
TO: CHIEF ADMINISTRATIVE OFFICER **DATE:** 2022 November 16

FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER & CHIEF FINANCIAL OFFICER **FILE:** 36000-07
Reference: Sewer Rates

SUBJECT: 2023 SANITARY SEWER RATES AND RELATED BYLAW AMENDMENTS

PURPOSE: To seek Council approval for 2023 Sanitary Sewer Charge and Parcel Tax rates and move rates schedules to *Burnaby Consolidated Fees and Charges Bylaw*.

RECOMMENDATION:

- 1. THAT** Council authorize the City Solicitor to bring forward a bylaw to amend the *Burnaby Sewer Parcel Tax Bylaw 1994* and the *Burnaby Sewer Charge Bylaw 1961* to move the sewer parcel tax and sanitary sewer charges rates schedules to the *Burnaby Consolidated Fees and Charges Bylaw*, as set out in Section 7.0 of this report, effective 2023 January 01.
- 2. THAT** Council authorize the City Solicitor to bring forward a bylaw to amend the *Burnaby Consolidated Fees and Charges Bylaw* to include schedules for 2023 sanitary sewer charges and sewer parcel tax, as set out in Attachment 3 of this report, effective 2023 January 01.

REPORT**1.0 INTRODUCTION**

The Sanitary Sewer Fund is financially self-sustaining and debt free. Utility Rates are reviewed annually in light of operating and planned capital expenditures. Annual rates are payable on or before March 15 (or the next business day if the due date falls on a weekend), and metered rates are payable within 30 days of the billing date. Sanitary sewer rates are currently contained within schedules in the *Burnaby Sewer Parcel Tax Bylaw 1994* and the *Burnaby Sewer Charge Bylaw 1961*, which are amended on an annual basis. As part of the City's Moving Forward initiative, the *Burnaby Consolidated Fees and Charges Bylaw* has been established to consolidate fees and charges for various City services, use of City property and exercise of City's regulatory authority into one bylaw in order to allow for greater efficiency, transparency and accountability. Phase 2 of this initiative involves moving sewer and water utility rates and solid waste and recycling fees into the *Burnaby Consolidated Fees and Charges Bylaw*.

The purpose of this report is to update Council on the sanitary sewer charges and sewer parcel tax for 2023, add a sanitary sewer charge category for single family dwellings in bare land strata developments, and outline the bylaw amendments required to move these rates into the *Burnaby Consolidated Fees and Charges Bylaw*, effective 2023 January 01.

2.0 POLICY CONTEXT

By reviewing utility rates on an annual basis the City is ensuring that adequate funding is provided to maintain and build upon utility infrastructure, and therefore meet the needs of the growing community. This in turn aids in encouragement of continued economic development in line with the city’s economic development strategy.

3.0 BACKGROUND

A key component and factor in setting Sanitary Sewer Rates are the costs imposed on the City of Burnaby by the Metro Vancouver Regional District (MVRD) for distribution and processing, in the form of the Greater Vancouver Sewage and Drainage District (GVS&DD) Levy. The City of Burnaby sets rates in a manner which minimizes annual fluctuations caused by such external drivers through drawing down on reserves when necessary. Rate changes are communicated to customers in the form of the Annual Utility Brochure and Metered Water and Sewer Customer Information Bulletins, which are sent out early in the new year. Table 1 provides rate change information over the past 5 years. The proposed rate increase for 2023 is **2.0%**.

