



FINANCIAL MANAGEMENT COMMITTEE

NOTICE OF OPEN MEETING

DATE: MONDAY, 2015 NOVEMBER 16

TIME: 5:00 PM

PLACE: Council Committee Room, Burnaby City Hall

A G E N D A

- | | <u>PAGE</u> |
|--|--------------------|
| 1. <u>CALL TO ORDER</u> | |
| 2. <u>MINUTES</u> | |
| a) Minutes of the Open meeting of the Financial Management Committee held on 2015 October 22 | 1 |
| 3. <u>REPORTS</u> | |
| a) Report from the Director Finance
Re: 2016 Waterworks Utility Rates | 8 |
| b) Report from the Director Finance
Re: 2016 Sanitary Sewer Rates | 17 |
| 4. <u>NEW BUSINESS</u> | |
| 5. <u>INQUIRIES</u> | |
| 6. <u>CLOSED</u> | |
| Public excluded according to Sections 90 & 92 of the Community Charter | |
| 7. <u>ADJOURNMENT</u> | |



FINANCIAL MANAGEMENT COMMITTEE MINUTES

Thursday, 2015 October 22

An 'Open' meeting of the Financial Management Committee was held in the Council Committee Room, Burnaby City Hall, 4949 Canada Way, Burnaby, B.C. on Thursday, 2015 October 22 at 5:30 PM.

1. CALL TO ORDER

PRESENT: Councillor Dan Johnston, Chair
Councillor Colleen Jordan, Vice Chair
Councillor Paul McDonell, Member

STAFF: Mr. Bob Moncur, City Manager
Mr. Lambert Chu, Deputy City Manager
Mr. Lou Pelletier, Director Planning and Building
Ms. Denise Jorgenson, Director Finance
Mr. Leon Gous, Director Engineering
Mr. Patrick Shek, Chief Building Inspector
Mr. John Cusano, Deputy Chief Building Inspector
Ms. Blanka Zeinabova, Administrative Officer

The Chair called the meeting to order at 5:36 p.m.

2. MINUTES

a) **Minutes of the Open meeting of the Financial Management Committee held on 2015 September 15**

MOVED BY COUNCILLOR JORDAN

SECONDED BY COUNCILLOR MCDONELL

THAT the minutes of the 'Open' meeting of the Financial Management Committee held on 2015 September 15 be adopted.

CARRIED UNANIMOUSLY

3. **DELEGATION**

MOVED BY COUNCILLOR MCDONELL
SECONDED BY COUNCILLOR JORDAN

THAT the delegation be heard.

CARRIED UNANIMOUSLY

- a) **Burnaby Board of Trade**
Re: Economic Development Program
Speakers: Paul Holden, President & CEO
Catherine Boivie, Chair, Board of Directors

Mr. Paul Holden, President & CEO and **Ms. Catherine Boivie**, Chair, Board of Directors, Burnaby Board of Trade (BBOT) appeared before the Committee outlining the important economic development achievements over the past year and noting the many initiatives that have been supported throughout the City of Burnaby.

Mr. Holden provided an overview of Vision and Mission Statements and highlighted the organization's Strategic Objectives.

The speaker noted that the BBOT is playing an integral role in the City of Burnaby's Economic Development 2020 Strategy (EDS), and many initiatives outlined in the EDS are implemented by the BBOT. The key activities include new business recruitment; focus on small business; Business Resource Centre; and Economic Development Portal.

Mr. Holden provided an overview of the Economic Development Portal, noting that the Portal consolidates information from the BBOT, City of Burnaby and other businesses and websites, showcasing 'one stop shop'. The Portal includes the following categories:

- Economic Plans and Strategies
- Doing Business in Burnaby
- Education & Training
- Labour Force & Demographics
- Location & Access
- Key Sectors
- Economic Indicators
- Livability

The speaker further noted that the BBOT has begun collaborating with City staff to create marketing material for showcasing Burnaby when visiting and hosting delegations. This 'Print Package' will complement the Portal, and the BBOT recommended that the City of Burnaby approve funding of approximately \$6,000 plus design work (as a year-one cost estimate) for 1,000 high quality brochures.

Mr. Holden also noted that there is a potential for a multi-page feature in 'BC Business' magazine to showcase Burnaby as a business destination; and the BBOT would like to explore 'Site Selection' magazine as another channel for focused business destination advertising. ('Site Selection' magazine is an internationally circulated corporate real estate and economic development publication reaching more than 48,000 subscribers).

The speaker highlighted the BBOT's involvement in the City's Social Sustainability Strategy (SSS) – key partner in SSS priorities. The BBOT's Social Development Committee is currently pooling its members to identify new areas of concerns to the business community, such as homelessness, affordable housing, immigration integration, family-friendly workplaces, etc. Access Student Career Development (Access) provides senior post-secondary students with connections and tools they need to compete in the job market, while providing local businesses with access to top young talent. Over 100 students were mentored through this program last year, and 60 more are participating this year.

Mr. Holden noted that the BBOT also supports the Environmental Sustainability Strategy (ESS) by sustainable business practices (i.e. the Burnaby Business Excellence Awards; scholarships to become Climate Smart Certified; Green Talks; and Pledge for a Sustainable Community initiative).

In conclusion, Mr. Holden noted the BBOT's working committees (Social Development, Pacific Gateway, Access, Environmental Sustainability, Government Relations, and Membership), events organized by the organization (i.e. Annual Christmas Luncheon, Pacific Gateway Forum, Power Hour Networking, Business Excellence Awards, Manufacturing Week Tours, etc.), staff, Board of Director Executive Committee and the Board of Directors. The speaker thanked the City of Burnaby for their ongoing support and strong working relationship with the BBOT.

The Committee requested that the BBOT share the results of the Social Development Committee's survey regarding businesses concerns with the City.

Arising from discussion, Councillor Jordan was granted a leave by the Committee to introduce the following motion:

MOVED BY COUNCILLOR JORDAN

SECONDED BY COUNCILLOR MCDONELL

THAT Council provide a grant in the amount of \$100,000 to the Burnaby Board of Trade for the yearly operation of the City of Burnaby Economic Development Program which is to be paid in quarterly instalments of \$25,000, commencing 2015 October 01 and continuing on 2016 January 01, 2016 April 01 and 2016 July 01.

CARRIED UNANIMOUSLY

4. REPORTS

MOVED BY COUNCILLOR MCDONELL
SECONDED BY COUNCILLOR JORDAN

THAT the reports be received.

