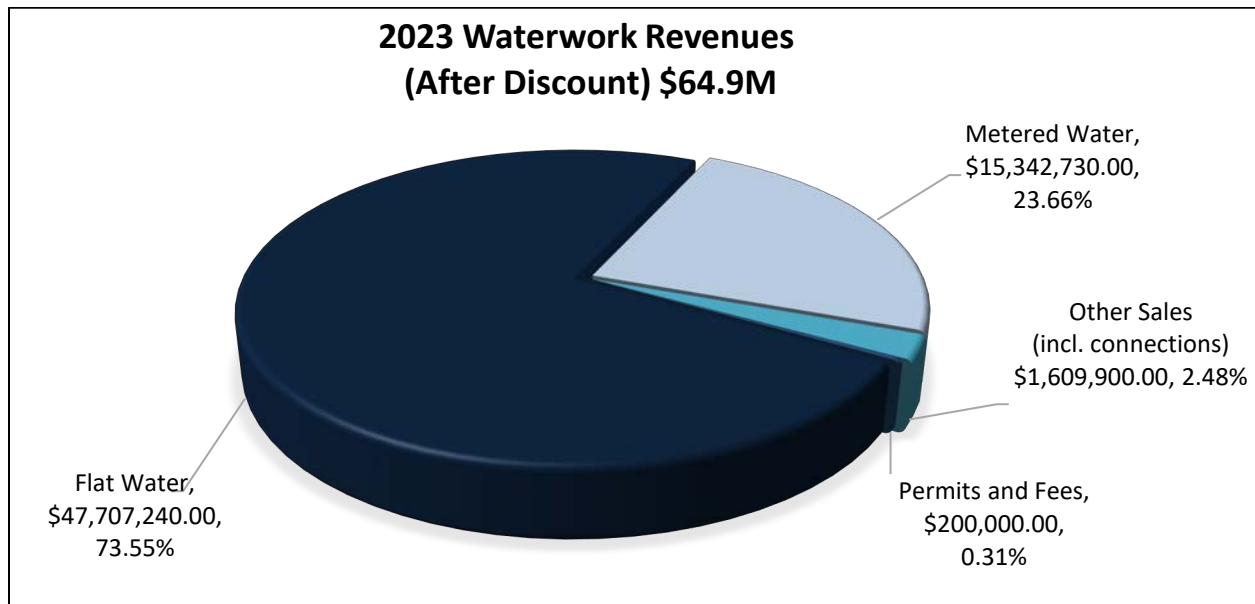
4.5 Contingency

A contingency amount, consistent with that of prior years of \$550K has been built into the budget to accommodate for any unforeseen costs that may arise during the year. To date the City of Burnaby has not needed to use this provision.

