

FINANCE AND CIVIC DEVELOPMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: WATERWORKS UTILITY RATES FOR 2014

RECOMMENDATION:

1. THAT Council approve the amendments of the Burnaby Waterworks Regulation Bylaw to provide for the water rates contained in Schedule C, effective 2014 January 01, as outlined in this report.

REPORT

The Finance and Civic Development Committee, at its meeting held on 2013 November 13, received and adopted the *attached* report seeking Council approval for 2014 water rates. The projected 2014 rate increase of 5.5% reflects an increase in the supply cost of water provided by the Greater Vancouver Water District (GVWD), and the continued funding of infrastructure replacement and maintenance program.

Respectfully submitted,

Councillor D. Johnston
Chair

Councillor C. Jordan
Vice Chair

Councillor P. McDonell
Member

Copied to:	City Manager Deputy City Manager (L.C.) Director Finance Director Engineering Director Planning & Building City Solicitor City Clerk
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TO: CHAIR AND MEMBERS
FINANCE AND CIVIC DEVELOPMENT
COMMITTEE

DATE: 2013 November 07

FROM: DIRECTOR FINANCE

FILE: 39500-07
Reference: Water Rates

SUBJECT: WATERWORKS UTILITY RATES FOR 2014

PURPOSE: To obtain Council approval for 2014 water rates.

RECOMMENDATION:

1. **THAT** the Finance and Civic Development Committee recommend Council amend the Burnaby Waterworks Regulation Bylaw to provide for the water rates contained in Schedule C, effective 2014 January 01 as outlined in this report.

REPORT

1.0 INTRODUCTION

The Waterworks Utility Report provides information and recommendations for funding of the Waterworks Utility through the adoption of an amendment to the Burnaby Waterworks Regulation Bylaw.

The Waterworks Utility Fund is financially self-sustaining and as such does not impact the tax draw. Rates are based on a user pay principle and are structured to fund the entire cost of the delivery and management of Burnaby's water services. Water rates are reviewed annually and revised to account for changes in the cost of water and costs associated with delivery of the service. Schedule A provides the City's Waterworks 5-Year Operating Budget.

Utility fees are collected separately from property taxes and are due by March 15 each year. To promote payment by the due date, Burnaby offers a 5% discount for payments received 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.

2.0 2014 RATE SETTING

The rate structure is set to include the funding of the City's capital infrastructure renewal programs. The projected 2014 rate increase of 5.5% reflects an increase in the supply cost of water provided by the Greater Vancouver Water District (GVWD), and the continued funding of infrastructure replacement and maintenance programs.

The annual contribution to capital provides funding for the capital water works program shown in Table 1.

Table 1 - Planned Capital Program – Waterworks (\$)

2014	2015	2016	2017	2018
14,500,000	15,000,000	15,500,000	16,000,000	16,000,000

The GVWD provides a reliable source of safe, high-quality drinking water to Burnaby and is responsible for acquiring and maintaining the water supply, treating it to ensure its quality and delivering it to the City. Burnaby pays the GVWD for the delivery of water on the basis of volume (cubic metres used). The 2014 estimated cost of water is \$25,993,600.

The GVWD supplies water to Burnaby at peak rate (effective June to September) and non-peak rates. For 2014, the blended rate is 62.01 cents per cubic meter, an increase from 59.63 cents per cubic metre. The GVWD cost of water accounts for approximately 54% of the City’s 2014 Waterworks Operating Budget. The Waterworks Operating Budget provides for ongoing work by the GVWD for water treatment and other improvements, including upgrading of facilities to meet safety and environmental standards. Schedule B summarizes the projected increase in the cost of water to Burnaby for 2014 based on GVWD rates and estimated consumption.

