

ITEM	12
MANAGER'S REPORT NO.	72
COUNCIL MEETING	92/11/23

TO: CITY MANAGER

1992 NOVEMBER 18

FROM: DIRECTOR FINANCE

File: W5-4

SUBJECT: WATERWORKS UTILITY RATES FOR 1993

PURPOSE: To obtain Council approval for 1993 water rates.

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RECOMMENDATION:

1. THAT Burnaby Waterworks Regulation bylaw, No. 3325, be amended to provide for the water rates contained in Schedule A, effective 1993 January 01.

SUMMARY

This is the annual waterworks utility report which reviews revenues and expenditures of the waterworks utility and proposes water rates for 1993.

This report proposes:

- a general rate increase of 20%, and
 - to continue phasing out the high volume discount for metered water users by removing the last incremental discount on the sliding scale.
- The general rate increase is required to:
- offset the increase in the cost of water proposed by the Greater Vancouver Regional District; and
 - meet minor cost increases in maintaining and replacing existing city water systems.

The Greater Vancouver Regional District has proposed a rate of 8.85 cents per cubic meter in their 1993 provisional budget. This is a 13.5% increase over the 1992 rate which will result in a \$483,000 increase in water costs to Burnaby in 1993.

If approved, the annual water rate for a single family home in 1992 would increase by \$18.50, from \$92.50 to \$111.00.

Removal of the last increment continues the phased removal of the discount to large volume users approved by Council in 1989, and is expected to increase water rates for approximately 200 of Burnaby's largest metered users by 1% to 15%, depending on the volume of water used. In addition, the proposed general rate increase of 20% would apply to all metered water users.

Schedule A attached shows the current and proposed water rates for flat and metered water users. The proposed rate adjustments would ensure that the water utility continues to be financially self supporting.

The Director Engineering concurs with the recommendation in this report.

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REPORT

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1. INTRODUCTION

Water rates are reviewed and adjusted annually to reflect changes in revenues and expenditures and to ensure that the waterworks utility continues to be financially self supporting.

Two approaches are used to set water charges in Burnaby. Residential and small commercial users are not metered due to the high cost of meter reading, installation and maintenance, and are charged a flat annual rate for water. The 1992 rate for a single family home is \$92.50. This charge is levied as part of the property tax bill and is due at the beginning of July each year. Large volume water users are metered and charged for each cubic meter of water used on a sliding scale. The sliding scale provides a high volume discount rate to Burnaby's larger volume water users. Schedule A attached shows the current water rates for Burnaby.

2. PHASING OUT THE METERED SLIDING SCALE DISCOUNT

A review of the metered water sliding rate scale was completed in 1989 and showed that large industrial and institutional water users are paying less than their share of water costs. For 1990, Council decided to begin phasing out this high volume discount and removed the fifth increment on the scale. This policy continued in 1991 with the removal of the fourth increment, and in 1992 with the reduction of the third increment by half. Consistent with this position, it is proposed that the third increment be removed in 1993.

The removal of the last incremental discount will affect only those metered water users who consume over 850 cubic meters of water per month. Burnaby has in excess of 2,100 metered water users. Based on 1991 consumption figures, this would affect approximately 200 of Burnaby's largest water users, increasing individual water charges from 1% to 15%, depending on the volume of water used. Schedule B attached lists the largest volume consumers and shows the affects of the proposed rate change.

The removal of the last increment will generate approximately \$285,000 in water revenue in 1993. This estimated revenue, along with revenue generated from the general rate increase of 20%, will be sufficient to keep the water utility self sustaining.

3. PROJECTED REVENUES AND EXPENDITURES FOR 1993

It is Council's objective that the waterworks utility be financially self supporting. Revenues and expenditures are reviewed and water rates adjusted annually. There was a 20% increase in rates in 1992, 25% increase in 1991, 5% increase in 1990, and 10% increases in 1989 and 1988.

A general rate increase of 20% is proposed for 1993. Schedule C attached provides the estimates of expenditures and revenues for 1993, with the proposed rate increase and the last incremental discount removed.

The rate increases are required to offset anticipated increases in expenditures in 1993. The two primary reasons for the increase are the projected cost of water from the G.V.R.D. and the need to provide sufficient funds to maintain and replace Burnaby's aging water mains.

