

Item	12
Manager's Report No.	30
Council Meeting	00/11/20

TO: CITY MANAGER
FROM: DIRECTOR FINANCE
SUBJECT: WATERWORKS UTILITY RATES FOR 2001
PURPOSE: To obtain Council approval for 2001 water rates.

15 November 2000
File: W5-4

RECOMMENDATION

1. **THAT** Burnaby Waterworks Regulation Bylaw 10319, be amended to provide for the water rates contained in Schedule A, effective 2001 January 01 including the additional amendments as outlined in this report.

SUMMARY

This is the annual waterworks utility report that reviews revenues and expenditures of the utility and proposed water rates for 2001.

This report proposes a general rate increase of 5.0% for flat and metered water rates. The general rate increase is required to offset the increase in the cost of water, to pay for Burnaby's share of the water quality upgrades being constructed by the Greater Vancouver Water District and increases in City maintenance costs for 2001. 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 2001 March 15. To promote payment by the due date, Burnaby offers a 5% discounted rate for payment on or before 2001 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

Residential users are charged a flat annual rate for water. The 2000 rate for a single family home is \$180.02 if paid by the due date. This charge is levied separately from property taxes and is due mid March of each year. Staff review water rates annually to reflect changes in revenue and expenditures and to ensure the waterworks utility continues to be financially self supporting.

2. PROJECTED EXPENDITURES AND REVENUES FOR 2001

Schedule A *attached* provides the estimates of expenditures and revenues for 2001 with the proposed rate increase outlined below.

EXPENDITURES

A. Greater Vancouver Water District (GVWD) - Cost of Water

The GVWD supplies water to Burnaby and other communities in the region. Burnaby pays for this water on the basis of volume (cubic metres) used. Currently the GVWD supplies water to Burnaby at 17.78 cents per cubic metre. The projected increase for 2001 is 5.8%, from 17.78 to 18.81 cents per cubic metre. Water consumption is expected to increase from 40.1 to 41.1 million cubic metres. Burnaby's cost of water is expected to increase by 8.4% from \$7.1 million to \$7.7 million.

The increased costs will provide for the GVWD'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 water treatment facilities for the Capilano, Seymour, and Coquitlam systems and secondary disinfection stations at GVWD distribution stations around the region. The increase costs for 2001 includes a full year of operating cost for the Coquitlam ozonation plant which was completed during 2000. The Capilano ozonation plant is scheduled for completion in 2003 and the Seymour water filtration plant is schedule for completion in 2005. The GVWD's proposed rate per cubic metre is subject to review by the GVWD Board. The review may result in a change in the total cost of water to Burnaby from the current projection.

In addition to the 2001 increase, the GVWD estimates an increase of 54 % in the total cost of water to Burnaby over the next ten years. The long term increases are necessary to finance the phased construction of the new treatment facilities which are due for completion in 2025. Schedule B *attached* summarizes the projected increase in the cost of water to Burnaby.

B. Transmission, Distribution, and Pumping and Contribution to Capital

The projected cost increases for transmission, distribution and pumping and contribution to capital in 2001 is approximately 5.54% and includes projected cost increases to the waterworks renewal program due to aging capital infrastructure.

REVENUE

It has been Council's objective that the waterworks utility be financially self sustaining. This is accomplished on a user pay basis. Water rates are reviewed annually and rate increases are, where necessary, recommended to Council. Water charges have increased since 1993 at the following rate:

1993	20.0%	
1994	0.0%	
1995	10.0%	
1996	10.0%	
1997	11.0%	
1998	9.5%	
1999	7.0%	
2000	3.5%	
2001	5.0%	Proposed

This report proposes a 5.0% increase to flat and metered water rates. The proposed rates will increase the utility bill for a single family home by \$9.01 from \$180.02 to \$189.03 if payment is made by the due date. Schedule C *attached* shows current and proposed 2001 rates for Burnaby.

3. COMPARISON WITH OTHER GVRD MUNICIPALITIES

Of the 12 municipalities that charge a flat water rate to single family home owners, Burnaby's flat water rate is currently the seventh lowest in the region (see Schedule D *attached*). Burnaby's rate would remain competitive in the region with the increase proposed for 2001.