CARRIED UNANIMOUSLY

a) Report from the Deputy City Manager
Re: Asset Management Plan - Major Civic Building

The Deputy City Manager submitted a report seeking approval to develop a comprehensive Civic Building Asset Management Plan.

The Deputy City Manager recommended:

1. THAT the Financial Management Committee recommend Council authorize staff to develop a comprehensive Asset Management Plan for major civic buildings and approve funding of \$40,000 from the Stabilization fund for the project; and
2. THAT the Financial Management Committee recommend Council authorize staff to apply for an Asset Management Planning Program Grant of up to \$10,000 from the Ministry of Community, Sport and Cultural Development for the project.

MOVED BY COUNCILLOR MCDONELL
SECONDED BY COUNCILLOR JORDAN

THAT the recommendations of the Deputy City Manager be adopted.

CARRIED UNANIMOUSLY

b) Report from the Deputy City Manager
Re: Post August 29, 2015 Wind Storm Event Report

The Deputy City Manager submitted a report to provide the Committee and Council with a report on the City's assessment on the impact of the August 29 wind storm on City services and infrastructure and on proposed action to improve future emergency response.

The Deputy City Manager recommended:

1. THAT the Committee recommend Council receive this report and approve in principle the proposed improvements and studies as outlined in Section 5.0 of this report.

MOVED BY COUNCILLOR MCDONELL
SECONDED BY COUNCILLOR JORDAN

THAT the recommendation of the Deputy City Manager be adopted.

CARRIED UNANIMOUSLY

c) Report from the Director Finance
Re: Temporary Financing Bylaw

The Director Finance submitted a report to temporarily finance expenditures.

The Director Finance recommended:

1. THAT the Financial Management Committee recommend Council authorize staff to bring down a bylaw to permit borrowing of up to \$2 million as required, during the period 2016 January 01 to December 31, repayable 2016 December 31.

MOVED BY COUNCILLOR JORDAN
SECONDED BY COUNCILLOR MCDONELL

THAT the recommendation of the Director Finance be adopted.

CARRIED UNANIMOUSLY

d) Report from the Director Finance
Re: Additional Surface Parking at Deer Lake Centre

The Director Finance submitted a report requesting approval and funding for the provision of additional parking space at Deer Lake Centre.

The Director Finance recommended:

1. THAT the Financial Management Committee recommend Council authorize staff to bring down a Capital Reserves Bylaw in the amount of \$375,000 (inclusive of GST) to finance additional surface parking at Deer Lake Centre.

MOVED BY COUNCILLOR MCDONELL
SECONDED BY COUNCILLOR JORDAN

THAT the recommendation of the Director Finance be adopted.

CARRIED UNANIMOUSLY

Arising from discussion, the Committee requested staff explore the feasibility and advisability of having signage available during large events advising the public that pay parking is available at this location.

Further, the Committee requested staff explore a transit subsidy for employees (similar to now discontinued TransLink's Employer Pass Program).

Staff undertook to investigate these matters.

5. NEW BUSINESS

Director Finance

Ms. Jorgenson advised that a report will be submitted to Council on 2015 November 09 regarding dog licence fee increases.

The Director Finance submitted 'Financial Report as at 2015 Period 09'.

MOVED BY COUNCILLOR JORDAN
SECONDED BY COUNCILLOR MCDONELL

THAT the Financial Report be received for information.

CARRIED UNANIMOUSLY

6. INQUIRIES

There were no inquiries brought before the Committee at this time.

7. CLOSED

Public excluded according to Sections 90 and 92 of the Community Charter

MOVED BY COUNCILLOR MCDONELL
SECONDED BY COUNCILLOR JORDAN

THAT this meeting do now recess.

CARRIED UNANIMOUSLY

The meeting recessed at 6:48 p.m.

MOVED BY COUNCILLOR MCDONELL
SECONDED BY COUNCILLOR JORDAN

THAT this meeting do now reconvene.

CARRIED UNANIMOUSLY

The meeting reconvened at 7:00 p.m.

8. **ADJOURNMENT**

MOVED BY COUNCILLOR JORDAN
SECONDED BY COUNCILLOR MCDONELL

THAT this Open Committee meeting do now adjourn.

CARRIED UNANIMOUSLY

The Open meeting adjourned at 7:00 p.m.

Blanka Zeinabova
ADMINISTRATIVE OFFICER

Councillor Dan Johnston
CHAIR



Meeting 2015 Nov 16
COMMITTEE REPORT

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT
COMMITTEE

DATE: 2015 November 12

FROM: DIRECTOR FINANCE

FILE: 39500-07
Reference: Water Rates

SUBJECT: 2016 WATERWORKS UTILITY RATES

PURPOSE: To request Council approval for a 2% increase to the 2016 Waterworks Utility rates.

RECOMMENDATION:

1. **THAT** Financial Management Committee recommend Council approve the amendment of the Burnaby Waterworks Regulation Bylaw to provide for the water rates contained in Schedule C as outlined in Section 3.0 of this report and Bylaw amendments as outlined in Section 4.0 of this report, effective 2016 January 01.

REPORT

1.0 BACKGROUND

The Waterworks Utility Fund is financially self-sustaining and therefore rate changes do not impact property taxes. Water rates are reviewed annually and revised to account for changes in costs associated with the delivery of water to Burnaby and water rates are changed through the adoption by Council of an amendment to the Burnaby Waterworks Regulation Bylaw.

Waterworks Utility fees are due by March 15th each year. To promote payment by the due date, Burnaby offers a 5% discount for payments received on or before March 15th 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.