5.0 WATERWORKS UTILITY REVENUES

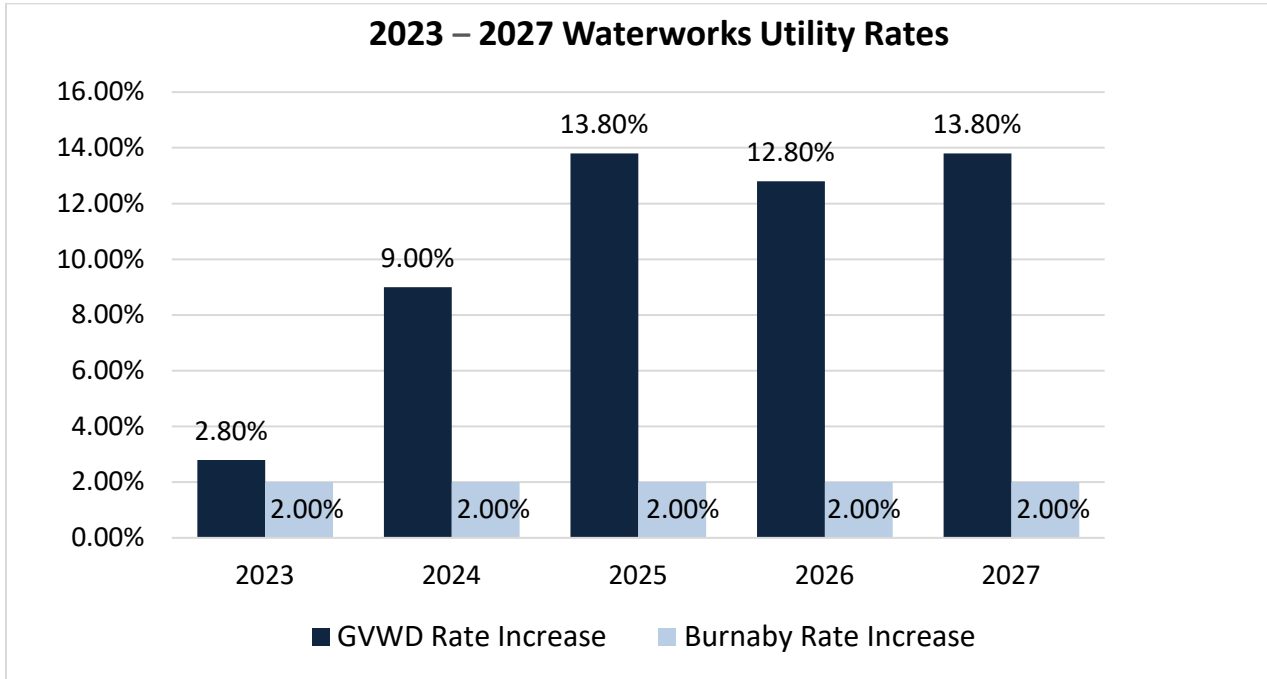
Total annual revenue for the Waterworks Utility is estimated at \$64.9M, after applicable customer discounts. The primary revenue source being Flat Water, at \$47.7M (2022 - \$45M), with Metered Water contributing over \$15.3M (2022 - \$13.8M). Increases are also anticipated for other sales of around \$684K. The overall revenue increase for 2023 is \$5.4M, or 9.2%. Chart 2 provides a breakdown of revenues net of discounts.

Chart 2 –Waterworks Utility Operating Revenue Budget



Continued growth in new billable units, together with healthy operating and capital reserve balances, allows the City of Burnaby to establish substantially lower rates than the GVWD for the years 2023 – 2027. This is illustrated in chart 3.

Chart 3 – Planned GVWD Increases vs City of Burnaby Increases



5.1 Flat Water

Flat Water revenue, at \$47.7M (73.6% of all revenues), continues to grow year over year. In 2022 the city added an extra 1,650 additional Flat Water billing charges. To reflect this continued growth a 3% growth factor has been used in calculating Flat Water revenue for 2023 and beyond.

5.2 Metered Water

The City has around 2,600 active water meters for commercial customers, which at just over \$15.3M accounts for 23.6% of total revenues (\$13.4M in 2022). Revenues continue to strengthen through 2022 and as such are being set based on pre pandemic levels for 2023. This represents a 14.6% overall budget increase for 2023 over 2022. Due to the static nature of the customer base, growth is not expected to continue beyond 2023.

5.3 Other Sales

This category includes Private Fund revenue for Water Connections. Since 2020, there continues to be positive growth in this service. The total 2023 figure of \$1.6M includes water connection revenue of \$1.1M (\$740K in 2022). In addition to water connection revenue, there is a marked increase in annual billing for Construction Flat Water Charges following changes in 2021 to how these fees are generated and collected. The City of Burnaby is predicting much stronger and continued revenue in this area, with revenues expected to increase by \$300K in 2023.

6.0 FEE CHANGES (EFFECTIVE 2023 JANUARY 01)

6.1 Bare Land Strata Single Family Dwellings

Within the City, there are less than 30 Single Family Dwellings (SFD) on bare land strata subdivisions, which unlike a Single Family Dwellings on a single lot, actually form part of a strata complex. Under the current rate structure, each Single Family Dwelling in these strata complexes have been charged an annual rate equivalent to that of an apartment unit. This does not reflect the true nature of the property type and potential water consumption. As such, it is proposed that a separate Bare Land Strata Single Family Dwelling category be set out in the rate schedule and this type of property be charged for water at the same rate as other Single Family Dwellings, effective 2023 January 01. Refer to Attachment 3.