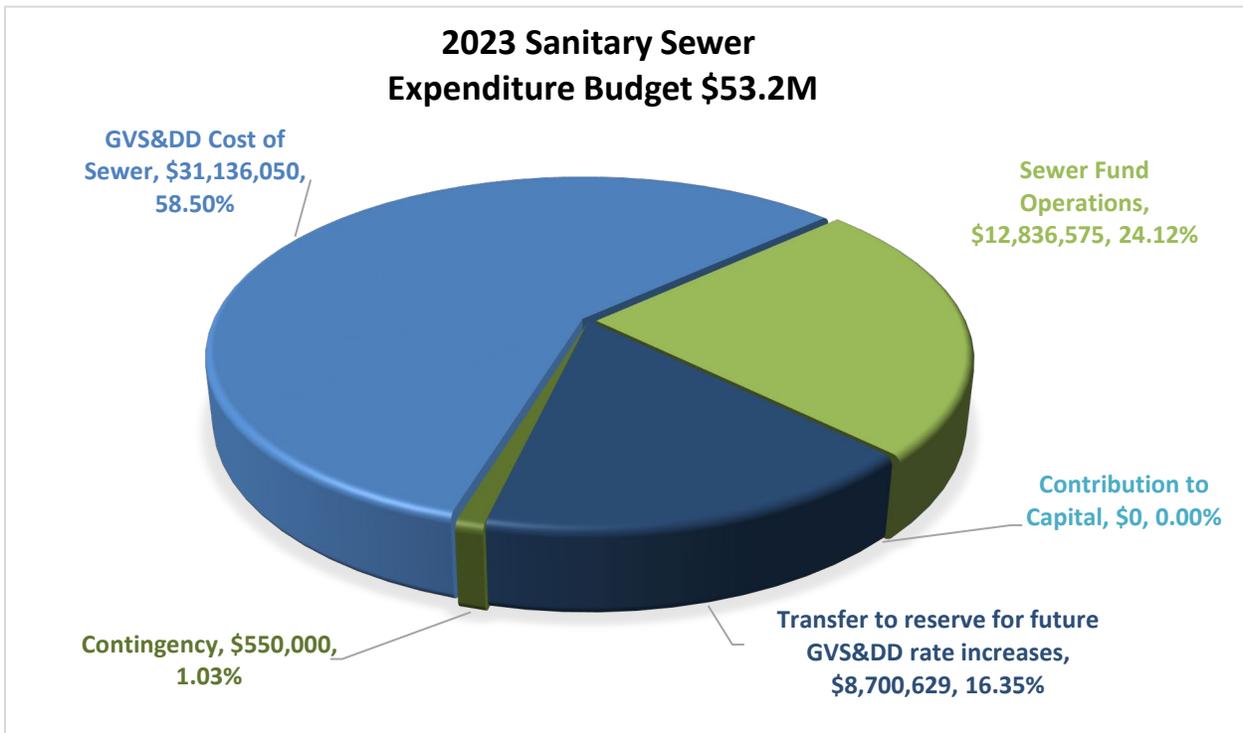
Table 1 – City of Burnaby Sanitary Sewer Rate Changes

2018	2019	2020	2021	2022	Proposed 2023
0.0%	2.0%	2.0%	0.0%	2.0%	2.0%

4.0 SANITARY SEWER FUND EXPENDITURES

Sanitary Sewer Fund expenditures for 2023 are projected at \$53.2M, an overall change of \$3.1M or 6.1% over 2022. Expenditure increases are mitigated by continued strong growth in new billable units. Attachment 1 outlines the City’s Sanitary Sewer Fund - 5 Year Operating Plan. Chart 1 summarises the 2023 Sanitary Sewer Fund operating expenditure budget:

Chart 1 – Sanitary Sewer Fund Operating Expenditure Budget



4.1 Metro Vancouver Regional District - Greater Vancouver Sewerage and Drainage District Costs

The GVS&DD levy remains the largest single item of expenditure, at 58.5% of total costs, (57.7% in 2022). Based on the finalised GVS&DD net levy increase of 7.6%, the 2023 GVS&DD levy is estimated at just over \$31.1M. GVS&DD projected rate increases are subject to large fluctuations from year to year.

Attachment 2 summarizes the projected 2023 – 2027 GVS&DD increases for liquid waste services provided to Burnaby, with historical data going back to 2018. Data for 2023 – 2027 is based on MVRD rate predictions. For long term planning purposes, the City’s 10 year budget includes projected rate increases for liquid waste services through to 2032, based on prior year actual increases and anticipated future rates. Table 2 shows the current five year rates compared to the projected rates from last year.

