



General Purposes Committee

Anderson Room, City Hall
6911 No. 3 Road

Monday, November 18, 2013
4:00 p.m.

Pg. # ITEM

MINUTES

- GP-4** *Motion to adopt the minutes of the meeting of the General Purposes Committee held on Monday, November 4, 2013.*



COMMUNITY SERVICES DEPARTMENT

1. **2014 AGE-FRIENDLY COMMUNITY GRANT SUBMISSION**
(File Ref. No.) (REDMS No. 4006859)

GP-14

See Page **GP-14** for full report

Designated Speaker: Sean Davies

STAFF RECOMMENDATION

That a letter be submitted to the Seniors Housing and Support Initiative to indicate Council's support for the City of Richmond's submission for a 2014 Age-Friendly Community Planning and Project Grant and the City's willingness to provide overall grant management for the proposed project, as presented in the staff report from the General Manager, Community Services titled 2014 Age-Friendly Community Grant Submission.



PLANNING & DEVELOPMENT DEPARTMENT

2. **DRAFT 2014-2018 YVR NOISE MANAGEMENT PLAN – CITY OF RICHMOND COMMENTS**

(File Ref. No. 01-0153-04-01) (REDMS No. 4003635 v.3)

GP-17

See Page **GP-17** for full report

Designated Speakers: Terry Crowe & Victor Wei

STAFF RECOMMENDATION

- (1) *That the Vancouver Airport Authority (VAA) be advised that the City supports the draft 2014-2018 YVR Noise Management Plan (Plan) on the condition that the following changes be incorporated into the final Plan, prior to VAA Board approval:*
- (a) *indicate how the previous 2009-2013 YVR Noise Management Plan has been implemented and any outstanding initiatives;*
 - (b) *clarify the purpose, rationale, expected benefits, priority and timing of each proposed Plan initiative over the coming five-year period;*
 - (c) *identify the air travel growth scenario used to prepare the proposed Plan; and*
- (2) *That the staff report titled Draft 2014-2018 YVR Noise Management Plan – City of Richmond Comments be forwarded to the Vancouver Airport Authority for its consideration in the finalization of the 2014-2018 YVR Noise Management Plan.*



FINANCE AND CORPORATE SERVICES DEPARTMENT

3. **2014 UTILITY BUDGETS AND RATES**

(File Ref. No. 03-0970-01) (REDMS No. 3981721 v.3)

GP-24

See Page **GP-24** for full report

Designated Speaker: Ivy Wong

Pg. #

ITEM

STAFF RECOMMENDATION

That the 2014 Utility Expenditure Budgets, as outlined under Option 1 for Water and Sewer, Option 3 for Drainage and Diking, and Option 2 for Solid Waste and Recycling, as contained in the staff report dated November 5, 2013 from the General Manager, Finance & Corporate Services and General Manager, Engineering & Public Works, be approved as the basis for establishing the 2014 Utility Rates and preparing the 5 Year Financial Plan (2014-2018) Bylaw.

☐

ADJOURNMENT

☐



General Purposes Committee

Date: Monday, November 4, 2013

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Linda Barnes
Councillor Derek Dang
Councillor Evelina Halsey-Brandt
Councillor Ken Johnston
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Absent: Councillor Chak Au

Call to Order: The Chair called the meeting to order at 4:00 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the General Purposes Committee held on Monday, October 21, 2013, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DEPARTMENT

1. **2014 COUNCIL AND COMMITTEE MEETING SCHEDULE**
(File Ref. No. 01-0105-00) (REDMS No. 3962696)

It was moved and seconded

That the 2014 Council and Committee meeting schedule, attached to the staff report dated October 10, 2013, from the Director, City Clerk's Office, be approved, including the following revisions as part of the regular August meeting break and December holiday season:

1.

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- (1) *That the Regular Council meetings (open and closed) of August 11 and August 25, 2014 be cancelled; and*
- (2) *That the August 18, 2014 Public Hearing be re-scheduled to Tuesday, September 2, 2014 at 7:00 pm in the Council Chambers at Richmond City Hall.*

CARRIED

2. 2014 GENERAL LOCAL AND SCHOOL ELECTION PROGRAM AND BUDGET

(File Ref. No. 12-8125-70-01) (REDMS No. 3998171 v.2)

In reply to a query regarding the recommendation for the voting at large implemented for the 2011 General Election, David Weber, Director, City Clerk's Office, advised that 41% of Richmond voters chose to take advantage of the "vote anywhere" service. For comparison, the statistics shown were for voting places used in both the 2008 and 2011 General Local and School Election. It was recommended that staff discuss the initiative with the City of Surrey to compare their experience.