To: Financial Management Committee

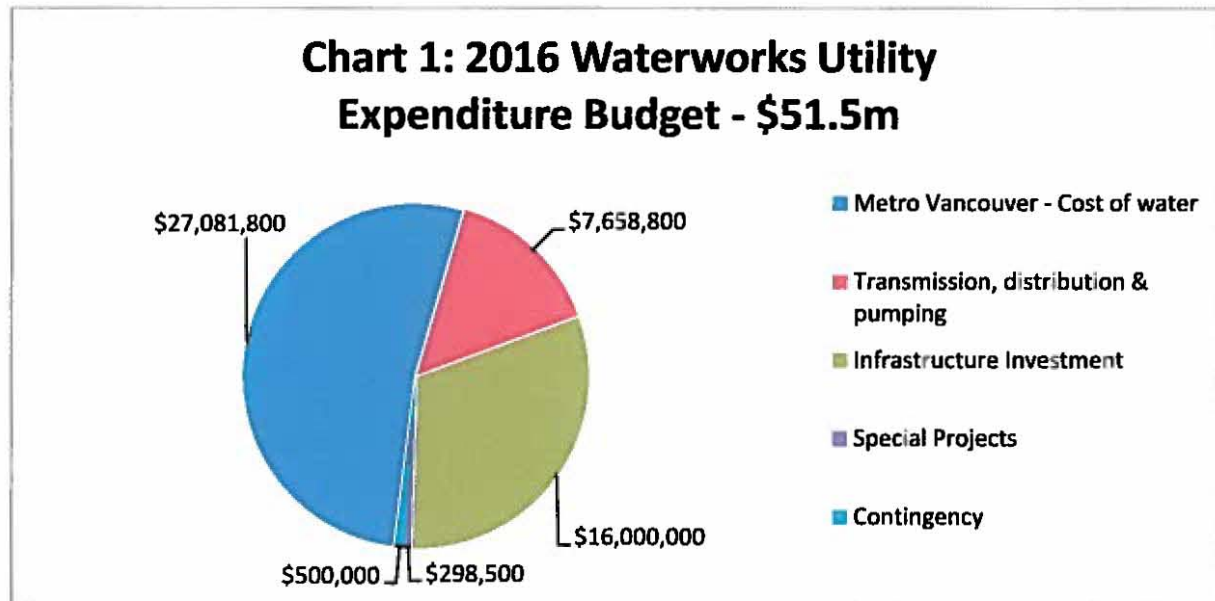
From: Director Finance

Re: 2016 Waterworks Utility Rates

2015 November 12..... Page 2

2.0 WATERWORKS UTILITY FUND EXPENDITURES

The 2016 Waterworks Utility expenditures total \$51.5m, an increase of \$2m over 2015. The 2016 expenditure budget is summarized in Chart 1. Schedule A (attached) provides the City's Waterworks Five Year Operating Budget.



Metro Vancouver Costs

The Greater Vancouver Water District (GVWD) provides safe, reliable, high-quality drinking water to Burnaby. The GVWD is responsible for acquiring and maintaining the water supply, treating it to ensure its quality and delivering it to the City. The GVWD also provides for ongoing capital work for the treatment of water, including the upgrading of facilities to meet safety and environmental standards.

Schedule B (attached) summarizes the projected GVWD increase in the cost of water to Burnaby for 2016 based on GVWD rates and estimated consumption. The GVWD Board has set the Water Rate for GVWD members in 2016 at:

- \$0.7407 per cubic metre for June to September; and
- \$0.5926 per cubic metre for January to May and October to December.

Based on the City's estimation of consumption for 2016, the cost of the GVWD water delivery service for Burnaby is estimated to be \$27.1m. This amount accounts for 52.5% of the City's total 2016 Water Utility operating budget and reflects a 2.5% increase in City costs over 2015.

Transmission, Distribution & Pumping

The City's Engineering Department manages Burnaby's water transmission system to ensure drinking water delivered to customers meets relevant health and water quality guidelines. The City's Cross Connection Program also helps to safeguard against contaminants entering the

To: Financial Management Committee
 From: Director Finance
 Re: 2016 Waterworks Utility Rates
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community's drinking water systems. Cross-connection control devices are installed, maintained and tested annually.

Infrastructure Investment

Burnaby relies on over 700 km of watermain to deliver approximately 115 million litres of water every day to Burnaby residents and businesses. In 2016 a large percentage of the capital investment is committed to the replacement of 15km of aging and undersized watermain, which once complete will reduce the likelihood of breaks and continue to maintain the supply of water in Burnaby. The 2016 capital plan for investment in Burnaby's Water Utility infrastructure is \$15.6m.

The City continues to make provision for the replacement of aging pumping stations to meet current and future growth related demands. Infrastructure investment contributes both in the short and longer term to the quality and safety of the City's water supply. The five year capital replacement plan and infrastructure investment is \$69m.

Special Projects – One Time Funding from the Water Operating Fund

For 2016, \$298,000 of funding from the Water Operating Reserve has been budgeted for three special projects as follows:

1. Infrastructure Asset Management Plan – \$40,000
 Funding is to support development of an asset management plan for the entire waterworks infrastructure. This project is scheduled to be completed by May 30th.
2. Summer Water Conservation Management – \$200,000
 One time funding is required for conservation measures and the development of a sustainment plan for inclusion in the water operating budget.
3. Water Air Valve Replacement Project – \$58,500
 Funding is required to complete the replacement of end of life and non-performing water air valves in the water distribution system.

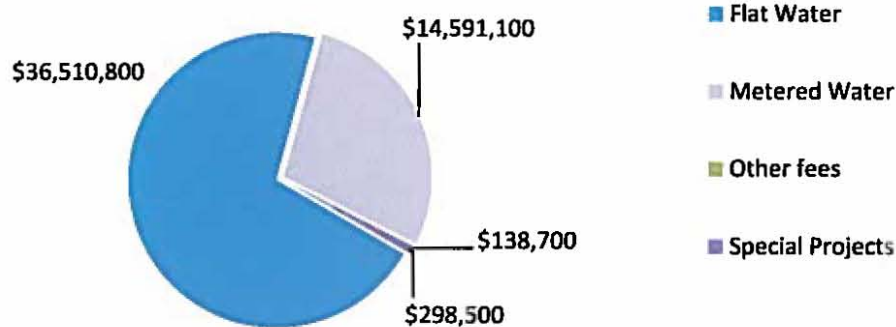
Water Operating Funds from prior year surplus are being used to fund these projects, which reduces the impact on the current Water Utility rates.

3.0 2016 RATE SETTING

The Waterworks Utility is self-funding. Rates are based on a user pay principle and structured to fund the cost of Burnaby's water services. The rate structure includes the funding of the City's capital infrastructure renewal programs and new water services, the supply cost of water provided by the GVWD, and the funding of operations including maintenance programs. The rate structure is divided into three categories: Flat Water, Metered Water and Other fees. Prior year surplus is used to stabilize rates and fund important one time projects. Chart 2 provides a breakdown of funding sources net of discounts.

To: Financial Management Committee
 From: Director Finance
 Re: 2016 Waterworks Utility Rates
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**Chart 2 - 2016 Waterworks Utility
Sources of Funds**



For 2016 the rate increase is 2.0%. This increase is reflected in Schedule C of this report. Rate increases for 2016 and the previous five years are set out below in Table 2.