Table 2 – MVRD (GVS&DD) Rate Projections

Projections	2023	2024	2025	2026	2027
2022 – 2026 Plan (Previous Plan)	19.3%	17.6%	18.4%	30.1%	N/A
2023 – 2027 Plan (Current Plan)	7.6%	28.2%	17.1%	19.2%	22.7%

MVRD Major Capital Projects:

The MVRD Capital program for 2023 - 2027 is driven by a need to expand the system and address challenges posed by the growing population. This is coupled with efforts to improve wastewater discharge quality and maintenance of the aging infrastructure. The following highlighted projects incur the largest cost impact on 2023, but overall, 2027 sees the highest annual capital expenditure:

- North Shore Wastewater Treatment Plant (WWTP) Secondary Upgrade \$193.0M
- Northwest Langley WWTP \$114.0M¹
- Iona Island WWTP \$ 59.8M²
- Gilbert/Brighthouse Trunk Pressure Sewer \$ 34.6M
- Burnaby Lake North Interceptor Winston Section \$ 33.4M
- AIWWTP Stage 5 Expansion \$ 31.8M

1 – Total spend \$1.04 billion, high of \$453M in 2027

2 – Total spend \$1.1 billion, high of \$363M in 2027

4.2 Sanitary Sewer Fund Operations

The City's Sewer Maintenance and Operations Expenditure budget is set at \$12.8M, an increase around \$730K or 6% over 2022. Key items include:

Compensation:

Net change of \$460K after reductions. Includes increases for:

- Salary Adjustments (Collective Agreements, Chargeouts & Other Salary Adjustments) \$270.4k
- Staffing Level Adjustments (FTE Changes) \$349.7k
- Salary Chargeout to Capital Projects (\$159.4k)

Other Operational Expenses:

Net change of \$225K in various operating expenses, mainly driven by maintenance and operational expenses tied to the new Laurel Street Works Yard Facility.

4.3 Contribution to Capital

As per the last two years, the Sanitary Sewer Capital Reserve Fund has sufficient funding, exceeding the City's target level of five years capital works funding. Based on proposed capital expenditure for 2023 of \$5.7M, and the current balance of the reserve, no transfer to capital has been allocated in 2023. Partial funding starts again in 2028 in order to ensure that the reserve balance is gradually reduced in line with target by 2032.

4.4 Transfer to Reserve for Future MVRD GVS&DD Increases

MVRD have presented significant double digit GVS&DD rate increases from 2024 to 2027; however, data from prior GVS&DD budgets suggests that planned rate increases are subject to change. As such a provision against future rate increases is required. The provision for 2023 is set at \$8.7M, an increase of \$151K over 2022.

