

TO: CITY MANAGER

25 October 1999

FROM: DIRECTOR FINANCE

File: S19-3

SUBJECT: SANITARY SEWER UTILITY RATES FOR 2000

PURPOSE: To obtain council approval for 2000 sanitary sewer rates.

RECOMMENDATION

1. **THAT** the following bylaws be amended to provide for the fees outlined in Schedule C, effective 2000 January 01:
 - a) Burnaby Sewerage System Parcel Tax Bylaw No. 10320
 - b) Burnaby Sewer Charge Bylaw No. 4231

SUMMARY

This is the annual sanitary sewer utility report which reviews revenues and expenditures of the utility and proposed sanitary sewer rates for 2000.

This report proposes a rate increase of 5% for the flat rate sewer parcel tax and sewer use charge, and for metered sewer charges. The general rate increase is required to pay Burnaby's share of the sewerage treatment upgrades being constructed by the Greater Vancouver Sewerage and Drainage District and the increase in City maintenance costs for 2000. The proposed rate adjustments will ensure that the sanitary sewer utility continues to be financially self sustaining.

Utility charges are collected separately from property taxes and will be due 2000 March 15. To promote payment by the due date, Burnaby charges a 5% discounted rate for payment on or before March 15.

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

REPORT

1. INTRODUCTION

All properties in Burnaby with access to sewer, pay a flat sewer parcel tax (\$246.49 for single family homes in 1999). In addition to a share of the parcel tax, residential units in multiple dwellings pay a flat annual user fee of \$133.49 in 1999. The sewer parcel tax and the sewer user fee are billed separately from property taxes. The due date for these utility charges in 2000 will be March 15. Large volume users are metered and pay for sewer services on a sliding scale related to the volume of water they use. Starting in 1998, the GVS&DD started to phase in new rates for treating industrial waste water on a select number of metered sewer users.

2. PROJECTED EXPENDITURES AND REVENUES FOR 2000

Schedule A *attached* summarizes the expected expenditures and revenues for 2000.

EXPENDITURES

A. GVS&DD Levy

The Greater Vancouver Sewerage and Drainage District (GVS&DD) levy, paid by Burnaby and other regional municipalities, funds each community's share of the regional sewer system. The levy finances operating and maintenance expenditures as well as capital improvements to the regional sewer system. A 2.2% increase is proposed in Burnaby's GVS&DD levy for 2000 which will increase the cost to Burnaby by \$0.3 million. The increase is mainly attributed to the Annacis Island Waste Water Treatment upgrade required to meet provincially mandated standards for sewerage treatment.

The proposed GVS&DD Levy is subject to review by the GVRD Board. The review may result in a change in the total sewerage cost to Burnaby from the current projection. Schedule B *attached* and Figure 1 below summarizes the projected costs of the GVS&DD levy to Burnaby as outlined in the Draft GVRD 2000-2008 Long Range Plan.