Table 2 – Rate Increases

2011	2012	2013	2014	2015	2016
11.0%	6.0%	6.0%	5.5%	3.0%	2.0%

High rate increases in 2011 and subsequent years were due to significant capital investment in the upgrading of Metro Vancouver's water treatment system. The Seymour-Capilano filtration project went into service in late 2009. More recently higher rates reflect the work on the twin tunnels linking the Capilano source with the Seymour-Capilano Filtration Plant. This project will result in improved filtration and enhanced supply, it is scheduled for completion and full operation in 2015.

Flat Water Rates

All properties pay a flat charge for water consumption unless they are metered. Flat Water rates fund 71% or \$36.5m of the Water Utility budget (after applicable discounts). The flat rate increase for a single family home is \$11.23, bringing the total to \$572.45 if payment is made on or before the due date of 2016 March 15. The charge for a single family home after the due date of 2016 March 15 will increase by 5% to \$602.58. Schedule C provides the Waterworks Rates for 2016.

Secondary Suite Rates

All Single Family Dwellings with a secondary suite or grandfathered in-law suite will pay an additional consumption charge set at 50% of the Flat Water Rate of a detached Single Family Dwelling. Two Family Dwelling units with a grandfathered in-law suite will pay an extra fee equal to 50% of the flat rate for that property type.

To: Financial Management Committee
 From: Director Finance
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Metered Water Rates

An analysis of metered customer consumption has identified that annual consumption levels have dropped by a compounded average of 1.61% since 2005. Metered Water provides 28% or \$14.5m of the funding for the Waterworks Utility.

Other Rates

Other rates contained within the bylaw are subject to the general rate increase for the utility of 2% with the exception of rates impacted by the bylaw adjustments set out in section 4.0 of this report.

4.0 BYLAW REVISIONS

1. Section 15 (I), (B) and (C)

The bylaw requires that subject to Section 16, all water services shall be metered except services to:

- (a) Single-Family residences whether detached or within a multiple-family building used exclusively for residential purposes;
- (b) Commercial premises comprising not more than three stores or offices without living quarters;
- (c) Commercial premises comprising not more than three stores or offices and living quarters for one family only.

Following consultation with Engineering, it is recommended that subsections (b) and (c) be repealed, and replaced with a new subsection (b), that reads:

"Only upon determination by the City may an exception from metering be permitted. Such properties would be subject to flat rates, as set out within Schedule A of this bylaw".

2. New Section – Future Metered Service

It is recommended that the following new wording is included in the bylaw as Section 15 (3):

Section 15 (3) "All multiple-family buildings shall configure their water service or mechanical room with a sufficient straight length of pipe or spool piece to enable a future metered service".

3. New Section - Construction Water Charges

Construction water charges are currently levied through a flat one-time fee, based on the size of connection to the City's system. Flat rates have been used for a number of years and were updated for 2015; however, the current process does not allow for the accurate measurement of consumption during construction, which poses a cost risk to the City.

It is therefore recommended that the following new section be added to the bylaw:

"Construction Water Charges

- *Installation of a water meter is required during construction from the time of connection to the City's system except for Single-Family and Duplex Dwelling Units.*

To: Financial Management Committee

From: Director Finance

Re: 2016 Waterworks Utility Rates

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- *The City is to provide and install all construction meters, regardless the size, and remove such meters at the end of construction period. The owner is responsible to cover the replacement cost if the City installed construction meter is missing at the end of the construction period.*
- *The owner is to pay a one-time connection fee (See Schedule A to this bylaw), in addition to the standard rate for any consumption during construction.*
- *The owner is to prepare the installation site, including the installation of double-check valve assembly.*
- *Construction meters will be read monthly by the City".*

5.0 RECOMMENDATION

Schedule A (attached) reflects a Waterworks Utility rate increase of 2% with total planned revenue of \$51.5m for 2016 after the estimated 5% discount for flat and metered rates. The rate adjustments will ensure that the Water Utility continues to be financially self-sustaining and will support needed infrastructure investment. 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.

It is recommended that Financial Management Committee recommend Council approve the amendment of the Burnaby Waterworks Regulation Bylaw to provide for the water rates contained in Schedule C as outlined in Section 3.0 of this report and Bylaw amendments as outlined in Section 4.0 of this report, effective 2016 January 01. 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 – Cost of Water Supplied to Burnaby by Metro Vancouver (GVWD)
Schedule C – Water Rates*

Copied to: City Manager
Director Engineering
City Solicitor
City Clerk

2016 WATERWORKS UTILITY - 5 YEAR OPERATING BUDGET**SCHEDULE A**

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Annual	2016 Annual	2017 Projected	2018 Projected	2019 Projected	2020 Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURE										
Metro Vancouver - Cost of water	21,512,387	24,087,812	25,820,790	25,199,090	26,411,300	27,081,800	27,633,000	29,253,300	30,958,300	32,753,000
Transmission, distribution & pumping	5,273,687	5,581,493	5,671,086	6,083,121	6,908,455	7,658,800	7,888,600	8,125,300	8,369,100	8,620,200
Infrastructure Investment	13,870,000	13,315,650	14,500,000	15,001,520	15,682,345	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Contingency	-	-	-	-	500,000	500,000	500,000	500,000	500,000	500,000
Special Projects	-	-	-	-	-	298,500	-	-	-	-
Surplus	124,038	-	-	2,347,641	-	-	-	-	-	-
TOTAL	40,780,112	42,984,955	45,991,876	48,631,372	49,502,100	51,539,100	52,021,600	53,878,600	55,827,400	57,873,200
REVENUES/ TRANSFERS										
Flat rates	29,340,124	31,367,601	33,728,080	35,837,549	37,205,800	38,267,800	38,770,600	40,127,600	41,532,100	42,985,700
Metered Rates	13,250,697	13,430,333	13,985,119	14,993,427	14,520,600	15,293,300	15,599,200	15,900,600	16,298,100	16,705,600
Discount (flat and metered)	-1,926,198	-2,025,973	-2,212,158	-2,346,159	-2,359,000	-2,459,200	-2,489,800	-2,565,800	-2,648,300	-2,733,500
Construction - Metered Charges	31,629	42,890	33,630	41,143	38,600	39,400	40,200	41,200	42,200	43,300
Construction - Flat Rate Charges	40,885	45,390	54,093	58,892	49,100	50,100	51,100	52,400	53,700	55,000
Permits and Fees	-	-	-	13,351	13,000	13,300	13,600	13,900	14,200	14,600
Other Sales of Services	42,975	29,415	23,007	33,168	34,000	35,900	36,600	37,500	38,400	39,400
Special Projects	-	-	-	-	-	298,500	-	-	-	-
Previous year's surplus brought forward	-	95,299	380,105	-	-	-	100	271,200	497,000	763,100
TOTAL	40,780,112	42,984,955	45,991,876	48,631,372	49,502,100	51,539,100	52,021,600	53,878,600	55,827,400	57,873,200
Rate Increase	11.00%	6.00%	6.00%	5.50%	3.00%	2.00%	2.00%	2.50%	2.50%	2.50%

