

Item .....	04
Manager's Report No. ....	30
Council Meeting .....	02/11/25

**TO:** CITY MANAGER  
**FROM:** DIRECTOR FINANCE  
**SUBJECT:** WATERWORKS UTILITY RATES FOR 2003  
**PURPOSE:** To obtain Council approval for 2003 water rates.

20 November 2002  
File: W5-4

**RECOMMENDATION**

1. **THAT** Burnaby Waterworks Regulation Bylaw be amended to provide for the water rates contained in Schedule A, effective 2003 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 2003.

This report proposes a general rate increase of 6.0% 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 (GVWD) and increases in City maintenance costs for 2003. 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 2003 March 17. To promote payment by the due date, Burnaby offers a 5% discounted rate for payment on or before 2003 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

Residential users are charged a flat annual rate for water. The 2003 rate for a single family home is \$211.39 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 2003

Schedule A *attached* provides the estimates of expenditures and revenues for 2003 with the proposed rate increase outlined below.

#### ***EXPENDITURES***

The projected cost increase in 2003 is approximately 8.7%. The additional expenditures are due to an increase in the supply cost of water from the GVWD, and to ensure that the waterworks utility continues to be self-supporting in future years.

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 18.93 cents per cubic metre. The projected increase for 2003 is 4.0%, from 18.93 to 19.68 cents per cubic metre. The increased costs will provide for the GVWD's Drinking Water Quality Improvement Plan which involves the design of new filtration plants at the Capilano and Seymour Water sources to improve the quality of drinking water.

In addition to the 2003 increase, the GVWD estimates an increase of 127 % 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 1995 at the following rate:

1995	10.0%
1996	10.0%
1997	11.0%
1998	9.5%
1999	7.0%
2000	3.5%
2001	5.0%
2002	5.5%
<b>2003</b>	<b>6.0% Proposed</b>

This report proposes a 6.0% increase to flat and metered water rates. The proposed rates will increase the utility bill for a single family home by \$11.97 from \$199.42 to \$211.39 if payment is made by the due date. Schedule C *attached* shows current and proposed 2003 rates for Burnaby. Further, Schedule D attached contains a survey of single family flat water rate within the Greater Vancouver Region.

### 3. 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 2003 March 17 would be \$211.39. The rate of payment after 2003 March 17 would be \$222.52.

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.

### 4. 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.

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

  
for Rick Earle  
DIRECTOR FINANCE

RT:  
Attach.  
cc: Director Engineering  
City Solicitor

**WATERWORKS - OPERATING BUDGET**

**SCHEDULE A**

	1994 Actual \$	1995 Actual \$	1996 Actual \$	1997 Actual \$	1998 Actual (1) \$	1999 Actual (1) \$	2000* Actual (1) \$	2001* Actual (1) \$	2002 Annual	2003 Projected
<b>EXPENDITURE</b>										
Cost of water	3,746,764	4,687,655	5,149,529	5,451,721	6,184,965	6,757,440	7,671,714	8,157,408	8,491,295	8,593,210
Transmission, distribution & pumping	2,469,440	2,647,934	2,461,101	2,626,996	3,098,030	3,085,540	3,162,910	3,661,680	3,574,490	3,603,210
Long term debt (paid down 1999)	162,575	162,575	242,464	121,148	120,045	851,012	0	0	0	0
Contribution to capital	2,710,000	2,608,000	2,650,000	3,440,000	4,088,000	4,088,000	4,768,405	4,322,000	4,322,000	4,322,000
Cont. to Equipment Replacement Reserve (Equip. Charge-Out)						78,925	78,584	75,623		
Discount		490,708	530,358	608,680	689,634	726,239	755,102	791,624	905,545	881,290
Contingency			191						842,595	2,209,520
Surplus generated	926,276	1,224,884	1,815,743	1,913,356	1,168,113	858,835	762,158	329,310	0	0
<b>TOTAL</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>17,337,645</b>	<b>18,135,925</b>	<b>19,609,230</b>

