

Re: Sewer Finances

The following is the report of the Treasurer dated February 18, 1973 regarding the above.

Basically, we are asking Council to confirm what was approved in 1973 plus authority to review the matter of possible increases in rates in 1975 to cover Greater Vancouver Regional District costs applicable to sanitary sewers.

RECOMMENDATIONS:

THAT the present \$5.00 charge remain unchanged; and

THAT the \$25.00 charge be increased to \$28.00 for the year 1974; and

THAT metered sewer rates be increased by 14%; and

THAT these rates be reviewed annually and be increased sufficiently to match the actual debt, maintenance and operation costs of the Municipal sewer system; and

THAT consideration be given in 1975 to increasing these rates to include G.V.R.D. costs applicable to sanitary sewers.

TO: MUNICIPAL MANAGER
FROM: MUNICIPAL TREASURER
RE: SEWER FINANCES

18 February 1974
File: S19-3

Attached is a copy of Manager's Report No. 21, Item 16, 19 March 1973. It recommends:

"THAT parcel taxes be increased from \$21.00 to \$32.25 and \$3.00 to \$5.00 effective 1 January 1973; and

THAT metered rates be increased by 53.5% effective at the beginning of the next quarterly or monthly billing cycle for each account after the Lieutenant Governor in Council has approved of the by-law amendment; and

THAT parcel taxes and metered rates be adjusted annually to reflect actual costs; and

THAT consideration be given at some future date to increasing flat rates and metered rates sufficient to include the costs of the Greater Vancouver Sewerage & Drainage District; and

THAT Mayor Prittie be requested to follow up on his representations to the Minister of Municipal Affairs regarding interpretation and possible amendment of the Municipal Treatment Plant Assistance Act; and

THAT the question of equity in charging occupants of multiple family accommodation be the subject of a further report to be submitted prior to 31 December 1973."

Also attached is a copy of Manager's Report No. 25, Item 13, 2 April 1973.
 It recommends:

- "THAT the present \$3.00 charge be increased to \$5.00; and
- THAT this charge be increased annually as circumstances warrant; and
- THAT the \$21.00 charge be increased to \$25.00 in 1973 and by \$3.00 annually thereafter until it matches the actual debt, maintenance and operation costs of the Municipal sewer system, excluding G.V.R.D. costs; and
- THAT meter rates be increased by 14% annually until they match the actual debt, maintenance and operation costs of the Municipal sewer system, excluding G.V.R.D. costs; and
- THAT appropriate amending by-laws be brought down."

On 19 March 1973, Council adopted the latter recommendations with the frontage taxes to take effect 1 January 1973 and the metered rates to take effect approximately 30 June 1973. If a similar increase is put into effect on approximately the same dates in 1974, the finances of the system will be:

<u>Revenue</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>* 1975</u>
Parcel taxes	\$ 563,818	\$ 681,671	\$ 804,515	\$ 805,000
Metered rates	289,265	353,047	440,000	475,000
General purposes taxes	429,517	274,738	98,385	73,000
	<u>\$1,282,600</u>	<u>\$1,309,456</u>	<u>\$1,342,900</u>	<u>\$1,353,000</u>
<u>Expenditure</u>				
Maintenance and operation	\$ 157,464	\$ 191,348	\$ 210,000	\$ 220,000
Debt charges	1,115,136	1,108,108	1,120,900	1,120,000
Administration	10,000	10,000	12,000	13,000
	<u>\$1,282,600</u>	<u>\$1,309,456</u>	<u>\$1,342,900</u>	<u>\$1,353,000</u>

* No increase in rates projected for this year

The provisional budget for 1974 takes into consideration the recommended rate increases.

The report referred to in the last recommendation in Manager's Report No. 21, Item 16, 19 March 1973, concerning the equity of charging occupants of multiple family accommodation, is not yet available.

For Council information, attached is a comparison of sewer rates charged in the neighbouring municipalities.

RECOMMENDATIONS

- THAT the present \$5.00 charge remain unchanged; and
- THAT the \$25.00 charge be increased to \$28.00 for the year 1974; and
- THAT metered sewer rates be increased by 14%; and
- THAT these rates be reviewed annually and be increased sufficiently to match the actual debt, maintenance and operation costs of the Municipal sewer system; and
- THAT consideration be given in 1975 to increasing these rates to include G.V.R.D. costs applicable to sanitary sewers.


 MUNICIPAL TREASURER

BM:gw
 Attach.

ITEM 13
MANAGER'S REPORT NO. 25
COUNCIL MEETING Apr. 2/73

ITEM 5
MANAGER'S REPORT NO. 15
COUNCIL MEETING Feb. 25/74

13. Re: Sewer Financing

The Manager's Report No. 21, Item 16, to Council on 19 March made the following recommendations:

THAT parcel taxes be increased from \$21.00 to \$32.25 and \$3.00 to \$5.00 effective 1 January 1973; and

THAT metered rates be increased by 53.5% effective at the beginning of the next quarterly or monthly billing cycle for each account after the Lieutenant-Governor in Council has approved of the by-law amendment; and

THAT parcel taxes and metered rates be adjusted annually to reflect actual costs; and

THAT consideration be given at some future date to increasing flat rates and metered rates sufficient to include the costs of the Greater Vancouver Sewerage & Drainage District; and

THAT Mayor Prittie be requested to follow up on his representations to the Minister of Municipal Affairs regarding interpretation and possible amendment of the Municipal Treatment Plant Assistance Act; and

THAT the question of equity in charging occupants of multiple family accommodation be the subject of a further report to be submitted prior to 31 December 1973.