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

Year	Rate Per Cubic Meter						Total volume (2) purchased 000 M³			Annual Cost to Burnaby 000 \$	Increase in total cost of water to Burnaby	
	Cost/M³		Increase from previous year									
			\$		%							
	Off-Peak	Peak	Off-Peak	Peak	Off-Peak	Peak	Peak	Off-Peak	Total		000 \$	000 \$
2011	0.5135	0.6419	0.0630	0.0788	14.0	14.0	15,135	22,975	38,109	21,512	1,288	6.4
2012	0.5437	0.6796	0.0302	0.0377	5.9	5.9	16,454	23,737	40,191	24,088	2,575	12.0
2013	0.5504	0.6880	0.0067	0.0084	1.2	1.2	17,690	24,800	42,490	25,821	1,733	7.2
2014	0.5724	0.7155	0.0220	0.0275	4.0	4.0	17,348	22,338	39,687	25,199	-622	-2.4
2015	0.5816	0.7270	0.0092	0.0115	1.6	1.6	17,118	24,014	41,132	26,411	1,212	4.8
2016	0.5926	0.7407	0.0110	0.0137	1.9	1.9	17,510	23,814	41,324	27,082	671	2.5
2017	0.6222	0.7777	0.0296	0.0370	5.0	5.0	16,192	24,171	40,363	27,633	551	2.0
2018	0.6533	0.8166	0.0311	0.0389	5.0	5.0	16,325	24,370	40,695	29,253	1,620	5.9
2019	0.6860	0.8575	0.0327	0.0408	5.0	5.0	16,454	24,562	41,016	30,958	1,705	5.8
2020	0.7203	0.9003	0.0343	0.0429	5.0	5.0	16,579	24,748	41,327	32,753	3,499	11.3
Increase 2011 - 2015			0.1311	0.1639	13.26	13.26					6,187	22.77
Projected increase 2016 - 2020			0.1387	0.1733	21.55	21.55					8,046	20.94

NOTES: 2011-2014 volumes are based on actuals up to December 31 2014.

2015 volumes are based on invoices posted for January 1 to November 2. An estimate is used for the remainder of the year based on prior year averages.

2016 volumes are based on the City of Burnaby average volume for the prior 3 years.

2017 - 2020 rates are based on an estimated 5% increase per year. Volumes for this period are based on GVWD Projections.

Finance Department
2015 November

WATERWORKS RATES

SCHEDULE 3

Finance Department

2015 November

FLAT RATES

Detached Single Family Dwelling

Two Family Dwelling, including strata, forming part of a duplex - Per Unit

Multiple Family Dwelling, including strata, not part of a duplex - Per Unit

Secondary suite, or grandfathered in-law suite in a Single Family Dwelling

Previous rate - Single Family Dwelling with one Secondary Suite or Grandfathered In-Law Suite

Grandfathered In-Law Suite in a Two Family Dwelling.

Previous rate - Two Family Dwelling with one Grandfathered In-Law Suite Per Unit

Commercial Not More Than 3 Stores/Offices (if not on a meter)

Commercial with living quarters, 1 family

Commercial, no living quarters

CROSS CONNECTION CONTROLS

Per Device

Minimum Per Unit

METERED RATES

Monthly

First 300 cubic metres

Next 550 cubic metres

Next 1,400 cubic metres

Excess

Minimum monthly

Quarterly

First 900 cubic metres

Next 1,650 cubic metres

Next 4,200 cubic metres

Excess

Minimum quarterly

SPECIAL METER READING

Connection Fee

CONSTRUCTION FLAT WATER

19 mm Connection

25 mm Connection

50 mm Connection

Construction meter connection charge

Construction meter Usage charge

MISCELLANEOUS CHARGES

I. Water Turn-on / Turn-off request (per occurrence)

Regular hours: 7am to 11 pm Monday to Friday except statutory holidays

After hours: 11pm to 7am Mon - to Fri, weekends and statutory holidays

II. Fire Hydrant

Permit (Inspection fee)

Water use per day

Damage deposit (refundable)

III. Meter Test or retest

16 mm, 19 mm, 25 mm, 32 mm, 38 mm or 50 mm meters

76 mm, 102 mm, 152 mm or meters over 152 mm

IV. Rain Barrels (Inclusive of GST/PST)

Small

Large

Delivery fee

General Rate Increase

Effective Jan 1 2015 Paid by Mar. 15	Effective Jan 1 2015 Paid after Mar. 15	Effective Jan 1 2016 Paid by Mar. 15	Effective Jan 1 2016 Paid after Mar. 15
\$	\$	\$	\$
561.22	590.76	572.45	602.58
420.85	443.00	429.34	451.94
322.26	339.22	328.70	346.00
<u>New rate structure for 2016</u>		286.23	301.29
841.83	886.14	N/A	N/A
<u>New rate structure for 2016</u>		214.67	225.97
631.27	664.50	N/A	N/A
1122.44	1,181.52	1144.89	1,205.15
561.22	590.76	572.45	602.58
50.43	53.08	51.44	54.15
6.31	6.64	6.46	6.80
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
1.490	1.568	1.520	1.600
1.490	1.568	1.520	1.600
1.490	1.568	1.520	1.600
1.490	1.568	1.520	1.600
46.77	49.23	47.70	50.21
1.490	1.568	1.520	1.600
1.490	1.568	1.520	1.600
1.490	1.568	1.520	1.600
1.490	1.568	1.520	1.600
140.30	147.68	143.103	150.63
No discount	77.25	No discount	78.80
Per agreed cost of connection		Per agreed cost of connection	
No discount	1,320.00	Discontinued	
No discount	3,440.00	Discontinued	
No discount	10,500.00	Discontinued	
N/A	N/A	No discount	200.00
N/A	N/A	As per Metered rates	
No discount	51.50	No discount	52.53
No discount	154.50	No discount	157.59
No discount	154.50	No discount	157.59
No discount	25.75	No discount	26.27
No discount	515.00	No discount	525.30
No discount	118.45	No discount	120.82
No discount	231.75	No discount	236.39
No discount	30	No discount	30.60
No discount	70	No discount	71.40
No discount	5	No discount	5.10
3.00%	3.00%	2.00%	2.00%



Meeting 2015 Nov 16

COMMITTEE REPORT

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT
COMMITTEE

DATE: 2015 November 12

FROM: DIRECTOR FINANCE

FILE: 36000-07
Reference: Sewer Rates

SUBJECT: 2016 SANITARY SEWER RATES

PURPOSE: To obtain Council approval for a 1.5% increase to the 2016 Sanitary Sewer rates.