**GROSS REVENUES/TRANSFERS**

Fee increase - flat rates										
Fee increase - metered rates										
Fiat rates	5,542,999	6,484,015	7,206,354	8,070,389	8,899,876	9,625,516	10,022,422	10,563,668	10,835,235	11,872,000
Metered rates	4,160,031	5,031,116	5,414,262	5,697,427	6,180,174	6,567,988	6,984,358	7,108,298	7,275,690	7,712,230
Connection fees	312,025	306,625	202,770	365,885	246,677	240,527	183,093	0		
Construction - Metered Charges			26,000	28,200	22,060	11,960	9,000	12,000		
Construction - Flat Rate Charges								0	25,000	25,000
Draw on previous year's surplus									0	0
<b>TOTAL</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>17,683,966</b>	<b>18,135,925</b>	<b>19,609,230</b>

Operating surplus (1) Adjusted to conform with PSAB	3,548,573	4,773,456	6,589,199	8,502,555	9,595,376	10,454,211	11,216,369	11,545,679	11,545,679	11,545,679
<b>Rate increase</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>	<b>6.00%</b>

**CAPITAL EXPENDITURES**

	1994 Actual	1995 Actual	1996 Actual	1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Annual Budget	2003 Draft Provisional Budget
BUDGET AMOUNT	1,784,817	2,563,820	3,377,815	2,934,416	4,999,517	4,808,981	5,114,700	4,354,550	4,936,000	5,082,000

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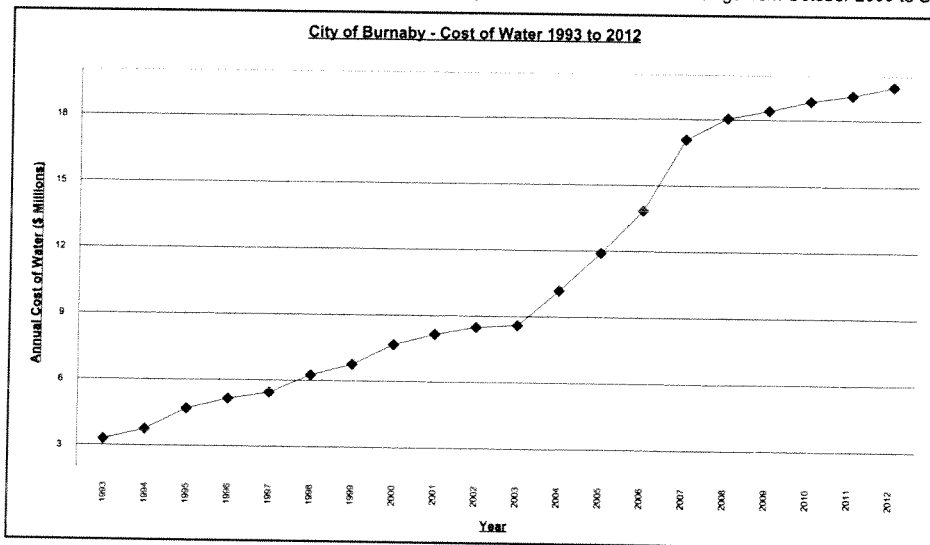
\* 2000 and 2001 Actuals have been adjusted for a credit received in 2002 resulting from errors in meter readings from October 2000 to September

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

**SCHEDULE B**

Year	Rate Per Cubic Meter			Total volume (2) purchased '000 M <sup>3</sup>	Annual cost to Burnaby '000 \$	Increase in total cost of water to Burnaby from previous year	
	Cost/M <sup>3</sup>	Increase from previous year				'000 \$	%
	\$	\$	%				
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	43,148	(3) 7,672	(3) 914	(3) 13.5
2001	0.1881	0.0103	5.8	43,366	(3) 8,157	(3) 485	(3) 6.3
2002	0.1893	0.0012	0.6	44,856	8,491	334	4.1
2003	0.1968 (1)	0.0075	4.0	43,660	8,593	102	1.2
2004	0.2140 (1)	0.0172	8.7	47,556	10,177	1,584	18.4
2005	0.2440 (1)	0.0300	14.0	48,763	11,898	1,721	16.9
2006	0.2765 (1)	0.0325	13.3	50,080	13,847	1,949	16.4
2007	0.3327 (1)	0.0562	20.3	51,336	17,080	3,233	23.3
2008	0.3424 (1)	0.0097	2.9	52,732	18,056	976	5.7
2009	0.3435 (1)	0.0011	0.3	53,588	18,408	352	1.9
2010	0.3454 (1)	0.0019	0.6	54,560	18,845	437	2.4
2011	0.3440 (1)	(0.0014)	-0.4	55,534	19,104	259	1.4
2012	0.3439 (1)	(0.0001)	-0.0	56,712	19,503	400	2.1
Increase 1993 - 2002						5,513	185.1
Projected increase 2003-2012						11,012	129.7

