

TO: CITY MANAGER 1997 April 14

FROM: DIRECTOR FINANCE

SUBJECT: Industrial Sewer Fees

PURPOSE: To inform Council of a new Regional sewer user charge for industrial users.

RECOMMENDATION:

1. **THAT Council concur with the implementation of sewer user fees for industrial users.**

REPORT

Appearing as correspondence on the 1997 April 07 agenda was a letter from the Greater Vancouver Regional District offering the opportunity for the city to respond to a proposal to implement a new rate structure for industrial discharges to the sewerage system. This report provides the background on the proposed rate structure.

Two measures of the quality of sewerage (and consequently the cost for its treatment) are Biochemical Oxygen Demand and Total Suspended Solids (BOD/TSS). Industries that discharge sewerage that is high in BOD/TSS are major drivers of the treatment plant capital and operating costs. The current sewerage rates are based directly on the level of water consumed by the industry and therefore do not reflect the true costs created by high BOD/TSS levels.

The Greater Vancouver Sewerage and Drainage District is recommending a pricing system for industries that have high BOD/TSS discharges. The new pricing system will recover the actual cost of treating the sewerage and provide an incentive for the industries to invest in on-site treatment options or other strategies to lower their sewerage costs.

A majority of the industries represented on a Technical Working Group agree with the proposed rate structure. However, the industries have expressed concern about the high cost of doing business in the region and the competitive pressure they are under. Therefore, it has been agreed that the overall competitiveness of the region will be evaluated and that the fees will be phased-in over the four year period (1998-2001) to allow industry time to adjust to the higher costs.

The new rate structure will delete the component of the GVS&DD levy (about 67%) that is in the current rates and replace it with a charge for the quantity of sewerage discharged and BOD/TSS content of the discharge. The municipal component of the rates (33%) will remain unchanged, except for any annual general sewer utility increases. In accordance with the recommendations of the Technical Working group the new rates will be phased in over four years (1998-2001) at 25% per year.

The new pricing structure will, depending on quantities and quality of discharges, affect twenty Burnaby companies.

As stated earlier, the proposed rate structure will provide an incentive to invest in on-site treatment options or other strategies for the industries that experience a financial impact.

It is recommended that Council concur with the new user fee structure.


Rick Earle
DIRECTOR FINANCE

cc: Director Engineering