

**FINANCE AND CIVIC DEVELOPMENT COMMITTEE**

*HIS WORSHIP, THE MAYOR  
AND COUNCILLORS*

**SUBJECT: 2015 SANITARY SEWER RATES**

**RECOMMENDATION:**

1. THAT Council amend the Burnaby Sewer System Parcel Tax Bylaw 1994 and the Burnaby Sewer Charge Bylaw 1961 to reflect the 2015 rates found in Schedule C and the amendments, as outlined in this report.

**REPORT**

The Finance and Civic Development Committee, at its meeting held on 2014 November 18, received and adopted the attached report seeking Council's approval for a 3% increase to the 2015 Sanitary Sewer rates.

Respectfully submitted,

Councillor D. Johnston  
Chair

Councillor C. Jordan  
Vice Chair

Councillor P. McDonell  
Member

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

**DATE:** 2014 November 18

**FROM:** DIRECTOR FINANCE

**FILE:** 36000-07

*Reference:* Sewer Rates

**SUBJECT:** 2015 SANITARY SEWER RATES

**PURPOSE:** To obtain Council approval for a 3.00% increase to the 2015 Sanitary Sewer rates.

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**RECOMMENDATION:**

1. **THAT** Finance and Civic Development Committee recommend Council amend the Burnaby Sewer System Parcel Tax Bylaw 1994 and the Burnaby Sewer Charge Bylaw 1961 to reflect the 2015 rates found in Schedule C and the amendments as outlined in this report.

**REPORT**

**1.0 BACKGROUND**

The Sanitary Sewer report provides information and recommendations for funding of the Sanitary Sewer Fund.

The Sanitary Sewer Fund is financially self-sustaining and therefore rate changes do not impact property taxes. Sanitary Sewer rates are reviewed annually and adjustments are made to provide funding for required operating and capital works through the adoption of amendments to the Burnaby Sewer System Parcel Tax Bylaw 1994 and the Burnaby Sewer Charge Bylaw 1961.

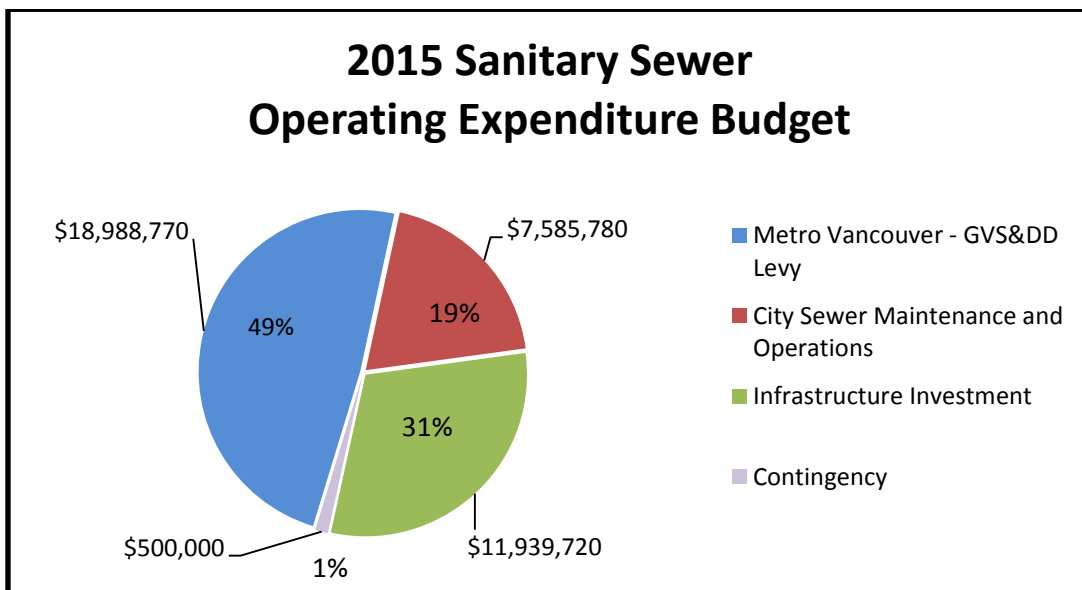
Sanitary Sewer charges are due by March 15th. To promote payment by the due date the City offers a 5% discount for payments received on or before March 15th of a given year. Metered users are offered the same 5% discount for payments made within 30 days of the billing date on the metered bill.