Council did not concur in the recommendations and directed that a report be submitted on a proposal to increase parcel taxes and use taxes progressively over a period of years. These rates and use taxes are not to include the costs of the Greater Vancouver Sewerage and Drainage District currently being borne by the general mill rate.

The rates are two distinct entities - parcel taxes and use taxes. The parcel tax is of two kinds: One applicable to parcels, the owners of which have constructed or have had constructed at their own expense, sewer service to their properties and another applicable to all other properties served by sewers. The first comprises maintenance and operation costs and the second, debt costs as well.

Our experience for 1973 shows that the first mentioned, currently \$3.00 per property, should now be \$5.00. Due to the small sum of money involved, a raise in this rate of less than \$2.00 does not seem warranted. If the second mentioned, which currently is \$21.00, is raised by \$2.00 per year it will

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take at least six years to elevate it to actual cost. A more reasonable increase might be \$3.00 a year over four or so years. A 14% per annum increase in meter use taxes would roughly parallel the increase in parcel taxes.

In the first year of operation, the transfer from the mill rate to the sewer system would entail \$109,574, representing .1243 mills.

The amending by-law relative to the increases in parcel taxes is a Council by-law. The amending by-law relative to the increase in use tax requires approval of the Lieutenant-Governor in Council.

In the Manager's Report No. 17, Item 13, 5 March 1973, it was pointed out that the pollution control devices ordered in by the Provincial Control Board would greatly increase demand on the Municipal mill rate. A projection shows the following annual increases:

	<u>Total</u>	<u>Annual Increase</u>	<u>Increase In Mills</u>	<u>Estimated Total Mill Rate</u>
1972	\$ 799,007			.98
1973	1,125,875	326,868	.38	1.36
1974	1,531,000	405,125	.23	1.59
1975	1,901,000	370,000	.27	1.86
1976	2,071,000	170,000	.02	1.88

The projections have been made on information supplied by the Greater Vancouver Sewerage and Drainage District and projections of assessments supplied by the Municipal Assessor. The projected increase in Sewer District costs was one of the main reasons for the City of New Westminster imposing stiff sewer taxes a year ago. Even if assistance from the Province is received as a consequence of any change to the Municipal Treatment Plant Assistance Act, the increases in costs to Burnaby will be considerable.

There is much to be said for depressing the mill rate by imposing use taxes for services that are actually used. Hence the recommendation that consideration be given to the future inclusion of Greater Vancouver Sewerage and Drainage District costs in the parcel and use taxes.

RECOMMENDATIONS:

- THAT the present \$3.00 charge be increased to \$5.00; and
- THAT this charge be increased annually as circumstances warrant; and
- THAT the \$21.00 charge be increased to \$25.00 in 1973 and by \$3.00 annually thereafter until it matches the actual debt, maintenance and operation costs of the Municipal sewer system, excluding G.V.R.D. costs; and
- THAT meter rates be increased by 14% annually until they match the actual debt, maintenance and operation costs of the Municipal sewer system, excluding G.V.R.D. costs; and
- THAT appropriate amending bylaws be brought down.

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MANAGER'S REPORT NO. 15

COUNCIL MEETING Feb. 25/74

ITEM 16

MANAGER'S REPORT NO. 21

COUNCIL MEETING Mar. 19/74

16. Re: Sewer Finances
(Item 13, Report 17, March 5, 1973)

The attached report was considered by Council on March 5, 1973.

The following was proposed as an alternative to that recommended by the Manager:

"That all costs, except those payable to the Greater Vancouver Regional District, of operating the sewer system in the Municipality which are presently recovered through the General Mill Rate be progressively transferred to the Sewer Utility over a period of 5 years."

The question was raised as to whether or not there is a more equitable method of charging occupants of multiple family accommodation for the use of sewers.

The report was tabled in order to allow for a further submission offering an opinion of the above two points and for the Manager to produce a chart showing examples of the effect that the increase in the sewer levy would have on various properties.

A. The Question of Equity in Charging Occupants of Multiple Family Accommodation:

The rate structure is based on residential use. Every parcel capable of being served by sewer is taxed \$21.00 except that where the owner paid for the cost of installing a sewer trunk to serve his property, the \$21.00 charge is abated by \$18.00 (representing the debt portion of the charge) for a period of twenty years from the date of installation of said sewer. At the expiration of twenty years, the full charge goes into effect.

At this point, it is interesting to note that in 1973, 99 properties will have their charges increased from \$3.00 to \$21.00 by virtue of this policy.

Commercial properties are charged for sewerage in accordance with the quantity of water used as measured by meter with abatement for water used in a product or discharged into a storm sewer. 13,700 cubic feet of water per annum is deemed to be the amount used by the average residential property. This represents the \$21.00 charge. Therefore, for every 13,700 cubic feet of water used, a \$21.00 charge applies - with reductions permitted for large quantities used. On the meter scale, the first 13,700 cubic feet used is exempted because the parcel is already taxed this in the parcel tax.