The increase in water utility fees for 2014 is required to safeguard against future large supply cost increases and to provide a stable means of funding the City’s ongoing capital infrastructure program. Table 2 provides the City of Burnaby Waterworks rate changes since 2009:

Table 2 - Waterworks Rate Changes

2009	2010	2011	2012	2013	2014
12%	14%	11%	6%	6%	5.5% proposed

2.1 Flat Rate Change

The proposed rates will increase the utility bill for a single family home by \$28.40 to \$544.87 if payment is made on or before the due date of 2014 March 15. The charge for a single family home after the due date of 2014 March 15 will increase by the 5% discount to \$573.55. Schedule C provides the proposed Waterworks Rates for 2014.

3.0 REVISIONS TO THE RATES SCHEDULE

In addition to the general rate increase, a number of adjustments have been made to bring fees in line with current Engineering practices and to accommodate program changes. Comparative information was gathered from six neighbouring municipalities. Although fees varied among municipalities in general the City of Burnaby was either lower than the highest neighbouring rate, or comparative rates were not available. In future these fees will be reviewed annually to ensure adequate recovery of service costs. Table 3 sets out the new rates.

Table 3 - Change in Utility Rates (if paid by due date)

Rate	2013 Rate	Proposed rate
Single Family Dwelling (SFD) With Suite	\$774.60	\$817.31
Two Family Dwelling (TFD) Unit With Suite	\$593.12	\$612.89
Special Meter Reading	\$37.10	\$75.00
Water Turn-on / Turn-off Request (Regular hours)	\$0.00	\$50.00
Water Turn-on / Turn-off Request (Weekends / Statutory Holidays)	\$10.00	\$150.00
Fire Hydrant Permit	\$25.00	\$150.00
Hydrant Water Use per day	\$0.00	\$25.00
Hydrant Damage Deposit	\$100.00	500.00
Meter tests - up to 50mm	Various	\$115.00
Meter tests - over 50mm	Various	\$225.00

4.0 RECOMMENDATION

It is recommended that Council amend the Burnaby Waterworks Regulation Bylaw to provide for the water rates contained in Schedule C, effective 2014 January 01 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:RR/ab

Attachments: Schedule A – 5 Year Operating Budget
 Schedule B – Cost of Water Supplied to Burnaby by the GVWD
 Schedule C – Water Rates

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

WATER 5 YEAR OPERATING BUDGET

Schedule A

	2009 Actual \$	2010 Actual \$	2011 Actual \$	2012 Actual \$	2013 Annual \$	2014 Projected \$	2015 Projected \$	2016 Projected \$	2017 Projected \$	2018 Projected \$
EXPENDITURE										
City Water Operations and Maintenance	4,836,926	5,140,417	5,273,687	5,581,493	5,856,585	7,142,976	7,357,300	7,578,000	7,805,300	8,039,500
Capital Infrastructure Replacement	14,477,822	15,092,143	13,994,038	13,315,650	15,815,665	15,500,000	16,000,000	16,500,000	17,000,000	17,500,000
Total Municipal Expenditure	19,314,748	20,232,560	19,267,725	18,897,143	21,672,250	22,642,976	23,357,300	24,078,000	24,805,300	25,539,500
Metro Vancouver Cost of Water	18,232,271	20,224,731	21,512,387	24,087,812	23,745,600	25,993,600	28,947,700	31,792,000	34,615,200	36,083,800
TOTAL	37,547,019	40,457,291	40,780,112	42,984,955	45,417,850	48,636,576	52,305,000	55,870,000	59,420,500	61,623,300
REVENUES/TRANSFERS										
User Charges - Flat	21,664,971	25,036,950	28,013,198	29,949,010	32,072,702	34,158,517	36,378,903	39,289,152	42,432,373	45,402,609
User Charges - Metered	10,851,817	11,855,338	12,651,425	12,822,950	13,285,148	13,758,583	14,136,997	14,737,848	15,364,227	15,863,591
User Charges	32,516,788	36,892,288	40,664,623	42,771,960	45,357,850	47,917,100	50,515,900	54,027,000	57,796,600	61,266,200
Other	5,030,231	3,565,003	115,489	212,995	60,000	719,476	1,789,100	1,843,000	1,623,900	357,100
TOTAL	37,547,019	40,457,291	40,780,112	42,984,955	45,417,850	48,636,576	52,305,000	55,870,000	59,420,500	61,623,300
Operating surplus	6,670,590	5,124,132	5,248,170	5,146,419	6,462,084	6,361,308	5,197,408	3,988,408	3,007,908	3,302,808
Rate Increase	12.00%	14.00%	11.00%	6.00%	6.00%	5.50%	5.50%	7.00%	7.00%	6.00%
% Metro Cost of Water over Total Expenses, including contingency	48.56%	49.99%	52.75%	56.04%	52.28%	53.44%	55.34%	56.90%	58.25%	58.56%

