

TO: MAYOR & COUNCILLORS
FROM: DIRECTOR FINANCE REVENUE SERVICES
SUBJECT: **2025 WATERWORKS UTILITY RATES AND RELATED BYLAW AMENDMENTS**
PURPOSE: To seek Council approval for the proposed 2024 Waterworks Utility rates contained within the Consolidated Fees and Charges Bylaw.

RECOMMENDATION

THAT the proposed Waterworks Utility Rates, as outlined in Attachment 3 of the report titled “2025 Waterworks Utility Rates and Related Bylaw Amendments” dated November 4, 2024, effective January 1, 2025, be approved; and

THAT the City Solicitor be authorized to bring forward an amendment bylaw, effective January 1, 2025, to:

- a) replace Schedule C14 of the Burnaby Consolidated Fees and Charges Bylaw; and,
- b) implement the rates and bylaw amendments set out in Attachment 3 of the report titled “2025 Waterworks Utility Rates and Related Bylaw Amendments” dated November 4, 2024.

EXECUTIVE SUMMARY

The purpose of this report is to provide Council with an overview of the five-year operating budget for the Waterworks Utility, with rates effective January 1, 2025. The proposed budget, as outlined in this report, is based in part on provisional Greater Vancouver Water District (GVWD) budget information as at the time of printing. Adoption of GVWD rates was set for November 1, 2024.

1.0 POLICY SECTION

Waterworks utility fees are regulated under the Burnaby Waterworks Regulation Bylaw 1953 and are contained in the Burnaby Consolidated Fees and Charges Bylaw. Fees and Charges are set pursuant to Part 7 of the *Community Charter*.

2.0 BACKGROUND

Waterworks Utility rates are heavily dependent on planned City of Burnaby capital spend and Metro Vancouver (Greater Vancouver Water District - GVWD) rate changes. Rates are set out in Schedule C14 of the Burnaby Consolidated Fees and Charges Bylaw and are reviewed annually.

3.0 GENERAL INFORMATION

3.1 RATE INCREASE

The City of Burnaby sets rates to provide reasonable certainty of future increases, to facilitate a stable and reasonable level of operating funds, while ensuring that capital funds are sufficient to meet the five-year capital plan. Rate changes are communicated to customers in the form of the Annual Utility Brochure, and Metered Water and Sewer Customer Information Bulletins.

The proposed waterworks utility rate increase for 2025 is 0%. This is based on provisional GVWD rate information for 2025 – 2029, annual water consumption forecasts, the prior allocation of funds to offset possible future GVWD rate increases, continued growth in new billable units, and managing operating costs. This 0% rate increase can be maintained through to and including 2029.

Table 1 – Past Burnaby Rate Increases

2020	2021	2022	2023	2024
1.0%	0.0%	2.0%	2.0%	0.0%

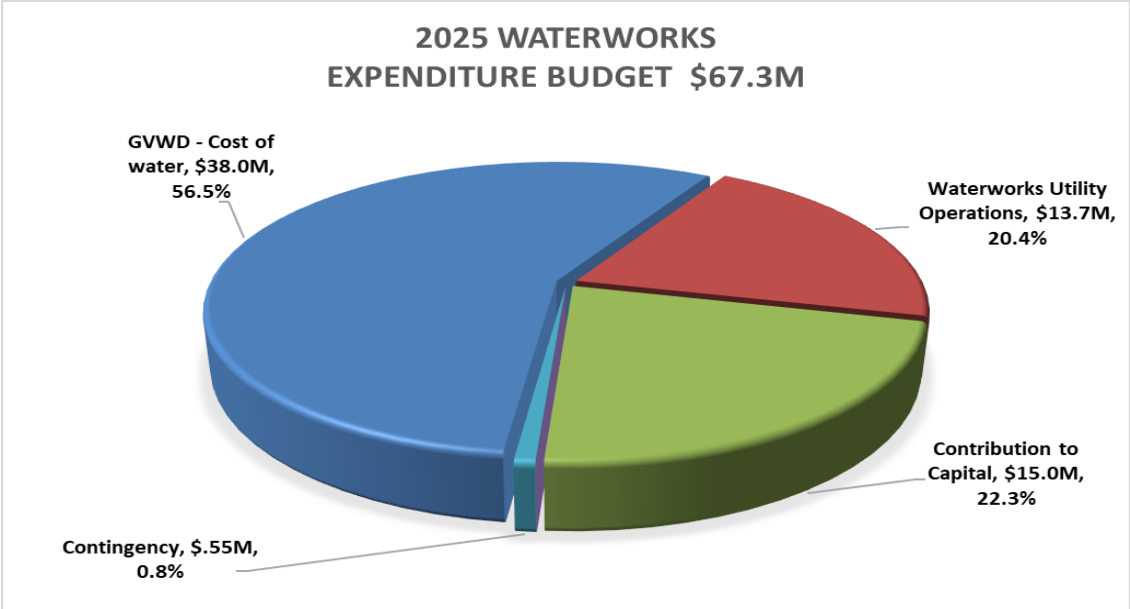
Table 2 – Proposed Burnaby Rate Increases