2023 Rates after discount (based on a 2% rate increase)

- Current Multi Family Dwelling charge per year \$355.82
- Single Family Dwelling charge per year \$619.71

In order to reduce the impact of such a change on home owners, it is proposed that the increase is staggered, as followed:

Year	% of SFD Rate	Rate*
2023	75%	\$464.79
2024	90%	\$557.74
2025	100%	\$619.71

** Actual rates will depend on the increase in the Single Family Dwelling Rate as approved by Council. Therefore the rates above are for illustrative purposes only. It is the percentage of the single family dwelling charge which will be used to stagger this increase.*

6.2 Live/Work Units

This type of property looks much like a large townhouse/row house, but the difference being that they have an area at the bottom of the unit which can be utilized as a commercial space. These properties are currently charged as a commercial unit with living quarters for one family. It is proposed that these properties be charged based on the Multi Family Dwelling rate, plus the minimum annual metered rate (equivalent to that of a Single Family Dwelling)*, effective 2023 January 01. The overall impact is a slightly reduced rate which better reflects the emphasis on the residential nature of the property. Refer to Attachment 3 that is attached.

2023 Rates after discount (based on a 2% rate increase)

- Current charge per year \$1,239.43
- Proposed charge per year \$ 975.53

Given that this is a rate reduction, impacting less than 20 units, this change will be applied immediately in 2023.

For both changes outlined in section 6.2 and 6.3, a letter will be sent to home owners accompanying the Utility Notice for 2023.

6.3 Water Turn-off/Turn-on request (per occurrence)

The City currently charges a fee to property owners and their contractors for the temporary shut-off and subsequent turn on of water. Given the timing and nature of these occurrences, the effort required to charge for and collect the fees often outweighs the actual sums collected. Therefore, in consultation with Engineering staff, it is proposed that effective 2023 January 01, the following fees be removed, and that turn-off/turn-on services be provided as part of normal utility operating activity without charge.

Water Turn-On/Turn-Off Request (per occurrence)	2022 Fee	Proposed 2023 Fee
Regular hours: ▪ 7am to 11 pm Monday to Friday Except Statutory holidays	\$61.20	\$0
After hours: ▪ 11pm to 7am Monday - to Friday Weekends and Statutory holidays	\$163.20	\$0

7.0 BYLAW CHANGES (EFFECTIVE 2023 JANUARY 01)

7.1 Move Fees to Burnaby Consolidated Fees Bylaw

In order to move the fee schedule under the *Burnaby Waterworks Bylaw* to the *Burnaby Consolidated Fees and Charges Bylaw* and implement removal of the water turn-off/turn-on fees, it is necessary to:

- amend sections 3(1) and (2), 3B(a) and (b), 3C, 12(3), 17, 21, 23(a) and (c), 27, 29, 33(6), 34(3), 41(1) and (2) of the *Burnaby Waterworks Regulation Bylaw* to reference the *Burnaby Consolidated Fees and Charges Bylaw* rather than Schedule “A” of the bylaw
- repeal section 3A in its entirety; effective 2023 January 1
- repeal Schedule A of the *Burnaby Waterworks Regulation Bylaw*; and
- amend *Burnaby Consolidated Fees and Charges Bylaw* to add a new schedule (Schedule C14 Waterworks Regulation Bylaw) (see Attachment 3)

To: Chief Administrative Officer
From: Deputy Chief Administrative Officer & Chief Financial Officer
Re: 2023 Waterworks Utility Rates And Related Bylaw Amendments
2022 November 21..... Page 9

It is recommended that the above amendments be made effective 2023 January 01.

7.2 Section 41B (1) 2019 Adjustment for Secondary Suites

During the rollout of the rented Secondary Suite utility charge program in 2019, section 41B of the bylaw provided a credit adjustment for that year if a secondary suite was not rented at any during that year. This provision was and has only applied to 2019, and therefore is no longer required in the bylaw and should be removed. It is recommended that this section 41B to repealed in its entirety, effective immediately upon adoption of the amendment bylaw to implement this change.

8.0 RECOMMENDATION

It is recommended that Council authorize the City Solicitor to bring forward a bylaw to amend the *Burnaby Waterworks Regulation Bylaw 1953*, to reflect the bylaw amendments as set out in Section 7.0 of this report.

That Council authorize the City Solicitor to bring forward a bylaw to amend the *Burnaby Consolidated Fees and Charges Bylaw* to include add a new *Schedule C14 – Waterworks Regulation Bylaw*, as set out in Attachment 3 of this report, effective 2023 January 01.