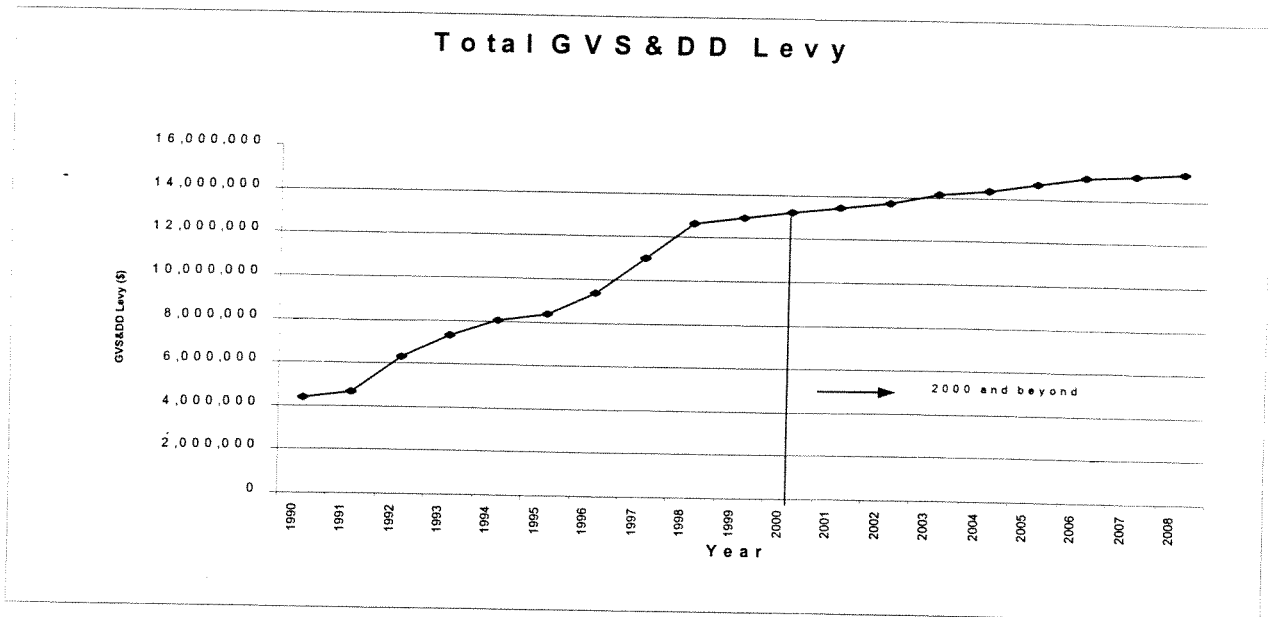
B. Operation and Maintenance of Existing Sewer System

At the Regular Council Meeting of 1999 September 20, Council approved a report from the Environment and Waste Management Committee on the region's Liquid Waste Management Plan policies and commitments. Burnaby's obligations under the proposed plan include implementation of combined sewer separation, management of sanitary sewer systems, and stormwater management. The full financial implication of the plan, approximately \$3.0 million per year, will not be realized until 2001. However, to provide for the appropriate planning and preparation for the expanded programs identified under the Liquid Management Plan, an increase

in sewer expenditure is recommended for 2000.

The cost of operating and maintaining the city's sewer system is expected to increase by \$366,580. The cost increase is mainly due to a projected cost increase of \$66,580 in sewer maintenance (related to sewer data capture and maintenance records' management) and \$300,000 in contribution to capital (related to sewer rehabilitation and combined sewer separation).

Figure 1



REVENUES

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. Sewer charges have increased at a slower rate since 1995 (as shown below) due to this annual review and the diminishing growth in the GVS&DD levy.

1993	35%
1994	15%
1995	10%
1996	8%
1997	6%
1998	5%
1999	3%
2000	5% Proposed

This report proposes a 5% rate increase in all sewer charges for 2000 to offset anticipated increases in expenditures detailed above. The proposed rates will increase the utility bill for a single family home by \$12.32 from \$246.49 to \$258.81 if payment is made by the due date. Current and proposed 2000 sewer rates are shown in Schedule C *attached*. Further, Schedule D *attached* contains a survey of single family sewer rates within the Greater Vancouver Region.

A. Contaminated Groundwater Charges

The GVS&DD and the City introduced charges to recover the costs of handling discharges of the contaminated water into municipal sewer systems in 1997. The GVS&DD agreed to collect and remit the charges to the city at the time that the GVS&DD issues the discharge permit. The GVS&DD has proposed modest changes to the contaminated ground water charges for 2000. It is recommended that Burnaby implement the proposed changes, as specified below.

Vancouver Sewerage Area (VSA):	\$0.200 per cubic metre
Fraser Sewerage Area (FSA):	\$0.272 per cubic metre

B. Industrial Pricing - BOD/TSS Charges

The GVS&DD started phasing in new rates for industrial wastewater in 1998. Recognizing that biochemical oxygen demand (BOD) and total suspended solids (TSS) are the main cost drivers of the sewerage and drainage system, the GVS&DD introduced a pricing mechanism that directly quantifies the level of BOD/TSS that is being discharged into the sewerage system by individual industries.