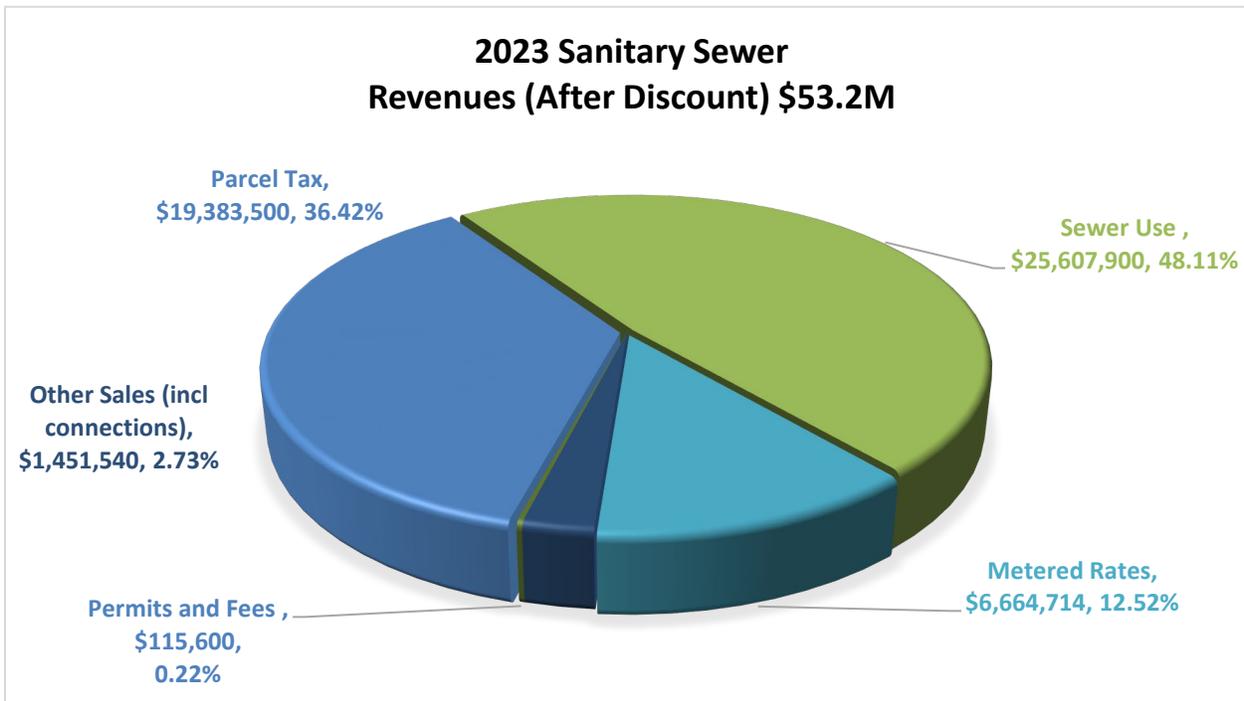
4.5 Contingency

A contingency amount, consistent with prior years, of \$550K has been built into the budget to accommodate for any unforeseen costs that may arise during the year.

5.0 SANITARY SEWER FUND REVENUES

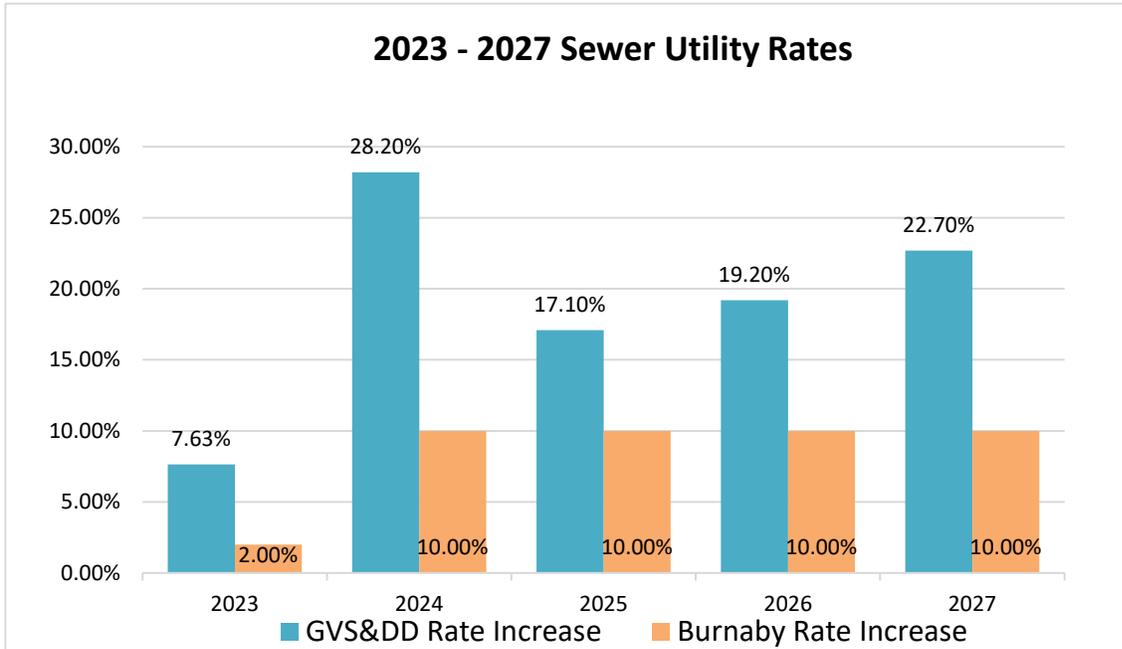
Total annual revenue for the Sewer Utility is estimated at \$53.2M, after applicable customer discounts. The three main sources of revenues are Sewer Parcel Tax, Sewer Use, and Metered Sewer revenue. Chart 2 provides a breakdown of revenues net of discounts. There is a \$3.1M or 6.1% overall increase in revenues being raised.