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a) G.V.R.D. LONG RANGE PLAN

Water is supplied to Burnaby and other communities in the G.V.R.D. by the Greater Vancouver Water District (G.V.W.D.). Burnaby pays for this water on the basis of volume (cubic meters) used. The G.V.W.D. projects that the unit cost of water to Burnaby will increase by 13.5%. Currently the G.V.W.D. supplies water to Burnaby at 7.80 cents per cubic meter. This is projected to increase to 8.85 cents per cubic meter in 1993.

In addition to the 1993 increase, the G.V.R.D. estimates a 101% increase in the cost of water over the next five years. Schedule D attached summarizes the projected increases in the cost of water to Burnaby.

The increases are required by the G.V.W.D. in order to bring the regional system up to the emerging Federal and Provincial water quality standards.

b) OPERATION AND MAINTENANCE OF EXISTING WATER MAINS

Taking into consideration cost escalation of materials, supply contracts and labour for 1993, the maintenance and replacement costs for the existing city water system are projected to increase by 1.8% in 1993. This is required to gradually replace and upgrade the existing aging infrastructure and to provide consumers with more reliable and efficient water delivery.

The \$125,000 annual water charge to the Fire Department was eliminated in 1992. In 1993 the charge will continue to be absorbed by the utility as it is for other civic departments.

The proposed rate would increase the tax bill for single family homes by \$18.50 in 1993.

4. COMPARISON WITH OTHER G.V.R.D. MUNICIPALITIES

Burnaby's flat water rates are currently among the lowest in the region (see Schedule E attached). With the 1993 proposed 20% rate increase, Burnaby's rate would remain at the average 1992 regional rates.

With the 20% rate increase and the removal of the last increment from the sliding scale, Burnaby's 1993 metered rates will be above the 1992 regional average. Schedule F attached outlines the metered rates for other communities in the region and Schedule G attached compares metered water costs for given quantities of water.

5. PUBLIC NOTICE

Once approved by Council, we would notify all metered water users of the adjustment of the metered water rate schedule, effective 1993 January 01. In addition, a general notice will be placed in local newspapers to ensure all taxpayers are informed of the rate increase.

6. DIRECTOR ENGINEERING CONCURRENCE

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



Rick Earle
DIRECTOR FINANCE

DE:vm
Attach.

cc Director Administrative and Community Services
Director Engineering
City Solicitor
City Clerk

