

To: City Manager
From: Director Finance
Re: Sanitary Sewer Utility Rates for 2010
2009 November 30..... Page 2

REPORT

1. INTRODUCTION

All properties in Burnaby with access to sewer paid a flat sewer parcel tax of \$370.85 for single family homes in 2009. In addition to a share of the parcel tax, residential units in multiple dwellings pay a flat annual user fee of \$200.87 in 2009. The sewer parcel tax and the sewer use fee are billed separately from property taxes. The due date for these utility charges in 2010 will be March 15. Large volume users are metered and pay for sewer services based on the volume of water consumption.

2. PROJECTED EXPENDITURES AND REVENUES FOR 2010

Schedule A *attached* summarizes the expected expenditures and revenues for 2010.

EXPENDITURES

The cost of operating and maintaining the City's sewer system in 2010 is expected to increase by \$1,332,990. The increase in the expenditure budget is necessary to cover increased sewer maintenance requirements, GVS&DD Levy increases, provide for higher costs for aging infrastructure replacement and to ensure that the sanitary sewer utility continues to be self-supporting in future years.

There are a total of 670 km of sewer mains and 250 km of sewer connections installed within the City right-of-way corridors. The City is progressing well with its combined sewer separation program in North Burnaby. In the past few years, the City has been able to take advantage of the infrastructure funding grant from senior governments to facilitate the sewer separation program. Staff will continue to monitor funding opportunities through the Provincial-Federal Building Canada initiative to advance the sewer separation program.

Sewer pump stations are a key component of the sewer collection system in Big Bend and Central Valley. A recent condition and capacity study commissioned by the City has identified several sewer pump stations within the Central Valley area that will require major upgrades to replace existing aging equipment and to meet the population growth.

The proposed GVS&DD Levy is subject to review by the GVRD Board. The review may result in a change in the total sewerage cost to Burnaby from the current projection. Schedule B *attached* summarizes the projected costs of the GVS&DD levy to Burnaby.

REVENUES

It has been Council's objective that the sanitary sewer system be financially self sustaining. This is accomplished on a user pay basis. Sewer charges are reviewed annually and rate changes are recommended to Council.

Sewer rates have increased since 2000 at the following rate.

2000	5%
2001	5%
2002	5%
2003	2%
2004	2%
2005	2%
2006	2%
2007	2%
2008	8%
2009	9%
2010	8.5% Proposed

This report proposes an 8.5% rate increase in all sewer charges for 2010 to offset expenditures changes detailed above. The proposed rates will increase the sewer utility bill for a single family home by \$31.52 from \$370.85 to \$402.37 if payment is made by the due date. Current and proposed 2010 sewer rates are shown in Schedule C *attached*.

A. Contaminated Groundwater Charges

The GVS&DD and the City introduced charges to recover the costs of handling discharges of contaminated water into municipal sewer systems in 1997. The GVS&DD agreed to collect and remit the charges to the city at the time that the GVS&DD issues the discharge permit. The GVS&DD has proposed modest changes to the contaminated ground water charges for 2010. It is recommended that Burnaby implement the proposed changes, as specified below.

	<u>2010</u>	<u>2009</u>	
Vancouver Sewerage Area (VSA):	\$0.255	\$0.257	per cubic metre
Fraser Sewerage Area (FSA):	\$0.322	\$0.315	per cubic metre

B. Industrial Pricing - BOD/TSS Charges

Recognizing that biochemical oxygen demand (BOD) and total suspended solids (TSS) are the main cost drivers of the sewerage and drainage system, the GVS&DD introduced a pricing mechanism that directly quantifies the level of BOD/TSS that is being discharged into the sewerage system by individual industries. Permitted industries will not pay less in BOD/TSS charges than they currently pay towards regional costs. Eight of the twenty-three permitted industries will be charged BOD/TSS charges in 2010. These eight companies will also be responsible for their portion of municipal sewerage costs. The remaining industries not charged BOD/TSS, based on current loadings, will continue to be levied regular metered sewer use

To: City Manager
From: Director Finance
Re: Sanitary Sewer Utility Rates for 2010
2009 November 30..... Page 4

charges.

