
TO: CITY MANAGER **DATE:** 2010 November 15
FROM: DIRECTOR FINANCE **FILE:** 36000 07
SUBJECT: SANITARY SEWER UTILITY RATES FOR 2011
PURPOSE: To obtain Council approval for 2011 sanitary sewer rates.

RECOMMENDATION:

1. **THAT** the following bylaws be amended to provide for the fees outlined in Schedule C, effective 2011 January 01:
 - a) Burnaby Sewerage System Parcel Tax Bylaw
 - b) Burnaby Sewer Charge Bylaw

SUMMARY

This is the annual sanitary sewer utility report which reviews revenues and expenditures of the utility and proposed sanitary sewer rates for 2011.

This report proposes a rate increase of 7.5% for the flat rate sewer parcel tax and sewer use charge, and for metered sewer use charges. The general rate increase is required to provide ongoing funding for sewer maintenance and upgrade program. The proposed rate adjustments will ensure that the sanitary sewer utility continues to be financially self sustaining.

Utility charges are collected separately from property taxes and will be due 2011 March 15. To promote payment by the due date, Burnaby offers a 5% discounted rate for payment on or before March 15.

The Director Engineering concurs with the recommendation in this report. Appearing elsewhere on the Council agenda are the subject bylaws.

REPORT

1. INTRODUCTION

All properties in Burnaby with access to sewer paid a flat sewer parcel tax of \$402.37 for single family homes in 2010. In addition to a share of the parcel tax, residential units in multiple dwellings paid a flat annual user fee of \$217.94 in 2010. The sewer parcel tax and the sewer use fee are billed separately from property taxes. The due date for these utility charges in 2011 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 2011

Schedule A *attached* summarizes the expected expenditures and revenues for 2011.

EXPENDITURES

The cost of operating and maintaining the City's sewer system in 2011 is expected to increase by \$1,730,975. The increase in the expenditure budget is necessary to cover increased sewer maintenance requirements, Greater Vancouver Sewerage & Drainage District (GVS&DD) Levy increases and higher costs of 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 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 that may be applicable to the ongoing 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. The current projected GVS&DD levy increase (excluding BOD/TSS charges) is \$1,228,415. 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 2001 at the following rate.

2001	5.0%
2002	5.0%
2003	2.0%
2004	2.0%
2005	2.0%
2006	2.0%
2007	2.0%
2008	8.0%
2009	9.0%
2010	8.5%
2011	7.5% <i>Proposed</i>

This report proposes a 7.5% rate increase in all sewer charges for 2011 to offset expenditure changes detailed above. The proposed rates will increase the sewer utility bill for a single family home by \$30.18 from \$402.37 to \$432.55 if payment is made by the due date. Current and proposed 2011 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 2011. It is recommended that Burnaby implement the proposed changes, as specified below.

	<u>2011</u>	<u>2010</u>	
Vancouver Sewerage Area (VSA):	\$0.270	\$0.255	per cubic metre
Fraser Sewerage Area (FSA):	\$0.324	\$0.322	per cubic metre

B. Industrial Pricing - BOD/TSS Charges

Recognizing that biochemical oxygen demand (BOD) and total suspended solids (TSS) are two of 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.

On May 21, 2010, Metro Vancouver Board amended their Sewer Use Bylaw to directly bill permit holders effective January 01, 2011. BOD/TSS was revenue neutral to the City.

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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 2011.

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, 2011 would be \$432.55. The rate for payment after 2011 March 15 would be \$455.32. 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 will be notified by letter.