ENGINEERING - WATERWORKS

WATER RATES

Year	Flat Rates	Metered Rates	Connection fee 19mm and less	Rate increase
1988	<p>Detached single family 53.35</p> <p>Single family within duplex 40.05</p> <p>Single family within multiple 30.50</p> <p>Commercial not more than 3 stores/offices 106.70</p> <p>Commercial and living quarters, 1 family 53.35</p> <p>Commercial and no living quarters 53.35</p>	<p>First 300 cubic meters 0.162</p> <p>Next 550 cubic meters 0.116</p> <p>Next 1,400 cubic meters 0.090</p> <p>Next 12,000 cubic meters 0.076</p> <p>Over 14,250 cubic meters 0.069</p> <p>Minimum monthly 4.48</p>	<p>First 900 cubic meters 0.162</p> <p>Next 1,650 cubic meters 0.116</p> <p>Next 4,200 cubic meters 0.090</p> <p>Next 36,000 cubic meters 0.076</p> <p>Over 42,750 cubic meters 0.069</p> <p>Minimum quarterly 13.44</p>	10%
1989	<p>Detached single family 58.70</p> <p>Single family within duplex 44.05</p> <p>Single family within multiple 33.55</p> <p>Commercial not more than 3 stores/offices 117.40</p> <p>Commercial and living quarters, 1 family 58.70</p> <p>Commercial and no living quarters 58.70</p>	<p>First 300 cubic meters 0.179</p> <p>Next 550 cubic meters 0.128</p> <p>Next 1,400 cubic meters 0.099</p> <p>Next 12,000 cubic meters 0.084</p> <p>Over 14,250 cubic meters 0.076</p> <p>Minimum monthly 4.95</p>	<p>First 900 cubic meters 0.179</p> <p>Next 1,650 cubic meters 0.128</p> <p>Next 4,200 cubic meters 0.099</p> <p>Next 36,000 cubic meters 0.084</p> <p>Over 42,750 cubic meters 0.076</p> <p>Minimum quarterly 14.85</p>	10%
1990	<p>Detached single family 61.65</p> <p>Single family within duplex 46.25</p> <p>Single family within multiple 35.25</p> <p>Commercial not more than 3 stores/offices 123.30</p> <p>Commercial and living quarters, 1 family 61.65</p> <p>Commercial and no living quarters 61.65</p>	<p>First 300 cubic meters 0.188</p> <p>Next 550 cubic meters 0.134</p> <p>Next 1,400 cubic meters 0.104</p> <p>Next 12,000 cubic meters 0.088</p> <p>Over 14,250 cubic meters 0.088</p> <p>Minimum monthly 5.20</p>	<p>First 900 cubic meters 0.188</p> <p>Next 1,650 cubic meters 0.134</p> <p>Next 4,200 cubic meters 0.104</p> <p>Next 36,000 cubic meters 0.088</p> <p>Over 42,750 cubic meters 0.088</p> <p>Minimum quarterly 15.60</p>	5%
1991	<p>Detached single family 77.00</p> <p>Single family within duplex 57.80</p> <p>Single family within multiple 44.00</p> <p>Commercial not more than 3 stores/offices 154.15</p> <p>Commercial and living quarters, 1 family 77.00</p> <p>Commercial and no living quarters 77.00</p>	<p>First 300 cubic meters 0.235</p> <p>Next 550 cubic meters 0.168</p> <p>Next 1,400 cubic meters 0.130</p> <p>Next 12,000 cubic meters 0.130</p> <p>Over 14,250 cubic meters 0.130</p> <p>Minimum monthly 6.50</p>	<p>First 900 cubic meters 0.235</p> <p>Next 1,650 cubic meters 0.168</p> <p>Next 4,200 cubic meters 0.130</p> <p>Next 36,000 cubic meters 0.130</p> <p>Over 42,750 cubic meters 0.130</p> <p>Minimum quarterly 19.50</p>	25%
1992	<p>Detached single family 92.50</p> <p>Single family within duplex 69.40</p> <p>Single family within multiple 52.80</p> <p>Commercial not more than 3 stores/offices 185.00</p> <p>Commercial and living quarters, 1 family 92.50</p> <p>Commercial and no living quarters 92.50</p>	<p>First 300 cubic meters 0.282</p> <p>Next 550 cubic meters 0.202</p> <p>Next 1,400 cubic meters 0.179</p> <p>Next 12,000 cubic meters 0.179</p> <p>Over 14,250 cubic meters 0.179</p> <p>Minimum monthly 7.80</p>	<p>First 900 cubic meters 0.282</p> <p>Next 1,650 cubic meters 0.202</p> <p>Next 4,200 cubic meters 0.179</p> <p>Next 36,000 cubic meters 0.179</p> <p>Over 42,750 cubic meters 0.179</p> <p>Minimum quarterly 23.40</p>	20%
Proposed 1993	<p>Detached single family 111.00</p> <p>Single family within duplex 83.50</p> <p>Single family within multiple 63.50</p> <p>Commercial not more than 3 stores/offices 222.00</p> <p>Commercial and living quarters, 1 family 111.00</p> <p>Commercial and no living quarters 111.00</p>	<p>First 300 cubic meters 0.338</p> <p>Next 550 cubic meters 0.242</p> <p>Next 1,400 cubic meters 0.242</p> <p>Next 12,000 cubic meters 0.242</p> <p>Over 14,250 cubic meters 0.242</p> <p>Minimum monthly 9.50</p>	<p>First 900 cubic meters 0.338</p> <p>Next 1,650 cubic meters 0.242</p> <p>Next 4,200 cubic meters 0.242</p> <p>Next 36,000 cubic meters 0.242</p> <p>Over 42,750 cubic meters 0.242</p> <p>Minimum quarterly 28.50</p>	20%