Schedule D *attached* provides details on the BOD/TSS charges for 2010 as well as each industry's anticipated share of regional and municipal costs. These charges are subject to review and may be modified prior to the New Year.

3. INCENTIVE FOR ON TIME PAYMENT OF FLAT AND METERED RATES

In 1994 Burnaby began collecting utility charges separately from property taxes. Collection of utility charges in mid March provides investment income that serves to decrease the amount of taxes levied. Consequently, separate billing for utilities will continue in 2010.

Burnaby offers a 5% discounted rate for payment on or before the due date. On a single family home the proposed sewer parcel tax for people who pay on or before March 15, 2010 would be \$402.37. The rate for payment after 2010 March 15 would be \$423.55. The discounted rate also applies to sewer use fees. Burnaby charges metered users a discounted rate on payments made within 30 days of the billing date on the metered sewer use 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 all users of the rate increase will be placed in a local newspaper and *InfoBurnaby*. Metered users and permitted industries part of the BOD/TSS program will be notified by letter.

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


for Rick Earle
DIRECTOR FINANCE

RAE: rt
Attach.

cc: Director Engineering
City Solicitor

SANITARY SEWER - OPERATING BUDGET

SCHEDULE A

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Annual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURE													
Sewer Maintenance	3,343,352	3,424,548	3,972,470	5,192,330	5,644,310	6,135,640	6,663,740	7,250,330	7,881,460	8,567,530	9,313,320	10,124,030	11,005,310
Contribution to Capital	7,602,000	9,747,000	10,759,000	10,559,000	11,615,000	12,777,000	14,055,000	15,461,000	17,007,000	18,708,000	20,579,000	22,637,000	24,901,000
Discount	1,065,803	1,204,810	1,351,820	1,448,555	1,571,060	1,703,980	1,848,000	2,004,070	2,173,370	2,356,990	2,556,170	2,772,230	3,006,580
Contingency	0	0	741,025	792,330	868,190	951,360	1,042,510	1,142,440	1,251,960	1,372,040	1,503,670	1,647,970	1,806,190
Total Municipal Expenditures	12,041,155	14,376,358	16,824,315	17,992,215	19,698,560	21,567,980	23,615,250	25,857,840	28,313,790	31,004,560	33,952,160	37,181,230	40,719,080
GVS&DD Levy (O&M & Debt)	13,253,427	13,361,750	14,455,680	14,810,400	15,699,030	16,640,970	17,556,220	18,434,030	19,355,740	20,323,520	21,339,700	22,399,700	23,519,700
GVS&DD BOD/TSS Levied	718,941	738,064	913,765	820,870	870,130	922,330	973,060	1,021,710	1,072,800	1,126,440	1,182,760	1,241,760	1,302,760
Total GVS&DD Levy	13,972,368	14,099,814	15,369,445	15,631,270	16,569,160	17,563,300	18,529,280	19,455,740	20,428,540	21,449,960	22,522,460	23,641,460	24,822,460
Total Expenditures	26,013,523	28,476,172	32,193,760	33,623,485	36,267,740	39,131,280	42,144,530	45,313,580	48,742,330	52,454,520	56,474,620	60,282,370	64,241,540
Surplus (Deficit)	1,030,100	1,177,568	0	0	0	0	0	0	0	0	0	0	0
TOTAL	27,043,623	29,653,740	32,193,760	33,623,485	36,267,740	39,131,280	42,144,530	45,313,580	48,742,330	52,454,520	56,474,620	60,282,370	64,241,540
REVENUES/TRANSFERS													
Parcel Tax	11,215,369	12,136,462	13,202,540	14,324,760	15,542,360	16,863,460	18,296,850	19,852,080	21,539,510	23,370,370	25,356,850	27,512,180	29,850,720
User charges - flat	8,126,791	9,093,634	9,901,170	10,742,770	11,655,910	12,646,660	13,721,630	14,887,970	16,153,460	17,526,490	19,016,240	20,632,620	22,386,390
- metered	4,830,764	5,022,691	4,454,835	4,833,495	5,244,340	5,680,110	6,173,770	6,696,540	7,267,920	7,885,690	8,555,970	9,283,230	10,072,300
- metered permitted (city charges)			167,960	182,240	197,730	214,540	232,780	252,570	274,040	297,330	322,600	350,020	379,770
- metered permitted (revenue neutrality adjustment)			811,510	880,490	955,330	1,036,530	1,124,640	1,220,230	1,323,950	1,436,490	1,558,590	1,691,070	1,834,810
BOD/TSS Charges	387,039	399,877	652,375	526,610	558,210	591,700	624,240	655,450	688,220	722,630	758,760	796,700	836,540
Inspection service fee	6,750	10,500	0	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550
Other	31,115	381,760	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Revenue	24,607,828	27,034,925	29,200,390	31,506,915	34,170,430	37,059,550	40,190,460	43,583,390	47,263,640	51,255,550	55,585,560	60,282,370	65,377,080
Draw on previous year's surplus	2,435,795	2,618,815	2,893,370	2,116,570	2,097,310	2,071,730	1,954,070	1,730,190	1,478,690	1,198,970	889,060	0	0
TOTAL	27,043,623	29,653,740	32,193,760	33,623,485	36,267,740	39,131,280	42,144,530	45,313,580	48,742,330	52,454,520	56,474,620	60,282,370	65,377,080
Operating surplus (1)	10,484,024	9,042,777	6,790,432	5,466,192	4,237,072	3,116,702	2,205,142	1,617,392	1,390,662	1,563,732	2,178,342	4,404,992	8,346,722
Rate Increase	2.0%	8.0%	9.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%

