

ITEM	05
MANAGER'S REPORT #	55
COUNCIL MEETING	95/11/27

TO: CITY MANAGER  
 FROM: DIRECTOR FINANCE  
 SUBJECT: WATERWORKS UTILITY RATES FOR 1996  
 PURPOSE: To obtain Council approval for 1996 water rates.

1995 NOVEMBER 22  
 File: W5-4

**RECOMMENDATION**

1. THAT Burnaby Waterworks Regulation Bylaw 3325, be amended to provide for the water rates contained in Schedule A, effective 1996 January 01.

**SUMMARY**

This is the annual waterworks utility report that reviews revenues and expenditures of the utility and proposes water rates for 1996.

This report proposes a general rate increase of 10% for flat and metered water rates. The general rate increase is required to offset the increase in the cost of water proposed by the Greater Vancouver Regional District and, to a lesser degree, the increase in City maintenance costs for 1996. The proposed rate adjustments will ensure that the water utility continues to be financially self sustaining.

Utility charges are collected separately from property taxes and will be due 1996 March 15. To promote payment by the due date, Burnaby charges a discounted rate for payment on or before 1996 March 15. The discounted rate is 5% lower than the rate charged for payment after 1996 March 15.

The Director Engineering concurs with the recommendation in this report.

**REPORT**

1. **INTRODUCTION**

Staff review water rates annually to reflect changes in revenues and expenditures and to ensure that the waterworks utility continues to be financially self supporting.

Residential users are charged a flat annual rate for water. The 1995 rate for a single family home is \$122.00 if paid by the due date. This charge is levied separately from property taxes and is due on March 15 each year.

Large volume water users are metered and charged on an incremental scale for each cubic meter of water used. The scale provides a high volume discount rate to Burnaby's larger volume water users. Schedule A *attached* shows the current water rates for Burnaby and Schedule B *attached* lists the largest volume consumers and shows the effect of the proposed 10% rate increase.

## 2. PROJECTED REVENUES AND EXPENDITURES FOR 1996

Water rate increases are necessary mainly to provide for the GVRD's Drinking Water Quality Improvement Plan, which involves construction of new facilities to meet Federal and Provincial water quality standards. The total cost of building the new facilities will be approximately \$1 billion including staged construction of filtration plants for the Seymour and Capilano systems and secondary disinfection stations at GVRD distribution stations around the region.

Other factors which cause water rate increases include inflation, new debt charges for capital projects, watershed studies and loss of Provincial revenue sharing grants. The GVRD's proposed rate per cubic meter is subject to review by the GVRD Board. The review may result in a change in the total cost of water to Burnaby from the current projection.

The GVRD supplies water to Burnaby and other communities in the region. Burnaby pays for this water on the basis of volume (cubic meters) used. Currently the GVRD supplies water to Burnaby at 11.49 cents per cubic meter. The projected increase for 1996 is 12.9%, from 11.49 to 12.97 cents per cubic meter.

In addition to the 1996 increase, the GVRD estimates an increase of 151% in the cost of water to Burnaby over the next five years. The long term increases are necessary to finance the phased construction of the new filtration facilities which are due for completion in 2025. Schedule D *attached* summarizes the projected increase in the cost of water to Burnaby.

To offset the increase in the cost of water, a 10% general increase is proposed for Burnaby's water rates in 1996. Schedule C *attached* provides the estimates of expenditures and revenues for 1996 with the proposed rates. The increase in revenue from the general rate increase would offset the increase in the cost of water from the GVRD next year and anticipated increases in the cost of purchasing water in the future.

It is Council's objective that the waterworks utility be financially self sustaining. Revenues and expenditures are reviewed and water rates adjusted annually if necessary. There was a 10% increase in rates in 1995, no increase in 1994, an increase of 20% in 1993 and 1992, and an increase of 25% in 1991.

With the proposed rate there would be an increase of \$11.75 to the utility bill for single family homes in 1996.

### **3. COMPARISON WITH OTHER GVRD MUNICIPALITIES**

Burnaby's flat water rate is currently the second lowest in the region (see Schedule E *attached*). Burnaby's rate would remain among the lowest in the region with the increase proposed for 1996.

With the 10% general increase, Burnaby's 1996 metered rates will be near the regional average. Schedule F *attached* shows the metered rates for other communities in the region and Schedule G *attached* compares metered water costs for given quantities of water.