## 2.0 SANITARY SEWER FUND EXPENDITURES

The Sanitary Sewer Fund expenditures for 2015 are \$39 million, an increase of \$465.6 thousand. The cost of the system includes funding of infrastructure replacement and enhancement, sanitary treatment provided by Metro Vancouver and the ongoing operating costs associated with maintaining the system.

The 2015 expenditure budget is summarized in Chart 1. Schedule A (attached) provides the City's Sanitary Sewer 5-year Operating Budget.

**Chart 1**



### ***Metro Vancouver Costs***

The projected Greater Vancouver Sewerage and Drainage District (GVS&DD) levy is \$18,988,770, which represents 49% of operating costs. Schedule B summarizes the projected 2016-2018 levies which are based on the October 2014 estimates as provided by Metro Vancouver. Estimated increases are: 2016 (5%), 2017 (6%), 2018 (6.5%). The 2019-2024 levies are estimated at an annual increase of 5%. Future rates for sewer service will be influenced by Metro Vancouver's replacement of the sewer treatment facility, ongoing sewer separation and changing design standards.

### ***City Sewer Maintenance and Operations***

City Sewer maintenance and operating Costs make up 19% of the operating budget. The primary mandate of the City's Sanitary Sewer program is to protect public health, the environment and property from contamination and flooding. The City sanitary sewer system has two main components, the sanitary (liquid waste) and stormwater systems. The sanitary system collects wastewater from homes and businesses, while the stormwater system handles surface run off from private and public property.

The total increase in City sewer maintenance and operations costs for 2015 is approximately \$551 thousand or 7.84%.

**Infrastructure Investment**

One of the City’s strategic priorities is to complete the sewer separation program. This program is designed to eliminate combined sewer overflows as required under provincial legislation and detailed in the region’s Liquid Waste Management Plan (LWMP). The work being done to maintain and renew Burnaby’s infrastructure investment protects the public and the environment by reducing contamination risks. Depreciation funding contributes towards the replacement of existing infrastructure and is calculated on the useful life and historic value of an asset. The Engineering Department plans include gradual expansion of the sewer separation program to existing residential housing to meet the regulatory requirement of eliminating combined sewer.

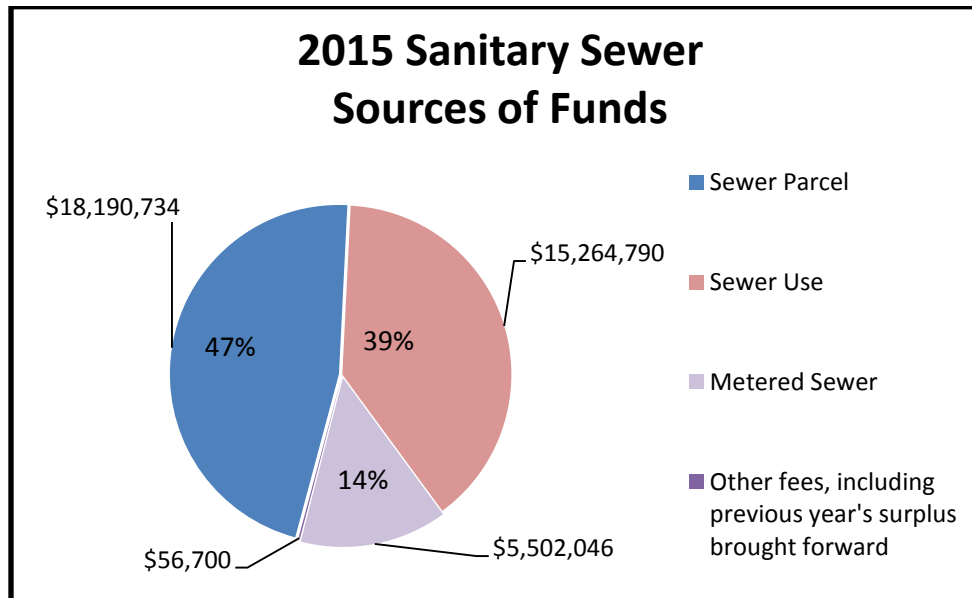
**Contingency**

A contingency for unanticipated operating or supply costs is included, and is unchanged from 2014.