Mr. Weber noted that a staff report on the specific voting places for the 2014 Election would come before Council in 2014 and that the two approaches, divisional voting or voting at large, are at Council's direction.

Committee raised concerns with reported long wait times at voting places and were not in favour of the voting places located at malls. It was agreed that given the marginal increase in voter turnout, the additional costs for voting at large was not warranted. Committee preferred the focus be directed toward election initiatives such as the *Voter's Guide*, social media, and additional voting places. Discussion further ensued regarding the low voter turn-out which seems to be a broader issue of apathy that needs to be addressed through education.

In response to questions regarding costs associated with voting places, the universal access equipment, and additional voting places, Mr. Weber advised that costs are approximately \$5,000 per voting place and that the ballot marking device was provided on a pro-bono basis by the service provider; however, reasonable rental costs may apply in the future. He further advised that the City has seen an increase in population of approximately 70,000 residents over the past 25 years and the number of voting places have not increased proportionately.

As a result of Committee discussion, the following referral was made:

It was moved and seconded

That the staff report titled "2014 General Local and School Election Program and Budget" be referred back to staff for further analysis on:

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- (1) *the Vote Anywhere approach regarding the Surrey experience and others that should be considered;*
- (2) *mall voting;*
- (3) *restructuring the polls with more voting places; and*
- (4) *strategies for the use of social media.*

CARRIED

OPPOSED: Cllr. McNulty

Cllr. Steves

ENGINEERING & PUBLIC WORKS DEPARTMENT

3. MINORU OLDER ADULTS AND AQUATIC CENTRE SITE SELECTION

(File Ref. No. 06-2055-20-007) (REDMS No. 4008734 v.3)

With the aid of a PowerPoint presentation (copy on file, City Clerk's Office), Laurie Bachynski, Manager, Business Enterprise, highlighted the following information regarding the four options for the replacement of the Minoru Older Adults Centre and Aquatic Centre:

- consultants concluded that given the proposed size of the facility and the site constraints, a service construction solution cannot be provided for replacement at the existing site;
- site evaluation criteria included (i) an integrated Older Adults and Aquatic Centre site, (ii) synergy with other services, (iii) aquatic services not disrupted, (iv) non-disruption of services or the provision of viable solutions should services be impacted, (v) location having access to transit and available on-site parking, (vi) minimize the impact to green space, and (vii) address latent, current and future aquatic demands for the long-term;
- four sites were identified at the Minoru location with the cricket pitch, Gilbert Road, and Firehall No. 1 sites not meeting the evaluation criteria;
- the fourth site is located on the Minoru 2 field and would meet the criteria, incorporate the Pavilion with the new facility, and relocate the playing field, identified for improvements in the current 5-Year Parks Capital Plan Submission, to the north;
- in order to address population projections and latent demand for modern facilities, other City Centre sites were reviewed;

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- lot 5, adjacent to the Richmond Olympic Oval, in conjunction with Minoru 2 was considered a viable option for consideration;
- the final option, using a phased approach, would include the Older Adult Centre being rebuilt in its existing location concurrently with an aquatics centre at lot 5, where upon completion of the lot 5 aquatics facility, the Minoru Aquatics Centre would be demolished and a new aquatic centre would be integrated with the new Older Adult Centre;
- the final option would fully address latent, current, and future demand for aquatic facilities;
- option 1, to rebuild at the existing location, would have a co-located Older Adult Centre and Aquatic Centre, a temporary Older Adult Centre at City Hall Annex, and a temporary cover over the Steveston pool, for an estimated construction cost of \$74,800,000;
- option 2 would have a co-located facility at Minoru 2, an integrated pavilion, relocated fields to the north, as well as, relocated walking path and throwing events for track and field, and provide temporary change rooms and washrooms during construction for a total cost of \$79,600,000;
- phase 1 of option 3 would proceed with construction of Minoru 2 at a cost of \$79,600,000 and phase 2 for the construction of the lot 5 aquatics centre being completed at a later date at an estimated cost of \$74,000,000;
- option 4 would be a phased project with the Older Adult Centre and the lot 5 aquatics centre being built during Phase 1 and the Minoru Aquatics Centre construction taking place during Phase 2 for a total estimated cost of \$139,500,000; and
- staff recommends option 2 as a good solution which allows for a city-wide aquatics analysis to be conducted and completion of the Older Adult Centre by the fall of 2017.