Finance Department
30-Nov-09
File: 36000 07

G.V.S. & D.D. SANITARY SEWER CHARGESSCHEDULE B

<u>YEAR</u>	<u>BOD/TSS CHARGES</u>	<u>GVS&DD O&M AND DEBT LEVY</u>	<u>GVS&DD SEWERAGE LEVY</u>	<u>INCREASE FROM PREVIOUS YEAR</u>	
				<u>\$</u>	<u>%</u>
2000	581,090	12,691,295	13,272,385	350,105	2.7
2001	587,007	12,980,338	13,567,345	294,960	2.2
2002	562,056	13,392,807	13,954,863	387,518	2.9
2003	693,246	12,635,112	13,328,358	-626,505	-4.5
2004	553,399	13,085,212	13,638,611	310,253	2.3
2005	561,603	12,922,561	13,484,164	-154,447	-1.1
2006	601,970	13,061,085	13,663,055	178,891	1.3
2007	718,941	13,253,427	13,972,368	309,313	2.3
2008	738,064	13,361,750	14,099,814	127,446	0.9
2009	913,764	14,450,989	15,364,753	1,264,939	9.0
2010	820,873	14,810,404	15,631,277	266,524	1.7
2011 (1)	870,125	15,699,029	16,569,154	937,877	6.0
2012 (1)	922,333	16,640,970	17,563,303	994,149	6.0
2013 (1)	973,061	17,556,223	18,529,284	965,981	5.5
2014 (1)	1,021,714	18,434,034	19,455,748	926,464	5.0
2015 (1)	1,072,800	19,355,735	20,428,535	972,787	5.0
2016 (1)	1,126,440	20,323,521	21,449,961	1,021,426	5.0
2017 (1)	1,182,762	21,339,697	22,522,459	1,072,498	5.0
2018 (1)	1,241,900	22,406,682	23,648,582	1,126,123	5.0
2019 (1)	1,303,995	23,527,016	24,831,011	1,182,429	5.0
2000 - 2009 Total			138,345,716	2,442,473	18.4
2010 - 2019 Total			200,629,314	9,466,258	61.6

(1) 2011-2019 levies are based on the draft 2010 GVRD estimates adjusted for an annual allowance.