- NOTES:
- (1) Projected unit cost increases from the Draft G.V.R.D. Long Range Plan, 2003-2012.
  - (2) Total volume of water purchased by Burnaby from the Greater Vancouver Water District. 1991 to 2001 are actual volumes, 2002 based on Annual Budget, and 2003 to 2012 are projections based on the Draft 2003-2012 GVRD Long Range Plan.
  - (3) 2000 and 2001 volume and annual costs have been adjusted for errors in meter readings from October 2000 to September 2001.



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**WATER RATES**

**SCHEDULE C**

	1999		2000		2001		2002		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	2003 Paid by Mar. 17	2003 Paid after Mar. 17
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>FLAT RATES</b>										
Detached single family	173.94	183.09	180.02	189.50	189.03	198.98	199.42	209.92	211.39	222.52
Single family within duplex	130.43	137.29	134.99	142.10	141.75	149.21	149.55	157.42	158.53	166.87
Single family within multiple	99.88	105.14	103.88	108.82	108.55	114.26	114.51	120.54	121.38	127.77
Commercial not more than 3 stores/offices										
Commercial and living quarters, 1 family	347.89	366.20	360.07	379.02	378.07	397.97	398.87	419.86	422.80	445.05
Commercial and no living quarters	173.95	183.11	180.04	189.52	189.03	198.98	199.42	209.92	211.39	222.52
<b>CROSS CONNECTION CONTROLS **</b>										
Per Device	23.43	24.66	24.24	25.52	25.46	26.80	25.84	27.20	26.23	27.61
Minimum Per Unit	2.93	3.08	3.03	3.19	3.18	3.35	3.23	3.40	3.28	3.45
<b>METERED RATES</b>										
		Non-Discout		Non-Discout		Non-Discout		Non-Discout		Non-Discout
<b>Monthly</b>										
First 300 cubic metres	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557	0.561	0.590
Next 550 cubic metres	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557	0.561	0.590
Next 1,400 cubic metres	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557	0.561	0.590
Over 12,000 cubic metres	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557	0.561	0.590
Minimum monthly	14.50	15.26	15.00	15.79	15.75	16.58	16.62	17.49	17.61	18.54
<b>Quarterly</b>										
First 900 cubic metres	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557	0.561	0.590
Next 1,650 cubic metres	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557	0.561	0.590
Next 4,200 cubic metres	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557	0.561	0.590
Over 36,000 cubic metres	0.462	0.486	0.478	0.503	0.502	0.528	0.529	0.557	0.561	0.590
Minimum quarterly	43.48	45.77	45.00	47.37	47.25	49.74	49.86	52.48	52.85	55.62
<b>SPECIAL METER READING</b>							\$25.00 per request	\$25.00 per request	\$25.00 per request	
<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 -----									
<b>General Rate increase</b>	7.0%	7.0%	3.5%	3.5%	5.0%	5.0%	5.5%	5.5%	6.0%	6.0%
<b>Cross Connection Control Rate increase **</b>	7.0%	7.0%	3.5%	3.5%	5.0%	5.0%	1.5%	1.5%	1.5%	1.5%

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## FLAT WATER RATES COMPARISON

SCHEDULE D

	<u>2002 Rates</u>	<u>2001 Rates</u>	
1 North Vancouver City	153.00	148.50	
2 New Westminster	167.55	167.55	
3 Port Moody	172.90	168.15	
4 Coquitlam	175.00	175.00	
5 Port Coquitlam	179.42	179.42	
6 Pitt Meadows	181.00	168.00	
7 <b>Burnaby</b>	<b>199.42</b>	<b>189.03</b>	
8 Surrey	217.00	212.00	
9 Delta	225.00	208.00	
10 Richmond	230.10	203.06	
11 North Vancouver District	237.16	232.26	
12 Vancouver	264.00	261.00	
13 West Vancouver	277.00	264.00	
	Average	206.04	198.15
	Median	199.42	189.03
	<b>Proposed 2003 Burnaby rate</b>	<b>211.39</b>	<b>211.39</b>

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

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