Each and every multiple dwelling in Burnaby except duplexes and rooming houses, is metered. If a duplex is in one-person ownership it is assessed \$50.00 for water as against \$30.00 if it were a single family residence, and \$21.00 or \$3.00 as the case may be. If it comes under strata title ownership, the water rates become \$30.00 each side, and sewer \$21.00 or \$3.00 each side.

If an apartment building comes under strata title ownership it continues to be charged for water by meter but each owner is charged \$21.00 for sewer. Usually the 13,700 cubic feet exemption for each strata unit more than compensates for the readings of the meter for sewer purposes.

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16. Re: Sewer Finances - Cont'd.

An application of this to a 62 suite apartment under commercial ownership on Maywood Street shows an annual water bill of \$860.64 or \$13.88 per suite, one \$21.00 frontage tax and an annual sewer bill of \$449.12 or \$7.24 per property.

If this property was converted to strata title ownership the water rates would remain the same but each parcel would be taxed \$21.00 for sewers, a total of \$1,302.00 as compared with \$470.12 under commercial ownership.

Indications are that the market value of 62 strata title units is greater than the same building as a commercial operation. This means that two identical apartment buildings, one under commercial ownership and the other in strata title, standing side by side will be assessed differently for taxation. At the moment, the difference in assessment is about 18%.

If Council wishes to equalize the charges applicable in strata title and commercially owned residential properties, or if it wishes to bring the charges paid by apartment dwellers closer to those paid by the single family dwellers, it will likely become necessary to abolish the parcel tax and apply only a use tax - flat rates for certain users and metered rates for others. This will require much more study.

B. The Question of Increasing the Sewer Rates in One Step:

Attached are tables showing the effect on property by classification of a reduction of .504 mills on 1973 assessments that would be possible if the sewer parcel taxes are increased from \$21.00 and \$3.00 to \$32.25 and \$5.00 and meter rates are increased by 53.5%.

Table A deals with properties assessed the full parcel tax. It deals with realty taxes only. It does not incorporate the parcel tax. The increase in parcel tax is \$11.25. The table shows 18,416 parcels receiving decreases in taxes ranging from a few pennies to \$11.25 and 7,410 parcels receiving decreases of more than \$11.25 ranging to \$4,720. In the residential category, the average of the \$5-\$11.25 range for 17,824 parcels is \$8.69. On an average basis therefore there are 18,197 residential properties out of 24,204 that will pay more per year for sewer than their taxes are reduced but the large number of them, 17,824 that is, will pay \$2.56 more per year on the average. The remaining 6,007 residential properties will pay less in total.

Table B deals with parcels assessed the reduced parcel tax (\$3.00 - \$5.00). It shows that 2 residential properties out of 3,039 will receive a decrease in taxes of less than \$2.00 and an increase in sewer tax of \$2.00. The others will receive a greater tax saving than the \$2.00 increase in sewer tax.

Table C deals with parcels not served with sewers. The 1,950 residential parcels in this case will all receive a reduction.

Unfortunately, it is not possible without a great deal of effort, to statistically show the increases or decreases affecting properties charged for sewers by meter. Table D is the list of selected metered properties that were in the table attached to the original report item on this subject. This table shows the increase in cost due to the proposed increase in the meter rates as well as the reduction in taxes due to the lowering of the mill rate involved. If there is any justification in "phasing" the increase proposed over time, it is probably because of the impact on commercial and industrial premises; but after reviewing the matter even in those cases, it is not felt that on the average the increase will be that great that it can't be faced in one year.

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In summary, the increases involved as can be seen from the tables are such that it is not considered necessary to "phase" the conversion involved and, on the contrary, it may only serve to confuse the issue more and make it more difficult to understand than it already is.

RECOMMENDATIONS:

THAT parcel taxes be increased from \$21.00 to \$32.25 and \$3.00 to \$5.00 effective January 1, 1973; and

THAT metered rates be increased by 53.5% effective at the beginning of the next quarterly or monthly billing cycle for each account after the Lieutenant Governor in Council has approved of the bylaw amendment; and

THAT parcel taxes and metered rates be adjusted annually to reflect actual costs; and

THAT consideration be given at some future date to increasing flat rates and metered rates sufficient to include the costs of the Greater Vancouver Sewerage & Drainage District; and

THAT Mayor Prittie be requested to follow up on his representations to the Minister of Municipal Affairs regarding interpretation and possible amendment of the Municipal Treatment Plant Assistance Act; and

THAT the question of equity in charging occupants of multiple family accommodation be the subject of a further report to be submitted prior to December 31, 1973.