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Schedule A

**ESTIMATED ANNUAL IMPACT OF PROPOSED 1993 WATER RATES
FOR BURNABY'S LARGEST METERED WATER USERS**

CUSTOMER NAME	Total Water Consumption 1991 (cubic meters)	Estimated Annual Water Charge 1992	Impact of Removing Last Increment Increase \$	Impact of Removing Last Increment Increase %	Impact of 20% rate increase \$	Combined Impact of Proposed Rates Increase \$	Combined Impact of Proposed Rates Increase %
SHELL CANADA	1,730,684	309,968	47,901	15	61,994	109,895	35
CHEVRON CANADA LTD.	1,534,650	274,918	42,443	15	54,984	97,427	35
SIMON FRASER UNIVERSITY	952,214	170,779	26,227	15	34,156	60,383	35
FRASER VALLEY MILK PRODUCERS ASSOC.	806,857	144,789	22,180	15	28,958	51,138	35
PAPERBOARD INDUSTRIES CORP.	750,900	134,784	20,622	15	26,957	47,579	35
MONTENAY INC.	473,695	85,221	12,905	15	17,044	29,949	35
CHEVRON CANADA LTD.	453,784	81,661	12,350	15	16,332	28,682	35
WEISER INC.	305,428	55,135	8,220	15	11,027	19,247	35
DAIRY LAND	304,439	54,958	8,192	15	10,992	19,184	35
FOREMOST FOODS LTD.	268,978	48,618	7,205	15	9,724	16,928	35
ROYAL CITY FOODS LTD.	263,789	47,690	7,060	15	9,538	16,598	35
MCDONALDS CONSOLIDATED LTD.	216,301	39,199	5,738	15	7,840	13,578	35
CAMBRIDGE WESTERN LEASEHOLDS LTD.	202,359	36,706	5,350	15	7,341	12,691	35
NABOB FOODS LTD.	199,035	36,112	5,258	15	7,222	12,480	35
BURNABY HOSPITAL	184,989	33,600	4,866	14	6,720	11,587	34
B. C. I. T.	135,852	24,815	3,498	14	4,963	8,461	34
TRILEA CENTRES INC.	133,215	24,343	3,425	14	4,869	8,294	34
MANUFACTURERS LIFE ASSURANCE CO. LTD.	132,609	24,235	3,408	14	4,847	8,255	34
B. C. TELEPHONE CO.	124,503	22,786	3,182	14	4,557	7,740	34
FOREST LAWN DEVELOPMENT LTD.	124,400	22,659	3,251	14	4,532	7,783	34
SHERATON VILLA INN	120,465	22,064	3,070	14	4,413	7,483	34
LUCERNE FOODS LTD. MILK PROCESSING	114,344	20,969	2,900	14	4,194	7,093	34
CENTRAL WESTERN HOLDINGS LTD.	110,882	20,350	2,803	14	4,070	6,873	34
CIRCUIT GRAPHICS LTD.	88,830	16,407	2,189	13	3,281	5,471	33
OCEAN VIEW DEVELOPMENT CO.	83,287	15,338	2,092	13	3,068	5,159	33
CYNCO HOLDINGS ROBCO ENT. LTD.	82,560	15,286	2,015	13	3,057	5,072	33

NOTE: An additional 175 moderate volume users will be affected by the removal of the last increment

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ENGINEERING – WATERWORKS

OPERATING BUDGET

EXPENDITURE	1988	1989	1990	1991	1992	1993
	Actual	Actual	Actual	Actual	Annual	Provisional
Cost of water	1,643,145	1,813,198	2,016,981	2,211,684	3,472,805	3,628,500
Transmission, distribution and pumping	1,590,032	1,713,452	1,840,083	1,939,023	2,127,215	2,374,436
Long term debt	266,790	232,200	229,356	150,333	246,865	259,107
Contribution to capital	1,462,626	1,328,415	752,465	2,219,149	2,248,000	2,293,000
Contingency	(76,367)	91,842	488,793	535,556	77,425	750,828
Surplus generated						
TOTAL	4,886,226	5,179,107	5,327,678	7,055,745	8,302,310	9,435,871
REVENUES/TRANSFERS						
Fee increase – flat rates						906,920
Fee increase – metered rates						845,439
Flat rates	2,500,091	2,782,553	2,954,932	3,731,799	4,671,800	4,579,946
Metered rates	1,485,458	1,657,859	1,877,449	2,398,685	3,358,120	2,825,980
Connection fees	329,885	354,855	245,905	267,291	272,390	277,586
Water charge to fire department	125,000	125,000	125,000	125,000	0	0
Draw on previous year's surplus	445,792	258,840	124,392	532,970	0	0
TOTAL	4,886,226	5,179,107	5,327,678	7,055,745	8,302,310	9,435,871
Operating surplus – year end	1,247,473	1,080,475	1,444,876	1,447,462	1,524,887	1,860,775

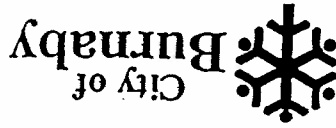
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Schedule C

Draft
1993
Provisional
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COST OF WATER SUPPLIED TO BURNABY BY THE GREATER VANCOUVER WATER DISTRICT

