

**TO:** CITY MANAGER  
**FROM:** DIRECTOR FINANCE  
**SUBJECT:** WATERWORKS UTILITY RATES FOR 2002  
**PURPOSE:** To obtain Council approval for 2002 water rates.

15 November 2001  
File: W5-4

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**RECOMMENDATION**

1. **THAT** Burnaby Waterworks Regulation Bylaw be amended to provide for the water rates contained in Schedule A, effective 2002 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 2002.

This report proposes a general rate increase of 5.5% 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 2002. 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 2002 March 15. To promote payment by the due date, Burnaby offers a 5% discounted rate for payment on or before 2002 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 2001 rate for a single family home is \$189.03 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 2002

Schedule A *attached* provides the estimates of expenditures and revenues for 2002 with the proposed rate increase outlined below.

#### ***EXPENDITURES***

The projected cost increases for the supply, transmission, and distribution of water in 2002 is approximately 6.0%. The additional expenditures are due to an increase in the supply cost of water from the GVWD, negotiated wage settlements, improved computerization infrastructure and maintenance management systems, offset against a decrease in capital contribution requirements.

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 18.81 cents per cubic metre. The projected increase for 2002 is .6%, from 18.81 to 18.93 cents per cubic metre. 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 recently completed Coquitlam Ozonation plant is now in operation and its operating and capital repayment costs are included in the proposed rate structure.

New provincial regulations on enhanced drinking water quality were enacted in Spring 2001. In order to meet the new provincial standards, the City has embarked on an enhanced "watermain flushing" program. The additional water consumption is reflected in the projected cost increase.

In addition to the 2002 increase, the GVWD estimates an increase of 81 % in the total cost of water to Burnaby over the next ten years. The long term increases are necessary to finance the phased construction and operational costs of the new treatment facilities. Schedule B *attached* summarizes the projected increase in the cost of water to Burnaby.

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.

## **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 1994 at the following rate:

1994	0.0%	
1995	10.0%	
1996	10.0%	
1997	11.0%	
1998	9.5%	
1999	7.0%	
2000	3.5%	
2001	5.0%	
<b>2002</b>	<b>5.5%</b>	<b>Proposed</b>

This report proposes a 5.5% increase to flat and metered water rates. The proposed rates will increase the utility bill for a single family home by \$10.39 from \$189.03 to \$199.42 if payment is made by the due date. Schedule C *attached* shows current and proposed 2002 rates for Burnaby.

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

Of the 13 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 2002.

### **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 2002 March 15 would be \$199.42. The rate of payment after 2002 March 15 would be \$209.92.

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**

**Bylaw and Schedule A** - amended to include the existing construction water connection charge. The following charges apply to users requiring temporary water connection:

- 3/4" pipe connection - \$1,000 for six months
- 1" pipe connection - \$1,650 for six months
- 2" pipe connection - \$2,500 for six months

**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 Actual	2001 Annual	2002 Projected
	\$	\$	\$	\$	\$	\$	\$	\$		
<b>EXPENDITURE</b>										
Cost of water	3,289,273	3,746,764	4,687,655	5,149,529	5,451,721	6,263,174	6,757,440	7,686,817	7,448,690	8,491,296
Transmission, distribution & pumping	2,417,462	2,469,440	2,647,934	2,461,101	2,626,996	3,098,030	3,085,540	3,169,206	3,442,850	3,566,890
Long term debt (paid down 1999)	162,575	162,575	162,575	242,464	121,148	120,045	851,012	0	0	0
Contribution to capital	3,006,250	2,710,000	2,608,000	2,650,000	3,440,000	4,088,000	4,166,925	4,840,588	4,500,000	4,322,000
Discount			490,708	530,358	608,680	689,634	726,239	755,102	858,340	905,546
Contingency				191						
Surplus generated	736,165	926,276	1,224,884	1,815,743	1,913,356	1,089,904	858,835	747,160	1,196,875	350,000
<b>TOTAL</b>	<b>9,611,725</b>	<b>10,015,055</b>	<b>11,821,756</b>	<b>12,849,386</b>	<b>14,161,901</b>	<b>15,348,787</b>	<b>16,445,991</b>	<b>17,198,873</b>	<b>17,446,755</b>	<b>17,635,732</b>