Ms. Bachynski advised that Council could combine a motion to support option 2 with a referral for staff to explore future aquatic needs and obtain further analysis on Riverport, lot 5, and other sites. Staff would have to come back before Council with any proposals for the redevelopment of the existing site including returning some green space to the area.

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Discussion ensued regarding support for the Minoru 2 option in light of the non-disruption of services to either the Aquatic Centre or the Older Adult Centre, the integration of the pavilion with the Older Adult Centre, and future opportunities for the existing site. Committee discussed the need for an overall plan for the area, including: (i) a parking plan with possible parking structure, (ii) a traffic plan, a redevelopment plan for the existing site, and (iii) the necessity for a future needs analysis. Other Committee considerations included providing senior housing above some of the facilities, providing a second pool at the existing site as option 5, considering a referendum on the development of lot 5 adjacent to the Richmond Olympic Oval for an aquatic centre, and the possibility of a conference centre or hotel development on lot 5.

In reply to a query regarding construction timing, Ms. Bachynski commented that the process would commence in 2015 with the design and consultation phase taking approximately a year to conclude and the fall of 2017 for completion of the project.

With regard to a full size Olympic aquatic facility at Minoru 2, Ms. Bachynski advised that the proposed facility can accommodate an Olympic size pool. Specific water and recreational elements, such as a full 50-metre pool or a whirlpool, would be examined during the public consultation process. The proposed Older Adult Centre is estimated to be 33,000 square feet with an additional 8,000 square feet with the integration of the Pavilion. Ms. Bachynski noted that the proposed facilities could be expanded and the cost estimates revised at Council's direction. She further noted that the cost for the replacement of the artificial turf fields had been incorporated into the estimate for the Minoru 2 proposal and that staff would consider artificial turf for the cricket pitch at Council's direction.

Ian MacLeod, Chair, and Rosemary Nickerson, Vice-Chair, Aquatic Services Board, expressed support for the Minoru 2 proposal and look forward to providing input through the public consultation process on the proposed elements to be included in the facility. At some point in the future a second pool would be needed, however, the Board would not be prepared to comment on the Richmond Olympic Oval site at this time.

In response to a query from Committee, Mr. MacLeod commented that at this time there would not be a need for another Olympic size pool; however, there is an existing need for at least 50% more water space which would be accommodated through the proposed facility at Minoru 2.

Committee requested that the Aquatic Services Board provide figures reflecting actual needs, from a Board perspective, at the time of the public consultation process.

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Peter Mitchell, 6271 Nanika Crescent, expressed concern that the proposed facility integrates well with the current facilities on the Minoru site and more importantly with any future replacement structures for the aging arena, library, and cultural centre. Council must consider the proposal in terms of what would work well on the site over the next 50 years. In his opinion, it is not necessary to build two pools within approximately two kilometres of each other and more grass or parkland would be preferred over a convention centre for lot 5.

It was moved and seconded

(1) That Parts 1(a) through 1(d) of the resolution adopted on June 24, 2013 relating to the Major Capital Facilities Program Phase 1 be replaced with Option 2, a co-located Aquatics and Older Adults' Centre at Minoru 2 Field in Minoru Park, as described in the staff report titled "Minoru Older Adults and Aquatic Centre Site Selection" dated October 30, 2013 from the General Manager, Community Services, and the General Manager, Engineering & Public Works; the revised resolution would now read:

- (1) The following Major Capital Facilities Program Phase 1 projects be endorsed and included in the City's 2014 budget process for Council consideration as described in the Staff report titled "Major Capital Facilities Program Phase 1" dated May 31, 2013 from the Director of Engineering:*
 - a. A co-located Aquatics and Older Adults' Centre at Minoru 2 Field in Minoru Park (as shown in Attachments 4 & 5 and described in the staff report titled "Minoru Older Adults and Aquatic Centre Site Selection" dated October 30, 2013 from the General Manager, Community Services, and the General Manager, Engineering & Public Works);*
 - b. Replacement of Firehall No. 1 at the corner of Granville Avenue and Gilbert Road;*
- (2) the funding strategy outlined in Option 3 of this report be endorsed on the basis that the City would borrow \$50 Million dollars with a 10-year amortization with the balance to be taken from the City's Reserves;*
- (3) an amendment to the City's Five Year Financial Plan (2013-2017) to include \$3.5 million for advanced design of the Major Capital Facilities Program Phase 1 with funding to come from the City's revolving fund be brought forward for Council consideration;*
- (4) an amendment to the City's Five Year Financial Plan (2013-2017) to include \$500,000 for advanced construction of the City Centre Community Centre Tenant Improvements with funding to*