Noreen Kassam, CPA, CGA
DEPUTY CHIEF ADMINISTRATIVE OFFICER
& CHIEF FINANCIAL OFFICER

NK:RR:RG/mt:kl

Attachments: Attachment 1 – 2023 Waterworks Utility - 5 Year Operating Budget
Attachment 2 – Cost of Water Supplied to Burnaby by the GVWD
Attachment 3 – 2023 Waterworks Rates (New schedule)

Copied to: Chief Administrative Officer
General Manager Corporate Services
General Manager Engineering
City Solicitor
Senior Manager Legislative Services

COST OF WATER SUPPLIED TO BURNABY BY THE GVWD

Year	Cost/m ³		Increase over the previous year				Volumes m ³			Change In volume	Annual cost to Burnaby including adjustments	Increase in the total cost of water to Burnaby	
	Off-Peak	Peak	\$		%		Off-Peak	Peak	Total m ³	%	000 \$	000 \$	%
			Off-Peak	Peak	Off-Peak	Peak							
2018 Actual	0.6350	0.7938	0.0237	0.0297	3.88	3.89	23,528	16,330	39,858	-0.27	27,843	860	3.2%
2019 Actual	0.6719	0.8399	0.0369	0.0461	5.81	5.81	23,380	15,433	38,814	-2.62	28,680	837	3.0%
2020 Actual	0.7119	0.8899	0.0400	0.0500	5.95	5.95	23,890	14,523	38,412	-1.03	29,941	1,261	4.4%
2021 Actual	0.7119	0.9546	0.0000	0.0647	0.00	7.27	23,135	16,301	39,436	2.67	31,858	1,917	6.4%
2022 Budget	0.7119	1.0371	0.0000	0.0825	0.00	8.64	23,736	15,046	38,782	-1.66	32,500	642	2.0%
2023 Proposed	0.7119	1.0927	0.0000	0.0556	0.00	5.36	23,286	15,137	38,423	-0.93	33,120	620	1.9%
2024 Estimate	0.7760	1.1910	0.0641	0.0983	9.00	9.00	22,868	15,822	38,690	0.69	36,590	3,470	10.5%
2025 Estimate	0.8831	1.3554	0.1071	0.1644	13.80	13.80	22,872	15,825	38,697	0.02	41,646	5,056	13.8%
2026 Estimate	0.9961	1.5289	0.1130	0.1735	12.80	12.80	22,931	15,865	38,796	0.26	47,098	5,451	13.1%
2027 Estimate	1.1335	1.7399	0.1375	0.2110	13.80	13.80	22,983	15,902	38,885	0.23	53,720	6,622	14.1%
Increase 2018 - 2022			0.1006	0.2730	12.11	30.65						5,517	16.73
Projected increase 2023 - 2027			0.4216	0.7028	59.23	59.23						21,220	62.20

NOTES:

2018-2021 volumes are based on actuals up to December 31 2021.

2022 volumes and costs are as per the budget for 2022.

2023 volumes are based on the City of Burnaby average volume for the prior two years, using current year actual consumption to date. Rates are as per GVWD.

2024 - 2027 rates are based on GVWD projected rate increases, with an assumption that both off peak and peak rates will be increased. Volumes are based on GVWD projected increases.

2023 Waterworks Rates (New schedule)

ANNUAL FLAT RATES <i>(Section 41 (1) and Section 33 (6))</i>	CURRENT		PROPOSED	
	If paid by March 15 2022	If paid after March 15 2022	If paid by March 15 2023	If paid after March 15 2023
Detached Single Family Dwelling	\$607.56	\$639.54	\$619.71	\$652.33
Two Family Dwelling (non stratified - entire property)	\$911.34	\$959.31	\$929.57	\$978.50
Two Family Dwelling, including strata, forming part of a duplex- Per Unit	\$455.62	\$479.60	\$464.74	\$489.20
Multiple Family Dwelling- (strata and non strata, per unit), including Four-Plex, Tri-Plex, Townhouse, Apartment Etc	\$348.84	\$367.20	\$355.82	\$374.54
Stratified Single Family Dwelling (bare land strata) (% of SFD - 2023 75%, 2024 90%, 2025 100%)	New 2023	New 2023	\$464.79	\$489.25
Supplementary Utility Fee. o Rented Suite in a Single Family Dwelling o Rented Suite in a Two Family Dwelling	\$303.78 \$227.81	\$319.77 \$239.80	\$309.86 \$232.37	\$326.17 \$244.60
Live / Work Unit	New 2023	New 2023	\$975.53	\$1,026.87
Commercial Property (not more than 3 stores / offices): o Commercial and living quarters, 1 family o Commercial and no living quarters	\$1,215.13 \$607.56	\$1,279.08 \$639.54	\$1,239.43 \$619.71	\$1,304.66 \$652.33
Miscellaneous Structure (Rate per unit)	\$60.56	\$63.75	\$61.77	\$65.03
City Facility (Rate per unit)	\$60.56	\$63.75	\$61.77	\$65.03
Cross Connection Device o Per Device o Minimum Charge (Device used by two or more units)	\$54.65 \$6.88	\$57.53 \$7.24	\$55.74 \$7.02	\$58.68 \$7.39
Construction Water Flat Annual Charge o 19 mm Connection o 25 mm Connection o 50 mm Connection	No discount No discount No discount	\$1,468.80 \$3,784.20 \$11,454.60	No discount No discount No discount	\$1,500.00 \$3,860.00 \$11,700.00