THE CORPORATION OF THE DISTRICT OF BURNABY

TABLE A

Table Showing The Effect Of A .504 Decrease In General Mill Rate
In 1973 On Parcels Assessable For Sewers Currently At The Rate Of \$21.00

\$	<u>AGRICULTURE</u>	<u>INDUSTRIAL</u>	<u>CHURCHES</u>	<u>MISC.</u>	<u>COMMERCIAL</u>	<u>SERVICE STATIONS</u>	<u>REST HOMES</u>	<u>RESIDENTIAL</u>	<u>APARTMENTS & HOTELS</u>	<u>AUTO COURTS</u>	<u>TOTAL</u>
Under 2			3					13			16
2 - 5	1	10	3		14			360	2		390
5 - 11.25	1	61	2	1	114		1 *	17,824			18,010 18,
11.25 - 20	1	69	1		219	12	1	5,692	11	5	6,111
20 - 30	1	54	3	1	121	19		265	24	1	489
30 - 40	2	31	1		57	28		22	63	5	209
40 - 50	1	31			38	25		10	20	2	127
50 - 100		53			76	26	3	9	80	12	259
100 - 150		31		1	24	2		6	42	4	110
150 - 500		38			21	2	3	2	105	1	172
500 - 1000		11						1	8		20
Over 1000		9			3						12
Total	7	398	13	3	687	114	8	24,204	361	30	25,825 25,

* Average \$8.69

3078
2591
31494
31494
2

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THE CORPORATION OF THE DISTRICT OF BURNABY

TABLE B

Table Showing The Effect Of A .50⁴ Decrease In General Mill Rate
In 1973 On Parcels Assessable For Sewers Currently At The Rate of \$3.00

\$	<u>INDUSTRIAL</u>	<u>CHURCHES</u>	<u>SERVICE STATIONS</u>	<u>RESIDENTIAL</u>	<u>APARTMENTS & HOTELS</u>	<u>TOTAL</u>	
Under 2				2		2	
2 - 5		1		31		32	34
5 - 11.25				1,013		1,013	
11.25 - 20	1			1,944		1,945	
20 - 30	1			44		45	
30 - 40	1			4		5	
40 - 50	2		1			3	
50 - 100	5				1	6	
100 - 150	4				1	5	
150 - 500	9			1	4	14	
500 - 1000	2				1	3	
Over 1000	3				2	5	3,044
Total	28	1	1	3,039	9	3,078	3,078

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THE CORPORATION OF THE DISTRICT OF BURNABY

TABLE C

Table Showing The Effect Of A .504 Decrease In General Mill Rate
In 1973 On Parcels Not Served By Sewer And Not Charged With A Parcel Tax For Same

\$	<u>AGRICULTURE</u>	<u>INDUSTRIAL</u>	<u>CHURCHES</u>	<u>MISC.</u>	<u>COMMERCIAL</u>	<u>SERVICE STATIONS</u>	<u>RESIDENTIAL</u>	<u>APARTMENTS & HOTELS</u>	<u>AUTO COURTS</u>	<u>TOTAL</u>
Under 2	9	142			1		110			262
2 - 5	14	58			3	1	404			480
5 - 11.25	22	81	2		9	1	997			1,112
11.25 - 20	4	45	1		14	1	366	1		432
20 - 30	2	27			5	1	41		2	78
30 - 40		36			4	3	16			59
40 - 50		9			5		1	1		16
50 - 100		42		1	18	5	7	1	1	75
100 - 150		18			2		1	1		22
150 - 500		20		1	8	1	5	6		41
500 - 1000		5			1		1			7
Over 1000		5			1		1			7
Total	51	488	3	2	71	13	1,950	10	3	2,591

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THE CORPORATION OF THE DISTRICT OF BURNABY

= TABLE D

Statement Showing Effect of Increase Sewer Rates
On Selected Commercial - Industrial Properties

Code	Address	Type		Approx. Annual Sewer Charge \$	Proposed Changes \$	Increase \$	Decrease In Taxes \$	Net Increase (Decrease) \$	*General Tax Total @ 15.774 Mills	\$ Increase (Decrease)
4005087	4784 Imperial	Laundromat	Flat	21.00	32.25	11.25			21.00	41.1
			Meter	253.20	388.66	135.46				
				274.20	420.91	146.71	9.98	136.73	311.49	
3002140	5970/4 Kingsway	Service Station	Flat	21.00	32.25	11.25			21.00	(1.85)
			Meter	19.64	30.14	10.50				
				40.64	62.39	21.75	52.40	(30.65)	1,635.06	
3024808	5500 Kingsway	Health Spa	Flat	21.00	32.25	11.25			21.00	4.38
			Meter	407.72	625.85	218.13				
				428.72	658.10	229.38	96.49	132.89	3,010.36	
2003119	4435 Grange	Hospital	Flat	21.00	32.25	11.25			21.00	.7
			Meter	388.96	597.05	208.09				
				409.96	629.30	219.34	178.51	40.83	5,569.20	
2003079	4475 Grange	21 Apartments	Flat	21.00	32.25	11.25			21.00	.6
			Meter	152.68	234.36	81.68				
				173.68	266.61	92.93	76.83	16.10	2,396.89	
05047295	4262 Maywood	62 Apartments	Flat	21.00	32.25	11.25			21.00	.3
			Meter	449.12	689.40	240.28				
				470.12	721.65	251.53	227.48	24.05	7,097.09	
2000111	4865 Kingsway	Beauty Salon	Flat	21.00	32.25	11.25			21.00	(0.9)
			Meter	46.00	70.61	24.61				
				67.00	102.86	35.86	50.80	(14.94)	1,584.93	