Year	\$	\$	Total volume (4) purchased cubic meters	\$	%
	Increase from previous year	Annual cost to Burnaby		Increase from previous year	
1988	0.0409	352,578	40,174,694	1,643,145	27.3
1989	0.0445		40,746,022	1,813,198	10.3
1990	0.0485		41,587,237	2,016,981	11.2
1991	0.0552		40,066,739	2,211,684	9.7
1992	0.0780 (1)		40,317,000	3,144,726	42.2
1993	0.0885 (2)		41,000,000	3,628,500	15.4
1994			42,230,000	4,133,741	13.9
1995			43,496,900	4,724,357	14.3
1996			44,801,807	5,226,538	10.6
1997			46,145,861	6,311,495	20.8
Increase 1988 - 1992	0.0407	1,854,159	202,891,693	10,829,734	143.7
Projected increase 1993-1997	0.0615	3,166,769	217,674,569	24,024,631	100.7

COST PER CUBIC METER

NOTES: (1) Estimated unit cost from the 1992 annual operating budget.
 (2) G.V.R.D.'s estimated unit cost for 1993.
 (3) Estimated unit cost from the G.V.R.D. Long Range Plan, 1991-1997.
 (4) Total volume of water purchased by Burnaby from the Greater Vancouver Water District.
 1988 to 1991 are actual volumes, 1992 is estimated, and 1993 to 1997 are projected.

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Schedule D



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Schedule E

1992 FLAT WATER RATES IN G.V.R.D. MUNICIPALITIES

City of New Westminster	87.00
District of Coquitlam	92.00
City of Port Moody	92.00
District of Burnaby	92.50
Corporation of Delta	99.00
City of North Vancouver	100.00
District of Surrey	105.00
City of Richmond	120.00
City of Vancouver	135.00
District of North Vancouver	140.50
District of West Vancouver	152.00
Average	110.45
Median	100.00
Proposed 1993 Burnaby rate	111.00

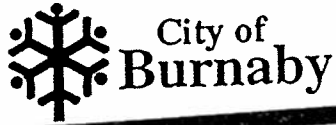
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COMPARISON OF 1992 METERED WATER RATES FOR G.V.R.D. MUNICIPALITIES
ADJUSTED TO CONFORM WITH BURNABY'S MONTHLY SLIDING RATE SCHEDULE

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Charge per cubic meter at each increment

Municipality	Minimum monthly charge	Charge per cubic meter at each increment				
		First 300	Next 550	Next 1,400	Next 12,000	Over 14,250
New Westminster	\$6.43	\$0.227	\$0.162	\$0.113	\$0.097	\$0.097
Burnaby	7.80	0.282	0.202	0.179	0.179	0.179
Port Moody	23.00	0.230	0.212	0.189	0.173	0.161
Delta	8.33	0.275	0.222	0.171	0.170	0.170
North Vancouver City	9.17 (1)	0.272	0.216	0.161	0.114	0.113
Vancouver	14.35 (1)	0.280	0.223	0.195	0.188	0.188
Surrey	14.25 (1)	0.386	0.183	0.144	0.134	0.134
North Vancouver District	13.05	0.238	0.238	0.238	0.238	0.238
Richmond	11.11	0.377	0.294	0.236	0.199	0.183
Coquitlam	10.33	0.284	0.230	0.230	0.225	0.212
West Vancouver	15.18 (1)	0.493	0.460	0.460	0.460	0.460
Median	11.11	0.280	0.222	0.189	0.179	0.179
Average	12.09	0.304	0.240	0.211	0.198	0.194
Burnaby – proposed 1993 rates	9.50	0.338	0.242	0.242	0.242	0.242



CHARGE FOR GIVEN QUANTITIES OF WATER IN G.V.R.D. MUNICIPALITIES – 1992

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Monthly dollar charge for given cubic meters

Municipality	300	850	2,250	14,250	28,500
New Westminster	\$68	\$157	\$315	\$1,479	\$2,862
Burnaby	85	196	446	2,594	5,145
Port Moody	69	186	450	2,526	4,820
Delta	83	205	444	2,484	4,907
North Vancouver City	82	200	426	1,794	3,404
Vancouver	84	207	480	2,736	5,415
Surrey	116	216	418	2,026	3,936
North Vancouver District	71	202	536	3,392	6,783
Richmond	113	275	605	2,993	5,601
Coquitlam	85	212	534	3,234	6,255
West Vancouver	148	401	1,045	6,565	13,120
Median	84	205	450	2,594	5,145
Average	91	223	518	2,893	5,659
Burnaby – 1993	101	235	573	3,477	6,926