

**FINANCE AND CIVIC DEVELOPMENT COMMITTEE**

*HIS WORSHIP, THE MAYOR  
AND COUNCILLORS*

**SUBJECT: WATERWORKS UTILITY RATES FOR 2012**

**RECOMMENDATION:**

1. THAT Burnaby Waterworks Regulation Bylaw be amended to provide for the water rates contained in Schedule A, effective 2012 January 01 including the additional amendments as outlined in this report.

**REPORT**

The Finance and Civic Development Committee, at its meeting held on 2011 November 24, received and adopted the attached report seeking Council approval for 2012 water rates.

Respectfully submitted,

Councillor D. Johnston  
Chair

Councillor N. Volkow  
Vice Chair

Councillor C. Jordan  
Member

Copied to:	City Manager Director Finance Director Engineering Director Planning & Building City Solicitor
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**TO:** CHAIR AND MEMBERS  
FINANCE AND CIVIC DEVELOPMENT  
COMMITTEE

**DATE:** 2011 November 23

**FROM:** DIRECTOR FINANCE

**FILE:** 39500-07

*Reference:* Water Rates

**SUBJECT:** WATERWORKS UTILITY RATES FOR 2012

**PURPOSE:** To obtain Council approval for 2012 Water Rates

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**RECOMMENDATION:**

1. **THAT** Burnaby Waterworks Regulation Bylaw be amended to provide for the water rates contained in Schedule A, effective 2012 January 01 including the additional amendments as outlined in this report.

**REPORT**

The Waterworks Utility Report reviews expenditures of the utility and provides information and recommendations for funding of the Waterworks Utility through the adoption of an amendment to the Burnaby Waterworks Regulation Bylaw. Appearing elsewhere on the Council agenda is the subject bylaw.

The Waterworks Utility Fund is financially self sustaining. This is accomplished on a user pay basis. Water rates are reviewed annually and as necessary rate changes are recommended to Council based on projected costs. Utility charges are collected separately from property taxes and are due each year by March 15. To promote payment by the due date, Burnaby offers a 5% discounted rate for payment on or before March 15 of a given year. Metered water users are offered the same 5% discount for payments made within 30 days of the billing date on the metered water bill.

**2012 Rate Setting**

The projected cost increase of 6% for 2012 reflects an increase in the supply cost of water which is provided by Metro Vancouver and replacement of aging infrastructure. The supply cost of water, which is billed to the City by Metro Vancouver has steadily increased. Metro Vancouver provides a reliable source of safe, high-quality drinking water to Burnaby citizens and is

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responsible for acquiring and maintaining the water supply, treating it to ensure its quality and delivering it to the City. Major upgrades such as the Seymour-Capilano Filtration Plant which currently treats the water supply for Burnaby have been significant and are still ongoing.

From 2005 to 2011, Burnaby's Metro Vancouver cost have risen 106.6% primarily due to this major infrastructure replacement. Long term Metro Vancouver increases are necessary to finance the phased construction and operational costs of new treatment facilities. Burnaby has been fiscally responsible in managing the past increases through long term planning. Burnaby's total water rate increase from 2005 to 2011 was 87.8%. This was achieved through rate stabilization and careful planning.

Burnaby pays Metro Vancouver for the delivery of water on the basis of volume (cubic metres used). Currently (2011), the GVWD supplies water to Burnaby at a blended rate of 55.63 cents per cubic metre (or 64.19 cents during the peak period of June to September, and 51.35 cents for the remaining months). The blended rate increase for 2012 is 5.88% (or 58.90 cents per cubic metre). The GVWD cost of water accounts for approximately 53.9% of the City's 2012 Waterworks operating budget and provides for the GVWD's Drinking Water Quality Improvement Plan, which includes debt repayment and operating costs of filtration plants, upgrading of facilities to meet current seismic and safety standards and continued construction of a water tunnel between the Capilano and Seymour sources. In addition to the 2012 increase, the rates for GVWD water supplies are projected to increase by about 41.4% over the next four years.

Schedule B *attached* summarizes the projected increase in the cost of water to Burnaby.

Burnaby is responsible for conveying water to residences and businesses within the boundaries of the City. Burnaby has a long term infrastructure replacement program for the distribution system maintained by the City. The City is committed to the goal of replacing all the asbestos cement watermains in the City, which are at the end of their useful life. Through the annual replacement program, the City has made significant progress in replacing these aging pipes. Currently there are approximately 137 km of asbestos cement pipes remaining in the system and the present replacement rate is approximately 8 km to 10 km per year. There is 15 years remaining in the asbestos cement pipe replacement program. In addition to the replacement of asbestos cement pipes, the City makes provisions for the replacement of aging pumping stations to meet current and future growth related demands that will occur during the next 10 years. The replacement of this infrastructure is costly and contributes to the overall water rate increase.