2025	2026	2027	2028	2029
0.0%	0.0%	0.0%	0.0%	0.0%

3.2 WATERWORKS UTILITY EXPENDITURES

Waterworks Utility expenditures for 2025 are projected at \$67.3M, (\$65.3M 2024) an overall change of approximately \$2M from 2024. Attachment 1 outlines the City’s Waterworks Utility 5-year Operating Plan.

Chart 1 – Waterworks Utility Operating Expenditure Budget



3.2.1 Metro Vancouver – Greater Vancouver Water District (GVWD) Costs

GVWD cost of water makes up around 56.5% of total expenditure, at \$38M for 2025. This is based on city estimates for consumption, at 38.5M cubic metres per annum and the metro blended rate increase for water. Attachment 2 summarizes the projected future cost of water services for the next five years. Note – the annual cost increase to Burnaby is reflective of year over year consumption changes and the GVWD blended rate increase.

GVWD continue to only increase peak rates (increase of 13.4% for 2025). The 2025 blended increase for the City of Burnaby (based on volume estimates and Metro peak rate changes) is 7.20%, which equate to an overall water cost increase for the city in 2025 of 6.3%. Table 3 shows the GVWD blended rate increases for the next five years.

Table 3 – GVWD Rate Projections

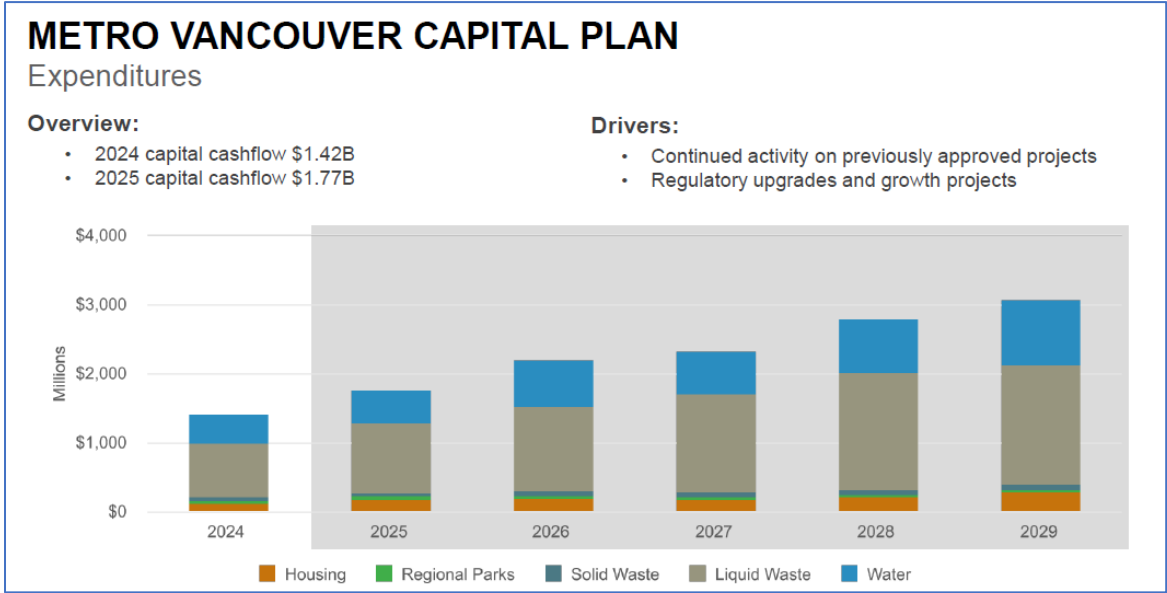
Projections (Blended Rates)	2025	2026	2027	2028	2029
2024 – 2028 Plan	8.9%	6.4%	3.5%	2.7%	N/A
2025 – 2029 Plan (Current Plan)	7.20%	6.50%	3.00%	2.40%	1.30%