**GROSS REVENUES/TRANSFERS**

Fee increase - flat rates										
Fee increase - metered rates										
Flat rates	5,521,061	5,542,999	6,484,015	7,206,354	8,070,389	8,899,876	9,625,516	10,022,422	10,270,365	10,835,235
Metered rates	3,888,789	4,160,031	5,031,116	5,414,262	5,697,427	6,180,174	6,567,988	6,984,358	6,896,390	7,275,691
Connection fees	201,875	312,025	306,625	202,770	365,885	246,677	240,527	183,093	275,000	25,000
Construction - Flat Rate Charge				26,000	28,200	22,060	11,960	9,000	25,000	-500,194
Draw on previous year's surplus										
<b>TOTAL</b>	<b>9,611,725</b>	<b>10,015,055</b>	<b>11,821,756</b>	<b>12,849,386</b>	<b>14,161,901</b>	<b>15,348,787</b>	<b>16,445,991</b>	<b>17,198,873</b>	<b>17,446,755</b>	<b>17,635,732</b>

Operating surplus	2,622,297	3,548,573	4,773,456	6,589,199	8,502,555	9,517,167	10,376,002	11,123,162	11,123,162	11,623,356
<b>Rate increase</b>	<b>20.0%</b>	<b>0.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>11.0%</b>	<b>9.5%</b>	<b>7.0%</b>	<b>3.5%</b>	<b>5.00%</b>	<b>5.50%</b>

**CAPITAL EXPENDITURES**

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Draft Provisional Budget	Draft Provisional Budget
	3,094,473	1,784,817	2,563,820	3,377,815	2,934,416	4,999,517	4,808,981	4,902,000	4,797,000	4,805,000

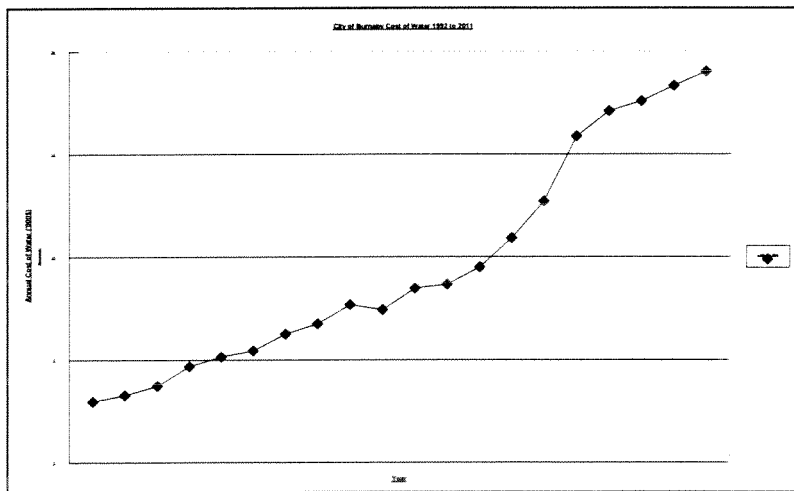
Finance Department  
15-Nov-01  
File: W5-4

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

**SCHEDULE B**

Year	Rate 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	40,805	5,150	462	9.9
1997	0.1394	0.0269	21.3	39,108	5,452	302	5.9
1998	0.1513	0.0119	8.5	41,362	6,258	806	14.8
1999	0.1644	0.0131	8.7	41,104	6,757	499	8.0
2000	0.1778	0.0134	8.2	43,233	7,687	929	13.8
2001	0.1881	0.0103	5.8	41,100	7,449	-238	-3.1
2002	0.1893 (1)	0.0012	0.6	44,856	8,491	1,042	14.0
2003	0.1896 (1)	0.0003	0.2	45,739	8,672	181	2.1
2004	0.2038 (1)	0.0142	7.5	46,661	9,510	838	9.7
2005	0.2298 (1)	0.0260	12.8	47,520	10,920	1,411	14.8
2006	0.2629 (1)	0.0331	14.4	48,382	12,720	1,800	16.5
2007	0.3223 (1)	0.0594	22.6	49,265	15,878	3,158	24.8
2008	0.3409 (1)	0.0186	5.8	50,166	17,102	1,223	7.7
2009	0.3381 (1)	-0.0028	-0.8	52,019	17,588	486	2.8
2010	0.3398 (1)	0.0017	0.5	53,932	18,326	739	4.2
2011	0.3405 (1)	0.0007	0.2	55,891	19,031	705	3.8
Increase 1992 - 2001		0.1466	240.8			5,237	236.8
Projected increase 2002-2011		0.1524	81.0			11,582	155.5

