



TO: MUNICIPAL MANAGER 1990 December 13
FROM: DIRECTOR FINANCE File: S19-3

SUBJECT: SANITARY SEWER UTILITY RATES FOR 1991

PURPOSE: To obtain approval for 1991 sanitary sewer rates.

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RECOMMENDATION:

1. THAT the following bylaws be amended to provide for the fees outlined in Schedule A attached:

- a) Burnaby Sewerage System Parcel Tax Bylaw No. 6232
- b) Burnaby Sewer Charge Bylaw No. 4231.

SUMMARY

This is the annual sanitary sewer utility report which reviews revenues and expenditures and proposes rates for 1991.

This report proposes:

- a general rate increase of 10% for all sanitary sewer users.

The rate increase is required to:

- offset the increases in the cost of capital improvements proposed by the Greater Vancouver Sewerage and Drainage District (GVS&DD); and
- provide more funds for sewer maintenance.

If approved, the annual sanitary sewer rate for a single family home would increase by \$9.65 from the present \$96.55 to \$106.20. Schedule A shows the current and proposed sanitary sewer rates for flat and metered users. The proposed rate increase will ensure that the sanitary sewer utility continues to be financially self-supporting.

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

REPORT

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

It is Council's objective that the sanitary sewer system be financially self-sustaining. This is accomplished on a user pay basis. Sewer charges are reviewed annually and rate increases are, where necessary, recommended to Council. Rates were increased by 2.5% in 1987 and 1988 and by 5% in 1989. In 1990, the rates were maintained at the 1989 level.

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This report proposes a 10% rate increase in all sewer charges for 1991. The general rate increase is required to offset anticipated increases in expenditures. The reasons for the increase are:

1. Projected increases in the Greater Vancouver Sewerage and Drainage District Levy. The levy finances capital improvements to the regional sewer system. A 17% increase is proposed for 1991 which will increase the cost to Burnaby from \$4.4 million to \$5.1 million. In addition, the GVRD has prepared a Five Year Plan which projects cost increases of 194% over the next five years. These secondary sewage treatment meet new provincial standards for secondary sewage treatment facilities. Table 1 attached summarizes the projected costs of the GVS&DD levy to Burnaby as outlined in the GVRD Five Year Plan.
2. The growing cost of maintaining the sanitary sewer mains. Sewer maintenance costs are projected to increase by 6.5% for 1991. It is anticipated that costs will continue to increase as the infrastructure ages.

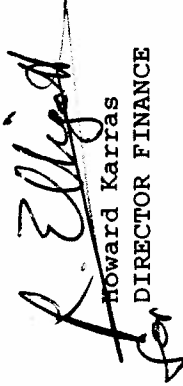
Expenditures and revenues for 1991 are summarized in Schedule B attached.

The 10% increase is inadequate to maintain the sanitary sewer utility as financially self-sustaining. It is planned to finance the majority of the 1991 capital program of \$870,000 from the Combined Storm and Sanitary Sewer Sinking Fund Surplus, now held as reserve, and with private funds from new connections. The remainder will be funded through the rate increase and the Sanitary Sewer Operating Reserve. The operating surplus is projected to decrease from \$2.0 million to \$1.7 million by the end of 1991.

The tax bill for a single family home would increase by \$9.65 in 1991. This equates to a 1.4% increase on the median home at the 1990 rate. Burnaby currently has one of the higher sewer rates in the region.

Once approved by Council, a general notice informing all users of the rate increase will be placed in a local newspaper. All metered users will be notified by letter of the increase.

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


 for
 HOWARD KARIAS
 DIRECTOR FINANCE

PS:aj
 Attach.