### **4. INCENTIVE FOR ON TIME PAYMENT OF FLAT AND METERED RATES**

In 1994, Burnaby commenced collecting utility charges separately from property taxes. The due date in 1994 and 1995 was March 15. Collection of utility charges in March provides investment income that serves to decrease the amount of taxes levied. Consequently, separate billing for utilities will continue in 1996.

Burnaby charges a discounted rate for payment on or before the due date. The discounted rate is 5% less than the rate charged after the due date. On a single family home the flat water rate for people who pay on or before 1996 March 15 would be \$133.75. The rate of payment for after 1996 March 15 would be \$140.79.


Burnaby charges metered water users a discounted rate on payments made within 30 days of the billing date on the metered water bill. The discounted rate for metered users is also 5% less than the non discounted rate.

### **5. PUBLIC NOTICE**

Once approved by Council, a general notice informing users of the rate increase will be placed in a local newspaper. Metered users will be notified by letter. In addition, staff are producing a brochure to be inserted with utility bills. The brochure will provide information on the cost and other aspects of ongoing and proposed GVRD sewer and water infrastructure programs which have an impact on Burnaby taxpayers.

6. **DIRECTOR ENGINEERING CONCURRENCE**

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

  
per Rick Earle  
DIRECTOR FINANCE

DE:vm  
Attach.

cc: Director Engineering  
City Solicitor

### WATER RATES

	1991 \$	1992 \$	1993 \$	1994 \$	1995		Proposed rates 1996	
					Paid by Mar. 15 \$	Paid after Mar. 15 \$	Paid by Mar. 15 \$	Paid after Mar. 15 \$
<u>Flat Rates</u>								
Detached single family	77.00	92.50	111.00	111.00	122.00	128.00	133.75	140.79
Single family within duplex	57.80	69.40	83.50	83.50	91.85	96.70	100.30	105.57
Single family within multiple	44.00	52.80	63.50	63.50	69.85	73.50	76.80	80.85
Commercial not more than 3 stores/offices								
Commercial and living quarters, 1 family	154.15	185.00	222.00	222.00	244.20	257.00	267.50	281.58
Commercial and no living quarters	77.00	92.50	111.00	111.00	122.00	128.00	133.75	140.79
<u>Metered Rates</u>								
<u>Monthly</u>								
					Discount	Non-Discount	Discount	Non-Discount
First 300 cubic meters	0.235	0.282	0.338	0.338	0.372	0.392	0.409	0.431
Next 550 cubic meters	0.168	0.202	0.242	0.266	0.313	0.329	0.344	0.362
Next 1,400 cubic meters	0.130	0.179	0.242	0.266	0.313	0.329	0.344	0.362
Over 12,000 cubic meters	0.130	0.179	0.242	0.266	0.313	0.329	0.344	0.362
Minimum monthly	6.50	7.80	9.50	9.50	10.50	11.00	11.50	12.11
<u>Quarterly</u>								
First 900 cubic meters	0.235	0.282	0.338	0.338	0.372	0.392	0.409	0.431
Next 1,650 cubic meters	0.168	0.202	0.242	0.266	0.313	0.329	0.344	0.362
Next 4,200 cubic meters	0.130	0.179	0.242	0.266	0.313	0.329	0.344	0.362
Over 36,000 cubic meters	0.130	0.179	0.242	0.266	0.313	0.329	0.344	0.362
Minimum quarterly	19.50	23.40	28.50	28.50	31.50	33.00	34.50	36.33
Connection fee 19mm and less	Cost of Connection	Cost of Connection	Cost of Connection	Cost of Connection	Cost of Connection	Cost of Connection	Cost of Connection	Cost of Connection
Rate increase	25%	20%	20%	0%	10%	15%	10%	10%

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ESTIMATED IMPACT OF PROPOSED 1996 METERED WATER RATES  
ON LARGE VOLUME USERS