Finance Department
30-Nov-09
File: 36000 07

SANITARY SEWER RATES

SCHEDULE C

	2008	2008	2009	2009	PROPOSED	
	Paid by Mar. 17	Paid after Mar. 17	Paid by Mar. 16	Paid after Mar. 16	2010 Paid by Mar. 15	2010 Paid after Mar. 15
	\$	\$	\$	\$	\$	\$
Sewer Parcel						
Every owner of every real parcel capable of being drained						
- Municipal installed	340.23	358.14	370.85	390.37	402.37	423.55
- subdivider installed	170.12	179.07	185.43	195.19	201.19	211.78
Sewer Use						
- owner of any strata lot						
- owner of any strata lot (not part of a duplex)	184.28	193.98	200.87	211.44	217.94	229.41
- owner of any multiple family dwelling (except a duplex) each unit	184.28	193.98	200.87	211.44	217.94	229.41
- owner of an apartment unit forming part of a duplex	85.44	89.94	93.13	98.03	101.04	106.36
Contaminated Groundwater Discharges						
Vancouver Sewerage Area	0.238/m3	No Discount	0.257/m3	No Discount	0.255/m3	No Discount
Fraser Sewerage Area	0.313/m3	No Discount	0.315/m3	No Discount	0.322/m3	No Discount
Sewer Charge (METERED RATES)						
Regular Metered Customers						
<u>Monthly:</u>	Discount	Non-Discount	Discount	Non-Discount	Discount	Non-Discount
First 288 cubic metres	0.755	0.795	0.824	0.867	0.894	0.941
Next 300 cubic metres	0.621	0.654	0.677	0.713	0.735	0.774
Next 850 cubic metres	0.485	0.511	0.529	0.557	0.574	0.604
Excess	0.414	0.436	0.451	0.475	0.489	0.515
<u>Quarterly:</u>						
First 864 cubic metres	0.755	0.795	0.824	0.867	0.894	0.941
Next 900 cubic metres	0.621	0.654	0.677	0.713	0.735	0.774
Next 2,550 cubic metres	0.485	0.511	0.529	0.557	0.574	0.604
Excess	0.414	0.436	0.451	0.475	0.489	0.515
Exemption - Parcel tax paid or portion not exceeding 1/12 or 1/4 the sewer parcel tax for monthly and quarterly customers Exemption not to exceed monthly or quarterly calculated meter charge.						
Permitted Users if Charged BOD/TSS						
<u>Monthly:</u>	Discount	Non-Discount	Discount	Non-Discount	Discount	Non-Discount
First 288 cubic metres	0.166	0.175	0.181	0.191	0.197	0.207
Next 300 cubic metres	0.139	0.146	0.151	0.159	0.164	0.173
Next 850 cubic metres	0.107	0.113	0.117	0.123	0.126	0.133
Over 1,438 cubic metres	0.094	0.099	0.103	0.108	0.111	0.117
<u>Quarterly:</u>						
First 864 cubic metres	0.166	0.175	0.181	0.191	0.197	0.207
Next 900 cubic metres	0.139	0.146	0.151	0.159	0.164	0.173
Next 2,550 cubic metres	0.107	0.113	0.117	0.123	0.126	0.133
Over 4,314 cubic metres	0.094	0.099	0.103	0.108	0.111	0.117
Exemption - Parcel tax paid or portion not exceeding 1/12 or 1/4 the sewer parcel tax for monthly and quarterly customers Exemption not to exceed monthly or quarterly calculated meter charge.						
BOD/TSS						
BOD/TSS Charge for permitted industry is to be determined by the GVS&DD (as per Schedule D).						
RATE INCREASE	8.0%	8.0%	9.0%	9.0%	8.5%	8.5%