Chart 2 – Sanitary Sewer Fund Operating Revenue Budget



Continued growth in new billable units, together with healthy operating and capital reserve balances, allows the City of Burnaby to establish substantially lower rates compared to the GVS&DD for the years 2023 – 2027 and beyond. This is illustrated in chart 3.

Chart 3 – Planned GVS&DD Increases vs Burnaby Increases



5.1 Sewer Parcel Tax

Owners of every parcel of land with the ability to connect to the City’s sewer network are charged an annual flat Sewer Parcel Tax, which is billed with property taxes. Two or more units on a parcel (such as a Two Family Dwelling) share the Sewer Parcel Tax charge and also pay a Sewer Use Fee. Sewer Parcel Tax revenue is being held \$19.4M, given that there is no annual growth in the revenue stream.

5.2 Sewer Use

Sewer Use revenue continues to grow each year as new properties come online. Figures for 2023 reflect a 3.0% growth factor, representing ongoing activation of new billable units, at 1650 in 2022, with more anticipated in the years ahead. Sewer Use now makes up the largest revenue stream, at \$25.6M or 48.1% (\$24M in 2022).

5.3 Metered Rates

Rates for Metered Sewer customers increase at the same percentage as annual flat charges. There is a \$675K increase in the budget for 2023, at 6.6M. This is based on 2022 year-end forecast figures and a 4.0% growth factor. Following a decline in revenues during the pandemic, figures now suggest a return to more normal conditions.

5.4 Other Sales of Services, Permits, and Fees

Around 2.8% of annual revenues is comprised of other sales. The primary element in this category being revenue from sewer connections. Based on 2022 year-end forecast data, the overall budget for this category has been increased to \$1.4M, compared to \$982K in 2022.

6.0 FEE CHANGES (EFFECTIVE 2023 JANUARY 01)

6.1 Bare Land Strata Single Family Dwellings

Within the City, there are less than 30 Single Family Dwellings on bare land strata subdivisions, which unlike a Single Family Dwellings on a single lot, actually form part of a strata complex. These bare land strata Single Family Dwellings currently pay a portion of the strata complex's Sewer Parcel Tax under the *Burnaby Sewer Parcel Tax Bylaw* plus are levied the Multi Family Dwelling Sanitary Sewer Charge under the *Burnaby Sewer Charge Bylaw*.

To provide clarity, it is proposed that a Bare Land Strata Single Family Dwelling charge be set out separately, but at the same amount as the Multi Family Dwelling per unit charge, in the fee schedule. Refer to Attachment 3.

7.0 BYLAW AMENDMENTS (EFFECTIVE 2023 JANUARY 01)

7.1 Burnaby Sewer Charge Bylaw 1961

In order to move the fee schedule under the *Burnaby Sewer Charge Bylaw* to the *Burnaby Consolidated Fees and Charges Bylaw*, it is necessary to:

- amend sections 2(1) to (4), 4A(1.1) and (3) and 4B(1) of the *Burnaby Sewer Charge Bylaw* to reference the *Burnaby Consolidated Fees and Charges Bylaw* rather than the schedules within the bylaw
- repeal Schedules A, B and C of the *Burnaby Sewer Charge Bylaw*; and
amend *Burnaby Consolidated Fees and Charges Bylaw* to add a new schedule (Schedule C7 (A) Sewer Charge Bylaw) (see Attachment 3)

In addition, the reference to "Director Finance" in section 4B(2) is proposed to be changed to "Chief Financial Officer" to reflect the position title change. It is recommended that the above amendments be made effective 2023 January 01.

7.2 Burnaby Sewer Parcel Tax Bylaw 1994

In order to move the fee schedule under the *Burnaby Sewer Charge Bylaw* to the *Burnaby Consolidated Fees and Charges Bylaw*, it is necessary to:

- amend sections 3 of the *Burnaby Sewer Parcel Tax Bylaw* to reference the *Burnaby Consolidated Fees and Charges Bylaw* rather than the schedule within the bylaw
- repeal Schedule A of the *Burnaby Sewer Parcel Tax Bylaw*; and
- amend *Burnaby Consolidated Fees and Charges Bylaw* to add a new schedule (Schedule C7 (B) Sewer Parcel Tax Bylaw) (see Attachment 3)

It is recommended that the above amendments be made effective 2023 January 01.

