

TO: CITY MANAGER
FROM: DIRECTOR FINANCE
SUBJECT: WATERWORKS UTILITY RATES FOR 1997
PURPOSE: To obtain Council approval for 1997 water rates.

1996 DECEMBER 03
File: W5-4

RECOMMENDATION

1. **THAT** Burnaby Waterworks Regulation Bylaw 10319, be amended to provide for the water rates contained in Schedule A, effective 1997 January 01.

SUMMARY

This is the annual waterworks utility report that reviews revenues and expenditures of the utility and proposes water rates for 1997.

This report proposes a general rate increase of 11% 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 1997. 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 1997 March 17. To promote payment by the due date, Burnaby offers a 5% discounted rate for payment on or before 1997 March 17.

The Director Engineering concurs with the recommendation in this report. Appearing elsewhere on the Council agenda is the subject bylaw.

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 1996 rate for a single family home is \$133.75 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 11% rate increase.

2. PROJECTED REVENUES AND EXPENDITURES FOR 1997

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 guidelines. 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. 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 12.62 cents per cubic meter. The projected increase for 1997 is 21.3%, from 12.62 to 15.31 cents per cubic meter.

In addition to the 1997 increase, the GVRD estimates an increase of 193.3% in the cost of water to Burnaby over the next nine 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 11% general increase is proposed for Burnaby's water rates in 1997. Schedule C *attached* provides the estimates of expenditures and revenues for 1997 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 and 1996, no increase in 1994 and 20% in 1993 and 1992. With the proposed rate there would be an increase of \$14.70 to the utility bill for single family homes in 1997.

3. CROSS CONNECTION CONTROL ADMINISTRATION

In November 1992, Council authorized staff to proceed with the implementation of a Cross Connection Program to safeguard against the possibility of contaminants entering potable water piping systems in the community. In April 1996, authorization was obtained from Council to collect the annual cross connection control device charge through the utility billings. The charges for the administration of the program are \$20.00 per control device with a minimum charge of \$2.50 per unit (residential or commercial) where devices are shared. Schedule A *attached* reflects the cross connection control device charge.

4. **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 1997.

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

In 1994, Burnaby commenced collecting utility charges separately from property taxes. Collection of utility charges in March provides investment income that serves to decrease the amount of taxes levied. Burnaby offers a 5% discounted rate for payment on or before the due date. On a single family home the flat water rate for people who pay on or before 1997 March 17 would be \$148.45. The rate of payment after 1997 March 17 would be \$156.26.

Burnaby offers 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.

6. **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.

7. **DIRECTOR ENGINEERING CONCURRENCE**

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


Joe Rick Earle
DIRECTOR FINANCE

DS:
Attach.

cc: Director Engineering
City Solicitor

WATER RATES

	1990		1991		1992		1993		1994		1995		1996		Proposed rates 1997	
	\$		\$		\$		\$		\$		\$		\$		\$	
Flat Rates																
Detached single family	61.65		77.00		92.50		111.00		111.00		128.00		133.75		148.45	
Single family within duplex	46.25		57.80		69.40		83.50		83.50		96.70		100.31		111.32	
Single family within multiple	35.25		44.00		52.80		63.50		63.50		73.50		76.79		85.25	
Commercial not more than 3 stores/offices			154.15		185.00		222.00		222.00		257.00		267.50		296.92	
Commercial and living quarters, 1 family	123.30		77.00		92.50		111.00		111.00		128.00		133.75		148.47	
Commercial and no living quarters	61.65															

Cross Connection Controls

Per Device	20.00	21.05
Minimum Per Unit	2.50	2.63

Metered Rates

	Discount	Non-Discount	Discount	Non-Discount
Monthly				
First 300 cubic meters	0.188	0.235	0.338	0.409
Next 550 cubic meters	0.134	0.168	0.266	0.344
Next 1,400 cubic meters	0.104	0.130	0.266	0.344
Over 12,000 cubic meters	0.088	0.130	0.266	0.344
Minimum monthly	5.20	6.50	9.50	11.49
Quarterly				
First 900 cubic meters	0.188	0.235	0.338	0.409
Next 1,650 cubic meters	0.134	0.168	0.266	0.344
Next 4,200 cubic meters	0.104	0.130	0.266	0.344
Over 36,000 cubic meters	0.088	0.130	0.266	0.344
Minimum quarterly	15.60	19.50	28.50	34.48

Connection fee 19mm and less

	Cost of Connection	Discount	Non-Discount	Cost of Connection	Discount	Non-Discount
Rate increase	5%	25%	20%	10%	10%	11%