3.2.2 GVWD Major Capital Projects:

GVWD capital projects form a significant portion of the annual expenditure, driving the cost of water imposed on the city. Continued investment in infrastructure is required to ensure resources are aligned with regional growth estimates and to meet the demands of aging infrastructure.

The following is a summary of the overall Metro Vancouver Regional District capital plan for 2025-2029.

ITEM 1 – Extract from MVRD 2025-2029 Proposed Financial Plan



3.2.3 City Waterworks Utility Operations

The City’s Engineering Department, Water Services Division manages the installation and maintenance of over 700km of water mains and connections throughout the City. Planned operational expenditures are \$13.7M, which represents a small increase of \$148K. Key drivers include:

- **Compensation:** \$32.5K resulting from the transfer of an Engineering Information Clerk from Sanitary Sewer to Water, plus minor adjustments relating to compensation provisions.
- **Materials and Supplies:** \$57.6k increase, which is primarily related to third-party water connections and the impact of pipe and fittings price inflation and volume increases.
- **Allocations:** \$40K Increase relating to vehicle and equipment for the waterworks utility.

3.2.4 City of Burnaby Capital Plan

The City of Burnaby waterworks capital program is \$46.8M over the next five years. Barring regular maintenance and replacement tasks, this does not include any net new provision for water metering. Where possible, the intent is to retain sufficient capital funds to cover 5 years of the capital plan, which is currently achieved based on existing reserve projections. Therefore, following an initial uptake in funding to the capital reserve in 2025 and 2026 in order to cover an increase in capital works during these two years, funding is set to fall to \$6M for the period of 2027 to 2029.

Table 4 – Five Year Capital Plan

Water	2025	2026	2027	2028	2029
Capital Reserve	\$13.0M	\$17.6M	\$5.6M	\$6.2M	\$1.9M
Water DCC Reserve Fund*			\$1.9M	\$0.1M	\$0.5M
Total	\$13.0M	\$17.6M	\$7.5M	\$6.3M	\$2.4M

**Developer and city funded*

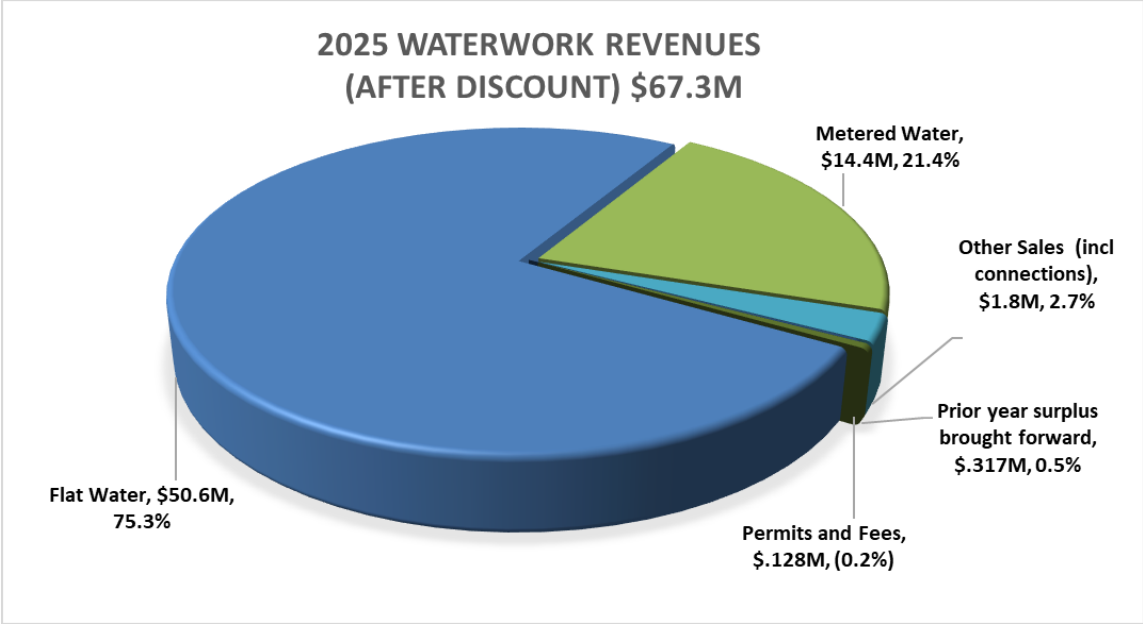
The primary City projects in 2025 are as follows:

- Metro Van Central Park Watermain Works – \$3.5M
- Metro Van Annacis Watermain No.5 and 13th Ave Watermain and Roads – \$2.2M
- Industrial Commercial Institutions Water Meter Replacements – \$500K
- Water Meters and Software Upgrades - \$500K
- Signal and Watermain Upgrades - Cariboo Rail Crossing - \$450K

3.3 WATER REVENUES

Total annual revenue for the Waterworks Utility is estimated at \$67.3M after applicable customer discounts (compared to 65.3M in 2024). Factored into flat utility fees is an ongoing two percent growth factor per year, reflecting continued new revenue generated from newly billable units. No growth factor has been provided for metered consumption, which is currently limited to industrial, commercial and institutional customers. Chart 2 provides a breakdown of revenue net of discounts.

Chart 2 –Waterworks Utility Operating Revenue Budget



3.3.1. Flat Water

The primary revenue is Flat Water, at \$50.6M (2024 - \$48.7M). Historical actual growth in new billable units is between three and four percent per year. Revenue projections are based on a prudent two percent growth factor for newly billable units. This growth factor is continued through to 2029.

3.3.2. Metered Water

The City has around 2,600 active water meters for commercial customers, with Metered Water contributing around \$14.4M (2024 - \$14.7M). Revenue projections for the end of 2024 continue to suggest that metered water revenue has not returned to pre pandemic levels and indicate a negative variance by the end of the year.

3.3.3. Other Sales/Permits and Fees

These two final categories include Private Fund revenue for Water Connections, hydrant use permits and other miscellaneous fees. Combined revenue of \$1.9M is estimated for 2025 (2024 \$1.9M).

3.3.4. Prior Year Surplus Brought Forward

This revenue stream (\$317K in 2025) reflects the draw down of the operating reserve to help stabilise and lower rates. Through the careful allocation of funds in prior years for future GVWD increases, funding set aside can now be used over the next five-year budget cycle to keep rate increases to zero.

3.4 RESERVE BALANCES

3.4.1 Operating

The operating reserve continues to be strong. Despite setting zero rate increases for the next five years, the reserve balance is estimated to be in the region of \$90.3M in 2029, up from an estimated 79.1M at the end of 2024. This however assumes that GVWD rate increases and city operational spend will not fluctuate above current estimates.

3.4.2 Capital

The capital reserve can currently fund the five yar capital plan. Current estimates are that the reserve will grow slightly over the next five years, taking it from \$50.1M at the end of 2024 to around \$60.3M in 2029.

3.5 FEE REVISIONS

3.5.1 General Rate Increase and CPI

All billable flat and metered water charges are increased in line with the general increase for the utility. Where required, all other ad hoc / non reoccurring charges are either based on actual costs, or subject to the city-wide CPI fee increase for 2025. This has been set at 3.45%.

3.5.2 Meter Purchase and Installation

Staff have identified some of the existing fees for water meter purchase and installation as no longer valid as the size was no longer in use. To improve presentation and clarity, staff have consolidated some fees to enhance transparency and make it easier for customers and staff to understand the associated costs.

The following fees are removed, as the meter sizes are no longer in use:

- Water Meter 5/8" to 10"
- Water Meter 5/8" installation
- Water Meter 1" installation
- Water Meter 3" installation
- Water Meter 4" installation
- Water Meter 6" installation
- Water Meter 8" installation
- Water Meter 10" installation

To comply with the new legislation (Bill 44) introduced by the Province of BC in November 2023, the City of Burnaby has identified the need to introduce new water meter fees to recover costs. For meters sized 19mm to 50mm, the fees are now replaced with new packaged rates that include the cost of the water meter, water box, setter, and installation as part of the service connection. For meters sized 75mm and above, charges are based on actual costs.