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CUSTOMER NAME	Total Water Consumption '94/09 to '95/09 (cubic meters)	Estimated Annual Water Charge 1995 \$	Impact of Proposed Rates	
			Increase \$	Increase %
CHEVRON CANADA LTD. (Penzance St. Refinery)	1,706,418	534,321	53,432	10.0
FRASER VALLEY MILK PRODUCERS ASSOC.	1,027,310	321,760	32,176	10.0
SIMON FRASER UNIVERSITY	1,016,886	318,498	31,850	10.0
PAPERBOARD INDUSTRIES CORP.	978,915	306,613	30,661	10.0
SHELL CANADA	361,690	113,421	11,342	10.0
CHEVRON CANADA LTD. (Eton St. Refinery)	333,165	104,493	10,449	10.0
B. C. I. T.	330,110	103,537	10,354	10.0
MONTENAY INC.	306,742	96,223	9,622	10.0
CAMBRIDGE WESTERN LEASEHOLDS LTD.	268,983	84,404	8,440	10.0
MCDONALDS CONSOLIDATED LTD.	244,510	76,744	7,674	10.0
MANUFACTURERS LIFE ASSURANCE CO. LTD.	228,470	71,724	7,172	10.0
DAIRY LAND	217,787	68,380	6,838	10.0
NABOB FOODS LTD.	199,140	62,543	6,254	10.0
BURNABY HOSPITAL	157,035	49,364	4,936	10.0
LOUGHEED MALL	148,060	46,555	4,656	10.0
CIRCUIT GRAPHICS LTD.	145,275	45,683	4,568	10.0
WEISER INC.	144,874	45,558	4,556	10.0
B. C. TELEPHONE CO.	138,468	43,553	4,355	10.0
422129 B.C. LTD.	137,010	43,097	4,310	10.0
LOUGHEED VILLAGE HOLDINGS LTD.	131,319	41,315	4,132	10.0
BINGHAM INTERNATIONAL INC.	126,550	39,823	3,982	10.0
CENTRAL WESTERN HOLDINGS LTD.	123,205	38,776	3,878	10.0
FOREST LAWN CEMETARY COMPANY	119,700	37,679	3,768	10.0
CLARION VILLA HOTEL	104,550	32,937	3,294	10.0
FOREMOST FOODS LTD.	103,458	32,595	3,259	10.0

**WATERWORKS  
OPERATING BUDGET**

<b>EXPENDITURE</b>	<b>1991 Actual \$</b>	<b>1992 Actual \$</b>	<b>1993 Actual \$</b>	<b>1994 Actual \$</b>	<b>1995 Recast</b>	<b>Draft 1996 Provisional</b>
Cost of water	2,211,684	2,978,363	3,289,273	3,746,764	4,611,050	5,317,700
Transmission, distribution and pumping	1,939,023	2,329,551	2,417,462	2,469,440	2,680,800	2,753,450
Long term debt	150,333	74,861	162,575	162,575	162,580	162,580
Contribution to capital	2,219,149	2,253,000	3,006,250	2,710,000	2,608,000	2,675,000
Contingency					350,000	350,000
Surplus generated	535,556	776,189	736,165	926,276	976,930	1,239,223
<b>TOTAL</b>	<b>7,055,745</b>	<b>8,411,964</b>	<b>9,611,725</b>	<b>10,015,055</b>	<b>11,389,360</b>	<b>12,497,953</b>

**GROSS REVENUES/TRANSFERS**

Flat rates	3,731,799	4,530,437	5,521,061	5,542,999	6,170,950	6,788,045
Metered rates	2,398,685	3,262,330	3,888,789	4,160,031	4,940,825	5,434,908
Connection fees	267,291	281,679	201,875	312,025	277,585	275,000
Draw on previous year's surplus	532,970	337,518			0	0
<b>TOTAL</b>	<b>7,055,745</b>	<b>8,411,964</b>	<b>9,611,725</b>	<b>10,015,055</b>	<b>11,389,360</b>	<b>12,497,953</b>

Rate increase	25%	20%	20%	0%	10%	10%
Flat water rate - SFD (non-discounted)					128.00	140.79
- SFD (discounted)	77.00	92.50	111.00	111.00	122.00	133.75

COST OF WATER SUPPLIED TO BURNABY BY THE G.V.R.D.

