

Item	07
Manager's Report No.	29
Council Meeting	04/11/22

TO: CITY MANAGER 15 November 2004
FROM: DIRECTOR FINANCE Finance File: 39500 01
SUBJECT: WATERWORKS UTILITY RATES FOR 2005
PURPOSE: To obtain Council approval for 2005 water rates.

RECOMMENDATION

1. **THAT** Burnaby Waterworks Regulation Bylaw be amended to provide for the water rates contained in Schedule A, effective 2005 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 2005.

This report proposes a general rate increase of 9.25% 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 for the replacement of aging infrastructure. 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 2005 March 15. To promote payment by the due date, Burnaby offers a 5% discounted rate for payment on or before 2005 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 2005 rate for a single family home is \$244.81 if paid by the due date. This charge is levied separately from property taxes and is due mid March of each year. Staff reviews 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 2005

Schedule A *attached* provides the estimates of expenditures and revenues for 2005 with the proposed rate increase outlined below.

EXPENDITURES

The projected cost increase in 2005 is approximately 17.3%. The additional expenditures are due to an increase in the supply cost of water from the GVWD, to replace aging infrastructure, 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 22.34 cents per cubic metre. The projected increase for 2005 is 12.0%, from 22.34 to 25.02 cents per cubic metre. The increased costs will provide for the GVWD's Drinking Water Quality Improvement Plan which includes continued construction of a new filtration plant for the Capilano and Seymour Water sources.

In addition to the 2005 increase, it is estimated that the total cost of water to Burnaby will increase by more than 60% over the next five 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.

Many of the City's infrastructures were built in the 1950's and 1960's and need to be replaced over the next 10 years. The replacements of these infrastructures are costly and contributed to the overall water rate increase.

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	10.00%
1996	10.00%
1997	11.00%
1998	9.50%
1999	7.00%
2000	3.50%
2001	5.00%
2002	5.50%
2003	6.00%
2004	6.00%
2005	9.25% Proposed

This report proposes a 9.25% increase to flat and metered water rates. The proposed rates will increase the utility bill for a single family home by \$20.73 from \$224.08 to \$244.81 if payment is made by the due date. Schedule C *attached* shows current and proposed 2005 rates for Burnaby.

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 2005 March 15 would be \$244.81. The rate of payment after 2005 March 15 would be \$257.69.

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.



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 \$	2000* Actual (1) \$	2001* Actual (1) \$	2002* Actual (1) \$	2003 Actual	2004 Annual	2005 Projected
EXPENDITURE												
Cost of water	3,746,764	4,687,655	5,149,528	5,451,721	6,263,174	6,757,440	7,671,714	8,157,408	8,028,208	8,526,217	10,097,190	11,203,790
Transmission, distribution & pumping	2,469,440	2,647,934	2,461,101	2,626,996	3,098,030	3,082,624	3,162,910	3,961,679	3,566,963	3,781,707	3,758,210	3,962,460
Long term debt (paid down 1999)	162,575	162,575	242,464	121,148	120,045	851,012	0	0	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	4,788,405	4,322,000	4,322,000	4,395,000	5,396,000	7,516,000
Cont. to Equipment Replacement Reserve (Equip. Charge-Out)						78,525	78,584	75,623	59,336			
Discount		490,708	530,358	608,680	689,634	726,239	755,102	791,624	835,595	881,735	927,770	1,005,390
Contingency			191								420,000	450,000
Surplus generated	926,276	1,224,884	1,815,743	1,913,356	1,089,904	861,751	762,158	675,632	1,848,737	2,056,079	42,830	0
TOTAL	10,015,055	11,821,756	12,849,386	14,161,901	15,348,787	16,445,991	17,198,873	17,683,966	18,661,839	19,640,738	20,642,000	24,137,640