**3.0 2015 RATE SETTING**

Rates are based on a user pay principle and structured to fund the entire cost of delivery and management of the Sanitary Sewer System. They also fund continued separation of the Sanitary and Storm Sewer combined systems. The primary sources of funds for 2015 are: Sewer Parcel, Sewer Use and Metered Sewer revenue. A small percentage of revenue comes in the form of other permits and fees, and if required funding from prior year surplus. Chart 2 provides the breakdown for each revenue type after applicable customer discounts have been applied.

**Chart 2**



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Sewer Parcel and Sewer Use fees are based on a 1% growth factor and a general rate increase for the Sewer Fund. Owners of every real parcel with access to the City's sewer network pay a flat Sewer Parcel Tax. Residential units in multiple family dwellings (strata apartment or complex dwelling units) share the Sewer Parcel Tax and also pay a Sewer Use Fee.

The rate increase for 2015 for a single family home is \$15.38. The sanitary sewer bill will be \$528.13 if payment is made on or before the due date of 2015 March 15. The charge for a single family home after the due date will increase by 5% to \$555.93. Schedule C (attached) provides the rates for 2015.

Secondary Suites in single family dwellings will incur an additional Sewer Use charge equivalent to 50 percent of the Sewer Parcel paid for the Single Family Dwelling. This charge also applies to grandfathered in-law suites and grandfathered suites in two family dwelling units.

Metered Sewer Rates will increase by 3.0%. An analysis of metered customer consumption has identified that annual consumption levels have been decreasing by an average of 2.23% since 1993; 2013 was down by 9.22% over 2012. Metered rates are currently reduced for BOD/ TSS Permitted customers and for customers paying Sewer Parcel charges.

All other rates are based on the general increase in Sanitary Sewer rates. Table 1 provides the Sanitary Sewer rate increases for the past five years.

**Table 1**

2010	2011	2012	2013	2014	2015
8.5%	7.5%	6.0%	6.0%	5.5%	3.0%

***Contaminated Groundwater Charges***

The GVS&DD and the City introduced charges to recover the costs of handling discharges of contaminated water into the municipal sewer system in 1997. The GVS&DD levy includes a provision for costs incurred by the GVS&DD. The City's 2015 rates are set out in Table 2.

**Table 2**

2015 Rates		
Vancouver Sewerage Area (VSA)	\$0.317	Per cubic metre
Fraser Sewerage Area (FSA)	\$0.419	Per cubic metre

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**BOD/ TSS Permitted Customer Fees**

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 based on the quantity of BOD/TSS that is being discharged into the sewerage system by individual industrial customers with an applicable discharge permit. Metro Vancouver directly charges these Permitted Customers for their BOD/TSS discharge. The City bills these customers monthly or quarterly dependent on consumption, at a rate that excludes the GVS&DD portion of Sanitary Sewer budget costs.

Since 2013 rates have been increased in accordance with the general rate increase for all Sanitary Sewer Fees. This ensures that Permitted Customers share the same percentage increase in rates as other customers while maintaining a discount approximate to the percentage of total costs made up by the GVS&DD levy. The percentage split of GVS&DD to City costs is reviewed each year. The rates in Schedule C are based on prior year rates uplifted for the general increase in Sanitary Sewer Rates.

**Bylaw Amendments**

Non-metered rates contained in the Burnaby Sewer Charge Bylaw 1961 are currently found in the body of the document. To standardise the rate structures across bylaws a new rate schedule has been developed, replacing information currently held in Section 4A of the bylaw. The amended bylaw will now contain three schedules representative of the Sewer Use and Metered rates contained in Schedule C.