RECOMMENDATION:

1. THAT Financial Management Committee recommend Council approve the amendment of the Burnaby Sewer Parcel Tax Bylaw 1994, and the Burnaby Sewer Charge Bylaw 1961, to reflect the 2016 rates found in Schedule C and the Bylaw amendments as outlined in Section 4.0 in this report, effective 2016 January 01.

REPORT**1.0 BACKGROUND**

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.

Annual Sanitary Sewer charges are due by March 15th each year. To promote payment by the due date, Burnaby offers a 5% discount for payments received on or before March 15th of a given year. Metered Sanitary Sewer 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 2016 are projected at \$40.6m, an increase of \$1.6m over 2015. The cost of the sewer system includes funding of infrastructure replacement and enhancement, sanitary treatment provided by Metro Vancouver and ongoing operating costs associated with maintaining the system.

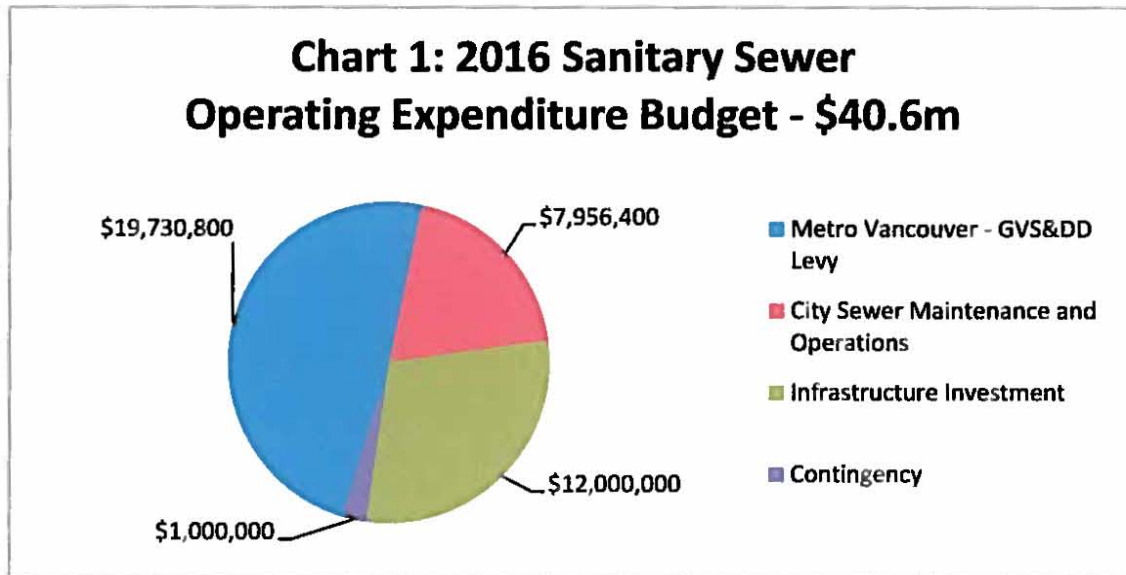
To: Financial Management Committee

From: Director Finance

Re: 2016 Sanitary Sewer Rates

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The 2016 expenditure budget is summarized in Chart 1. Schedule A (attached) provides the City's Sanitary Sewer 5-year Operating Budget.



Metro Vancouver Costs

Greater Vancouver Sewerage and Drainage District (GVS&DD) 2016 levy of \$21m is distributed between the Sanitary Sewer Fund (\$19.7m) and the General Revenue Fund – Engineering Roads and Drainage (\$1.2m). The Roads and Drainage portion represents a 13.75% Metro Vancouver increase for the operating budget over 2015.

The charge of \$19.7m to Sanitary Sewer represents 49% of operating cost, which is consistent with 2015, and equates to a 3.91% increase over 2015. Schedule B (attached) summarizes the projected 2017– 2020 levies which are based on an estimated annual increase of 5%.

City Sewer Maintenance and Operations

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 storm water systems. The sanitary system collects wastewater from homes and businesses, while the storm water system handles surface run off from private and public property.

The total increase in City Sewer maintenance and operations costs for 2016 is approximately \$371k. A separate contingency for unanticipated operating or supply costs is included in the overall budget.

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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. The Engineering Department plans include gradual expansion of the sewer separation program to existing residential housing to meet the regulatory requirement of eliminating combined sanitary and sewer systems.

