

ITEM
MANAGER'S REPORT NO. 27
COUNCIL MEETING 89/09/05 55

RE: SANITARY SEWER UTILITY RATES FOR 1990

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER 1989 August 30
FROM: DIRECTOR FINANCE File: S19-3

SUBJECT: SANITARY SEWER UTILITY RATES FOR 1990

PURPOSE: To examine the revenues and expenditures of the
sanitary sewer system for 1990.

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RECOMMENDATIONS

1. THAT the sanitary sewer system rates for 1990 be
maintained at the 1989 level.

SUMMARY

We have reviewed the anticipated revenues and expenditures of the sanitary sewer utility for 1990, and concluded that the utility will be financially self-supporting in 1990 without an increase in rates. We propose to accomplish this by financing the 1990 capital expenditure from the Sanitary Sewer Sinking Fund Surplus now held as reserve. The rate for a single family home would remain at \$96.55. The operating surplus at the end of 1990 is projected to be approximately \$2.2 million.

The Director Engineering concurs with the recommendation contained in this report.

REPORT

This report projects the revenues and expenditures of the sanitary sewer system for 1990. Schedule A attached provides the estimates of expenditures and revenues for 1990 with no increase in rates. It also projects the operating surplus at year end.

It is Council's objective that the sanitary sewer system be financially self-sustaining. To this end, sewer charges are reviewed annually and rate increases are, where necessary, recommended to Council. Rates increased by 5.0% in 1989, 2.5% in each of 1988 and 1987. Schedule B attached shows the current sanitary sewer system rates.

The sanitary sewer system is financed through a parcel tax, flat rate charges, and metered rate charges. All properties in Burnaby pay sewer parcel tax. Residential and small commercial users of the system pay a flat annual rate. Large volume water users pay for sewer on a sliding scale related to the volume of water they use.

218

The major influences on sanitary sewer system costs are:

- Greater Vancouver Sewerage and Drainage District Levy - the 1990 levy is projected to be \$4,305,600, 6% above the 1989 levy.
- Sewer maintenance - maintenance costs are projected to be \$920,000, 6.5% above 1989 costs.
- Capital expenditures - capital expenditures are anticipated to be \$870,000 as reflected in the capital budget.
- Long term debt - payments on long term debt are anticipated to be \$750,000 in 1990, some 20% below 1989 payments due to repayment of debt.

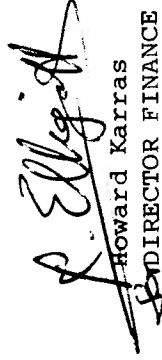
To keep the sewer system self-sustaining and maintain current 1989 user rates, it is planned to finance the total capital program of \$870,000 from the sanitary sewer sinking fund surplus, now held as reserve, and with private funds from new connections.

The balance of the sanitary sewer sinking fund surplus at the end of 1988 is \$2,381,000. The sinking fund surplus is the result of higher than anticipated interest rates on investments in the sinking funds. The surplus funds were returned to the municipality when the debt for which the sinking fund was created had been retired. Generally these funds can only be used for capital expenditures or debt retirement.

By financing the capital expenditures from the sinking fund surplus, now held as reserve, and maintaining the rates in 1990 at the 1989 level, the operating surplus is projected to increase from approximately \$2 million in 1989 to \$2.2 million by the end of 1990.

The operating surplus represents the accumulation of sanitary sewer system revenues in excess of expenditures over the years. Council policy established that the operating surplus shall be maintained at a minimum of \$1.5 million to absorb large fluctuations in capital spending, help moderate rate increases and provide for adequate working capital. Interest earnings on the operating reserve are not credited to the utility, but are taken into general municipal revenue to offset administrative costs absorbed by general revenues.

We will be reviewing the sliding scale for large sewer system users to determine if they are paying an equitable share of costs. It is expected that a report will be presented to Council in time to implement rate changes, if any, around mid 1990.