Finance Department

2013 Nov 13

COST OF WATER SUPPLIED TO BURNABY BY THE G.V.W.D.

REPORT SCHEDULE B

Year	Rate Per Cubic Meter						Total volume (2)		Annual Cost to Burnaby	Increase in total cost of water to Burnaby from previous year	
	Cost/M ³		Increase from previous year				purchased 000 M ³			000 \$	000 \$
	Off-Peak	Peak	\$		%		Peak	Off-Peak			
			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	17,574	24,050	12,127	1,650	15.7
2007	0.3271	0.3794	0.0453	0.0750	16.1	24.6	16,097	23,112	13,667	1,540	12.7
2008	0.3477	0.4347	0.0206	0.0553	6.3	14.6	15,369	24,491	15,196	1,529	11.2
2009	0.4026	0.5032	0.0549	0.0685	15.8	15.8	16,811	24,275	18,232	3,036	20.0
2010	0.4505	0.5631	0.0479	0.0599	11.9	11.9	16,768	23,936	20,225	1,992	10.9
2011	0.5135	0.6419	0.0630	0.0788	14.0	14.0	15,135	22,975	21,512	1,288	6.4
2012	0.5437	0.6796	0.0302	0.0377	5.9	5.9	16,454	23,737	24,088	2,575	12.0
2013	0.5504	0.6880	0.0067	0.0084	1.2	1.2	17,594	23,771	25,188	1,100	4.6
2014	0.5724	0.7155	0.0220	0.0275	4.0	4.0	17,188	23,926	25,994	805	3.2
2015	0.6534	0.7965	0.0810	0.0810	14.2	11.3	16,968	23,619	28,948	2,954	11.4
2016	0.7324	0.8755	0.0790	0.0790	12.1	9.9	16,777	23,353	31,792	2,844	9.8
2017	0.8184	0.9615	0.0860	0.0860	11.7	9.8	16,478	22,937	34,615	2,823	8.9
2018	0.8674	1.0105	0.0490	0.0490	6.0	5.1	16,269	22,647	36,084	1,469	4.2
2019	0.9108	1.0610	0.0434	0.0505	5.0	5.0	16,468	22,924	38,352	2,268	6.3
2020	0.9563	1.1141	0.0455	0.0531	5.0	5.0	16,710	23,261	40,861	4,777	13.2
2021	1.0041	1.1698	0.0478	0.0557	5.0	5.0	16,858	23,467	43,284	4,932	12.9
2022	1.0543	1.2283	0.0502	0.0585	5.0	5.0	17,106	23,812	46,116	5,255	12.9
2023	1.1070	1.2897	0.0527	0.0614	5.0	5.0	17,342	24,141	49,090	5,806	13.4
Increase 2002 - 2013* (Peak rates started 2007)			0.3623	0.3836	190.8	N/A				17,031	213.7
Projected increase 2014 - 2023			0.5566	0.6017	93.4	80.3				33,934	88.9

NOTES: 2002-2013 volumes are based on actuals as up to October 2013.