Water charges have increased since 2008 at the following rate:

2008	11.00%
2009	12.00%
2010	14.00%
2011	11.00%
2012	6.00% <i>Proposed</i>

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A general rate increase of 6% to flat and metered water rates is required to offset the increase in the cost of delivering water to Burnaby residents and businesses as discussed in this report. The proposed rates will increase the utility bill for a single family home by \$27.58 from \$459.66 to \$487.24 if payment is made by 2012 March 15. Residential payments made after the discount period of 2012 March 15 would increase by 5% to \$512.88.

The water rate as seen on Schedule C *attached* shows current and proposed 2012 rates for Burnaby.

It is recommended that Council amend the Burnaby Waterworks Regulation Bylaw to provide for the water rates contained in Schedule A, effective 2012 January 01 including the additional amendments as outlined in this report. The proposed rate adjustments will ensure that the Water Utility continues to be financially self sustaining. 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 recommendations contained in this report.

Denise Jorgenson  
DIRECTOR FINANCE

DJ:RT/ml

Attachments: 3

Copied to: City Manager  
Deputy City Manager (R. Earle)  
City Solicitor  
City Clerk  
Director Engineering  
Director Planning and Building

**WATERWORKS - OPERATING BUDGET****SCHEDULE A**

	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Annual</b>	<b>2012 Projected</b>	<b>2013 Projected</b>	<b>2014 Projected</b>	<b>2015 Projected</b>	<b>2016 Projected</b>
	\$		\$	\$	\$	\$	\$	\$
<b>EXPENDITURE</b>								
Metro Van. - Cost of water	18,232,271	20,224,731	22,824,800	23,428,200	27,220,900	28,444,200	29,517,400	30,564,300
Transmission, distribution & pumping	4,836,926	5,140,417	5,860,548	5,859,654	6,152,640	6,460,270	6,783,280	7,122,440
Contribution to capital & depreciation	12,428,000	13,178,000	13,870,000	13,315,650	14,000,000	14,500,000	15,000,000	15,500,000
Contingency		-	850,000	850,000	850,000	850,000	850,000	850,000
Surplus generated	2,049,822	1,914,143	-	-	-	-	-	-
<b>TOTAL</b>	<b>37,547,019</b>	<b>40,457,291</b>	<b>43,405,348</b>	<b>43,453,504</b>	<b>48,223,540</b>	<b>50,254,470</b>	<b>52,150,680</b>	<b>54,036,740</b>
<b>GROSS REVENUES/TRANSFERS</b>								
Flat rates	22,682,324	26,219,050	28,703,730	31,393,800	33,591,370	35,942,770	38,458,760	40,862,430
Metered rates	11,361,402	12,415,079	13,777,950	13,476,230	13,914,210	14,366,420	14,833,330	15,204,160
Discount	-1,526,938	-1,741,841	-1,913,800	-2,021,390	-2,140,130	-2,266,430	-2,400,810	-2,525,800
Construction - Metered Charges	19,469	32,188	12,000	12,000	12,000	12,000	12,000	12,000
Construction - Flat Rate Charges	15,550	49,300	13,000	13,000	13,000	13,000	13,000	13,000
Other Miscellaneous	48,477	22,914						
Draw on previous year's surplus	4,946,735	3,460,601	2,812,468	579,864	2,833,090	2,186,710	1,234,400	470,950
<b>TOTAL</b>	<b>37,547,019</b>	<b>40,457,291</b>	<b>43,405,348</b>	<b>43,453,504</b>	<b>48,223,540</b>	<b>50,254,470</b>	<b>52,150,680</b>	<b>54,036,740</b>
Operating surplus	6,670,590	5,124,132	3,161,664	4,926,640	2,943,550	1,606,840	1,222,440	1,601,490
<b>Rate increase</b>	<b>12.00%</b>	<b>14.00%</b>	<b>11.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>5.25%</b>
% Cost of Water over Total Cost	51.36%	52.47%	52.59%	53.92%	56.45%	56.60%	56.60%	56.56%

