



City of Richmond

Report to Committee

To: Finance Committee
From: Jerry Chong
Acting Director of Finance
Re: **BOD/TSS Charges**

Date: April 24, 2006
File: 03-092501/2006-Vol 01

Staff Recommendation

That the BOD/TSS charges be billed directly to the companies identified by the GVRD through the metered utility bill effective January 1, 2007.

Jerry Chong
Acting Director of Finance
(4064)

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CONCURRENCE OF GENERAL MANAGER 		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> <i>SW</i>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES <input checked="" type="checkbox"/> <i>S</i>	NO <input type="checkbox"/>

Staff Report

Origin

The Biological Oxygen Demand (BOD) and Total Suspended Solids (TSS) Management Program was introduced by the Greater Vancouver Regional District (GVRD) in 1997. At the time, the GVRD suggested that the BOD/TSS costs be levied directly to the specific industries to encourage the installation of cost effective on-site treatment options, which would result in a reduction of the overall cost of sewage treatment to the region. Historically, the City has spread the BOD/TSS costs out to the general tax base by including it with the sewer debt levy to encourage growth in light and heavy industries in Richmond. Currently, the City of Surrey is the only other municipality who has taken the same approach.

Analysis

The BOD and TSS levy is designed to encourage industries to take steps to reduce discharge with high BOD/TSS content. Annually, the GVRD notifies each company in Richmond identified as BOD/TSS dischargers of their levy pending.

BOD and TSS discharge are one of the main cost drivers of the sewerage and drainage system. When effluent high in BOD is discharged into receiving water, the discharge consumes oxygen and part of the effluent stabilization process. This can significantly impact aquatic life therefore requiring the costly removal of BOD and TSS at the treatment plants.

Currently, with the general tax base sharing in the cost of the levy, identified companies have not been motivated to take steps in improving the quality of discharge. Through GVRD analysis, Richmond industries have not shown any reductions over the past years while most industries in other municipalities have shown improvements.

To encourage a sustainable environment, the City should take steps to transferring the associated costs back to the specific companies starting in 2007.

Since each company is aware of their annual levy, official notification should be sent advising of the billing change for 2007. This would give the companies sufficient notice to add the cost to their 2007 budget and to make necessary upgrades to their discharge systems. As part of a phased in approach, should a company experience financial difficulty in meeting this obligation, the City may be able to offer assistance in providing a repayment scheme once staff has reviewed the company's latest audited financial statements and other pertinent financial information.

Financial Impact

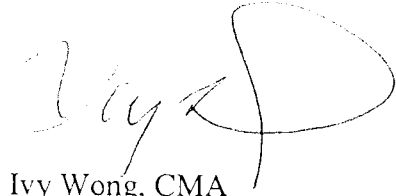
This will result in a decrease of the annual sewer debt levy to general taxpayers of approximately \$887,000.

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Conclusion

That the BOD/TSS charges be billed directly to the identified companies through the metered utility bill, effective January 1, 2007.

A handwritten signature in black ink, appearing to read 'Ivy Wong', with a large, stylized flourish extending to the right.

Ivy Wong, CMA
Revenue Manager
(4046)

IW:iw