4. 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 2001 March 15 would be \$189.03. The rate of payment after 2001 March 15 would be \$198.98.

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.

5. ADDITIONAL BYLAW AMENDMENTS

In addition to the rate amendments to the Burnaby Waterworks Regulation Bylaw, the following amendments are also included:

Section 25 - Bylaw amended to require a consumer to give *seven* as opposed to *five* days notice of the discontinuance of any service. Further, every consumer shall be liable for the full amount of rates chargeable for the service for *seven* days as opposed to *five* days after such notice has been delivered to or received at the said office.

Section 40(2) - Bylaw amended to require that all meter accounts shall be due and payable within *thirty* as opposed to *twenty-five* days of the billing cycle.

Section 41(B) - Repeal this section which allows Council to levy a fire rate sufficient to pay to the water utility the sum of \$125,000 for water supplied for fire-fighting purposes.

Bylaw and Schedule A - amended to include a new *Special Meter Reading* flat fee of \$25.00 where a customer requests a special reading of any meter (s) servicing the premises. This fee is in addition to the normal water and sewer use charge for the special reading period. For a property which has more than one meter on site and a reading is required for all meters, this will be considered one request for a fee of \$25.00. This fee is reasonable as compared to Surrey which charges a \$50.00 flat fee per request. The City of Vancouver charges \$25.00 for each meter read.

6. PUBLIC NOTICE

Once approved by Council, a general notice informing users of the rate increase will be placed in a local newspaper and *InfoBurnaby*. Metered users will be notified by letter.

7. DIRECTOR ENGINEERING CONCURRENCE

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


Rick Earle
DIRECTOR FINANCE

DS:
Attach.

cc: Director Engineering
City Solicitor

WATERWORKS - OPERATING BUDGET

SCHEDULE A

	1993 Actual \$	1994 Actual \$	1995 Actual \$	1996 Actual \$	1997 Actual \$	1998 Actual \$	1999 Actual \$	2000 Annual \$	2001 Projected
EXPENDITURE									
Cost of water	3,289,273	3,746,764	4,687,655	5,149,529	5,451,721	6,263,174	6,757,440	7,131,500	7,730,910
Transmission, distribution & pumping	2,417,462	2,469,440	2,647,934	2,461,101	2,626,996	3,098,030	3,161,549	3,435,060	3,440,050
Long term debt (paid down 1999)	162,575	162,575	162,575	242,464	121,148	120,045	851,012		
Contribution to capital	3,006,250	2,710,000	2,608,000	2,650,000	3,440,000	4,088,000	4,088,000	4,088,000	4,500,000
Discount			490,708	530,358	608,680	689,634	726,239	835,615	858,338
Contingency				191					
Surplus generated	736,165	926,276	1,224,884	1,789,743	1,913,356	1,089,904	861,751	1,522,065	937,454
TOTAL	9,611,725	10,015,055	11,821,756	12,823,386	14,161,901	15,348,787	16,445,991	17,012,240	17,466,752

GROSS REVENUES/TRANSFERS

Fee increase - flat rates	5,521,061	5,542,999	6,484,015	7,206,354	8,070,389	8,899,876	9,625,516	9,781,300	10,270,365
Fee increase - metered rates	3,888,789	4,160,031	5,031,116	5,414,262	5,697,427	6,180,174	6,567,988	6,930,940	6,896,387
Flat rates	201,875	312,025	306,625	202,770	365,885	246,877	240,527	275,000	275,000
Metered rates					28,200	22,060	11,960	25,000	25,000
Connection fees									
Construction - Flat Rate Charge									
Draw on previous year's surplus									
TOTAL	9,611,725	10,015,055	11,821,756	12,823,386	14,161,901	15,348,787	16,445,991	17,012,240	17,466,752

Operating surplus - year end	2,622,298	3,548,574	4,773,458	6,563,201	8,476,557	9,566,461	10,428,212	10,428,212	10,428,212
Rate increase	20.0%	0.0%	10.0%	10.0%	11.0%	9.5%	7.0%	3.5%	5.00%