8.0 RECOMMENDATION

It is recommended that Council authorize the City Solicitor to bring forward amendments to the *Burnaby Sewer Parcel Tax Bylaw 1994* and the *Burnaby Sewer Charge Bylaw 1961* to reflect the bylaw amendments as set out in Section 7.0 of this report, and an amendment to the *Burnaby Consolidated Fees and Charges Bylaw* to establish the following new fee schedules: *Schedule C7 (A) – Sewer Charge Bylaw* and *Schedule C7 (B) – Sewer Parcel Tax Bylaw*, as set out in Attachment 3 of this report. These amendments are recommended to be effective 2023 January 01.



Noreen Kassam, CPA, CGA
DEPUTY CHIEF ADMINISTRATIVE OFFICER
& CHIEF FINANCIAL OFFICER

NK:RR/mt:kl

Attachments: Attachment 1 – 2023 Sanitary Sewer - 5 Year Operating Budget
Attachment 2 – Sanitary Sewer Rates Charged by Metro Vancouver
Attachment 3 – 2023 Sanitary Sewer Rates (New schedule)

Copied to: Chief Administrative Officer
General Manager Corporate Services
General Manager Engineering
City Solicitor
Senior Manager Legislative Services

2023 SANITARY SEWER - 5 YEAR OPERATING BUDGET

Finance Department November 2022	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Annual	2023 Budget	2024 Projected	2025 Projected	2026 Projected	2027 Projected
EXPENDITURE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
GVS&DD Cost of Sewer	22,476,527	23,814,530	26,629,571	27,790,674	28,927,760	31,136,050	39,916,420	46,742,120	55,716,610	68,364,280
Sewer Fund Operations	7,215,520	8,510,180	9,846,585	10,578,671	12,106,675	12,836,575	13,221,670	13,618,320	14,026,870	14,447,680
Contribution to Capital	11,895,810	2,950,730	240,638	528,083	-	-	-	-	-	-
Transfer to reserve for future GVS&DD rate increases	-	8,475,530	8,305,416	7,548,205	8,549,270	8,700,629	5,539,696	5,028,921	3,152,858	-
Contingency	-	-	-	-	550,000	550,000	550,000	550,000	550,000	550,000
Surplus	2,827,933	1,244,390	2,551,090	2,307,660	0	0	0	0	0	0
TOTAL	44,415,790	44,995,360	47,573,300	48,753,290	50,133,705	53,223,254	59,227,790	65,939,360	73,446,340	83,361,960
REVENUES/TRANSFERS										
Parcel Tax	18,689,728	18,964,375	18,628,137	18,627,868	19,011,770	19,383,500	21,321,850	23,454,040	25,799,440	28,379,380
Sewer Use	19,155,487	19,575,451	22,402,700	23,270,780	24,060,720	25,607,900	28,993,250	32,826,800	37,167,960	42,084,020
Metered Rates	6,438,868	6,362,771	5,395,631	5,451,105	5,988,890	6,664,714	7,331,186	8,064,301	8,870,728	9,757,799
Other Sales (incl connections)	13,717	18,363	1,062,956	1,292,603	982,325	1,451,540	1,454,340	1,454,340	1,454,340	1,454,340
Permits and Fees	117,986	74,396	83,875	110,933	90,000	115,600	127,160	139,880	153,870	169,260
Previous year's surplus brought forward / transfer from	-	-	-	-	0	0	0	0	0	1,517,161
TOTAL	44,415,790	44,995,360	47,573,300	48,753,290	50,133,705	53,223,254	59,227,790	65,939,360	73,446,340	83,361,960
Tax Payer Rate Increase	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%	10.00%	10.00%	10.00%	10.00%