COST PER CUBIC METER

Year	COST PER CUBIC METER		Total volume (4) purchased cubic meters	Annual cost to Burnaby \$	Increase in total cost of water to Burnaby from previous year			
	\$	Increase from previous year \$ %			\$	%		
1990	0.0485	0.0040 9.0	41,587,237	2,016,981	203,783	11.2		
1991	0.0552	0.0067 13.8	40,066,739	2,211,684	194,703	9.7		
1992	0.0780	0.0228 41.3	38,182,000	2,978,364	766,680	34.7		
1993	0.0885	0.0105 13.5	37,166,926	3,289,273	310,909	10.4		
1994	0.0969 (1)	0.0084 9.5	38,666,300	3,746,764	457,492	13.9		
1995	0.1149 (2)	0.0180 18.6	40,131,000	4,611,052	864,287	23.1		
1996	0.1297 (3)	0.0148 12.9	41,000,000	5,317,700	706,648	15.3		
1997	0.1574 (3)	0.0277 21.4	41,000,000	6,453,400	1,135,700	21.4		
1998	0.2148 (3)	0.0574 36.5	41,222,634	8,854,622	2,401,222	37.2		
1999	0.2566 (3)	0.0418 19.5	41,767,177	10,717,458	1,862,836	21.0		
2000	0.2731 (3)	0.0165 6.4	42,310,756	11,555,067	837,610	7.8		
Increase 1991 - 1995					0.0664	136.9	2,594,071	128.6
Projected increase 1996-2000					0.1582	137.7	6,944,016	150.6

NOTES: (1) Unit cost from the 1994 GVRD final budget.

(2) G.V.R.D.'s unit cost for 1995.

(3) Projected unit cost increases from the G.V.R.D. Long Range Plan, 1995-2004.

(4) Total volume of water purchased by Burnaby from the Greater Vancouver Water District.  
1990 to 1994 are actual volumes, 1995 is estimated, and 1996 to 2000 are projected from  
consumption increases in the GVRD Long Range Plan.



1995 FLAT WATER RATES IN G.V.R.D. MUNICIPALITIES

North Vancouver City	119.70
Burnaby	122.00
Port Moody	125.00
Surrey	129.00
New Westminster	134.40
Coquitlam	141.00
Delta	151.00
Richmond	155.00
West Vancouver	163.00
Vancouver	177.00
North Vancouver District	195.50
Average	146.60
Median	141.00
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Proposed 1996 Burnaby rate	133.75
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Note: All rates shown are discounted for payment by the due date (if applicable)

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COMPARISON OF 1995 METERED WATER RATES FOR G.V.R.D. MUNICIPALITIES  
ADJUSTED TO CONFORM WITH BURNABY'S MONTHLY SLIDING RATE SCHEDULE

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	\$13.36 (1)	\$0.369	\$0.263	\$0.184	\$0.158	\$0.158
Burnaby	10.50	0.372	0.313	0.313	0.313	0.313
Port Moody	31.00	0.307	0.297	0.262	0.238	0.222
Delta	13.33	0.410	0.410	0.410	0.410	0.410
North Vancouver City	18.08 (1)	0.362	0.286	0.214	0.211	0.211
Vancouver	18.13 (1)	0.303	0.303	0.303	0.303	0.303
Surrey	16.67 (1)	0.384	0.185	0.180	0.180	0.180
North Vancouver District	18.15	0.399	0.399	0.399	0.399	0.399
Richmond	14.44	0.370	0.370	0.355	0.316	0.310
Coquitlam	11.75	0.415	0.302	0.280	0.280	0.280
West Vancouver	11.23 (1)	0.410	0.420	0.420	0.420	0.420
Median	16.67	0.372	0.303	0.303	0.303	0.303
Average	16.06	0.373	0.323	0.302	0.293	0.291
Burnaby - Proposed 1996	11.50	0.409	0.344	0.344	0.344	0.344

NOTE: (1) The minimum monthly charge includes a 19mm (or equivalent) meter rental fee.



CHARGE FOR GIVEN QUANTITIES OF WATER IN G.V.R.D. MUNICIPALITIES - 1995

Monthly dollar charge for given cubic meters

Municipality	500	1,000	2,500	5,000	10,000
New Westminster	\$163	\$301	\$571	\$966	\$1,756
Burnaby	174	362	832	1,614	3,179
Port Moody	152	321	708	1,303	2,493
Delta	205	451	1,066	2,091	4,141
North Vancouver City	166	319	640	1,167	2,222
Vancouver	152	333	788	1,545	3,060
Surrey	152	262	532	982	1,882
North Vancouver District	200	439	1,037	2,035	4,030
Richmond	185	403	926	1,716	3,296
Coquitlam	185	361	781	1,481	2,881
West Vancouver	207	459	1,089	2,139	4,239
Median	174	361	788	1,545	3,060
Average	176	365	815	1,549	3,016
Burnaby - Proposed 1996	192	398	914	1,774	3,494

Schedule G