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



Denise Jorgenson
DIRECTOR FINANCE

DJ: rt
Attach.

cc: Director Engineering
City Solicitor

SANITARY SEWER - OPERATING BUDGET

SCHEDULE A

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Annual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURE													
City Sewer Maintenance and Operation:	3,424,548	3,877,631	5,255,031	5,861,380	6,154,450	6,462,170	6,785,280	7,124,540	7,480,770	7,854,810	8,247,550	8,659,930	9,092,930
Depreciation and Contribution to Capita	9,747,000	10,759,000	10,344,000	11,150,000	13,000,000	13,500,000	14,000,000	14,000,000	14,840,000	15,730,000	16,674,000	17,674,000	18,734,000
Contingency			944,630	855,710	963,510	1,004,140	1,045,540	1,062,610	1,122,780	1,186,360	1,253,600	1,324,650	1,399,750
Total Municipal Expenditures:	13,171,548	14,636,631	16,543,661	17,867,090	20,117,960	20,966,310	21,830,820	22,187,150	23,443,550	24,771,170	26,175,150	27,658,580	29,226,680
Metro Van - GVS&DD Levy (O&M & Debt)	13,361,750	14,450,989	14,810,400	16,038,815	17,241,730	18,534,850	19,739,620	21,022,700	22,389,170	23,844,470	25,394,360	27,044,990	28,802,910
Metro Van - GVS&DD BOD/TSS Levied	738,064	913,764	820,870	0	0	0	0	0	0	0	0	0	0
Total Metro Van - GVS&DD Levy	14,099,814	15,364,753	15,631,270	16,038,815	17,241,730	18,534,850	19,739,620	21,022,700	22,389,170	23,844,470	25,394,360	27,044,990	28,802,910
Total Expenditures	27,271,362	30,001,384	32,174,931	33,905,905	37,359,690	39,501,160	41,570,440	43,209,850	45,832,720	48,615,640	51,569,510	54,703,570	58,029,590
Surplus (Deficit)	1,177,568	1,216,715	0	0	0	0	0	0	0	0	0	0	0
TOTAL	28,448,930	31,218,099	32,174,931	33,905,905	37,359,690	39,501,160	41,570,440	43,209,850	45,832,720	48,615,640	51,569,510	54,703,570	58,029,590

REVENUES/TRANSFERS

Parcel Tax	12,136,462	13,259,877	14,324,760	15,512,250	16,675,670	17,926,350	19,270,830	20,716,140	21,959,110	23,276,660	24,673,260	26,153,660	27,722,880
User charges - flat	9,083,634	10,371,415	10,742,770	12,394,750	13,324,360	14,323,690	15,397,970	16,552,820	17,545,990	18,598,750	19,714,680	20,897,560	22,151,410
- metered	5,022,691	5,282,916	5,896,225	5,844,740	6,175,600	6,531,270	6,913,620	7,324,640	7,658,120	8,011,610	8,386,310	8,783,490	9,204,500
BOD/TSS Charges	399,877	570,463	526,610	0	0	0	0	0	0	0	0	0	0
Discount	-1,204,810	-1,317,584	-1,448,555	-1,513,290	-1,621,960	-1,738,790	-1,864,380	-1,999,390	-2,114,600	-2,236,730	-2,366,180	-2,503,390	-2,648,850
Inspection service fee	10,500	6,500	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550
Other	381,760	51,142	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Revenue	25,830,115	28,224,729	30,058,360	32,255,000	34,570,220	37,069,070	39,734,590	42,610,760	45,065,170	47,666,840	50,424,620	53,347,870	56,446,490
Draw on previous year's surplus	2,618,815	2,993,370	2,116,571	1,650,905	2,789,470	2,442,090	1,835,850	599,090	767,550	948,800	1,144,890	1,355,700	1,583,100
TOTAL	28,448,930	31,218,099	32,174,931	33,905,905	37,359,690	39,501,160	41,570,440	43,209,850	45,832,720	48,615,640	51,569,510	54,703,570	58,029,590
Operating surplus (1)	9,042,777	7,266,122	6,094,181	5,007,004	3,181,044	1,743,094	952,784	1,416,304	1,771,534	2,009,094	2,117,804	2,086,754	1,903,404
Rate Increase	8.0%	9.0%	8.5%	7.50%	7.50%	7.50%	7.50%	7.50%	6.00%	6.00%	6.00%	6.00%	6.00%
% GVS & DD Levy over Total Expenses	51.7%	51.2%	50.1%	48.5%	47.4%	48.1%	48.7%	49.9%	50.1%	50.3%	50.5%	50.7%	50.9%