METERED WATER RATES, METER INSTALLATION AND RELATED CHARGES <i>(Section 17 and Section 23 (a) and (c))</i>	If paid by March 15 2022	If paid after March 15 2022	If paid by March 15 2023	If paid after March 15 2023
Monthly Rates <ul style="list-style-type: none"> o Per cubic metres o Minimum monthly 	\$1.618 \$50.640	\$1.703 \$53.305	\$1.651 \$51.653	\$1.737 \$54.371
Quarterly Rates <ul style="list-style-type: none"> o Per cubic metres o Minimum quarterly 	\$1.618 \$151.891	\$1.703 \$159.885	\$1.651 \$154.929	\$1.737 \$163.083
Meter Purchase and Installation <ul style="list-style-type: none"> o Water Meter 5/8" to 10" o Water Meter 5/8" installation o Water Meter 3/4" installation o Water Meter 1" installation o Water Meter 1.5" installation o Water Meter 2" installation o Water Meter 3" installation o Water Meter 4" installation o Water Meter 6" installation o Water Meter 8" installation o Water Meter 10" installation 	Actual cost No discount	Actual cost \$360.60	Actual cost No discount	Actual cost \$367.80
	No discount	\$463.60	No discount	\$472.90
	No discount	\$669.60	No discount	\$683.00
	No discount	\$1,133.20	No discount	\$1,155.90
	No discount	\$1,287.80	No discount	\$1,313.60
	No discount	\$2,163.40	No discount	\$2,206.70
	No discount	\$2,678.50	No discount	\$2,732.10
	No discount	\$5,151.00	No discount	\$5,254.00
	No discount	\$6,696.30	No discount	\$6,830.20
	No discount	\$7,726.50	No discount	\$7,881.00
Meter Test or retest <ul style="list-style-type: none"> o 16 mm, 19 mm, 25 mm, 32 mm, 38 mm or 50 mm meters o 76 mm, 102 mm, 152 mm or meters over 152 mm 	No discount	\$132.60	No discount	\$135.30
	No discount	\$255.00	No discount	\$260.10
Special Meter Reading	No discount	\$91.80	No discount	\$93.60
Construction Meter Charges <ul style="list-style-type: none"> o Construction Meter Deposit (Previously connection charge) o Construction meter Usage Charge 	No discount	\$5,253.00	No discount	\$5,360.00
	As per Metered rates	As per Metered rates	As per Metered rates	As per Metered rates
Water Meter Box Fee	No discount	\$1,500.00	No discount	\$1,530.00

CONNECTION AND OTHER NON REOCCURRING CHARGES <i>(Section 3 (1), Section 3B a and b, Section 12 (1) and (3))</i>	Fee 2022	Fee 2023
Water Connection	Cost of connection	Cost of connection
Water Tie In	Cost of connection	Cost of connection
Water Transfers	Cost of connection	Cost of connection
Other Installation / Device Fees <ul style="list-style-type: none"> o Nelson box purchase and installation for driveway MR6 o Fireline meter purchase - 6" to 10" o 6" Fireline Installation o 8" Fireline Installation o 10" Fireline Installation 	\$183.60 Actual cost \$5,151.00 \$6,701.40 \$7,731.60	\$187.30 Actual cost \$5,254.00 \$6,835.40 \$7,886.20
Fire Hydrant <ul style="list-style-type: none"> o Permit (Inspection Fee) o Water use per day o Damage deposit (refundable) 	\$163.20 \$30.60 \$561.00	\$166.50 \$31.20 \$572.20
Service Disconnection <ul style="list-style-type: none"> o At Property Line o At Main 	\$372.30 \$3,682.20	\$380.00 \$3,760.00
Watering Permit	\$61.20	\$62.40