- **Water Meter 3/4"** – replaced with new fee:
 - **Water Meter 3/4" (19mm) installation & water connection (new construction). \$12,410.**

- **Water Meter 1.5"** - replaced with new fee:
 - **Water Meter 1.5" (38mm) installation & water connection (new construction)". \$13,900.00**

- **Water Meter 2"** - replaced with new fee:
 - **Water Meter 2" (50mm) installation & water connection (new construction)". \$15,400.00**

- **Meter 3" (75 mm) or above drop off / equipment and installation – now based on Actual Costs**

3.5.3 Meter Test or Retest

Meter test and retest fees have been consolidated for clarity and will be charged at actual cost as the time required for removal, testing, and re-installation, which can vary based on complexity. The existing categories have been renamed and actual costs used to better reflect current market conditions and support greater cost recovery:

- 16 mm, 19 mm, 25 mm, 32 mm, 38 mm or 50 mm meters – now reads: 2" (50 mm) and under,
- 76 mm, 102 mm, 152 mm or meters over 152 mm – now reads: 3" (75 mm) and above.

3.5.4 Special Meter Reading

While this fee normally increased in line with the rate increase for the Waterworks Utility, an increase inline with updated Engineering estimates is proposed. This fee will now increase from \$93.60 to \$97.00.

3.5.5 Construction Meter Charges

The city has recently moved away from installation of meters for use during construction. Staff have identified various concerns, including damage to meters, moving and loss of meters, which makes their use during construction difficult to administer. In their place the city will focus more on flat construction charges. Given this change, it is proposed that the construction meter damage deposit fee is removed as net new construction meters will no longer be used.

3.5.6 Water Meter Box and Related Charges

To align with the changes set out above for Bill 44, reference to SFD/TFD and Commercial development have been removed from the fee names. Fees have also been increased to reflect the general CPI change for 2025.

- Water Meter Box and installation
- Water Meter Setter installation
- Water MR box and Drop Off – updated for CPI

3.5.7 Water Connections

The current charges for Water Connection Single and Two Family - 19mm and 38mm connections have been removed. As has the Water Service Connection Adjustment – SFD & TFD fee.

In their place, staff are proposing the following fees, each of which are based on actual costs:

- Water Service Connection (New Build)
- Water Meter Setter & Installation
- Water Service Connection - Repairs / Adjustment

Complex Area Locations – A new fee has been proposed which will address the complexities often posed by busy road segments. Staff have identified certain “complex” locations, that due to the length of the crossing, conflicts with other utilities, and lane closure requirements, do not tie well to fixed costing. As such, projects in the following areas will be based on actual costs:

Complex Area Location Table			
Complex Area - Street Name	Street Segment	Complex Area - Street Name	Street Segment
10th Ave	Kingsway to Holmes St.	Inlet Drive	Hastings St. to Bayview Dr.
6th St.	Edmonds St. to 10th Ave	Kingsway	Full Length
Boundary Road	Full Length	Lougheed Hwy	Full Length
Burriss St.	Canada Way to Sperling Ave	Marine Drive	Full Length
Canada Way	Full Length	Nelson Ave	Marine Way to Grange St.
Edmonds St.	6th St. to Griffiths Dr.	North Road	Full Length
Gilley Ave	Kingsway to Marine Dr.	Oakland St.	Walker Ave to Gilley Ave
Gilmore Ave	Eton St. to Canada Way	Patterson Ave	Kingsway to Marine Dr.
Griffiths Dr.	Kingsway to 10th Ave	Royal Oak Ave	Oakland St. to Rumble St.
Hastings St.	Full Length	Willingdon Ave	Full Length
Imperial St.	Full Length		

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

Where applicable, changes to rates and billing methodology are communicated to customers through the Annual Utility Notice Brochure and Monthly / Quarterly metered bills.

5.0 FINANCIAL CONSIDERATIONS

The budget projection and rate changes as set out in this report have been incorporated into the 5-year operating plan for the Waterworks Utility.

Respectfully submitted,

Richard Rowley, Director Finance - Revenue Services

ATTACHMENTS

- Attachment 1 – Waterworks - 5 Year Operating Budget
- Attachment 2 – Cost of Water Supplied to Burnaby by the GVWD
- Attachment 3 – Proposed Changes to Fee Schedule C14

REPORT CONTRIBUTORS

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