NOTES: (1) Projected unit cost increases from the Draft G.V.R.D. Long Range Plan, 2002-2011.  
 (2) Total volume of water purchased by Burnaby from the Greater Vancouver Water District.  
 1990 to 2000 are actual volumes, 2001 based on Annual Budget, 2002 to 2011 are projected from  
 consumption increases in the Draft GVRD Long Range Plan



Finance Department  
 15-Nov-01  
 File: W5-4

**WATER RATES**

**SCHEDULE C**

	1998	1998	1999	1999	2000	2000	2001	2001	PROPOSED	
	Paid by Mar. 15	Paid after Mar. 15	Paid by Mar. 15	Paid after Mar. 15	Paid by Mar. 15	Paid after Mar. 15	Paid by Mar. 15	Paid after Mar. 15	2002 Paid by Mar. 15	2002 Paid after Mar. 15
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>FLAT RATES</b>										
Detached single family	162.55	171.11	173.94	183.09	180.02	189.50	189.03	198.98	199.42	209.92
Single family within duplex	121.89	128.31	130.43	137.29	134.99	142.10	141.75	149.21	149.55	157.42
Single family within multiple	93.35	98.26	99.88	105.14	103.88	108.82	108.55	114.26	114.51	120.54
Commercial not more than 3 stores/offices										
Commercial and living quarters, 1 family	325.13	342.24	347.89	366.20	360.07	379.02	378.07	397.97	398.87	419.86
Commercial and no living quarters	162.57	171.13	173.95	183.11	180.04	189.52	189.03	198.98	199.42	209.92
<b>CROSS CONNECTION CONTROLS **</b>										
Per Device	21.90	23.05	23.43	24.66	24.24	25.52	25.46	26.80	25.84	27.20
Minimum Per Unit	2.74	2.88	2.93	3.08	3.03	3.19	3.18	3.35	3.23	3.40
<b>METERED RATES</b>										
<b>Monthly</b>										
		Non-Discount		Non-Discount		Non-Discount		Non-Discount		Non-Discount
First 300 cubic metres	0.431	0.454	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557
Next 550 cubic metres	0.431	0.454	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557
Next 1,400 cubic metres	0.431	0.454	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557
Over 12,000 cubic metres	0.431	0.454	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557
Minimum monthly	13.55	14.26	14.50	15.26	15.00	15.79	15.75	16.58	16.62	17.49
<b>Quarterly</b>										
First 900 cubic metres	0.431	0.454	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557
Next 1,650 cubic metres	0.431	0.454	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557
Next 4,200 cubic metres	0.431	0.454	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557
Over 36,000 cubic metres	0.431	0.454	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557
Minimum quarterly	40.64	42.78	43.48	45.77	45.00	47.37	47.25	49.74	49.86	52.476
							\$25.00 per request	\$25.00 per request		
<b>SPECIAL METER READING</b>										
<b>CONSTRUCTION WATER</b>										
3/4" connection	\$1,000 per six months		\$1,000 per six months		\$1,000 per six months		\$1,000 per six months		\$1,000 per six months	
1" connection	\$1,650 per six months		\$1,650 per six months		\$1,650 per six months		\$1,650 per six months		\$1,650 per six months	
2" connection	\$2,500 per six months		\$2,500 per six months		\$2,500 per six months		\$2,500 per six months		\$2,500 per six months	
<b>CONNECTION FEE</b>										
Connection fee 19mm and less ----- COST OF CONNECTION -----										
General Rate increase	9.5%	9.5%	7.0%	7.0%	3.5%	3.5%	5.0%	5.0%	5.5%	5.5%
Cross Connection Control Rate increase **	9.5%	9.5%	7.0%	7.0%	3.5%	3.5%	5.0%	5.0%	1.5%	1.5%

Finance Department  
15-Nov-01  
File: W5-4

## 2001 FLAT WATER RATES COMPARISON

SCHEDULE D

		<u>2001 Rates</u>
1	North Vancouver City	148.50
2	New Westminster	167.55
3	Pitt Meadows	168.00
4	Port Moody	168.15
5	Coquitlam	175.00
6	Port Coquitlam	179.42
7	<b>Burnaby</b>	<b>189.03</b>
8	Richmond	203.06
9	Delta	208.00
10	Surrey	212.00
11	North Vancouver District	237.00
12	Vancouver	261.00
13	West Vancouver	264.00
	Average	198.52
	Median	189.03
<hr/>		
	<b>Proposed 2002 Burnaby rate</b>	<b>199.42</b>

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

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15-Nov-01  
File: W5-4