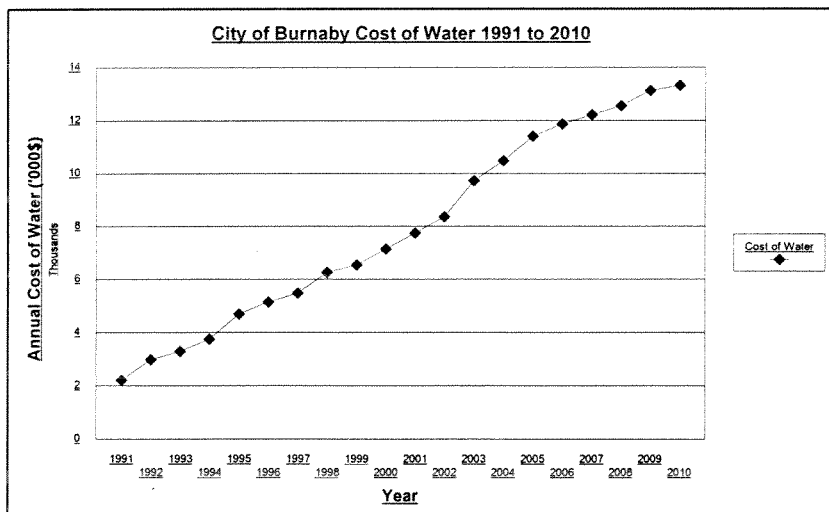
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COST OF WATER SUPPLIED TO BURNABY BY THE G.V.R.D.

SCHEDULE B

Year	Cost Per Cubic Meter			Total volume (2) purchased '000 m3	Annual cost to Burnaby '000 \$	Increase in total cost of water to Burnaby from previous year			
	Cost/M3 \$	Increase from previous year \$	%			'000 \$	%		
1990	0.0485	0.0040	9.0	41,587	2,017	204	11.2		
1991	0.0552	0.0067	13.8	40,067	2,212	195	9.7		
1992	0.0780	0.0228	41.3	38,182	2,978	767	34.7		
1993	0.0885	0.0105	13.5	37,167	3,289	311	10.4		
1994	0.0969	0.0084	9.5	38,666	3,747	457	13.9		
1995	0.1149	0.0180	18.6	40,798	4,688	941	25.1		
1996	0.1262	0.0113	9.8	40,669	5,132	445	9.5		
1997	0.1394	0.0269	21.3	39,225	5,468	336	6.5		
1998	0.1513	0.0119	8.5	41,362	6,258	790	14.4		
1999	0.1644	0.0131	8.7	39,755	6,536	278	4.4		
2000	0.1778	0.0134	8.2	40,110	7,132	596	9.1		
2001	0.1881 (1)	0.0103	5.8	41,100	7,731	599	8.4		
2002	0.1995 (1)	0.0114	6.1	41,826	8,344	613	7.9		
2003	0.2276 (1)	0.0281	14.1	42,684	9,715	1,371	16.4		
2004	0.2401 (1)	0.0125	5.5	43,627	10,475	760	7.8		
2005	0.2573 (1)	0.0172	7.2	44,318	11,403	928	8.9		
2006	0.2630 (1)	0.0057	2.2	45,122	11,867	464	4.1		
2007	0.2660 (1)	0.0030	1.1	45,927	12,217	350	2.9		
2008	0.2675 (1)	0.0015	0.6	46,911	12,549	332	2.7		
2009	0.2697 (1)	0.0022	0.8	48,654	13,122	573	4.6		
2010	0.2740 (1)	0.0043	1.6	48,628	13,324	202	1.5		
Increase 1991 - 2000						0.1430	266.6	5,115	253.6
Projected increase 2001-2010						0.0962	54.1	6,192	86.8

NOTES: (1) Projected unit cost increases from the Draft G.V.R.D. Long Range Plan, 2001-2010.
 (2) Total volume of water purchased by Burnaby from the Greater Vancouver Water District.
 1991 to 1999 are actual volumes, 2000 is estimated from Annual Budget, 2001 to 2010 are projected from consumption increases in the Draft GVRD Long Range Plan