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come from the City's revolving fund be brought forward for Council consideration;

- (5) staff bring forward the balance of the list of the capital facilities priorities for examination; and*
- (6) staff provide details of the full consultation plans and report through the General Purposes Committee.*

(2) That the following be referred to staff for analysis:

- (a) future aquatic needs including consideration of the future of Riverport, lot 5, and other sites;*
- (b) the plan for the existing sites of the Aquatic Centre and the Older Adults' Centre and the balance of facilities within Minoru Park; and*
- (c) the future traffic and parking plan for the Minoru area.*

The question on the motion was not called as clarification was requested of staff concerning future aquatic needs. Ms. Bachynski advised that the public consultation process would provide input on the elements to be incorporated specific to the proposed facility. The second part of the referral would be for analysis of the city-wide aquatic needs including the consideration of Riverport and lot 5. The Minoru 2 proposal does not require a temporary cover for the Steveston pool.

The question on the motion was then called and it was **CARRIED**.

FINANCE AND CORPORATE SERVICES DEPARTMENT

4. LOAN AUTHORIZATION BYLAW

(File Ref. No. 12-8060-20-9074/9075/9076) (REDMS No. 3948488 v.7)

Jerry Chong, Director, Finance, advised that the report is to obtain Council approval to begin the borrowing process from the Municipal Finance Authority (MFA) which would allow the city to meet the spring borrowing deadlines.

It was moved and seconded

That the Integrated Older Adults' Centre, Aquatic Centre and Minoru Pavilion Loan Authorization Bylaw No. 9075 be introduced and given first, second and third readings.

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The question on the motion was not called as clarification was requested regarding the servicing of the proposed venture. Mr. Chong confirmed that there would be no tax impact with the proposed borrowing. Repayment would be funded through the City's available budget for the Terra Nova debt and the gaming revenue transfers. Discussion ensued regarding self-financing the project through reserve funds. Mr. Chong advised that using reserve funds was an option, however, to do so would leave approximately 17,000,000 in general reserves at the end of 2017. Current borrowing rates and the potential for more available capital in 2017 for funding other capital ventures were major factors in the decision to amortize the loan over ten years.

The question on the motion was then called and it was **CARRIED**.

5. SALES CENTRE LICENSE AGREEMENT BETWEEN THE CITY OF RICHMOND AND POLYGON DEVELOPMENT 192 LTD.

(File Ref. No. 06-2280-20-285) (REDMS No. 4005624 v.3)

It was moved and seconded

That:

- (1) if 8311 Cambie Road is transferred to the City as part of rezoning application RZ 11-591985, then the City enter into a license agreement with Polygon Development 192 Ltd. ("Polygon") to permit Polygon to use a portion (approximately ±3,505 sq. ft. for the building area plus ±3,854 sq. ft. for parking area) of 8311 Cambie Road for a two year period with 1 (one) 6-month renewal option at a rate of \$3.60 per square foot per annum (estimated at \$26,492 per annum), as per the terms described in the staff report from the General Manager, Finance and Corporate Services dated October 17, 2013; and***
- (2) staff be authorized to take all neccessary steps to complete the matter including authorizing the Chief Administrative Officer and the General Manager, Finance and Corporate Servcies to negotiate and execute all documentation to effect the transaction detatiled in the staff report dated October 17, 2013 from the General Manager, Finance and Corporate Services.***

CARRIED

COMMUNITY SERVICES DEPARTMENT

6. CONSULTATION PLAN FOR MAJOR RECREATIONAL FACILITIES DEVELOPMENT

(File Ref. No. 06-2055-20-007) (REDMS No. 4006043 v.4)

Serena Lusk, Acting-Manager, Programs & Projects, confirmed that the consultation plan is for the new aquatic facility and any comments on future aquatic needs would be a separate consultation process.

