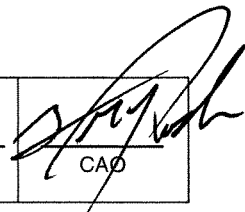


COUNCIL AGENDA/INFORMATION		
<input type="checkbox"/> Closed	Date: _____	Item # _____
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<input type="checkbox"/> Supplemental	Date: _____	Item # _____

RF	
Director	CAO

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DISTRICT OF WEST VANCOUVER

750 – 17TH STREET, WEST VANCOUVER, BC V7V 3T3

COUNCIL REPORT

Date: November 23, 2009 File: 1765-01
 From: Phil Bates, Manager, Engineering Services
 Subject: **Sewer Utility Fees for 2010**

RECOMMENDED THAT:

1. Sewer Utility fees be increased for 2010 to the amounts set out in Schedule A of Bylaw No. 4623 as attached;
2. "Sewer and Drainage Utility Fee Bylaw No. 4538, 2007, Amendment Bylaw No. 4623, 2009" be introduced and read a first, second and third time.

Purpose

This report presents information in support of proposed Sewer Utility fee adjustments and details the recommended increases for 2010.

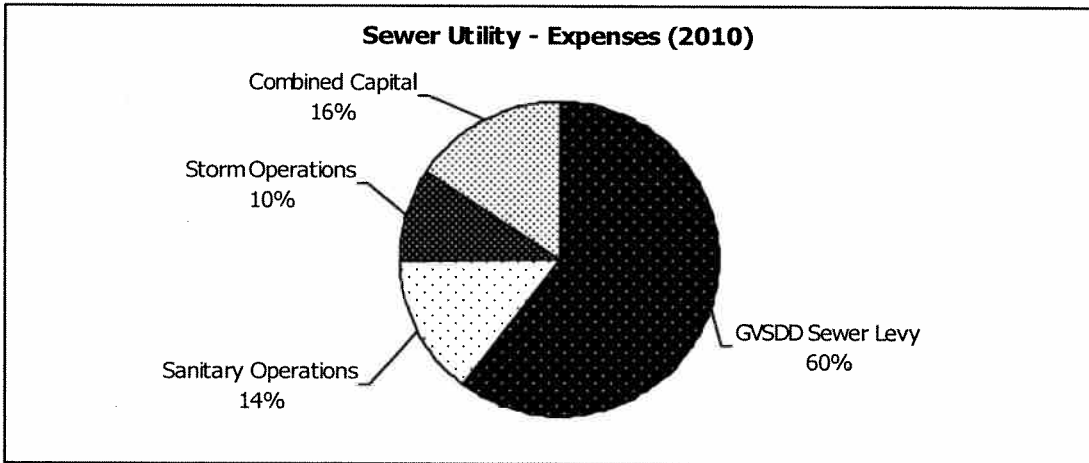
1.0 Background

Sewer Utility fees support the collection and disposal of sanitary sewage effluent and storm drainage for all residents and businesses within the municipality. The costs for providing these services can be broken down into four main areas:

- Regional sewage treatment levy from Metro Vancouver (MV);
- Operation and maintenance of the municipal Citrus Wynd Wastewater Treatment Plant;
- Operation and maintenance of the sanitary sewer system (mains, lift stations, etc.) and the storm drainage system (mains, catch basins, culverts, etc.) and;
- Renewal of the sanitary sewer and drainage systems.

Historically, the Sewer Utility has predominantly operated under a pay-as-you-go policy. All costs attributable to the collection and disposal of sanitary sewage and storm drainage are borne by the utility and paid for in the year that they occur.