**4.0 RECOMMENDATION**

It is recommended that Council amend the Burnaby Sewer System Parcel Tax Bylaw 1994 and the Burnaby Sewer Charge Bylaw 1961 to reflect the 2015 rates found in Schedule C and the amendments effective 2015 January 01, as outlined in this report. Once approved by Council a public notice will be placed in a local newspaper and Info Burnaby. Metered users will be notified by letter.

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



Denise Jorgenson  
DIRECTOR FINANCE

DJ:RR /ml

Attachments: Schedule A – 5 Year Operating Budget  
Schedule B – Metro Vancouver (GVS&DD) Sanitary Sewer Charges  
Schedule C – Sanitary Sewer Rates

Copied to: City Manager  
Director Engineering  
Director Planning and Building  
City Solicitor  
City Clerk

**2015 SANITARY SEWER - 5 YEAR OPERATING BUDGET**

**SCHEDULE A**

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Annual	2015 Annual	2016 Projected	2017 Projected	2018 Projected	2019 Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>EXPENDITURE</b>										
Metro Vancouver - GVS&DD Levy	15,659,459	16,038,814	17,251,310	17,677,601	18,306,440	18,988,770	19,938,210	21,134,500	22,508,240	23,633,650
City Sewer Maintenance and Operations	4,897,281	5,410,049	5,636,033	5,942,604	7,034,060	7,585,780	7,813,330	8,047,750	8,289,180	8,537,860
Infrastructure Investment	10,344,000	11,150,000	11,320,000	11,570,300	12,708,100	11,939,720	11,990,040	11,801,060	11,465,960	11,411,390
Contingency	-	-	-	-	500,000	500,000	500,000	500,000	500,000	500,000
Surplus	-	-	-	1,217,515	-	-	-	-	-	-
<b>TOTAL</b>	<b>30,900,740</b>	<b>32,598,865</b>	<b>34,207,345</b>	<b>36,408,020</b>	<b>38,548,600</b>	<b>39,014,270</b>	<b>40,241,600</b>	<b>41,483,310</b>	<b>42,763,380</b>	<b>44,082,900</b>
<b>REVENUES/ TRANSFERS</b>										
Parcel Tax	14,431,137	15,553,364	16,487,721	17,484,314	18,486,400	19,059,480	19,650,320	20,259,480	20,887,520	21,535,030
Flat rates - Sewer Use	11,589,475	12,666,455	13,667,094	14,870,673	15,512,900	15,993,800	16,489,610	17,000,790	17,527,810	18,071,170
Metered Rates	5,602,845	5,343,079	5,318,791	5,748,341	5,596,900	5,764,810	5,937,750	6,115,880	6,299,360	6,488,340
Discounts Flat and Metered	-1,442,570	-1,515,350	-1,599,595	-1,775,010	-1,782,800	-1,860,520	-1,894,480	-1,952,940	-2,013,210	-2,075,340
Other Sales of Services	506,077	74,493	15,211	8,895	13,000	13,400	13,800	14,200	14,600	15,000
Permits, Fees and Grants	23,611	67,462	50,402	70,808	42,000	43,300	44,600	45,900	47,300	48,700
Previous Year's Surplus Brought Forward	190,165	409,360	267,719	-	680,200	-	-	-	-	-
<b>TOTAL</b>	<b>30,900,740</b>	<b>32,598,865</b>	<b>34,207,345</b>	<b>36,408,020</b>	<b>38,548,600</b>	<b>39,014,270</b>	<b>40,241,600</b>	<b>41,483,310</b>	<b>42,763,380</b>	<b>44,082,900</b>
<b>Rate Increase</b>	<b>8.5%</b>	<b>7.50%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>5.50%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>