After consulting with industry, it was agreed that the new BOD/TSS charges were to be phased in over four years on a 25% incremental basis. After four years (2001), the BOD/TSS charges will replace the GVS&DD portion of current metered sewerage charges. During the phase in period, permitted industries are not to pay less in BOD/TSS charges than they currently pay towards regional costs.

Given the need to ensure revenue neutrality, only five of the permitted industries are to be charged 75% of their BOD/TSS charges in 2000 (down from seven in 1999). These five companies will also be responsible for their portion of municipal sewerage costs. The remaining industries not charged BOD/TSS will continue to be levied regular metered sewer charges.

Schedule E *attached* provides details on the BOD/TSS charges for 2000 as well as each industry's anticipated share of regional and municipal costs. These charges are subject to review and may be modified prior to the new year.

3. INCENTIVE FOR ON TIME PAYMENT OF FLAT AND METERED RATES

In 1994 Burnaby began collecting utility charges separately from property taxes. Collection of utility charges in mid March provides investment income that serves to decrease the amount of taxes levied. Consequently, separate billing for utilities will continue in 2000.

Burnaby charges a 5% discounted rate for payment on or before the due date. On a single family home the proposed sewer parcel tax for people who pay on or before 2000 March 15 would be \$258.81. The rate for payment after 2000 March 15 would be \$272.43. The discounted rate also applies to sewer use fees.

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

4. PUBLIC NOTICE

Once approved by Council a general notice informing all users of the rate increase will be placed in a local newspaper and *InfoBurnaby*. Metered users and permitted industries part of the BOD/TSS program will be notified by letter.

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



Rick Earle
DIRECTOR FINANCE

AK
Attach.

cc: Director Engineering
City Solicitor

SANITARY SEWER - OPERATING BUDGET

SCHEDULE A

	1992 Actual \$	1993 Actual \$	1994 Actual \$	1995 Actual \$	1996 Actual \$	1997 Actual \$	1998 Actual \$	1999 Annual \$	2000 Projected \$
EXPENDITURE									
Sewer Maintenance	1,071,566	1,118,291	1,308,432	1,344,843	1,385,502	1,493,351	1,474,237	1,539,950	1,606,530
Long Term Debt	302,006	270,486	90,473	3,790	3,705				
Contribution to Capital	988,000	729,000	1,003,000	611,300	1,188,000	1,548,000	1,700,000	1,700,000	2,000,000
Transfer to Capital Reserve				2,085,000	350,000	1,000,000	300,000		
Discount				603,859	647,727	708,732	771,128	897,410	953,800
Contingency		80						910,575	1,327,967
Total Municipal Expenditures	2,361,572	2,117,857	2,401,905	4,648,792	3,574,934	4,750,083	4,245,365	5,047,935	5,888,297
GVS&DD Levy (O&M & Debt)	6,317,484	7,317,057	8,034,204	8,342,678	9,368,487	10,990,369	12,445,505	12,454,943	12,623,172
GVS&DD BOD/TSS Levied							199,625	467,337	581,090
Total GVS&DD Levy	6,317,484	7,317,057	8,034,204	8,342,678	9,368,487	10,990,369	12,645,130	12,922,280	13,204,262
Total Expenditures	8,679,056	9,434,914	10,436,109	12,991,470	12,943,421	15,740,452	16,890,495	17,970,215	19,092,559
Surplus (Deficit)	470,349	1,166,478	1,743,072	1,101,722	1,605,212	430,680	323,243	0	0
TOTAL	9,149,405	10,601,392	12,179,181	14,093,192	14,548,633	16,171,132	17,213,738	17,970,215	19,092,559
REVENUES/TRANSFERS									
Parcel Tax	3,751,052	5,089,022	5,888,243	6,858,528	7,119,529	7,932,511	8,350,838	8,661,295	9,078,492
User charges - flat	2,005,981	2,807,767	3,312,029	3,940,793	4,162,163	4,680,672	5,012,145	5,243,195	5,594,612
- metered regular	2,086,103	2,560,738	2,975,209	3,277,644	3,253,691	3,540,719	3,781,585	3,680,335	3,303,600
- metered permitted (city charges)								71,856	
- metered permitted (revenue neutrality adjustment)									629,484
BOD/TSS Charges							7,419	363,390	397,967
Inspection service fee	990	1,080	1,320	15,003	13,250	9,750	6,550	12,000	6,550
Challenge '94 grant			2,380	1,224					
Other (Contaminated Gr. Water)						7,480	8,576	10,000	10,000
Prior Year Surplus							46,625		
Total Revenue	7,844,126	10,458,607	12,179,181	14,093,192	14,548,633	16,171,132	17,213,738	17,970,215	19,092,560
Draw on previous year's surplus	1,305,279	142,785	0	0	0	0	0	0	0
TOTAL	9,149,405	10,601,392	12,179,181	14,093,192	14,548,633	16,171,132	17,213,738	17,970,215	19,092,559
Operating surplus - year end	1,576,484	2,600,177	4,343,249	5,444,971	7,050,183	7,480,863	7,804,106	7,804,106	7,804,106
Rate Increase	10%	35%	15%	10%	8%	6%	5%	3%	5.0%