The proposed Sewer Utility expenses for 2010 are shown in the following chart, and it is noted that the MV sewer levy accounts for 60% of the total expenses in the utility:

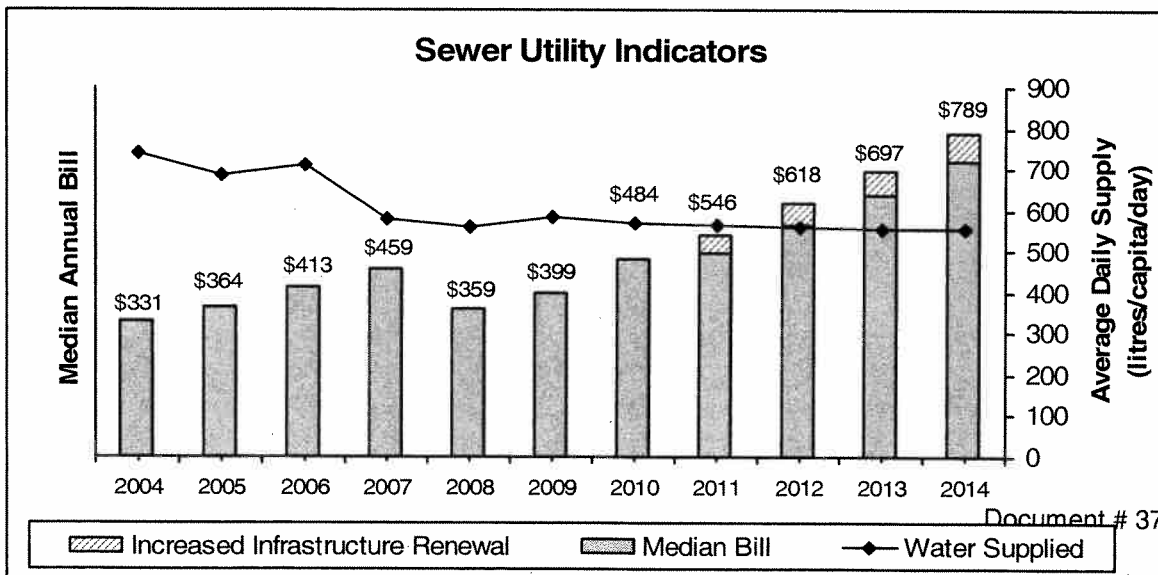


Currently the Sewer Utility reserve contains approximately \$0.4 million; a reserve is intended to address the impact of fluctuations in revenue, unanticipated emergency repairs, the potential for smoothing rate increases, and to provide available funding to capitalize on shared funding opportunities similar to the current Infrastructure Stimulus Fund project.

2.0 Discussion

Metered Rate Structure (Progress & Indicators)

While sewage flow is not directly metered, the use of the sanitary sewer system is approximated by the annualized winter water consumption (October 1 through March 31). The District began billing all ratepayers for “sanitary sewer use” under a full user-pay system on January 1, 2008. The use of the storm drainage system continues to be charged on the flat rate portion of the sewer bill. The graph below depicts total potable water flow (which includes winter consumption), and the annual single family median consumer sewer bill.



Between 2004 and 2009 total water consumption decreased by 21%, including winter consumption with the largest reductions occurring during 2006 and 2007. It should also be noted that in the two years since the metered rate structure was implemented, the median single family user has had a lower Sewer Utility bill than the previous flat rate last levied in 2007.

Significant Contributors for 2010 and Long Term Revenue Requirements

- **MV Rate Increases:** The increase to the regional sewer levy is 11%.
- **Infrastructure Stimulus Fund Grant - Ambleside Sewer Rehabilitation Project :** Under the Liquid Waste Management Plan, MV has adopted standards for limiting the amount of infiltration and inflow (I&I) into municipal sanitary sewer systems. Limiting this I&I continues to be a challenge for most municipalities. One of the most problematic areas in the District is the Ambleside Catchment Area, due to the age of the infrastructure, and exacerbated by a high water table. The District was awarded an Infrastructure Stimulus Grant from the Federal and Provincial governments to rehabilitate sanitary sewers in selected parts of the Ambleside Area, in an attempt to minimize infiltration of groundwater. The total investment will be \$2,476,600 of which one third of the funding is the responsibility of the District.
- **Long Range Infrastructure Renewal:** The District recently engaged AECOM to conduct a series of infrastructure management planning studies to assess the long range implications of infrastructure renewal for the potable water, sanitary sewage, and storm drainage systems. The studies are currently underway and the preliminary results suggest substantial financial challenges when compared with current funding levels. Taking a long range view allows staff to address the need to review the system in a proactive manner and limit the potential for capital requirements to suddenly overcome the ability of residents to pay. The effect of this "Infrastructure Renewal Funding Gap" has been built into the Five Year Financial Plan being proposed.