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

ENGINEERING - SANITARY SEWER SYSTEM

RATE STRUCTURE

Every owner of every real parcel capable of being drained - municipal installed - subdivider installed	1984 Through										
	1980	1981	1982	1983	1985	1986	1987	1988	1989	1990	1991
57.75	63.50	75.70	83.30	83.30	83.30	87.50	89.70	91.95	96.55	96.55	106.20
28.90	31.80	37.85	41.65	41.65	43.75	44.85	46.00	48.30	48.30	51.10	
31.20	34.30	40.90	45.00	45.00	47.25	48.45	49.70	52.20	52.20	57.40	57.40
31.20	34.30	40.90	45.00	45.00	47.25	48.45	49.70	52.20	52.20	57.40	57.40
- owner of any - strata lot (not being part of a duplex)											
- owner of any - multiple family dwelling (except a duplex) each unit											
- owner of an apartment unit forming part of a duplex	14.45	15.90	18.95	20.85	20.85	21.90	22.45	23.05	24.20	24.20	26.60
Sewer Use											
Monthly: (metered rates)											
First 38 cubic meters	0.128	0.140	0.166	0.184	0.184	0.193	0.198	0.203	0.214	0.214	0.235
Next 250 cubic meters	0.104	0.114	0.136	0.150	0.150	0.158	0.162	0.166	0.175	0.175	0.193
Next 300 cubic meters	0.104	0.114	0.136	0.150	0.150	0.158	0.162	0.166	0.175	0.175	0.193
Next 850 cubic meters	0.082	0.090	0.107	0.118	0.118	0.124	0.127	0.130	0.137	0.137	0.151
Excess	0.070	0.076	0.091	0.100	0.100	0.105	0.108	0.111	0.117	0.117	0.129
Quarterly:											
First 114 cubic meters	0.128	0.140	0.167	0.184	0.184	0.193	0.198	0.203	0.214	0.214	0.235
Next 750 cubic meters	0.104	0.114	0.136	0.150	0.150	0.158	0.162	0.166	0.175	0.175	0.193
Next 900 cubic meters	0.104	0.114	0.136	0.150	0.150	0.158	0.162	0.166	0.175	0.175	0.193
Next 2,550 cubic meters	0.082	0.090	0.107	0.118	0.118	0.124	0.127	0.130	0.137	0.137	0.151
Excess	0.070	0.076	0.091	0.100	0.100	0.105	0.108	0.111	0.117	0.117	0.129
Rate Increase	10%	10%	19.2%	10%	5%	2.5%	2.5%	5%	-	10%	

Effective Jan. 01 1991

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SCHEDULE A

ENGINEERING - SANITARY SEWER

OPERATING COSTS

	1987	1988	1989	1990	1991
	Actual	Actual	Actual	Annual	Estimate
	\$	\$	\$	\$	\$
Expenditure					
Sewer maintenance	647,940	703,198	767,548	939,656	1,012,320
Long term debt	1,122,201	1,044,828	900,562	746,208	665,873
Contribution to capital	632,152	705,823	650,759	328,745	358,000 *
Greater Vancouver Sewer and Drainage District Levy	3,722,106	3,934,759	4,059,856	4,389,542	5,137,819
Contingency	79,095	(15,242)	307,343	130,000	130,000
Surplus	6,283,494	6,373,366	6,686,068	6,534,151	7,304,012
Revenues/Transfers					
Parcel tax	2,806,767	2,891,361	3,064,154	3,074,150	3,473,790
User charges - flat	1,358,316	1,418,038	1,546,878	1,536,150	1,766,360
- metered	1,468,536	1,557,957	1,619,627	1,619,700	1,830,261
Sewerage Facilities Assistance Grant	498,744	313,997	23,653		
Prior year's surplus (draw/contribution)	71,131	97,013	441,756	277,151	233,602
Operating surplus - year end	2,588,483	2,381,228	2,246,818	1,969,667	1,736,065
Rate increase	2.5%	2.5%	5.0%	0%	10%
NOTE: Proposed 1991 capital program of \$870,000 to be funded by:					
Sewer utility revenues	\$124,398)				
Sanitary Sewer Operating Surplus	\$233,602)				
Combined storm and sanitary sewer sinking fund surplus	\$390,000				
Private funds	\$122,000				
1990 December 12 Finance					
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\$358,000 *

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TABLE 1

G.V.S.&D.D. Sanitary Sewer Charges

<u>Year</u>	<u>GVS&DD Levy</u> \$	<u>Increase from Previous Year</u> \$	<u>%</u>
1986	3,775,117	292,690	8.4
1987	3,722,106	-53,011	-1.4
1988	3,934,759	212,653	5.7
1989	4,059,856	125,097	3.2
1990	4,389,542	329,686	8.1
1991 *	5,137,819	748,277	17.0
1992 *	5,854,545	716,726	14.0
1993 *	7,527,188	1,672,643	28.6
1994 *	9,439,094	1,911,906	25.4
1995 *	12,904,185	3,465,091	36.7
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1986-1990 increase	19,881,380	907,115	26.0
1991-1995 increase	40,862,831	8,514,643	194.0
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* 1991-1995 projected charges are based on the GVRD 1990 1994 Five Year Plan.