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G.V.S. & D.D. SANITARY SEWER CHARGES

SCHEDULE B

<u>YEAR</u>	<u>BOD/TSS CHARGE (3</u>	<u>GVS&DD O&M AND DEBT LEVY</u>	<u>GVS&DD SEWERAGE LEVY</u>	<u>INCREASE FROM PREVIOUS YEAR</u>	
			<u>\$</u>	<u>\$</u>	<u>%</u>
1990			4,389,542	329,686	3.2
1991			4,645,791	256,249	5.8
1992			6,317,484	1,671,693	36.0
1993			7,317,057	999,573	15.8
1994			8,034,200	717,143	9.8
1995			8,342,680	308,480	3.8
1996			9,368,487	1,025,807	12.3
1997			10,990,370	1,621,883	17.3
1998	199,625	12,445,505	12,645,130	1,654,760	15.1
1999 (1)	467,337	12,454,943	12,922,280	277,150	2.2
2000 (2)	581,090	12,623,172	13,204,262	281,982	2.2
2001 (2)	768,000	12,662,095	13,430,095	225,833	1.7
2002 (2)	772,000	12,942,898	13,714,898	284,803	2.1
2003 (2)	782,000	13,335,838	14,117,838	402,939	2.9
2004 (2)	775,000	13,549,915	14,324,915	207,078	1.5
2005 (2)	771,000	13,864,081	14,635,081	310,166	2.2
2006 (2)	778,000	14,197,709	14,975,709	340,628	2.3
2007 (2)	769,000	14,317,259	15,086,259	110,550	0.7
2008 (2)	759,000	14,452,563	15,211,563	125,305	0.8
1991 - 1999 Total			80,583,479	8,532,738	178.2
2000 - 2008 Total			128,700,622	2,289,283	15.2

(1) 1999 Annual Budget

(2) 2000-2008 levies are based on the Draft GVRD Long Range Plan (2000 - 2008). The sanitary sewer portion of the total GVS&DD levy amount provided in the Long Range Plan is calculated using the 2000 apportionment formula.

(3) BOD/TSS Charges prorated over first four years - annual increase based Draft GVRD Long Range Plan (2000-2008)