Given the need to incorporate the Metro Vancouver rate increase, and the need for the District to provide matching funding for the infrastructure stimulus projects during 2010, staff have deferred the increases to the capital renewal budgets suggested by the asset management studies until 2011. Meanwhile, staff will be implementing a public consultation strategy in 2010 to engage residents regarding long term infrastructure issues.

Financial Projection for 2009

Attached as Schedule "A" are **Sewer Utility Operating Projections for 2009** (Appendix A). There is a projected surplus of some \$274,100 which is slightly lower than the budgeted amount of \$328,710. The difference is primarily due to lower than expected Sewer Utility Revenue and changes to the Sewer Capital Program.

Five Year Financial Plan (2010-2015)

The Sewer Utility Five Year Financial Plan (2010-2015) is attached as Schedule "B" (Appendix B). This five year plan incorporates the following assumptions:

- Winter water conservation reductions of approximately 2.5% per annum;
- The latest MV sewer levy increases, currently set at 11%, 6%, 6%, 5.5%, and 5% for the next five years;
- Operating and maintenance costs of the collection and disposal systems;
- Renewal costs of the collection and disposal systems;
- Municipal share of ISF infrastructure grant project; and
- A gradual increase of the Sewer Utility capital program to address the municipality's infrastructure renewal funding gap starting in 2011.

The financial impacts associated with the following factors are not yet known and thus have not been included:

- Renewal/Rehabilitation costs associated with ageing MV infrastructure; and
- Costs associated with the District's share of the construction of a new/secondary upgrade of the Lions Gate Wastewater Treatment Plant.

This version of the financial plan requires a 2010 utility rate revenue requirement increase of 13%. This overall rate revenue increase results in annual charges of \$483.52 for a median consumer single family home. This represents an increase of 21% over the \$399.24 (net of discount) charged in 2009.

Due to the metered rate structure and the unique nature of water usage patterns, individual customer impacts cannot be projected. Users have the ability to control the relative size of their bill by implementing conservation measures to reduce their consumption.

The revenue increases anticipated for the 2011-2015 budget years have been projected at 13% for each year. These estimates are subject to change primarily based on the finalization of the asset management studies and possible future changes to the MV levy.

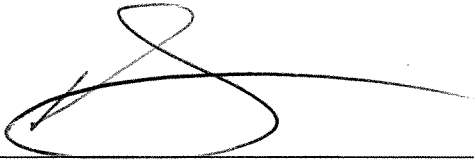
Additional Bylaw Amendments

A number of amendments to the Sewer and Drainage Utility Fee Bylaw are proposed which provide clarification surrounding the District's leak adjustment policy.

3.0 Recommendation


Staff recommend an overall rate revenue increase of 13% be approved for 2010. This overall rate revenue increase results in quarterly charges for single family, multi-family, and commercial class users, as specified in Schedule A of Sewer and Drainage Utility Fee Bylaw No. 4538, 2007, Amendment Bylaw No. 4623, 2009.

Author:



Phil Bates, Manager, Engineering Services

Concurrence:



Richard Laing, Director, Financial Services

Appendices:

- Appendix A, Schedule "A" - Sewer Utility Operating Projections for 2009
- Appendix B, Schedule "B" - Sewer Utility 5 Year Financial Plan (2010-2015)
- Appendix C, Sewer and Drainage Utility Fee Bylaw No. 4538, 2007, Amendment Bylaw No. 4623, 2009

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DISTRICT OF WEST VANCOUVERSEWER UTILITY FUND
2009**SCHEDULE A****SEWER & DRAINAGE UTILITY - OPERATING PROJECTIONS FOR 2009**

The Sewer Utility (which includes sanitary and storm drainage) continues to effectively manage the operational requirements and the 2009 capital program. However, the District's aging infrastructure continues to place a strain on the Sewer Utility's operations budget due to a large number of sewer main breaks and culvert repairs. Staff have also begun work on a comprehensive asset management plan in order to predict future resource requirements and to effectively manage the infrastructure.