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TABLE D

Code	Address	Type		Approx. Annual Sewer Charge	Proposed Changes	Increase	Decrease in Taxes	Net Increase (Decrease)	*General Tax Total @ 15.774 mills	% Increase (Decrease)
				\$	\$	\$	\$	\$	\$	
E2001079	4900 Kingsway	Office building	Flat	21.00	32.25	11.25			21.00) .95
			Meter	608.52	934.08	325.56				
				629.52	966.33	336.81	259.43	77.33	8,593.82	
E5043655	4518 Kingsway	3 stores	Flat	21.00	32.25	11.25			21.00) 2.17
			Meter	46.60	71.53	24.93				
				67.60	103.78	36.18	21.37	14.81	659.32	
A5042448	Old Orchard Shopping Centre		Flat	21.00	32.25	11.25			21.00) 1.7
			Meter	908.84	1,395.07	486.23				
				929.84	1,427.32	497.48	324.68	172.80	10,161.82	
E5044801	Kingsway	Department store	Flat	21.00	32.25	11.25			21.00) (2.35)
			Meter	2,291.52	3,517.48	1,225.96				
				2,312.52	3,549.73	1,237.21	4,720.64	(3,483.43)	147,744.73	
E2022980	2960 Lake City	Vinegar plant	Flat	3.00	5.00	2.00			3.00) -
			Sewer	297.48	456.63	159.15				
				300.48	461.63	161.15	155.03	6.12	4,852.05	
E7001606	Trinity & Eton	Oil refinery	Flat	21.00	32.25	11.25			21.00) (2.43)
			Meter	896.88	1,376.71	479.83				
				917.88	1,408.96	491.08	2,062.15	(1,571.07)	64,540.44	

NOTE: * Taxes calculated on 1973 assessments at 1972 mill rate of 15.774 which excludes any changes in the sewer charge and parcel tax systems.

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ITEM 16
MANAGER'S REPORT NO. 21
COUNCIL MEETING MAR. 19/73

MANAGER'S REPORT NO. 21
COUNCIL MEETING Mar. 19/73

ITEM 13
MANAGER'S REPORT NO. 17
COUNCIL MEETING Mar. 5/73

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13. Re: Sewer Finances

During deliberations on the Corporation's 1972-1977 Six Year Capital Improvement Program, Council directed that a report be brought down on the adequacy or otherwise of the current \$21.00 sewer frontage tax.

Background information

"In 1959 a vote of the electorate was obtained on the cancelling of sewer rates in special districts and permission for Council to borrow \$7,000,000 for sewerage and drainage purposes. The plan envisioned charging all costs relative to sanitary sewers, including the sanitary portion of Greater Vancouver Sewerage and Drainage District costs, as a special charge to users, except that the cost of unused capacity of the system would be a charge to the general mill rate. The operation would be like a self-liquidating utility. This vote failed.

In 1960 the by-laws were resubmitted to the ratepayers and were approved. However, the plan was changed as follows:

1. The costs of the Greater Vancouver Sewerage and Drainage District applicable to sanitary sewers would continue to be borne by the general mill rate.
2. The municipality would borrow from time to time over a period not to exceed five years from 1 July 1960, sums not to exceed seven million dollars for the construction of sanitary, combined and storm sewers (allocated roughly, \$5,000,000 sanitary, \$500,000 being municipal share of sanitary systems in subdivisions and \$1,500,000 for storm sewers) such money to be borrowed over twenty to twenty-five years, and as a charge to the general mill rate.
3. The Sewer Utility would repay the municipality for the capital advanced per paragraph 2 for sanitary sewers together with debt for sanitary sewer purposes outstanding at 31 December 1960, with interest at the rate of 5% per annum over a term of forty years.
4. The Sewer Utility would from its rates take care of the costs of administration, maintenance and operation of the Utility.
5. Because of the forty year repayment feature, the monies required from the Utility for repayment to the municipality for capital advances during the first few years of operation,

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would be small in size, and could result in a relatively low flat rate sewer charge with the opposite effect on mill rate levy for sewer purposes. As a consequence, it was determined that the flat rate charge would be set at \$21.00 and maintained at that rate for as long a period as possible. This would enable the Utility to accelerate its payments to the municipality in the earlier years, thereby reducing the sum owed by the Utility and requiring less money from the municipality in the earlier years, thereby reducing the sum owed by the Utility and requiring less money from the municipality through the mill rate levy.

6. The flat rate of \$21.00 per annum would be charged as a frontage tax to all properties abutting a sewer, whether or not such a property was actually making use of the sewer.
7. A rental would be charged all properties discharging more than a stated minimum of sewage, such rental being based upon the reading of a water meter serving such property.
8. There would be no charge for a sanitary or combined sewer connection irrespective of size.
9. Properties in Brentwood Park and Sullivan Heights, served by sewers installed by a contractor, at the expense of the owner, would be relieved of the capital repayment portion of the annual rate for a period of twenty years from the date of the installation of the sewer. Thereafter the regular rate would apply. They would be charged with the costs of maintenance and operation which at that time were calculated to be \$2.75 per property per annum. This rule would apply in all other subdivisions, present and future, in which sewers were installed at the owner's expense.

The forty year plan of repayment was suggested by the Department of Municipal Affairs. The theory was that the Corporation would borrow for sewer purposes on the credit of the Municipality, repay over twenty or twenty-five years, re-lend to the sewer system and be repaid over forty years.

Subsequently, the Municipal Act was amended to permit the borrowing of monies for sewer construction purposes without a vote of ratepayers, if a sewer system was a self-liquidating enterprise.