2014-2018 unit costs are based on GVRD's projected increase in the blended rates. 2015 8.1%, 2016 7.9%, 2017 8.6%, 2018 4.9%.

2015-2023 volumes are based on GVRD's annual projected percentage increases or decreases applied to the 2014 COB estimates.

2019 - 2023 rates are based on a flat 5% pa increase.

The percentage increase in costs for 2014 is based on actual rates provided for peak and non peak, plus internally generated consumption estimates.

WATERWORKS RATES

REPORT SCHEDULE C

	Effective Jan 1 2013 Paid by Mar. 15	Effective Jan 1 2013 Paid after Mar. 15	Effective Jan 1 2014 Paid by Mar. 15	Effective Jan 1 2014 Paid after Mar. 15
	\$	\$	\$	\$
<u>FLAT RATES</u>				
Detached Single Family Dwelling	516.47	543.65	544.87	573.55
Two Family Dwelling - Per Unit	387.30	407.68	408.59	430.10
Multiple Family Dwelling, Per Unit:	296.56	312.17	312.87	329.34
Single Family Dwelling With In-Law Suite	774.60	815.36	817.31	860.33
Two Family Dwelling Unit With In-Law Suite	593.12	624.34	612.89	645.15
Commercial Not More Than 3 Stores/Offices				
Commercial and living quarters, 1 family	1032.94	1,087.30	1089.74	1,147.10
Commercial and no living quarters	516.47	543.65	544.87	573.55
<u>CROSS CONNECTION CONTROLS</u>				
Per Device	46.40	48.84	48.95	51.53
Minimum Per Unit	5.80	6.11	6.13	6.45
<u>METERED RATES</u>				
Monthly				
First 300 cubic metres	1.370	1.442	1.446	1.522
Next 550 cubic metres	1.370	1.442	1.446	1.522
Next 1,400 cubic metres	1.370	1.442	1.446	1.522
Over 12,000 cubic metres	1.370	1.442	1.446	1.522
Minimum monthly	43.03	45.30	45.40	47.79
Quarterly				
First 900 cubic metres	1.370	1.442	1.446	1.522
Next 1,650 cubic metres	1.370	1.442	1.446	1.522
Next 4,200 cubic metres	1.370	1.442	1.446	1.522
Over 36,000 cubic metres	1.370	1.442	1.446	1.522
Minimum quarterly	129.10	135.90	136.21	143.38
<u>SPECIAL METER READING</u>	No discount	37.10	No discount	75.00
<u>Connection Fee (Schedule A waterworks bylaw)</u>	Per agreed cost of connection		Per agreed cost of connection	
<u>CONSTRUCTION FLAT WATER</u>	No discount		No discount	
3/4" connection (per six months)	1,247.62	1,247.62	1,316.24	1,316.24
1" connection (per six months)	2,056.40	2,056.40	2,169.50	2,169.50
2" connection (per six months)	3,118.52	3,118.52	3,290.04	3,290.04
<u>MISCELLANEOUS CHARGES</u>				
I. Water Turn-on / Turn-off request (per occurrence)				
Regular hours: 7am to 11 pm Monday to Friday except statutory holidays	No discount	0.00	No discount	50.00
After hours: 11pm to 7am Mon - to Fri, weekends and statutory holidays	No discount	10.00	No discount	150.00
II. Fire Hydrant				
Permit	No discount	25.00	No discount	150.00
Water use per day	No discount	0.00	No discount	25.00
Damage deposit (refundable)	No discount	100.00	No discount	500.00
III. Meter Test or retest				
16 mm, 19 mm, 25 mm, 32 mm, 38 mm or 50 mm meters	Various (New schedule item 2014)		No discount	115.00
76 mm, 102 mm, 152 mm or meters over 152 mm	Various (New schedule item 2014)		No discount	225.00
General Rate increase	6.00%	6.00%	5.50%	5.50%
Cross Connection Control Rate increase	6.00%	6.00%	5.50%	5.50%