FINANCIAL INFORMATION - SEWER & DRAINAGE

	2009			
	Annual Budget	Year End Forecast	% YE	
REVENUES				
Utility Billings	7,875,960	7,492,100	95.1%	1
Drainage DCC's	400,000	569,500	142.4%	5
	<u>8,275,960</u>	<u>8,061,600</u>	<u>97.4%</u>	
EXPENDITURE				
GVSDD Levy	4,574,600	4,561,200	99.7%	
Administration Charge	150,000	150,000	100.0%	
Sanitary - Operations & Maintenance	1,042,350	1,067,500	102.4%	2
Storm - Operations & Maintenance	800,300	732,300	91.5%	3
	<u>6,567,250</u>	<u>6,511,000</u>	<u>99.1%</u>	
Capital Program				
Sanitary System Rehabilitation	880,000	707,000	80.3%	4
Storm/Drainage System Rehabilitation	400,000	569,500	142.4%	5
Condition Assessment Program	100,000	-	0.0%	6
	<u>1,380,000</u>	<u>1,276,500</u>	<u>92.5%</u>	
	<u>7,947,250</u>	<u>7,787,500</u>	<u>98.0%</u>	
Net Revenue	<u>328,710</u>	<u>274,100</u>		
Utility Reserve				
Surplus - Opening Balance	199,849	199,849		
Surplus - Closing Balance	<u>528,559</u>	<u>473,949</u>		

VARIANCE NOTES - SEWER & DRAINAGE

- | | | |
|----------|--------------------------------------|---|
| 1 | Utility Billings | Reductions in winter water consumption and continued adjustment of billable volumes due to water service connection leaks have resulted in lower than expected revenue. |
| 2 | Sanitary - Operations & Maintenance | Unforeseen emergency repairs, including the need to replace a foreshore sewer main near Evergreen Cr have resulted in increased operational and capital rehabilitation costs. |
| 3 | Storm - Operations & Maintenance | Staff vacancies in the first half of the year, and a lower than average number of blockage removals have resulted in savings in the Storm Operations area |
| 4 | Sanitary System Rehabilitation | Regular Capital projects have been adjusted to offset the costs associated with emergency repairs and foreshore replacement. |
| 5 | Storm/Drainage System Rehabilitation | Poor onsite geotechnical conditions have resulted in increased construction costs for the culvert upgrade at Eagle Creek. |
| 6 | Condition Assessment Program | The proposed 2009 Program has been deferred to offset overages in other areas and the reduction in Utility Revenue. |

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District of West Vancouver

Sewer Utility - 5 Year Financial Plan

SCHEDULE B

Summary

Revenue Requirements	2009 (FC)	2010	2011	2012	2013	2014
Revenues						
Utility Fee Revenue	\$ 7,492,100	\$ 8,466,100	\$ 9,566,700	\$ 10,810,300	\$ 12,215,700	\$ 13,803,700
Storm Drainage DCCS	\$ 569,500	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Federal/Provincial Infrastructure Grants	\$ -	\$ 1,400,000	\$ 252,000	\$ -	\$ -	\$ -
Total Revenues	\$ 8,061,600	\$ 10,266,100	\$ 10,218,700	\$ 11,210,300	\$ 12,615,700	\$ 14,203,700
Expenses						
Operating Expenses	\$ 6,511,000	\$ 7,082,200	\$ 7,436,500	\$ 7,810,200	\$ 8,176,200	\$ 8,530,600
Sanitary - Capital Improvement Program	\$ 707,000	\$ 615,000	\$ 1,333,000	\$ 1,766,000	\$ 2,199,000	\$ 2,632,000
Storm - Capital Improvement Program	\$ 569,500	\$ 400,000	\$ 720,000	\$ 1,240,000	\$ 1,760,000	\$ 2,280,000
Ambleside Sewer Rehabilitation	\$ -	\$ 2,100,000	\$ 378,000	\$ -	\$ -	\$ -
Total Expenses	\$ 7,787,500	\$ 10,197,200	\$ 9,867,500	\$ 10,816,200	\$ 12,135,200	\$ 13,442,600
Net Surplus / (Deficiency)	\$ 274,100	\$ 68,900	\$ 351,200	\$ 394,100	\$ 480,500	\$ 761,100
Annual Rate Revenue Requirement Increase		13%	13%	13%	13%	13%
Metro Vancouver Rate Increases		11%	6%	6%	6%	5%