SANITARY SEWER RATES

SCHEDULE C

	1997		1998		1999		PROPOSED 2000	
	Paid by Mar. 17 \$	Paid after Mar. 17 \$	Paid by Mar. 16 \$	Paid after Mar. 16 \$	Paid by Mar. 15 \$	Paid after Mar. 15 \$	Paid by Mar. 15 \$	Paid after Mar. 15 \$
Sewer Parcel								
Every owner of every real parcel capable of being drained								
- Municipal installed	227.90	239.90	239.30	251.90	246.49	259.46	258.81	272.43
- subdivider installed	113.95	119.95	119.65	125.95	123.24	129.73	129.41	136.22
Sewer Use								
- owner of any strata lot (not part of a duplex)	123.43	129.93	129.61	136.43	133.49	140.52	140.17	147.55
- owner of any multiple family dwelling (except a duplex) each unit	123.43	129.93	129.61	136.43	133.49	140.52	140.17	147.55
- owner of an apartment unit forming part of a duplex	57.24	60.25	60.10	63.26	61.90	65.16	65.00	68.42
Contaminated Groundwater Discharges								
Vancouver Sewerage Area	0.0195/m3	No Discount	0.0195/m3	No Discount	0.187/m3	No Discount	0.200/m3	No Discount
Fraser Sewerage Area	0.275/m3		0.275/m3		0.275/m3		0.272/m3	
Sewer Charge (metered rates)								
<i>Regular Metred Customers</i>								
Monthly:	Discount	Non-Discount	Discount	Non-Discount	Discount	Non-Discount	Discount	Non-Discount
First 288 cubic metres	0.505	0.532	0.531	0.559	0.547	0.576	0.575	0.605
Next 300 cubic metres	0.416	0.438	0.437	0.460	0.450	0.474	0.473	0.498
Next 850 cubic metres	0.325	0.342	0.341	0.359	0.351	0.370	0.370	0.389
Excess	0.277	0.292	0.292	0.307	0.300	0.316	0.315	0.332
Quarterly:								
First 864 cubic metres	0.505	0.532	0.531	0.559	0.547	0.576	0.575	0.605
Next 900 cubic metres	0.416	0.438	0.437	0.460	0.450	0.474	0.473	0.498
Next 2,550 cubic metres	0.325	0.342	0.341	0.359	0.351	0.370	0.370	0.389
Excess	0.277	0.292	0.292	0.307	0.300	0.316	0.315	0.332
Exemption - Parcel tax paid or portion not exceeding 1/12 or 1/4 the sewer parcel tax for monthly and quarterly customers Exemption not to exceed monthly or quarterly calculated meter charge.								
<i>Permitted Users if Charged BOD/TSS</i>								
Monthly:			Discount	Non-Discount	Discount	Non-Discount	Discount	Non-Discount
First 288 cubic metres			0.138	0.145	0.121	0.127	0.126	0.133
Next 300 cubic metres			0.113	0.119	0.100	0.105	0.104	0.110
Next 850 cubic metres			0.088	0.093	0.078	0.082	0.082	0.086
Over 1,438 cubic metres			0.075	0.079	0.066	0.070	0.070	0.074
Quarterly:								
First 864 cubic metres			0.138	0.145	0.121	0.127	0.126	0.133
Next 900 cubic metres			0.113	0.119	0.100	0.105	0.104	0.110
Next 2,550 cubic metres			0.088	0.093	0.078	0.082	0.082	0.086
Over 4,314 cubic metres			0.075	0.079	0.066	0.070	0.070	0.074
Exemption - Parcel tax paid or portion not exceeding 1/12 or 1/4 the sewer parcel tax for monthly and quarterly customers Exemption not to exceed monthly or quarterly calculated meter charge.								
BOD/TSS								
BOD/TSS Charge for permitted industry is to be determined by the GVS&DD (as per Schedule E).								
RATE INCREASE	6%		5%		3%		5%	

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1999 FLAT SEWER RATES COMPARISON

SCHEDULE D

	<u>1999 Rates</u>
1) Richmond	108.90
2) Surrey	125.15
3) North Vancouver City	137.70
4) Pitt Meadows	164.00
5) Delta	185.00
6) Port Moody	192.85
7) North Vancouver District	200.00
8) West Vancouver	208.00
9) Port Coquitlam	222.57
10) Coquitlam	227.00
11) Burnaby	246.49
12) New Westminster	258.62
13) Vancouver	n/a
	Average 189.69
	Median 196.43

Proposed 2000 Burnaby rate 258.81

Note: All rates shown are discounted for payment by the due date (if applicable)

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2000 INDUSTRIAL CHARGES (BOD/TSS)*