**SANITARY SEWER RATES CHARGED BY METRO VANCOUVER (GVS&DD)****SCHEDULE B**

<u>YEAR</u>	<u>BOD/TSS CHARGES</u>	<u>GVS&amp;DD O&amp;M AND DEBT LEVY</u>	<u>GVS&amp;DD SEWERAGE LEVY</u>	<u>INCREASE FROM PREVIOUS YEAR</u>	
			\$	\$	%
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	-	16,038,814	16,038,814	379,355	2.4
2012	-	17,251,310	17,251,310	1,212,496	7.6
2013	-	17,677,601	17,677,601	426,291	2.5
2014	-	18,306,440	18,306,440	628,839	3.6
2015	-	18,988,769	18,988,769	682,329	3.7
2016	-	19,938,207	19,938,207	949,438	5.0
2017	-	21,134,499	21,134,499	1,196,292	6.0
2018	-	22,508,241	22,508,241	1,373,742	6.5
2019	-	23,633,653	23,633,653	1,125,412	5.0
2020	-	24,815,336	24,815,336	1,181,683	5.0
2021	-	26,056,103	26,056,103	1,240,767	5.0
2022	-	27,358,908	27,358,908	1,302,805	5.0
2023	-	28,726,854	28,726,854	1,367,946	5.0
2024	-	30,163,196	30,163,196	1,436,342	5.0
<b>2002 - 2015 Change</b>				<b>5,033,906</b>	<b>36%</b>
<b>2015 - 2024 Change</b>				<b>11,174,427</b>	<b>59%</b>

**Notes:**

2016-2018 levies are based on the October 2014 Estimates as provided by Metro Vancouver (GVS&DD) staff.

2019-2024 levies are adjusted for an annual allowance of 5%.



**SANITARY SEWER RATES**

**SCHEDULE C**

	Effective Jan 1 <b>2014</b>	Effective Jan 1 <b>2014</b>	Effective Jan 1 <b>2015</b>	Effective Jan 1 <b>2015</b>
	Paid by Mar. 15	Paid after Mar. 15	Paid by Mar. 15	Paid after Mar. 15
	\$	\$	\$	\$
<b>Sewer Parcel</b>				
Every owner of every real parcel capable of being drained				
- Municipal installed	512.75	539.74	528.13	555.93
- Subdivider installed	256.38	269.87	264.07	277.97
<b>Sewer Use (Charge)</b>				
a) Strata lot (not part of a duplex)	277.73	292.35	286.06	301.12
b) Multiple family dwelling (except a duplex) each unit	277.73	292.35	286.06	301.12
c) Dwelling unit including strata forming part of a duplex	128.20	135.54	132.04	138.99
d) Single Family and Two Family Dwellings with a Grandfathered In-law suite, or Secondary Suite, each suite unit.	256.40	269.87	264.07	277.97
<b>Contaminated Groundwater Discharges</b>				
(Rates set at higher of GVSDD prescribed or general rate increase)				
Vancouver Sewerage Area	0.308	No Discount	0.317	No Discount
Fraser Sewerage Area	0.407	No Discount	0.419	No Discount
<b>Sewer Charge - metered rates</b>				
<b>Regular Metered Customers</b>				
<u>Monthly:</u>				
First 288 cubic metres	1.140	1.200	1.178	1.240
Next 300 cubic metres	0.940	0.990	0.969	1.020
Next 850 cubic metres	0.731	0.770	0.750	0.790
Excess	0.627	0.660	0.646	0.680
<u>Quarterly:</u>				
First 864 cubic metres	1.140	1.200	1.178	1.240
Next 900 cubic metres	0.940	0.990	0.969	1.020
Next 2,550 cubic metres	0.731	0.770	0.750	0.790
Excess	0.627	0.660	0.646	0.680
<b>Metered Customer Exemption:</b>				
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.				
<b>Permitted BOD/TSS Customers</b>				
<u>Monthly:</u>				
First 288 cubic metres	Discount 0.589	Non-Discount 0.620	Discount 0.608	Non-Discount 0.640
Next 300 cubic metres	0.484	0.510	0.503	0.530
Next 850 cubic metres	0.380	0.400	0.389	0.410
Over 1,438 cubic metres	0.323	0.340	0.332	0.350
<u>Quarterly:</u>				
First 864 cubic metres	0.589	0.620	0.608	0.640
Next 900 cubic metres	0.484	0.510	0.503	0.530
Next 2,550 cubic metres	0.380	0.400	0.389	0.410
Over 1,438 cubic metres	0.323	0.340	0.332	0.350
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.				
<b>Rate Increase</b>				
	<b>5.50%</b>	<b>5.50%</b>	<b>3.00%</b>	<b>3.00%</b>