Operating Expenses	2009 (FC)	2010	2011	2012	2013	2014
GVSDD Levy	\$ 4,561,200	\$ 5,062,900	\$ 5,366,700	\$ 5,688,700	\$ 6,001,600	\$ 6,301,700
Administration Fee	\$ 150,000	\$ 150,000	\$ 153,800	\$ 157,600	\$ 161,500	\$ 165,600
Sanitary Operating & Maintenance	\$ 1,023,500	\$ 1,053,500	\$ 1,079,800	\$ 1,106,800	\$ 1,134,500	\$ 1,162,900
Storm Operating & Maintenance	\$ 776,300	\$ 815,800	\$ 836,200	\$ 857,100	\$ 878,500	\$ 900,500
Total	\$ 6,511,000	\$ 7,082,200	\$ 7,436,500	\$ 7,810,200	\$ 8,176,100	\$ 8,530,700

Capital Funding	2009 (FC)	2010	2011	2012	2013	2014
Capital Projects						
Storm Capital Program	\$ 569,500	\$ 400,000	\$ 720,000	\$ 1,240,000	\$ 1,760,000	\$ 2,280,000
Sanitary Capital Program	\$ 707,000	\$ 615,000	\$ 1,333,000	\$ 1,766,000	\$ 2,199,000	\$ 2,632,000
Sewer Condition Assessment Program	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Ambleside Sewer Rehabilitation	\$ -	\$ 2,100,000	\$ 378,000	\$ -	\$ -	\$ -
Total	\$ 1,276,500	\$ 3,115,000	\$ 2,631,000	\$ 3,206,000	\$ 4,159,000	\$ 5,112,000
Funding Sources						
Federal/Provincial Infrastructure Grants	\$ -	\$ 1,400,000	\$ 252,000	\$ -	\$ -	\$ -
Storm DCC's	\$ 569,500	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Rate Funding - Storm	\$ -	\$ -	\$ 520,000	\$ 1,040,000	\$ 1,560,000	\$ 2,080,000
Rate Funding - Sanitary	\$ 707,000	\$ 1,315,000	\$ 1,459,000	\$ 1,766,000	\$ 2,199,000	\$ 2,632,000
Total	\$ 1,276,500	\$ 3,115,000	\$ 2,631,000	\$ 3,206,000	\$ 4,159,000	\$ 5,112,000

Fund Balances	2009 (FC)	2010	2011	2012	2013	2014
Operating Fund (Rate Stabilization)	\$ 469,100	\$ 537,900	\$ 689,100	\$ 883,200	\$ 1,163,700	\$ 1,724,800
Capital Fund	\$ 35,700	\$ 35,700	\$ 35,700	\$ 35,700	\$ 35,700	\$ 35,700
Sub-Total - Reserves	\$ 504,800	\$ 573,600	\$ 724,800	\$ 918,900	\$ 1,199,400	\$ 1,760,500
Storm DCC Balance	\$ 3,511,300	\$ 3,282,100	\$ 3,044,100	\$ 2,797,000	\$ 2,540,500	\$ 2,274,200
Total	\$ 4,016,100	\$ 3,855,700	\$ 3,768,900	\$ 3,715,900	\$ 3,739,900	\$ 4,034,700

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District of West Vancouver

Sewer and Drainage Utility Fee
Bylaw No. 4538, 2007
Amendment Bylaw No. 4623, 2009

Effective Date –

**Sewer and Drainage Utility Fee
Bylaw No. 4538, 2007
Amendment Bylaw No. 4623, 2009**

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District of West Vancouver

Sewer and Drainage Utility Fee Bylaw No. 4538, 2007 Amendment Bylaw No. 4623, 2009

A bylaw to amend the fees related to the use of the Municipal Sewerage and Drainage System.