WATER RATES

SCHEDULE C

	1993		1994		1995		1996		1997		1998		1999		2000		PROPOSED 2001		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Flat Rates																			
Detached single family	111.00	111.00	128.00	133.75	140.79	148.45	156.26	171.11	173.94	183.09	189.02	189.50	189.03	198.98					
Single family within duplex	83.50	83.50	96.70	100.31	105.59	111.32	117.18	128.31	130.43	137.29	134.99	142.10	141.75	149.21					
Single family within multiple	63.50	63.50	73.50	76.79	80.83	85.25	89.74	93.35	98.26	105.14	103.88	108.82	108.55	114.26					
Commercial not more than 3 stores/offices	222.00	222.00	257.00	267.50	281.58	296.92	312.55	342.24	347.89	366.20	360.07	379.02	378.07	397.97					
Commercial and living quarters, 1 family	111.00	111.00	128.00	133.75	140.79	148.47	156.28	171.13	173.95	183.11	180.04	189.52	189.03	198.98					
Commercial and no living quarters																			
CROSS CONNECTION CONTROLS																			
Per Device																			
Minimum Per Unit																			
METERED RATES																			
Monthly																			
First 300 cubic metres	0.338	0.338	0.392	0.409	0.431	0.454	0.478	0.431	0.454	0.462	0.478	0.503	0.502	0.528					
Next 550 cubic metres	0.242	0.266	0.329	0.344	0.362	0.382	0.402	0.431	0.454	0.462	0.486	0.503	0.502	0.528					
Next 1,400 cubic metres	0.242	0.266	0.329	0.344	0.362	0.382	0.402	0.431	0.454	0.462	0.486	0.503	0.502	0.528					
Over 12,000 cubic metres	0.242	0.266	0.329	0.344	0.362	0.382	0.402	0.431	0.454	0.462	0.486	0.503	0.502	0.528					
Minimum monthly	9.50	9.50	11.00	11.49	12.09	12.76	13.43	13.55	14.26	14.50	15.26	15.79	15.75	16.58					
Quarterly																			
First 900 cubic metres	0.338	0.338	0.392	0.409	0.431	0.454	0.478	0.431	0.454	0.462	0.478	0.503	0.502	0.528					
Next 1,650 cubic metres	0.242	0.266	0.329	0.344	0.362	0.382	0.402	0.431	0.454	0.462	0.486	0.503	0.502	0.528					
Next 4,200 cubic metres	0.242	0.266	0.329	0.344	0.362	0.382	0.402	0.431	0.454	0.462	0.486	0.503	0.502	0.528					
Over 36,000 cubic metres	0.242	0.266	0.329	0.344	0.362	0.382	0.402	0.431	0.454	0.462	0.486	0.503	0.502	0.528					
Minimum quarterly	28.50	28.50	33.00	34.48	36.29	38.28	40.29	40.64	42.78	43.48	45.77	47.37	47.25	49.74					
SPECIAL METER READING																			
CONNECTION FEE																			
Connection fee 19mm and less																			
Rate Increase	20%	0%	10%	10%	10%	11%	11%	9.5%	9.5%	7.0%	7.0%	3.5%	5.0%	5.0%					
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2000 FLAT WATER RATES COMPARISON

SCHEDULE D

	2000 Rates
1 North Vancouver City	144.00
2 Pitt Meadows	162.00
3 Port Moody	167.20
4 New Westminster	167.55
5 Coquitlam	175.00
6 Port Coquitlam	179.42
7 Burnaby	180.02
8 Richmond	190.85
9 Delta	201.00
10 North Vancouver District	232.00
11 Vancouver	256.00
12 West Vancouver	251.00
	Average
	192.17
	Median
	179.45

Proposed 2001 Burnaby rate	189.03
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Note: All rates shown are discounted for payment by the due date (if applicable)
Surrey no longer has a flat water rate (charges \$75.00 plus \$0.35 per cubic meter)

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