It was moved and seconded

That:

- (1) the staff report titled Consultation Plan for Major Recreational Facilities Development, dated October 30, 2013 from the General Manager, Community Services be received for information; and***
- (2) the terms of reference for the Major Recreational Facilities Development Advisory Committee, as detailed in Attachment 1 of the staff report titled Consultation Plan for Major Recreational Facilities Development, dated October 30, 2013 from the General Manager, Community Services be approved.***

The question on the motion was not called as clarification was requested whether public input on the future aquatic needs should be included with this process. Ms. Lusk advised that two separate processes would be preferable for stakeholder consultation.

The question on the motion was then called and it was **CARRIED**.

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:17 p.m.).

It was moved and seconded

CARRIED

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Certified a true and correct copy of the Minutes of the meeting of the General Purposes Committee of the Council of the City of Richmond held on Monday, November 4, 2013.

Mayor Malcolm D. Brodie
Chair

Heather Howey
Committee Clerk



City of Richmond

Report to Committee

To: General Purposes Committee
From: Cathryn Volkering-Carlile
General Manager, Community Services
Re: **2014 Age-Friendly Community Grant Submission**

Date: October 22, 2013

File:

Staff Recommendation

1. That a letter be submitted to the Seniors Housing and Support Initiative to indicate Council's support for the City of Richmond's submission for a 2014 Age-friendly Community Planning and Project Grant and the City's willingness to provide overall grant management for the proposed project, as presented in the report from the General Manager, Community Services entitled "2014 Age-Friendly Community Grant Submission."

Cathryn Volkering-Carlile
General Manager, Community Services
(604-276-4068)

REPORT CONCURRENCE		
ROUTED TO: Parks Services Recreation Services	CONCURRENCE <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW	APPROVED BY CAO

Staff Report

Origin

The Province of BC, through the Ministry of Health and the Union of BC Municipalities (UBCM) recently announced continued funding of \$500,000 for the Age-friendly Community Planning and Project Grant program. A grant application has been submitted under the program to enable the City to develop a plan to assist Richmond in its application for Age-friendly City designation from the World Health Organization. The program guidelines require that resolutions indicating Council support accompany each submission.

This report complies with Council Term Goal 2.1; “Completion of the development and implementation of a clear City social services strategy that articulates the City’s role, priorities and policies.” Further, it is consistent with Action 9.1 of the recently adopted Richmond Social Development Strategy which indicates the City will pursue the City of Richmond’s designation as an Age-friendly City, joining the World Health Organizations Global Network of Age-friendly Cities and Communities.

Analysis

The Province of BC has advanced the age-friendly agenda since 2007, collaborating with UBCM and other key partners to engage and support local governments in preparing their communities to effectively serve an aging population. Age-friendly BC is built around three key components:

1. Support – Provision of grants (through UBCM) and staff support from the Ministry of Health
2. Recognition – The Ministry of Health will recognize and reward local governments that undertake appropriate steps to become more age-friendly
3. Information – Provision of a resource package and website with tools to assist local government staff.

The Ministry of Health announced that a maximum of 25 grants of up to \$20,000 are available for 2014 community planning initiatives or projects. The priority in 2014 is to engage communities that have not yet completed an age-friendly plan or undertaken a project focused on age-friendly communities.

To take advantage of the funding opportunity, staff prepared and submitted a grant application prior to the Province’s deadline of October 18, 2013. Tight timelines precluded inclusion of a Council resolution of support with the Richmond application. Grant administrators indicated, however, that a late resolution from Richmond City Council would be accepted.

Financial Impact

There is no funding impact at this time.

Conclusion

The Ministry of Health and UBCM have partnered to provide grant funding to BC municipalities for age-friendly community projects. Staff has prepared and submitted a grant application under the program with the intention of developing a plan to pursue Age-friendly designation for Richmond. It is recommended that a letter be sent to the grant administrators that indicates Council's support for the attached submission for a 2014 age-friendly community planning and project grant and the City's willingness to provide overall grant management for the proposed project.