WHEREAS the Council of The Corporation of the District of West Vancouver deems it expedient to amend the Sewerage and Drainage Utility Fee Bylaw No. 4538, 2007.

NOW THEREFORE, the Council of the District of West Vancouver, in open meeting assembled, enacts as follows:

Part 1 Citation

- 1.1 This bylaw may be cited as Sewer and Drainage Utility Fee Bylaw No. 4538, 2007, Amendment Bylaw No. 4623, 2009.

Part 2 Severability

- 2.1 If a portion of this bylaw is held invalid by a Court of competent jurisdiction, then the invalid portion must be severed and the remainder of this bylaw is deemed to have been adopted without the severed section, subsequent, paragraph, subparagraph, clause or phrase.

Part 3 Substantive Provisions

- 3.1 That "Sewer and Drainage Utility Fee Bylaw No. 4538, 2007" be amended by deleting Schedules "A", "B" and "C" and substituting new Schedules "A", "B" and "C", as attached hereto.

3.2 That Section 5.2.2 of "Sewer and Drainage Utility Fee Bylaw No. 4538, 2007" be deleted and replaced with the following:

5.2.2 Upon the discretion of the Treasurer or the Director of Engineering and Transportation the sewer utility fee may be adjusted as special circumstances exist. Adjustments will be subject to a Sewer Utility Fee Adjustment administration fee in accordance with Schedule "C".

Schedules

- Schedule A – Sewer Meter Base Rates
- Schedule B – Sewer Meter Volume Rates
- Schedule C – Schedule of Service Charges

READ A FIRST TIME on

READ A SECOND TIME on

READ A THIRD TIME on

ADOPTED by the Council on

Mayor

Municipal Clerk

Schedule A Sewer Meter Base Rates

1 Sewer Base Charge Per Unit (Quarterly)

	Single Family Residential	Multi Family Residential	Commercial
Sanitary	29.18	29.18	29.18
Drainage Levy	20.28	20.28	20.28
Total	49.46	49.46	49.46
No Water Sewer**	120.88	120.88	120.88

**"No Water Sewer" Customers that are not charged metered water pay a flat rate based on the median SFR monthly bill.

Per section 5.2.1 of "Sewer and Drainage Utility Fee Bylaw No. 4538, 2007" the rates shown in Schedule "A" shall be subject to a discount of ten (10) percent, provided full payment for the current billing is made on or before the close of business on the due date set out on the billing form.

Schedule B Sewer Meter Volume Rates

1 Metered Sewer Volume Rates Based on Quarterly (3 months) Consumption

*Single Family Residential	Per Cubic Metre \$1.21
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Multi Family Residential	Per Cubic Metre \$1.21
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Commercial	Per Cubic Metre \$1.21
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*Single Family Residential Volume Rate applied quarterly to average winter period usage.

All other class rates applied to total water usage

For discharge of contaminated groundwater to the sewer system the fee is \$1.21 per cubic metre for groundwater discharged.

Per section 5.2.1 of "Sewer and Drainage Utility Fee Bylaw No. 4538, 2007" the rates shown in Schedule "B" shall be subject to a discount of ten (10) percent, provided full payment for the current billing is made on or before the close of business on the due date set out on the billing form.

Schedule C – Schedule of Service Charges

1	Sewer Leak Administration Fee	10% of Original Sewer Charge up to \$200
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For work other than listed above or where extraordinary conditions prevail such as rock excavation, creek crossings, other utility interference, sidewalks etc. the estimated cost to be actual installation cost plus 20% overhead. Estimated cost plus 50% contingency to be paid in advance as security see Section 5.1 Connection Fees in this Bylaw

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