**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	Increase in total cost of water to Burnaby from previous year	
	Cost/M <sup>3</sup>		Increase from previous year								
	Off-Peak	Peak	\$		%		Off-Peak	Peak	000 \$	000 \$	%
			Off-Peak	Peak	Off-Peak	Peak					
2002	0.1893	N/A	0.0012	N/A	0.6	N/A	42,415		8,029	-128	-1.6
2003	0.1968	N/A	0.0075	N/A	4.0	N/A	43,320		8,526	497	6.2
2004	0.2234	N/A	0.0266	N/A	13.5	N/A	44,320		9,901	1,375	16.1
2005	0.2502	N/A	0.0268	N/A	12.0	N/A	41,875		10,477	576	5.8
2006	0.2818	0.3044	0.0316	N/A	12.6	N/A	24,050	17,574	12,127	1,650	15.7
2007	0.3271	0.3794	0.0453	0.0750	16.1	24.6	23,112	16,097	13,667	1,540	12.7
2008	0.3477	0.4347	0.0206	0.0553	6.3	14.6	24,491	15,369	15,196	1,529	11.2
2009	0.4026	0.5032	0.0549	0.0685	15.8	15.8	24,275	16,811	18,232	3,036	20.0
2010	0.4505	0.5631	0.0479	0.0599	11.9	11.9	23,936	16,768	20,225	1,992	10.9
2011	0.5135	0.6419	0.0630	0.0788	14.0	14.0	23,113	15,236	21,648	1,424	7.0
2012	0.5437	0.6796	0.0302	0.0377	5.9	5.9	23,289	15,842	23,428	1,780	8.2
2013	0.6448	0.8060 (1)	0.1011	0.1264	18.6	18.6	22,816	15,520	27,221	3,793	16.2
2014	0.6867	0.8584 (1)	0.0419	0.0524	6.5	6.5	22,386	15,228	28,444	1,223	4.5
2015	0.7279	0.9099 (1)	0.0412	0.0515	6.0	6.0	21,916	14,908	29,517	1,073	3.8
2016	0.7683	0.9604 (1)	0.0404	0.0505	5.6	5.6	21,500	14,625	30,564	1,047	3.5
2017	0.8106	1.0132 (1)	0.0423	0.0528	5.5	5.5	21,707	14,766	32,557	1,992	6.5
2018	0.8552	1.0689 (1)	0.0446	0.0557	5.5	5.5	21,969	14,944	34,762	2,205	6.8
2019	0.9022	1.1277 (1)	0.0470	0.0588	5.5	5.5	22,227	15,120	37,104	2,342	6.7
2020	0.9518	1.1897 (1)	0.0496	0.0620	5.5	5.5	22,543	15,335	39,700	4,939	14.2
2021	1.0041	1.2551 (1)	0.0523	0.0654	5.5	5.5	22,732	15,464	42,234	5,130	13.8
Increase 2002 - 2011 (Peak 2007-2011)			0.3254	0.3375	173.0	N/A				13,491	165.4
Projected increase 2012 - 2021			0.4906	0.6132	95.5	95.5				25,525	95.1

NOTES: (1) 2013-2016 unit costs are based on GVRD's 2011 projection, 2017-2021 unit cost is based on an assumed annual increase of 5.5%.  
(2) Total volume of water purchased by Burnaby from the Greater Vancouver Water District (GVWD). 2002 to 2010 are actual volumes, 2011 based on Forecasted Actual, and 2013 to 2016 are based on 2012 forecasted actual adjusted for GVWD's percentage consumption change.

**WATER RATES**

**SCHEDULE C**

	2011		PROPOSED	
	Paid by Mar. 15	Paid after Mar. 15	2012 Paid by Mar. 15	2012 Paid after Mar. 15
	\$	\$	\$	\$
<b><u>FLAT RATES</u></b>				
Detached single family	459.66	483.85	487.24	512.88
Single family within duplex	344.69	362.83	365.37	384.60
Single family within multiple	263.94	277.83	279.77	294.50
Commercial not more than 3 stores/offices				
Commercial and living quarters, 1 family	919.33	967.72	974.49	1,025.78
Commercial and no living quarters	459.66	483.85	487.24	512.88
<b><u>CROSS CONNECTION CONTROLS **</u></b>				
Per Device	41.30	43.47	43.78	46.08
Minimum Per Unit	5.16	5.43	5.47	5.76
	Paid within 30 days of billing date	Paid 31 or more days after billing date	Paid within 30 days of billing date	Paid 31 or more days after billing date
<b><u>METERED RATES</u></b>				
<i>Monthly</i>				
First 300 cubic metres	1.219	1.283	1.292	1.360
Next 550 cubic metres	1.219	1.283	1.292	1.360
Next 1,400 cubic metres	1.219	1.283	1.292	1.360
Over 12,000 cubic metres	1.219	1.283	1.292	1.360
Minimum monthly	38.30	40.32	40.60	42.74
<i>Quarterly</i>				
First 900 cubic metres	1.219	1.283	1.292	1.360
Next 1,650 cubic metres	1.219	1.283	1.292	1.360
Next 4,200 cubic metres	1.219	1.283	1.292	1.360
Over 36,000 cubic metres	1.219	1.283	1.292	1.360
Minimum quarterly	114.91	120.96	121.81	128.22
<b><u>SPECIAL METER READING</u></b>				
	\$25.00 per request		\$35.00 per request	
<b><u>CONSTRUCTION WATER</u></b>				
3/4" connection (per six months)	\$1,110 per six months		\$1,177 per six months	
1" connection (per six months)	\$1,830 per six months		\$1,940 per six months	
2" connection (per six months)	\$2,775 per six months		\$2,942 per six months	
<b>General Rate increase</b>	<b>11.00%</b>	<b>11.00%</b>	<b>6.00%</b>	<b>6.00%</b>
<b>Cross Connection Control Rate increase **</b>	<b>11.00%</b>	<b>11.00%</b>	<b>6.00%</b>	<b>6.00%</b>