

TO: CITY MANAGER 21 November 2005
FROM: DIRECTOR FINANCE Finance File: 39500 01
SUBJECT: WATERWORKS UTILITY RATES FOR 2006
PURPOSE: To obtain Council approval for 2006 water rates.

RECOMMENDATION

1. **THAT** Burnaby Waterworks Regulation Bylaw be amended to provide for the water rates contained in Schedule A, effective 2006 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 2006.

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 2006 March 15. To promote payment by the due date, Burnaby offers a 5% discounted rate for payment on or before 2006 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 2006 rate for a single family home is \$267.45 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 2006

Schedule A *attached* provides the estimates of expenditures and revenues for 2006 with the proposed rate increase outlined below.

EXPENDITURES

The projected cost increase in 2006 is approximately 14.2%. 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 a blended rate of 29.08 cents per cubic metre (or 30.44 cents during the peak period of June to September, and 28.18 cents for the remaining months in the year). The projected increase for 2006 is 16.2%, from 25.02 to 29.08 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 2006 increase, it is estimated that the total cost of water to Burnaby will increase by about 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 replacement of this infrastructure is costly and contributes 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%
2006	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 \$22.64 from \$244.81 to \$267.45 if payment is made by the due date. Schedule C *attached* shows current and proposed 2006 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 2006 March 15 would be \$267.45. The rate of payment after 2006 March 15 would be \$281.53.

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

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Attach.

cc: Director Engineering
City Solicitor

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