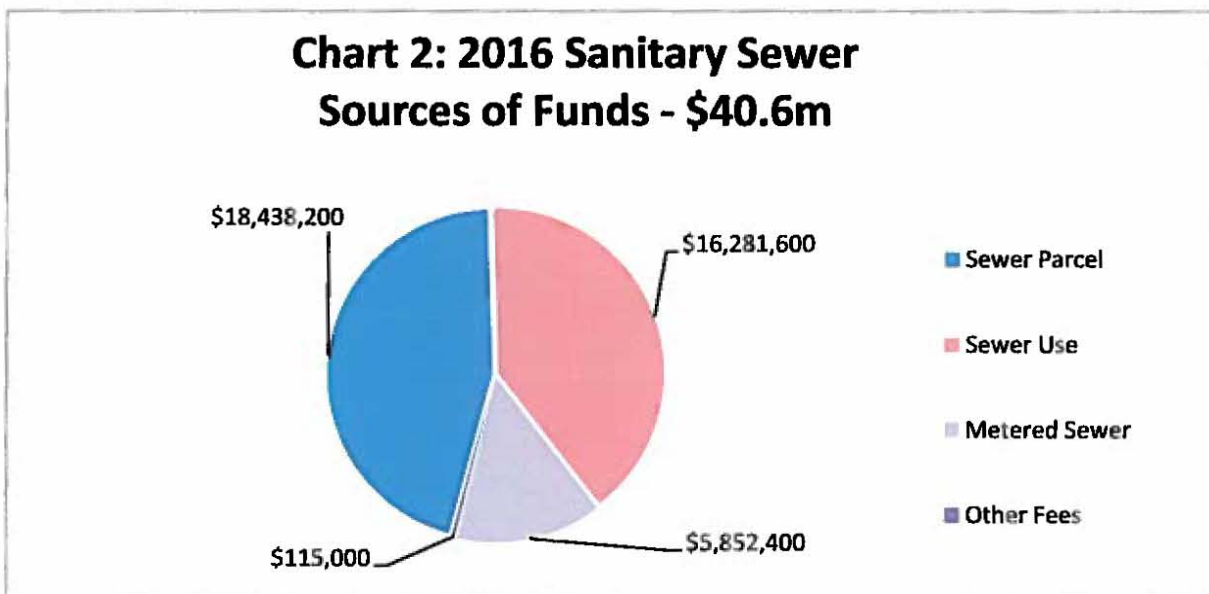
The total capital plan for 2016 is \$11.98m. Average capital expenditure for the next five years is approximately \$11.6m. The annual contribution to the capital reserve provides funding for the replacement of aging infrastructure and net new services. The planned five year capital replacement and infrastructure investment is \$58m.

3.0 2016 RATE SETTING

Sanitary Sewer rates are based on a user pay principle and structured to fund the cost of delivery and the 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 2016 are: Sewer Parcel, Sewer Use and Metered Sewer revenue. A small percentage of revenue comes in the form of other permits and fees.

Chart 2 provides a breakdown of funding sources net of discounts.

For 2016 staff are recommending a sanitary sewer rate increase of 1.5%. This rate increase is reflected in Schedule C (attached). Rate increases for 2016 and the previous five years are set out below:



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 From: Director Finance
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Table 2 – Rate Increases

2011	2012	2013	2014	2015	2016
7.5%	6.0%	6.0%	5.5%	3.0%	1.5%

Sewer Parcel and Sewer Use fees

Sewer Parcel and Sewer Use fees will increase by 1.5 % in 2016. 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 2016 for a single family home is \$7.93 The sanitary sewer bill will be \$536.06 if payment is made on or before the due date of 2016 March 15. The charge for a single family home after the due date will increase by 5% to \$564.27 Schedule C (attached) provides the rates for 2016. Bylaw changes for Sewer Parcel Taxes are proposed in Section 4.0 of this report.

Secondary Suites

Suites in single family dwellings 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

Rates increase in line with the general increase for Sanitary Sewer. An analysis of metered customer consumption has identified that annual consumption levels have been decreasing for a number of years, and more recently by a compounded annual rate of 1.61% since 2005.

BOD/ TSS Permitted Customer Fees

Biochemical oxygen demand (BOD) and total suspended solids (TSS) are two of the main cost drivers of the sewer and drainage system. The GVS&DD introduced a pricing mechanism based on the quantity of BOD/TSS that is being discharged into the sewer system by individual industrial customers with an applicable discharge permit. Metro Vancouver directly charges these Permitted Customers for their BOD/TSS discharge and the City directly bills these customers for the cost of City services.

Since 2013, the rates charged for City services 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. The 2016 rates are found in Schedule C (attached).

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4.0 BYLAW AMENDMENTS

Burnaby Sewer Charge Bylaw 1961 - Schedule D, Contaminated Groundwater Charges

Contaminated groundwater charges are intended to recover the costs of handling contaminated groundwater from site remediation projects. As per GVS&DD guidelines, groundwater is subject to numerous conditions, including the capacity of both municipal and regional sanitary sewer systems. Following a further review of the City's charges, it has been determined the rates applied by the City are too low. To ensure the recovery of both the City's portion of costs and those incurred by the GVS&DD, the 2016 rates are based on the standard first tier metered sewer rates for Burnaby, without any discount for additional volumes. Discounts for payment by March 15 are not applicable.

Rates are therefore set as:

Vancouver Sewerage Area	1.196 per cubic metre
Fraser Sewerage Area	1.196 per cubic metre

Burnaby Sewer Charge Bylaw 1961 - Schedule C

Schedule C sets out the Sewer Use (Charge) rates for Strata Lot, Multi Family, Two Family properties and Suites. To provide clarity to staff and residents, the wording of the rate structure has been revised. The following now applies:

- a) Strata lot (not part of a duplex)
- b) Two family dwelling unit including strata, forming part of a duplex, each unit.
- c) Multiple family dwelling, including strata, (not part of a duplex) each unit.
- d) Secondary suite, or grandfathered in-law suite, in a single family dwelling.
- e) Grandfathered in-law suite in a two family dwelling

Burnaby Sewer Parcel Tax Bylaw 1994 – Section 3 and Section 4 (B), 50% discount

The Burnaby Sewer Parcel Tax Bylaw 1994 currently contains provision for a 50% discount “for twenty years including the year of construction where the present or former owner or present occupier constructed any portion of the sewerage system of the City that serves that parcel”.

It is felt that this discount is no longer relevant now that growth in the construction of multi-family stratified units is exceeding Single Family Home construction. As such, the Sewer Parcel is often split across multiple units, and in reality it is the Sewer Use fee that makes up the bulk of Sanitary Sewer charges for such properties. In 2015 forty Sewer Parcels were added to the roll. Of these, seven received the developer 50% discount.

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It is proposed that from 2016 January 01 this discount is abolished for new developments, Section 3 of the bylaw is revised and Section 4 (B) is repealed.

5.0 RECOMMENDATION

The budget as set out in Schedule A reflects a Sanitary Sewer rate increase of 1.5%, with total revenue of \$40.6m for 2016 after the estimated 5% discount for flat and metered rates. Once approved by Council a public notice will be placed in a local newspaper and Info Burnaby.

It is recommended Financial Management Committee recommend Council approve the amendment of the Burnaby Sewer Parcel Tax Bylaw 1994, and the Burnaby Sewer Charge Bylaw 1961, to reflect the 2016 rates found in Schedule C and the Bylaw amendments as outlined in Section 4.0 in this report, effective 2016 January 01.