GROSS REVENUES/TRANSFERS

Fee increase - flat rates												
Fee increase - metered rates												
Flat 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	11,254,450	12,015,676	12,720,000	14,084,000
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	7,364,289	7,579,562	7,897,000	8,259,300
Connection fees	312,025	306,625	202,770	365,885	246,677	240,527	183,093	0	0	0	12,000	12,000
Construction - Metered Charges						11,960	9,000	0	13,000	13,000	13,000	13,000
Construction - Flat Rate Charges			26,000	28,200	22,060				10,100	32,500	13,000	13,000
Draw on previous year's surplus									0	0	0	1,759,340
TOTAL	10,015,055	11,821,756	12,849,386	14,161,901	15,348,787	16,445,991	17,198,873	17,683,966	18,661,839	19,640,738	20,642,000	24,137,640

Operating surplus	3,548,573	4,773,456	6,589,199	8,502,555	9,592,459	10,454,210	11,216,368	11,892,000	13,740,737	15,796,816	15,839,646	14,070,306
Rate increase	0.0%	10.0%	10.0%	11.0%	9.5%	7.0%	3.5%	5.0%	5.50%	6.00%	6.00%	9.25%

CAPITAL EXPENDITURES

	1994 Actual	1995 Actual	1996 Actual	1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Annual Budget	2005 Draft Provisional Budget
BUDGET/ACTUAL 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	4,305,469	4,947,375	5,633,000	7,513,000

Finance Department
15-Nov-04
File: 39500 01

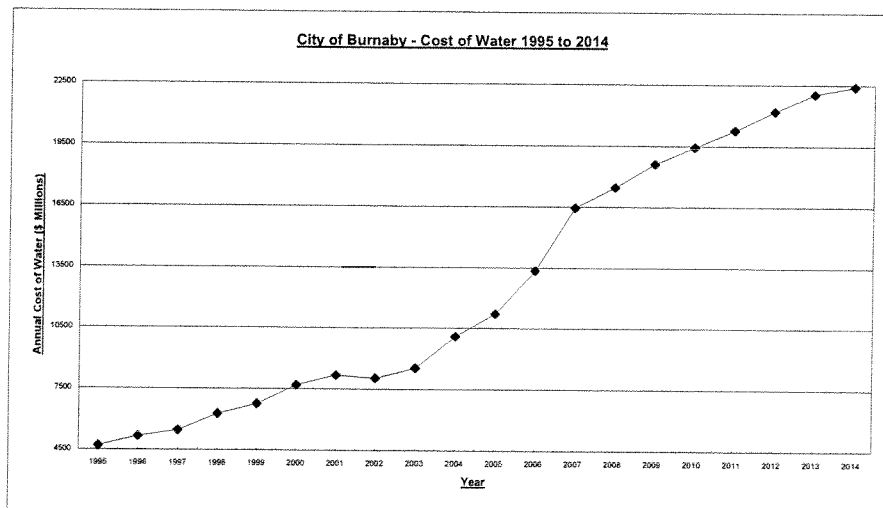
* 2000, 2001 and 2002 costs have been adjusted for errors in meter readings from October 2000 to September 2001 (credit received in 2002).

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 ³	Annual cost to Burnaby		Increase in total cost of water to Burnaby from previous year	
	Cost/M ³	Increase from previous year			'000 \$		'000 \$	%
	\$	\$	%					
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	914	13.5
2001	0.1881	0.0103	5.8	43,366	(3)	8,157	485	6.3
2002	0.1893	0.0012	0.6	42,415	(3)	8,029	-128	-1.6
2003	0.1968	0.0075	4.0	43,320		8,526	497	6.2
2004	0.2234	0.0266	13.5	45,198		10,097	1,571	18.4
2005	0.2502 (1)	0.0268	12.0	44,779		11,204	1,107	11.0
2006	0.2936 (1)	0.0434	17.3	45,503		13,360	2,156	19.2
2007	0.3559 (1)	0.0623	21.2	46,222		16,450	3,091	23.1
2008	0.3712 (1)	0.0153	4.3	47,064		17,470	1,020	6.2
2009	0.3898 (1)	0.0186	5.0	47,782		18,625	1,155	6.6
2010	0.3995 (1)	0.0097	2.5	48,628		19,427	802	4.3
2011	0.4095 (1)	0.0100	2.5	49,474		20,260	833	4.3
2012	0.4197 (1)	0.0102	2.5	50,490		21,191	931	4.6
2013	0.4302 (1)	0.0105	2.5	51,230		22,039	849	4.0
2014	0.4302 (1)	0.0000	0.0	52,108		22,417	378	1.7
Increase 1995 - 2004		0.1402	130.5				6,350	169.5
Projected increase 2005-2014		0.2068	92.6				12,320	122.0