SCHEDULE E

Company Name	Site Address	BOD/TSS CHARGES					IMPACT			TOTAL CHARGES 1999	
		Sewerage Area	Usage Charges	Capacity Charges	Total Charges	75%	Estimated 2000 Non City Charges (\$)	Difference	Estimated Metered City Charge	Estimated Total Charges	
AGRI FOODS INTERNATIONAL	6800 Lougheed Hwy	FSA	331,928	120,682	452,611	339,458	194,180	145,277.92	63,170	402,628	
CANADIAN LINEN SUPPLY	2750 Gilmore Ave	FSA	9,944	19,980	29,924	22,443	40,195	(17,751.37)	13,076	53,271	
CHEVRON CANADA	5287 Penzance Ave	VSA	40,174	45,970	86,144	64,608	160,692	(96,084.29)	52,276	212,968	
CIRCUIT GRAPHICS	8030 Winston St.	FSA	10,789	3,019	13,809	10,356	49,974	(38,445.83)	16,257	66,231	
CIRCUIT GRAPHICS	8030 Winston St.	FSA	1,221	341	1,562	1,171				0	
COAST MOUNT BUSLINK	3855 Kitchener St	VSA	596	633	1,228	921	347	574.46	113	1,034	
COAST MOUNT BUSLINK	3855 Kitchener St	VSA	72	76	148	111					
COAST MOUNT BUSLINK	3750 Kitchener	VSA	564	625	1,189	892	11,769	(10,744.67)	3,829	15,598	
COAST MOUNT BUSLINK	3750 Kitchener	VSA	14	164	177	133					
EAST-WEST ALUM-CRAFT	7465 Conway Ave	FSA	940	348	1,288	966	7,338	(6,371.48)	2,387	9,725	
FLAMINGO FOODS	7865 Venture St	FSA	9,293	3,984	13,277	9,958	7,361	2,597.28	2,395	12,352	
GOURMET BAKER	6229 Laurel St	FSA	960	335	1,295	971	5,057	(4,085.88)	1,645	6,702	
GOURMET BAKER	6261 Laurel St	FSA	187	61	248	186	3,695	(3,508.63)	1,202	4,897	
GREATR VANCOUVER	5150 Thorn Ave	FSA	5,843	1,493	7,336	5,502	14,892	(9,390.21)	4,845	19,737	
INTERNATIONAL SAUSAGE	1846 Gilmore Ave	VSA	770	1,081	1,851	1,389	2,517	(1,128.40)	819	3,336	
J.D. SWEILD	7542 Gilley Ave	FSA	10,368	4,110	14,478	10,859	17,651	(6,792.18)	5,742	23,393	
KRAFT CANADA	3131 Lake City Way	FSA	15,822	4,790	20,612	15,459	31,942	(16,482.68)	10,391	42,333	
LUCERNE FOODS	7650-18th St	FSA	46,701	16,641	63,342	47,507	18,991	28,515.19	6,178	53,685	
PIMLICO APPAREL	6940-14th Ave	FSA	8,673	4,120	12,793	9,595	18,975	(9,379.90)	6,173	25,147	
SHELL CANADA PRODUCTS	6511 Hastings	FSA	33,027	8,503	41,530	31,147	81,622	(50,474.68)	26,553	108,175	
SNOWCREST PACKERS	3676 Bainbridge Ave	FSA	2,716	1,178	3,894	2,920	20,228	(17,307.21)	6,580	26,808	
SUMAS ENVIRONMENTAL	4623 Byrne Road	FSA	5	159	164	123		123.22		123	
TRANS MOUNTAIN PIPELINE	7815 Shellmont St	FSA	2,333	3,553	5,886	4,415	8,424	(4,008.77)	2,740	11,164	
TOTAL			532,939	241,848	774,787	581,090	695,847	(114,868.11)	226,371	1,099,306	

BOD/TSS: Total BOD/TSS Charges Levied	397,967
Total City Metered Charges	71,856
Total for those Charged BOD/TSS	469,822
REGULAR METER CHARGES	629,484
TOTAL REVENUE	1,099,306

Charged BOD/TSS in 1999

* Source: Draft GVSS&D Industrial Charges by Municipality (October 19, 1999) - values may be modified at a later date