Burnaby applied for a certificate of self-liquidation, but because of the new legislation, the Department found it could not recognize the forty year repayment feature.

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Subsequent to the refusal of the certificate of self-liquidation, a special Act of the Legislature (1964) was obtained to permit the further borrowing of \$6,500,000 for sewerage and drainage purposes in much the same manner as if the system were self-liquidating."

And, on 14 August 1972, Council gave three readings to By-law No. 6135 to permit the borrowing of a further \$1,730,000 for sanitary sewer construction purposes.

As of 1973, the frontage tax has become a parcel tax.

1973 Financial Information

The financial position of the sewer system in 1973 is shown in the Provisional Budget as:

Revenue	
Parcel taxes	\$ 569,000
Metered rates	305,000
Contribution from general purposes tax levy	447,967
	<u>\$ 1,321,967</u>
Expenditure	
Principal and interest on long term debt	\$ 1,120,967
Maintenance and operation	191,000
Administration	10,000
	<u>\$ 1,321,967</u>

In accordance with the policy of Council established in 1960, the above mentioned figures include no part of the costs of the Greater Vancouver Sewerage & Drainage District which is responsible for the supply and maintenance of trunk sewers, pollution control facilities and outfalls.

The current parcel tax is \$21.00 per annum except that it may be abated by \$18.00 per annum for a period not to exceed 20 years where an owner has at his own expense caused the sanitary sewer serving his property to be installed. On the date of inception of the sewer system the \$18.00 was the cost of repaying principal and interest charges and the balance of \$3.00 was the cost of maintenance and operation.

If the entire cost of providing and maintaining the portion of the sewer system that is owned and operated by the Municipality is to be paid for by the users thereof, the following increase in parcel taxes is indicated:

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	<u>Present</u>	<u>Revised</u>
The parcel tax for debt repayment would be	\$ 18.00	\$ 27.33
The parcel tax for maintenance and operation would be	3.00	4.92
	<u>\$ 21.00</u>	<u>\$ 32.25</u>

Metered rates would require an increase of 53.5%.

If the rates rounded out to \$32.25 and \$5.00 and the 53.5% increase in meter rates are put into effect in 1973, they represent .504 mills in taxation. On a residential property with a taxable assessment of \$16,000 (\$25,000 market value) this can mean a reduction in realty taxes of \$8.06 as compared with an increase in sewer parcel taxes of \$11.25, an increase in cost to the owner of \$3.19. Properties with a taxable assessment of \$22,321 would break even and those with assessments in excess of this sum would experience a reduction in taxes. It is not possible to "average" the differences affecting commercial properties on meter.

Revision to include Greater Vancouver Sewerage & Drainage District cost

Tax levy per above	\$ 447,967
Tax levy for G.V.S. & D.D.	<u>1,200,000</u>
Total sum not directly borne by the user	<u>\$ 1,647,967</u>

If the user was required to pay all of the costs of providing sanitary sewers,

	<u>Present</u>	<u>Revised</u>
The parcel tax for debt repayment would be	\$ 18.00	\$ 52.26
The parcel tax for maintenance and operation would be	3.00	8.88
	<u>\$ 21.00</u>	<u>\$ 61.14</u>

If the \$52.26 and \$8.88 charges and 191% increase in meter rates are put into effect in 1973, they represent 1.855 mills of taxation. On a residential property with a taxable assessment of \$16,000 (\$25,000 market value) this would have meant a reduction in the realty taxes of \$29.68 as compared with an increase in sewer parcel taxes of \$40.14, a net increase of \$10.46. Properties with taxable assessments of \$21,640 would break even and those with assessments in excess of this sum would have experienced a reduction in net taxes and rates.

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The Corporation is embarking upon a \$1,730,000 construction program in the Central Valley which will increase the parcel tax rates slightly due to the fact that there is a relatively small number of properties to be served. However, a marked increase in costs will be experienced as a result of the installation of pollution control facilities ordered by the Province of British Columbia. A forecast of Greater Vancouver Sewerage & Drainage District costs indicates levies against the Corporation of:

1972	\$ 799,000
1973	1,200,000
1974	1,531,000
1975	1,901,000
1976	2,071,000

Expressed in mills these costs are estimated at:

1972	.98
1973	1.36
1974	1.59
1975	1.86
1976	1.88

These are gross costs, unabated by any assistance that may be forthcoming by the Province of British Columbia through the Municipal Treatment Plant Assistance Act. This Act, as it is written, clearly gives no assistance to municipalities comprising a Sewerage and Drainage District. As enacted, it was to provide a grant calculated as 75% of the amount by which the annual amount to be paid by a municipality in respect of interest and principal owing in that year on money so borrowed exceeds the proceeds of an annual levy of two mills on all land and improvements within the municipality taxable under the Municipal Act.

However, it applies only to municipalities separately undertaking the construction of sewerage control facilities and applies only to works contemplated after the date of passage of the Act (1969) and only if prior approval is given. If it applied to all costs incurred for sewerage pollution control no matter when installed, the saving to Burnaby by 1976 would be .43 mills.

This matter has been taken up with the Provincial Government by the Greater Vancouver Regional District and separately by Mayor Prittie with the Minister of Municipal Affairs.