NOTES: (1) 2005-2014 unit costs are based on the draft GVRD long range projection in October of 2004,
 (2) Total volume of water purchased by Burnaby from the Greater Vancouver Water District. 1991 to 2003 are actual volumes, 2004 based on Annual Budget, and 2005 to 2014 are projections based on information provided by GVRD.
 (3) 2000, 2001 and 2002 volume and annual costs have been adjusted for errors in meter readings from October 2000 to September 2001.



WATER RATES

SCHEDULE C

	2001	2001	2002	2002	2003	2003	2004	2004	PROPOSED	
	Paid by Mar. 15	Paid after Mar. 15	Paid by Mar. 15	Paid after Mar. 15	Paid by Mar. 17	Paid after Mar. 17	Paid by Mar. 15	Paid after Mar. 15	2005 Paid by Mar. 15	2005 Paid after Mar. 15
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FLAT RATES										
Detached single family	189.03	198.98	199.42	209.92	211.39	222.52	224.08	235.87	244.81	257.69
Single family within duplex	141.75	149.21	149.55	157.42	158.53	166.87	168.04	176.88	183.58	193.24
Single family within multiple	108.55	114.26	114.51	120.54	121.38	127.77	128.67	135.44	140.57	147.97
Commercial not more than 3 stores/offices										
Commercial and living quarters, 1 family	378.07	397.97	398.87	419.86	422.80	445.05	448.16	471.75	489.62	515.39
Commercial and no living quarters	189.03	198.98	199.42	209.92	211.39	222.52	224.08	235.87	244.81	257.69
CROSS CONNECTION CONTROLS **										
Per Device	25.46	26.80	25.84	27.20	26.23	27.61	26.91	28.33	27.45	28.90
Minimum Per Unit	3.18	3.35	3.23	3.40	3.28	3.45	3.36	3.54	3.43	3.61
METERED RATES										
		Non-		Non-		Non-		Non-		Non-
<i>Monthly</i>		Discount		Discount		Discount		Discount		Discount
First 300 cubic metres	0.502	0.528	0.529	0.557	0.560	0.590	0.594	0.625	0.649	0.683
Next 550 cubic metres	0.502	0.528	0.529	0.557	0.560	0.590	0.594	0.625	0.649	0.683
Next 1,400 cubic metres	0.502	0.528	0.529	0.557	0.560	0.590	0.594	0.625	0.649	0.683
Over 12,000 cubic metres	0.502	0.528	0.529	0.557	0.560	0.590	0.594	0.625	0.649	0.683
Minimum monthly	15.75	16.58	16.82	17.49	17.61	18.54	18.67	19.65	20.40	21.47
<i>Quarterly</i>										
First 900 cubic metres	0.502	0.528	0.529	0.557	0.560	0.590	0.594	0.625	0.649	0.683
Next 1,650 cubic metres	0.502	0.528	0.529	0.557	0.560	0.590	0.594	0.625	0.649	0.683
Next 4,200 cubic metres	0.502	0.528	0.529	0.557	0.560	0.590	0.594	0.625	0.649	0.683
Over 36,000 cubic metres	0.502	0.528	0.529	0.557	0.560	0.590	0.594	0.625	0.649	0.683
Minimum quarterly	47.25	49.74	49.86	52.48	52.84	55.62	56.00	58.95	61.19	64.41
SPECIAL METER READING	\$25.00 per request		\$25.00 per request		\$25.00 per request		\$25.00 per request		\$25.00 per request	
CONSTRUCTION WATER										
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	
CONNECTION FEE										
Connection fee 19mm and less	----- COST OF CONNECTION -----									
General Rate increase	5.00%	5.00%	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%	9.25%	9.25%
Cross Connection Control Rate increase *	5.0%	5.0%	1.5%	1.5%	1.5%	1.5%	2.6%	2.6%	2.0%	2.0%

Finance Department
15-Nov-04
File: 39500 01