

Memo



Date: Feb 15, 2010
File: 1824-02
To: City Manager
From: J. Vos, General Manager - Community Services
Subject: 2010 Sewer Rates

Recommendation:

THAT Council receive, for information, the Report dated February 15, 2010 from the General Manager, Community Services with respect to the 2010 Sewer Rates;

AND THAT Bylaw No.10275 being Amendment No. 29 to the Sewerage System User Bylaw No. 3480 be forwarded to Council for reading consideration;

AND FURTHER THAT Bylaw No. 10293 being Amendment No. 7 to Sewer Service Parcel Tax Bylaw No. 8924 be forwarded to Council for reading consideration.

Background:

A review was conducted by the Infrastructure Planning, Design and Construction, and Civic Operations Departments on the Sewer Utility revenues and expenditures, based on our most recent projections. This review considered the timing and expenses of Capital improvements such as Treatment Facility expansions as well as new trunk mains. Also considered were the expenses of ongoing infrastructure replacement, the operation of our Bio-Solids program, treatment plant, lift station and pipe network operation & maintenance. The City Financial Services Department has prepared a pro forma statement of Revenues & Expenditures for the Sewer Utility that is a 10-year projection, based on the present year Budget figures and future Capital and Operating expenditures in all areas of the Utility. This method of rate setting allows the balancing of Debt and large Capital expenditures, with the accumulated Utility surplus, to establish a stable Utility rate structure.

Sewer Utility revenues from our customer base come from two types of charges; the monthly user rate and an annual parcel tax. The user rate is a flat rate per month for our residential customers. A minimum charge coupled with a volumetric usage charge is applied to Industrial/Commercial/Institutional (ICI) customers. The annual Parcel Tax makes up the other component of our sewer charge and is presently \$10.⁰⁰ per year, per parcel that is capable of being serviced with sewer. The proposed new rates will finally eliminate the Parcel Tax, after a gradual reduction over a seven year period.

A handwritten signature in black ink, appearing to be "J. Vos", located in the bottom right corner of the page.

The effect of the new rates on residential customers, based on the fact that the rate will be effective in April, is a slight increase of \$4.14 for the year. The overall adjustment generally represents a 2% increase in the revenues achieved in 2009.

The new rates are proposed to be in effect for the first billing cycle in April and will appear on the April 16th sewer bill and subsequent bills for customers receiving a utility bill. For those customers who are billed for sewer only on their Tax notices, the annual rate will be included on their notice. Our customers will be provided with notice of the rate change, to be printed on our customer sewer bills, prior to the rate coming into effect. The Parcel Tax elimination from \$10/parcel to \$0/parcel will take effect for the entire year 2010.

	<u>(Existing) 2009</u>	<u>(New) 2010</u>
Residential		
- Flat Rate	\$ 16.95 / month	\$ 17.79 / month
Commercial (I/C/I)		
- Metered base rate (per month)	\$ 9.50	\$ 9.70
- All usage (per m ³)	\$ 0.78 / m ³	\$ 0.79 / m ³
Parcel Tax (all serviced parcels)	\$ 10.00 /parcel /year	\$ 0.00 /parcel /year

The following table illustrates the effect of the proposed rate adjustment for this year on single family residential customers:

	<u>Annual Parcel Tax</u>	<u>MONTHLY User Rate</u>	<u>Total Annual Sewer Charges</u>
2009 Rates	\$10. ⁰⁰ +	Blended 2008/2009	\$206.80
2010 Rates	\$0. ⁰⁰ +	\$16.95 /mo. x 3 + \$17.79 /mo. x 9 =	\$210.94

INTERNAL CIRCULATION TO:

Director of Financial Services, Revenue Manager, City Clerks office, Director of Design and Construction, Director Infrastructure Planning, Director of Community & Media Relations

LEGAL/STATUTORY AUTHORITY:

Provincial Legislation

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

Bylaw amendments.

FINANCIAL/BUDGETARY CONSIDERATIONS:

The recommended rates are consistent with the 10-year Utility Financial Plan

COMMUNICATIONS CONSIDERATIONS:

Notification to customers will go out through media advertising and/or utility billing.

Considerations that were not applicable to this report:

PERSONNEL IMPLICATIONS:

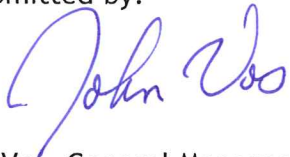
EXISTING POLICY:

TECHNICAL REQUIREMENTS:

EXTERNAL AGENCY/PUBLIC COMMENTS:

ALTERNATE RECOMMENDATION:

Submitted by:



J. Vos, General Manager - Community Services

CC: Financial Planning Manger
Revenue Manager