Howard Karras
DIRECTOR FINANCE

LP:ah
Attach.

cc. Director Administrative & Community Services
Director Engineering
Municipal Solicitor
Municipal Clerk



ENGINEERING - SANITARY SEWER

Schedule A

OPERATING COSTS

	1987	1988	1989	1990
	Actual	Actual	Annual	Estimate
	\$	\$	\$	\$
Expenditure				
Sewer maintenance	647,940	703,198	864,152	920,000
Long term debt	1,122,201	1,044,828	945,158	750,000
Contribution to capital	632,152	705,823	650,759	nll (1)
Greater Vancouver Sewer and Drainage				
District Levy	3,722,106	3,934,759	4,059,856	4,305,600
Revenues/Transfers				
Parcel tax	2,806,767	2,891,361	3,036,000	3,036,000
User charges - flat	1,358,316	1,418,038	1,489,000	1,503,890
- metered	1,468,536	1,557,957	1,635,800	1,652,158
Sewerage Facilities Assistance Grant	498,744	313,997	nll	nll
Prior year's surplus	(7,964)	207,255	359,125	(216,448)
Operating surplus - year end	6,124,399	6,388,608	6,519,925	5,975,600
Rate Increase	2.5%	2.5%	5.0%	0%

Note (1) Capital program of \$870,000 to be financed by Sanitary Sewer Sinking Fund Surplus, now held as reserve, and private funds.

1989 August 21
Finance
File: S19-3

612

ITEM
MANAGER'S REPORT NO. 27
COUNCIL MEETING 89/09/05 55

ENGINEERING - SANITARY SEWER SYSTEM
SCHEDULE B

Effective Jan. 01 1989	RATE STRUCTURE								Sewer parcel Every owner of every real parcel capable of being drained - municipal installed - subdivider installed Sewer use
	1980	1981	1982	1983	1984 Through 1985	1986	1987	1988	
48.30	28.90	31.80	37.85	41.65	41.65	43.75	44.85	46.00	- subdivider installed
96.55	57.75	63.50	75.70	83.30	83.30	87.50	89.70	91.95	- municipal installed
52.20	31.20	34.30	40.90	45.00	45.00	47.25	48.45	49.70	- owner of any - strata lot (not being part of a duplex)
52.20	31.20	34.30	40.90	45.00	45.00	47.25	48.45	49.70	- owner of any - multiple family dwelling (except a duplex) each unit - owner of an apartment unit forming part of a duplex
24.20	14.45	15.90	18.95	20.85	20.85	21.90	22.45	23.05	part of a duplex
-	-	-	-	-	-	-	-	-	Monthly:
0.214	0.128	0.140	0.166	0.184	0.184	0.193	0.198	0.203	First 38 cubic meters
0.175	0.104	0.114	0.136	0.150	0.150	0.158	0.162	0.166	Next 250 cubic meters
0.137	0.082	0.090	0.107	0.118	0.118	0.124	0.127	0.130	Next 300 cubic meters
0.117	0.070	0.076	0.091	0.100	0.100	0.105	0.108	0.111	Next 850 cubic meters
-	-	-	-	-	-	-	-	-	Excess
0.214	0.128	0.140	0.167	0.184	0.184	0.193	0.198	0.203	First 114 cubic meters
0.175	0.104	0.114	0.136	0.150	0.150	0.158	0.162	0.166	Next 750 cubic meters
0.137	0.082	0.090	0.107	0.118	0.118	0.124	0.127	0.130	Next 900 cubic meters
0.117	0.070	0.076	0.091	0.100	0.100	0.105	0.108	0.111	Next 2,550 cubic meters
-	-	-	-	-	-	-	-	-	Excess
5%	10%	10%	19.2%	10%	10%	5%	2.5%	2.5%	Rate increase
5%	10%	10%	19.2%	10%	10%	5%	2.5%	2.5%	

ITEM	27
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