Therefore, for the purposes of this report, gross costs are shown without any abatement being anticipated from the Provincial Government.

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The mill rates shown are promulgated on assessment forecasts which include inflationary factors. Therefore, the increases in taxes that will be experienced will be higher than the increases in mill rates indicated.

SUMMARY

A forecast of costs of operating Burnaby's sanitary sewer system shows:

	<u>Parcel Taxes</u>		<u>Metered</u>	
	<u>All Properties Served Except Special Category</u>	<u>Special Category</u>	<u>Rate 1st * 10,000 Cubic ft. per Month</u>	<u>% Increase</u>
Existing	\$ 21.00	\$ 3.00	.1533	
Plus tax levy in mills of	.504	.504	.504	
1972	30.78	3.46	.2247	46.5
<u>1973</u>	<u>32.25</u>	<u>4.92</u>	<u>.2354</u>	<u>53.5</u>
1974	37.25	5.48	.2718	77.3
1975	38.03	6.09	.2776	81.0
1976	38.84	6.75	.2835	84.9

* There is no charge for the first 1,200 cubic feet as it is considered to be an offset against the \$21.00 per annum parcel tax.

And a forecast of including Greater Vancouver Sewerage & Drainage District costs with Burnaby's own system costs shows:

	<u>Parcel Taxes</u>		<u>Metered</u>	
	<u>All Properties Served Except Special Category</u>	<u>Special Category</u>	<u>Rate 1st 10,000 Cubic ft. per Month</u>	<u>% Increase</u>
Existing	\$ 21.00	\$ 3.00	.1533	
Plus tax levy in mills of	1.855	1.855	1.855	
1972	50.13	6.80	.3659	139
<u>1973</u>	<u>61.14</u>	<u>8.88</u>	<u>.4463</u>	<u>191</u>
1974	69.06	10.15	.5041	228
1975	78.01	11.36	.5694	271
1976	82.12	12.61	.5994	290

These tables show that if rates are to be elevated to the 1973 level for the Municipality's own system, flat rates would be \$32.25 and \$5.00 and if the

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Greater Vancouver Sewerage & Drainage District costs are included they would be \$61.15 and \$9.00 and the metered rates would be increased by 53.5% or 191%, as the case may be.

Charges in Effect in Adjoining Municipalities

At this point, Council will be interested in how other municipalities charge for sewerage services.

Vancouver

No frontage taxes or user taxes. Charges \$300.00 for a connection. This may be financed over 5 years.

Coquitlam

A frontage tax of \$47.00 is charged all properties capable of being served by a sewer except that the charge will be \$18.00 if the sewer was installed by a developer.

Port Moody

A frontage tax of 20¢ per taxable front foot to a maximum of 300 feet is charged plus a user tax of \$30.00 per annum. No user tax is charged on property sewered by a developer. A duplex is charged a user tax of \$60.00 and apartments at the rate of \$25.00 each. There is a scale of charges applicable to various kinds of businesses.

New Westminster

Residences are assessed a user charge of \$50.00 per annum and apartments \$28.00 per suite, both payable quarterly.

Commercial rates in comparison with those currently charged by Burnaby and projection for Burnaby for the year 1973 are:

	New Westminster Commercial Maintenance Charge	Existing Burnaby Main- tenance & Capital Charge	Burnaby Revised to Include all Local Costs	Burnaby Revised to Include Local Costs & GVS& Costs
First				
2,100 cubic feet	\$ 12.50	\$ 5.25	\$ 8.05	\$ 15.28
75,000 cubic feet	377.00	97.02	148.92	282.32
150,000 cubic feet	639.50	168.87	259.21	491.41
300,000 cubic feet	939.50	295.32	453.31	859.38
500,000 cubic feet	1,139.50	463.92	712.12	1,350.00
Excess (over 300,000 cu.ft.)	@ 10¢	@ 8.43¢	@ 12.94¢	@ 24.53¢

The New Westminster rates came into effect in 1972.

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Effect of Rate Increase on Commercial Users

Attached is a schedule of the effect of rate increases on selected commercial users. In some cases, the small consumption can be accounted for because water is used in a product. In others, water is not charged for that is dumped into a storm sewer. In other words, rate increases on sewer charges affect different businesses differently.

Advantages and Disadvantages of Increasing Sanitary Sewer Parcel Taxes and Sewer User Rates

In 1960 it was with some reluctance that Mr. J. Everett Brown, at that time the Deputy Minister of Municipal Affairs, agreed to a sewer system for Burnaby that was not self-liquidating. A self-liquidating system is one in which the operating revenues pay all operating and debt costs. Operating revenues are parcel taxes and user rates. At the time, a certificate of self-liquidation issued by his Department permitted debentures to be issued carrying a Provincial Government guarantee on principal and interest. However, he agreed to it on consideration that as and when the Municipality became fully sewered, steps would be taken to bring the parcel taxes and the user charges in line with actual costs.

That time has come, but Mr. Brown is no longer in office. However, his successor, Mr. W.K. Smith, feels as Mr. Brown did, that there is no reason why the rates should not be increased at this time.

A certificate of self-liquidation for the sewer system has no meaning for Burnaby any more, for the reason that funding is through the Municipal Finance Authority.

The chief advantage to Burnaby of a change is the effect it will have on the mill rate. This is extensively gone into on pages 4, 5 and 6.