**ESTIMATED IMPACT OF PROPOSED 1997 METERED WATER RATES
ON LARGE VOLUME USERS**

CUSTOMER NAME	Total Water Consumption '95/10 to '96/10 (cubic meters)	Estimated Annual Water Charge 1996	Impact of Proposed Rates Increase
CHEVRON CANADA LTD. (Penzance St. Refinery)	1,644,189	580,045	63,805
SIMON FRASER UNIVERSITY	1,141,040	393,891	43,328
PAPERBOARD INDUSTRIES CORP.	1,078,840	380,859	41,895
FRASER VALLEY MILK PRODUCERS ASSOC.	879,608	306,370	33,701
MONTENAY INC.	396,920	126,657	13,932
B. C. I. T.	385,203	136,196	14,982
SHELL CANADA	304,520	97,622	10,738
CAMBRIDGE WESTERN LEASEHOLDS LTD.	293,610	103,586	11,394
CHEVRON CANADA LTD. (Eton St. Refinery)	271,960	87,714	9,649
MANUFACTURERS LIFE ASSURANCE CO. LTD.	246,915	87,395	9,613
DAIRY LAND	231,170	80,211	8,823
CLARION VILLA HOTEL	197,645	45,679	5,025
CIRCUIT GRAPHICS LTD.	194,110	66,593	7,325
LOUGHEED MALL	166,895	58,964	6,486
BURNABY HOSPITAL	157,150	55,600	6,116
CANADIAN LINEN SUPPLY	155,425	53,924	5,932
CENTRAL WESTERN HOLDINGS LTD.	145,170	51,445	5,659
NABOB FOODS LTD.	144,230	50,631	5,569
MCDONALDS CONSOLIDATED LTD.	142,049	49,497	5,445
LOUGHEED VILLAGE HOLDINGS LTD.	138,300	48,901	5,379
B. C. TELEPHONE CO.	122,190	43,279	4,761
BRENTWOOD MALL	122,160	43,031	4,733
BINGHAM INTERNATIONAL INC.	103,805	37,006	4,071
FOREST LAWN CEMETARY COMPANY	101,600	36,316	3,995

**WATERWORKS
OPERATING BUDGET**

EXPENDITURE	1992 Actual \$	1993 Actual \$	1994 Actual \$	1995 Actual	1996 Recast	1997 Projected
Cost of water	2,978,363	3,289,273	3,746,764	4,687,655	5,174,200	6,277,100
Transmission, distribution and pumping	2,329,551	2,417,462	2,469,440	2,647,934	2,880,830	2,826,760
Long term debt	74,861	162,575	162,575	162,575	242,470	162,580
Contribution to capital	2,253,000	3,006,250	2,710,000	2,608,000	2,675,000	3,440,000
Discount on Waterworks Utility				490,708	542,760	602,465
Contingency					350,000	350,000
Surplus generated	776,189	736,165	926,276	1,224,884	1,145,315	752,580
TOTAL	8,411,964	9,611,725	10,015,055	11,821,756	13,010,575	14,411,485

GROSS REVENUES/TRANSFERS

Flat rates	4,530,437	5,521,061	5,542,999	6,484,015	7,201,345	7,993,490
Metered rates	3,262,330	3,888,789	4,160,031	5,031,116	5,534,230	6,142,995
Connection fees	281,679	201,875	312,025	306,625	275,000	275,000
Draw on previous year's surplus	337,518	0	0	0	0	0
TOTAL	8,411,964	9,611,725	10,015,055	11,821,756	13,010,575	14,411,485
Operating surplus - year end	1,886,133	2,622,298	3,548,574	4,773,458	5,918,773	6,671,353
Rate increase	20%	20%	0%	10%	10%	11%
Flat water rate - SFD (non-discounted)				128.00	140.79	156.26
- SFD (discounted)	92.50	111.00	111.00	122.00	133.75	148.45

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

Year	COST PER CUBIC METER			Total volume (3) 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	0.0084	9.5	38,666,300	3,746,764	457,492	13.9
1995	0.1149	0.0180	18.6	40,797,694	4,687,655	940,891	25.1
1996	0.1262 (1)	0.0113	9.8	41,000,000	5,174,200	486,545	10.4
1997	0.1531 (2)	0.0269	21.3	41,000,000	6,277,100	1,102,900	21.3
1998	0.1836 (2)	0.0305	19.9	41,539,717	7,626,692	1,349,592	21.5
1999	0.2249 (2)	0.0413	22.5	42,078,460	9,463,446	1,836,754	24.1
2000	0.2531 (2)	0.0282	12.5	42,617,203	10,786,414	1,322,968	14.0
2001	0.2916 (2)	0.0385	15.2	43,155,946	12,584,274	1,797,860	16.7
2002	0.3219 (2)	0.0303	10.4	43,694,689	14,065,320	1,481,047	11.8
2003	0.3285 (2)	0.0066	2.1	44,233,432	14,530,683	465,362	3.3
2004	0.3294 (2)	0.0009	0.3	44,772,175	14,747,955	217,272	1.5
2005	0.3349 (2)	0.0055	1.7	45,310,918	15,174,627	426,672	2.9
Increase 1991 - 1996		0.0777	160.2			3,157,219	156.5
Projected increase 1997-2005		0.2087	165.4			10,000,427	193.3

- NOTES: (1) Unit cost from the 1996 GVRD final budget.
 (2) Projected unit cost increases from the G.V.R.D. Long Range Plan, 1996-2005.
 (3) Total volume of water purchased by Burnaby from the Greater Vancouver Water District. 1990 to 1995 are actual volumes, 1996 is estimated, and 1997 to 2005 are projected from consumption increases in the GVRD Long Range Plan.

Finance Department
 1996 December 03
 File: W5-4

1996 FLAT WATER RATES IN G.V.R.D. MUNICIPALITIES

North Vancouver City	122.40	
Burnaby	133.75	
Surrey	134.00	
Port Moody	145.50	
New Westminster	147.85	
Coquitlam	152.00	
Richmond	155.00	
Delta	167.50	
West Vancouver	180.00	
Vancouver	195.00	
North Vancouver District	215.00	
	Average	158.90
	Median	152.00
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Proposed 1997 Burnaby rate	148.45	
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Note: All rates shown are discounted for payment by the due date (if applicable)