2010 INDUSTRIAL CHARGES (BOD/TSS)*

SCHEDULE D

Company Name	Site Address	BOD/TSS CHARGES				IMPACT		TOTAL CHARGES 2010	
		Sewerage Area	Usage Charges	Capacity Charges	Total Charges	Estimated 2010 Non City Charges (\$)	Difference	Estimated Metered City Charge	Estimated Total Charges
ARE-BC/AMGEN BC	7990 Enterprise St	FSA	1,171	346	1,517	2,912	-1,395	2,935	5,847
AVALON DAIRY	7985 North Fraser Way	FSA	11,029	3,003	14,032	6,535	7,497	6,585	20,617
BALLARD POWER SYSTEMS	9000 Glenlyon Parkway	FSA	3,506	697	4,203	4,537	-334	4,572	9,109
BALLARD POWER SYSTEMS	4343 North Fraser Way	FSA	554	112	666	4,487	-3,821	4,522	9,009
BC TRANSIT	6800 14th Avenue	FSA	1,019	496	1,515	4,553	-3,038	4,587	9,140
CAN TEST LTD	4606 Canada Way	FSA	1,079	309	1,388	4,074	-2,686	4,105	8,178
CANADIAN LINEN SUPPLY	2750 Gilmore Ave	VSA	23,990	31,784	55,774	43,975	11,799	44,311	100,085
CHEVRON CANADA	5201 Penzance Ave	VSA	48,229	45,599	93,828	154,639	-60,811	155,819	310,458
CIRCUIT GRAPHICS	8030 Winston St	FSA	11,197	2,215	13,412	20,679	-7,267	20,837	41,516
COAST MOUNT BUSLINK	3750 Kitchener St	VSA	779	950	1,729	1,592	137	1,604	3,333
COAST MOUNT BUSLINK	3855 Kitchener St	VSA	530	530	1,060	6,975	-5,915	7,028	14,003
EAST-WEST ALUM-CRAFT	7465 Conway Ave	FSA	2,967	868	3,835	8,261	-4,426	8,324	16,585
FLAMINGO FOODS	7885 Venture St	FSA	11,157	10,028	21,185	11,836	9,349	11,926	33,111
GOLDEN BOY FOODS INC.	8820 Northbrook Court	FSA	18,314	4,865	23,179	4,683	18,496	4,719	27,898
GOURMET BAKER	6229 Laurel St	FSA	776	157	933	8,302	-7,369	8,366	16,668
INTERNATIONAL SAUSAGE	1846 Gilmore Ave	VSA	810	822	1,632	3,786	-2,154	3,815	7,600
J.D. SWEID	7542 Gilley Ave	FSA	13,372	4,287	17,659	11,411	6,248	11,498	29,157
K-BRO LINEN SYSTEMS INC.	8031-803s Enterprise St	FSA	15,936	3,299	19,235	0	19,235	0	19,235
KEEPER LAUNDRY LTD	4590 Canada Way	VSA	24,332	22,102	46,434	56,726	-10,292	57,159	113,885
LUCERNE FOODS LTD	7650 18th Street	FSA	96,289	24,885	121,174	18,571	102,603	18,712	139,886
SAPUTO FOODS/DAIRYLAND	6800 Loughheed Hwy	FSA	245,540	61,129	306,669	55,076	251,593	55,497	362,166
SHELL CANADA PRODUCTS	201 Kensington Avenue	FSA	14,207	11,977	26,184	29,179	-2,995	29,402	58,581
SNOWCREST PACKERS	3676 Bainbridge Ave	FSA	5,260	1,846	7,106	27,689	-20,583	27,900	55,589
SUMAS ENVIRONMENTAL	4623 Byrne Rd	FSA	659	205	864	0	864	0	864
SWISS WATER DECAFFEINATED	3131 Lake City Way	FSA	27,726	6,385	34,111	44,588	-10,477	44,929	89,517
TRANS MOUNTAIN PIPELINE	7815 Shellmont St	FSA	102.00	1,449.00	1,551	860	691	867	2,418
TOTAL			580,530	240,345	820,875	535,927	284,948	540,016	1,504,455

To Be Charged BOD/TSS in 2010

BOD/TSS: Total BOD/TSS Charges Levied	526,605
Total City Metered Charges	144,414
Total for those Charged BOD/TSS	671,019
REGULAR METER CHARGES	833,435
TOTAL REVENUE	1,504,455

* Source: Draft GVS&DD Industrial Charges by Municipality (October, 2009) - values may be modified at a later date.