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RECOMMENDATIONS:

THAT parcel taxes be increased from \$21.00 to \$32.25 and \$3.00 to \$5.00 effective January 1, 1973; and

THAT metered rates be increased by 53.5% effective at the beginning of the next quarterly or monthly billing cycle for each account after the Lieutenant Governor in Council has approved of the bylaw amendment; and

THAT parcel taxes and metered rates be adjusted annually to reflect actual costs; and

THAT consideration be given at some future date to increasing flat rates and metered rates sufficient to include the costs of the Greater Vancouver Sewerage & Drainage District; and

THAT Mayor Prittie be requested to follow up on his representations to the Minister of Municipal Affairs regarding interpretation and possible amendment of the Municipal Treatment Plant Assistance Act.

THE CORPORATION OF THE DISTRICT OF BURNABY
Comparison of sewer rates - Burnaby and surrounding municipalities

		<u>Single family dwelling</u> \$	<u>Duplex</u> \$	<u>Condominium</u> \$	<u>Commercial</u> \$	<u>Meter rates</u> \$
Burnaby	1973	25.00 per year	25.00 per year	Metered	Metered	To 3,500 cu.ft. - no change 3,500 - 30,000 cu.ft. 17.48¢ per 100 cu.ft. 30,000 - 60,000 cu.ft. 13.98¢ per 100 cu.ft. 60,000 -150,000 cu.ft. 10.92¢ per 100 cu.ft. Over 150,000 cu.ft. 9.61¢ per 100 cu.ft.
	1974	28.00 per year	28.00 per year	Metered	Metered	To 3,500 cu.ft. - no change 3,500 - 30,000 cu.ft. 19.93¢ per 100 cu.ft. 30,000 - 60,000 cu.ft. 15.94¢ per 100 cu.ft. 60,000 -150,000 cu.ft. 12.45¢ per 100 cu.ft. Over 150,000 cu.ft. 10.96¢ per 100 cu.ft.
New Westminster	1973	50.00 per year	100.00 per year	28.00 per year	Metered	To 2,100 cu.ft. - flat 12.50 quarterly 2,100 - 75,000 cu.ft. .50¢ per 100 cu.ft. 75,000 -150,000 cu.ft. .35¢ per 100 cu.ft. 150,000 -300,000 cu.ft. .20¢ per 100 cu.ft. Over 300,000 cu.ft. .10¢ per 100 cu.ft.
	1974	No increases		(10 unit complex)		
Vancouver	1973	510.00 conn.fee No users' charge	510.00 conn.fee	Conn.fees: 610.00 - 4" 810.00 - 4" + 6"	Connection fees increase 200.00 for every 2" Over 15" fees are complicated: i.e. Pacific Centre, etc.	
	1974	No increases				
North Vancouver District	1973	Users 6.00 year + 35.00 year on all properties where sewer available - for 25 years	Same as single family dwelling unless 2 conn- ections, which is double single family dwelling	Metered	Metered	First 10,000 cu.ft. .10¢ per 100 cu.ft. Next 20,000 cu.ft. .08¢ per 100 cu.ft. Next 120,000 cu.ft. .06¢ per 100 cu.ft. Over 150,000 cu.ft. .04¢ per 100 cu.ft. Minimum annual charge - 5.00
		Westlynn - Homeowners pay users' charge only - installation by developers				
	1974	No increases				
West Vancouver	1973	Lateral - 2.5 mills on general assessment - 75% on improvements, 100% of land - charged to users only Trunks - 1.1 mills on general assessment - 100% of land - charged to all properties				
	1974	Mill rate according to budget - maximum 3 mills on lateral				

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THE CORPORATION OF THE DISTRICT OF BURNABY

Comparison of sewer rates - Burnaby and surrounding municipalities

		Single family dwelling \$	Duplex \$	Condominium \$	Commercial \$	Meter rates \$
Coquitlam	1973	Old homes: 47.00 per year Dev. installed: 18.00 + 23.50 billed to homes with suites	47.00 per year or 18.00 per year + 23.50 per year	47.00 per year or 18.00 per year	Flat rates per schedule	
	1974	No increases				
Richmond	1973	20.00 per year	40.00 per year	20.00 per year	Metered	To 3,500 cu.ft. - minimum 5.00 per quarter Over 3,500 cu.ft. - 15¢ per 100 cu.ft.
	1974	40.00 per year 100% increase	80.00 per year	40.00 per year	Metered	To 3,500 cu.ft. - minimum 100 per quarter Over 3,500 cu.ft. - 30¢ per 100 cu.ft.
North Van- couver City	1973	11.00 per year	22.00 per year	1st 3 units: 11.00 each/year Over 3: 9.00 each/year	Flat rates per schedule	
	1974	No increases				
Surrey	1973	22.00 per year	1st unit: 22.00 per yr. 2nd unit: 68.00 per yr.	22.00 per year	Flat rates per schedule	i.e. Apartments, 1st unit 22.00, each additional 68.00 Commercial blocks, 1st unit 68.00, each additional 138.00
	1974	Percentage of increase not yet established				
Delta	1973	24.00 per year	48.00 per year	24.00 per year	Flat rates per schedule	Minimum 24.00 per year
	1974	No increases				