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

2016 SANITARY SEWER - 5 YEAR OPERATING BUDGET

SCHEDULE A

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Annual	2016 Annual	2017 Projected	2018 Projected	2019 Projected	2020 Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURE										
Metro Vancouver - GVS&DD Levy	16,038,814	17,251,310	17,677,601	18,321,782	18,988,770	19,730,800	20,717,300	21,753,200	22,841,000	23,983,000
City Sewer Maintenance and Operations	5,410,049	5,636,033	5,942,604	6,026,890	7,585,780	7,956,400	8,195,100	8,441,000	8,694,200	8,955,000
Infrastructure Investment	11,150,000	11,320,000	11,570,300	12,708,960	11,939,720	12,000,000	11,530,000	11,030,000	11,850,000	11,700,000
Contingency	-	-	-	-	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Surplus	-	-	1,217,515	1,545,483	-	-	-	-	-	-
TOTAL	32,598,865	34,207,345	36,408,020	38,603,115	39,014,270	40,687,200	41,442,400	42,224,200	44,385,200	45,638,000
REVENUES/ TRANSFERS										
Parcel Tax	15,553,364	16,487,721	17,484,314	18,474,768	19,059,480	19,326,900	19,713,440	20,073,780	20,575,620	21,141,450
Flat rates - Sewer Use	12,666,455	13,667,094	14,870,673	15,888,801	15,993,800	17,066,400	17,302,790	17,601,560	18,059,200	18,573,890
Metered Rates	5,343,079	5,318,791	5,748,341	6,043,805	5,764,810	6,134,500	6,257,190	6,413,600	6,573,960	6,754,740
Discounts Flat and Metered	-1,515,350	-1,599,595	-1,775,010	-1,869,779	-1,860,520	-1,955,600	-1,948,320	-1,985,040	-2,035,460	-2,092,240
Other Sales of Services	74,493	15,211	8,895	11,674	13,400	65,000	66,300	68,000	69,700	71,600
Permits and Fees	67,462	50,402	70,808	53,845	43,300	50,000	51,000	52,300	53,600	55,100
Previous Year's Surplus Brought Forward	409,360	267,719	-	-	-	-	-	-	1,088,580	1,133,460
TOTAL	32,598,865	34,207,345	36,408,020	38,603,115	39,014,270	40,687,200	41,442,400	42,224,200	44,385,200	45,638,000
Rate Increase	7.5%	6.00%	6.00%	5.50%	3.00%	1.50%	2.00%	2.50%	2.50%	2.75%

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

<u>YEAR</u>	<u>GVS&DD SEWERAGE LEVY</u>	<u>INCREASE FROM PREVIOUS YEAR</u>	
	\$	\$	%
2011	16,038,814	379,355	2.40%
2012	17,251,310	1,212,496	7.55%
2013	17,677,601	426,291	2.47%
2014	18,306,440	628,839	3.55%
2015	18,988,769	682,329	3.72%
2016	19,730,775	742,006	3.91%
2017	20,717,314	1,196,292	5.00%
2018	21,753,179	1,373,742	5.00%
2019	22,840,838	1,125,412	5.00%
2020	23,982,880	1,181,683	5.00%
<hr/>			
2011 - 2015 Change	2,949,955	18%	
2016 - 2020 Change	4,252,105	22%	

Notes:

2017-2020 charges are based on an estimated 5% increase per year.

Finance Department
November 2015

SANITARY SEWER RATES

Finance Department
November 2015

Sewer Parcel

Every owner of every real parcel capable of being drained

- Municipal installed
- subdivider installed (for installations prior to January 1 2016)

Sewer Use (Charge)

- a) Strata lot (not part of a duplex)
- b) Two Family dwelling unit including strata, forming part of a duplex, each unit.
- c) Multiple family dwelling, including strata, (not part of a duplex) each unit.
- d) Secondary suite, or Grandfathered In- law suite, in a Single Family Dwelling.
- e) Grandfathered In-Law Suite in a two family Dwelling

Contaminated Groundwater Discharges

(Rate applies to all consumption levels.)

Vancouver Sewerage Area

Fraser Sewerage Area

Sewer Charge - metered rates**Regular Metered Customers****Monthly:**

First 288 cubic metres
Next 300 cubic metres
Next 850 cubic metres

Excess

Quarterly:

First 864 cubic metres
Next 900 cubic metres
Next 2,550 cubic metres

Excess

Metered Customer Exemption:

Customer receive a reduction equivalent to the Parcel tax paid or portion, not exceeding 1/12 or 1/4 for monthly and quarterly accounts respectively. The exemption is not to exceed monthly or quarterly calculated meter

Permitted BOD/TSS Customers**Monthly:**

First 288 cubic metres
Next 300 cubic metres
Next 850 cubic metres

Excess

Quarterly:

First 864 cubic metres
Next 900 cubic metres
Next 2,550 cubic metres

Excess

RATE INCREASE

Effective Jan 1 2015 Paid by Mar. 15 \$	Effective Jan 1 2015 Paid after Mar. 15 \$	Effective Jan 1 2016 Paid by Mar. 15 \$	Effective Jan 1 2016 Paid after Mar. 15 \$
528.13	555.93	536.06	564.27
264.07	277.97	268.03	282.14
286.06	301.12	290.36	305.64
132.04	138.99	134.02	141.07
286.06	301.12	290.36	305.64
264.07	277.97	268.04	282.14
D above	D above	268.04	282.14
m3		m3	
0.317	No Discount	1.196	No Discount
0.419	No Discount	1.196	No Discount
Paid within 30 days of billing date	Paid 31 or more after billing date	Paid within 30 days of billing date	Paid 31 or more after billing date
1.178	1.240	1.196	1.259
0.969	1.020	0.983	1.035
0.750	0.790	0.762	0.802
0.646	0.680	0.655	0.690
1.178	1.240	1.196	1.259
0.969	1.020	0.983	1.035
0.750	0.790	0.762	0.802
0.646	0.680	0.655	0.690
Paid within 30 days of billing date	Paid 31 or more after billing date	Paid within 30 days of billing date	Paid 31 or more after billing date
0.608	0.640	0.617	0.650
0.503	0.530	0.511	0.538
0.389	0.410	0.395	0.416
0.332	0.350	0.337	0.355
0.608	0.640	0.617	0.650
0.503	0.530	0.511	0.538
0.389	0.410	0.395	0.416
0.332	0.350	0.337	0.355
3.00%	3.00%	1.50%	1.50%