SANITARY SEWER RATES CHARGED BY METRO VANCOUVER

YEAR	GVS&DD	INCREASE FROM	
	SEWERAGE LEVY	PREVIOUS YEAR	
	\$	\$	%
2018	22,476,527	1,230,727	5.79%
2019	23,814,534	1,338,007	5.95%
2020	26,629,571	2,815,037	11.82%
2021	27,789,081	1,159,510	4.35%
2022	28,927,761	1,138,680	4.10%
2023	31,136,051	2,208,290	7.63%
2024	39,916,417	8,780,366	28.20%
2025	46,742,125	6,825,707	17.10%
2026	55,716,613	8,974,488	19.20%
2027	68,364,284	12,647,671	22.70%
2018 - 2023 Change	8,659,524	38.53%	
2024 - 2027 Change	28,447,866	71.27%	

Notes:

2023-2027 charges are based on Metro Vancouver estimates.

**Finance Department
November 2022**

2023 Sanitary Sewer Rates (New schedule)**Schedule C7 (A) – Sewer Charge Bylaw**

ANNUAL FLAT RATES <i>(Section 4A (1), (3) and Section 4B (1))</i>	CURRENT		PROPOSED	
	If paid by March 15 2022	If paid after March 15 2022	If paid by March 15 2023	If paid after March 15 2023
▪ Strata lot (not part of a duplex)	\$311.21	\$327.59	\$317.44	\$334.14
▪ Two Family dwelling unit including strata, forming part of a duplex, each unit.	\$143.64	\$151.20	\$146.51	\$154.23
▪ Multiple Family Dwelling - (strata and non strata, per unit), including Four-Plex, Tri-Plex, Townhouse, Apartment Etc	\$311.21	\$327.59	\$317.44	\$334.14
▪ Rental Suite in a Single Family Dwelling - Supplementary Utility Fee.	\$287.28	\$302.40	\$293.03	\$308.45
▪ Rental Suite in a Two Family Dwelling - Supplementary Utility Fee.	\$214.93	\$226.24	\$219.22	\$230.76
▪ Sewer Use - Exempt Properties (in lieu of Parcel Tax)	\$573.12	\$603.29	\$584.59	\$615.35
▪ Stratified Single Family Dwelling (Bare Land Strata)	New 2023	New 2023	\$317.44	\$334.14

METERED SEWER RATES AND RELATED CHARGES <i>(Section 2(3a) and 2(3b) - Customers receive a credit reduction based on an amount equal to one twelfth (1/12) / one quarter (1/4) of the current year's annual sewer parcel tax levied or charged against that parcel of real property. The exemption is not to exceed monthly / quarterly calculated meter charges).</i>	If paid by March 15 2022	If paid after March 15 2022	If paid by March 15 2023	If paid after March 15 2023
▪ Monthly Rates ○ Per cubic metre	0.9580	1.0084	0.9772	1.0286
▪ Quarterly Rates ○ Per cubic metre	0.9580	1.0084	0.9772	1.0286
▪ BOS/TSS Permitted Customer Monthly Rates ○ Per cubic metre	0.4790	0.5042	0.4886	0.5143
▪ BOS/TSS Permitted Customer Quarterly Rates ○ Per cubic metre	0.4790	0.5042	0.4886	0.5143

CONTAMINATED GROUNDWATER DISCHARGES <i>(Section 4A (1.1)) - (Rate applies to all consumption levels. Discounts</i>	2022 Fee	2023 Fee
▪ Vancouver Sewerage Area - per cubic metre	0.9231	0.9416
▪ Fraser Sewerage Area - per cubic metre	0.9231	0.9416

Schedule C7 (CB) – Sewer Parcel Tax Bylaw

SEWER PARCEL TAXES <i>(Section 3)</i> (Sewer Parcel Taxes not paid in full by the due date for Property Taxes will be subject to a 5% penalty in line with other Property Taxes).	2022 LEVY	2023 LEVY
<ul style="list-style-type: none"> ▪ Every owner of every real parcel capable of being drained <i>(Section 3)</i> <ul style="list-style-type: none"> ○ Municipal installed ○ Sub-divider installed (for installations prior to January 1 2016) 	574.56	586.00
	287.28	293.00

Finance Department
November 2022