G.V.S. & D.D. SANITARY SEWER CHARGES**SCHEDULE 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>	
			\$	\$	%
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	820,075	14,839,384	15,659,459	294,706	1.9
2011 ¹	0	16,038,814	16,038,814	379,355	2.4
2012 ¹	0	17,241,725	17,241,725	1,202,911	7.5
2013 ¹	0	18,534,854	18,534,854	1,293,129	7.5
2014 ¹	0	19,739,620	19,739,620	1,204,766	6.5
2015 ¹	0	21,022,695	21,022,695	1,283,075	6.5
2016 ¹	0	22,389,170	22,389,170	1,366,475	6.5
2017 ¹	0	23,844,466	23,844,466	1,455,296	6.5
2018 ¹	0	25,394,356	25,394,356	1,549,890	6.5
2019 ¹	0	27,044,989	27,044,989	1,650,633	6.5
2020 ¹	0	28,802,913	28,802,913	1,757,924	6.5
2001 - 2010 Total			140,732,790	2,387,074	18.0
2011 - 2020 Total			220,053,602	13,143,454	83.9

(1) 2011-2015 levies are based on the draft 2011 GVRD estimates and 2016-2020 are adjusted for an annual allowance.

Finance Department
08-Nov-10
File: 36000 07

SANITARY SEWER RATES

SCHEDULE C

	2010		PROPOSED	
	2010 Paid by Mar. 15 \$	2010 Paid after Mar. 15 \$	2011 Paid by Mar. 15 \$	2011 Paid after Mar. 15 \$
<u>Sewer Parcel</u>				
Every owner of every real parcel capable of being drained				
- Municipal installed	402.37	423.55	432.55	455.32
- subdivider installed	201.19	211.78	216.28	227.66
<u>Sewer Use</u>				
- owner of any strata lot				
- owner of any strata lot (not part of a duplex)	217.94	229.41	234.29	246.62
- owner of any multiple family dwelling (except a duplex) each unit	217.94	229.41	234.29	246.62
- owner of an apartment unit forming part of a duplex	101.04	106.36	108.62	114.34
<u>Contaminated Groundwater Discharges</u>				
Vancouver Sewerage Area	0.255/m3	No Discount	0.270/m3	No Discount
Fraser Sewerage Area	0.322/m3	No Discount	0.324/m3	No Discount
<u>Sewer Charge (METERED RATES)</u>				
<u>Regular Metered Customers</u>				
<u>Monthly:</u>				
First 288 cubic metres	Discount 0.894	Non-Discount 0.941	Discount 0.961	Non-Discount 1.012
Next 300 cubic metres	0.735	0.774	0.790	0.832
Next 850 cubic metres	0.574	0.604	0.617	0.649
Excess	0.489	0.515	0.526	0.554
<u>Quarterly:</u>				
First 864 cubic metres	0.894	0.941	0.961	1.012
Next 900 cubic metres	0.735	0.774	0.790	0.832
Next 2,550 cubic metres	0.574	0.604	0.617	0.649
Excess	0.489	0.515	0.526	0.554
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.				
<u>Permitted Users if Charged BOD/TSS</u>				
<u>Monthly:</u>				
First 288 cubic metres	Discount 0.197	Non-Discount 0.207	Discount N/A	Non-Discount N/A
Next 300 cubic metres	0.164	0.173	N/A	N/A
Next 850 cubic metres	0.126	0.133	N/A	N/A
Over 1,438 cubic metres	0.111	0.117	N/A	N/A
<u>Quarterly:</u>				
First 864 cubic metres	0.197	0.207	N/A	N/A
Next 900 cubic metres	0.164	0.173	N/A	N/A
Next 2,550 cubic metres	0.126	0.133	N/A	N/A
Over 4,314 cubic metres	0.111	0.117	N/A	N/A
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.				
<u>BOD/TSS</u>				
BOD/TSS Charge for permitted industry is to be determined by the GVS&DD.				
RATE INCREASE				
	8.5%	8.5%	7.5%	7.5%