Sean Davies
Diversity Services Coordinator
(604-276-4390)




City of Richmond

Report to Committee

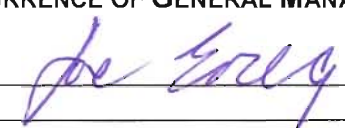
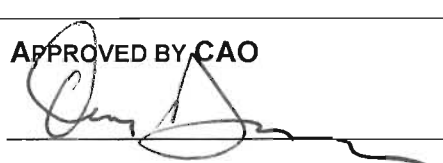
To: General Purposes Committee
From: Victor Wei, P.Eng.
Director, Transportation
Date: November 1, 2013
File: 01-0153-04-01/2013-Vol 01
Re: **DRAFT 2014-2018 YVR NOISE MANAGEMENT PLAN – CITY OF RICHMOND
COMMENTS**

Staff Recommendation

1. That the Vancouver Airport Authority (VAA) be advised that the City supports the draft *2014-2018 YVR Noise Management Plan* (Plan) on the condition that the following changes be incorporated into final Plan, prior to VAA Board approval:
 - (a) indicate how the previous 2009-2013 YVR Noise Management Plan has been implemented and any outstanding initiatives;
 - (b) clarify the purpose, rationale, expected benefits, priority and timing of each proposed Plan initiative over the coming five-year period; and
 - (c) identify the air travel growth scenario used to prepare the proposed Plan;
2. That this report be forwarded to the Vancouver Airport Authority for its consideration in the finalization of the 2014-2018 YVR Noise Management Plan.


Victor Wei, P. Eng.
Director, Transportation
(604-276-4131)

Att. 2

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT/ AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW
APPROVED BY CAO 	

Staff Report

Origin

As per its ground lease with the federal government, the Vancouver Airport Authority (VAA) is responsible for noise management for up to 10 nautical miles from the airport and the YVR Board must have an approved five-year noise management plan signed by the Federal Minister of Transport to guide it in its noise management practices. The current five-year YVR Noise Management Plan (NMP) is now in its fifth and final year and a new five-year 2014-2018 YVR Noise Management Plan (Plan) is being prepared by the Vancouver Airport Authority (VAA) for delivery to Transport Canada for approval by December 1, 2013.

The first draft of the Plan was distributed to the YVR Aeronautical Noise Management Committee (YVR ANMC) for review and comment on September 10, 2013. Following a meeting between City and VAA staff, a revised version was provided to staff on October 16, 2013. This report provides comments on the revised version.

Analysis

1. Preparation of 2014-2018 Noise Management Plan

Each NMP is a five-year action plan created through consultation with YVR ANMC members and other industry stakeholders, a review of best practices, plus analyses of YVR public web survey feedback regarding aeronautical noise concerns and aircraft noise-related complaints. The City has both City staff and citizen representation on the YVR ANMC.

The proposed initiatives of the 2014-2018 NMP (see **Attachment 1**) set broad objectives and deliverables. Actions and results will be subject to further work and assessments to ensure decisions can be made with all available input, information and data. Structuring initiatives over a five-year period assists the VAA in preparing annual work and business plans.

2. City Input into 2014-2018 Noise Management Plan

Through the YVR ANMC and separate meetings with VAA staff, City staff and its YVR ANMC citizen representatives suggested the following initiatives which are included in the proposed Plan. City and VAA staff jointly crafted the following planning Initiatives 1.1 and 1.2:

- 1.1 - Existing 2015 Aircraft Noise Exposure Frequency Map: this map shows where noise exposure occurs and, as it was established in 1994, requires review to assess its continued applicability given that airport and aircraft operations have changed since that time. Following this joint map review, relevant related documents (e.g., brochures, policies, bylaws, covenants, noise mitigation standards) would also be reviewed to determine the need for any updates.
- 1.2 - Review of existing YVR Aeronautical Zoning Regulations: the heights of buildings and obstacles in close vicinity to the airport are governed by Transport Canada's YVR Aeronautical Zoning Regulations (formally called Vancouver International Airport Regulations), which set maximum building heights to ensure safe aircraft operations. The

Airport Authority will conduct a review of the federal Zoning Regulations to seek protection for runway options identified in the YVR 2027 Master Plan (Federally approved June 19, 2008) and to protect existing runways given increased zoning requirements. As part of this review, the Airport Authority will also consult with the City of Richmond and other stakeholders to explore possibly increasing building height around City Hall to improve City Centre sustainability, social, economic and environmental benefits. This YVR led review is welcomed, as the City has wanted to explore increasing building height for some time. City staff will work closely with YVR staff during the review.

Staff also provided input into Initiatives 2.1-2.4 (**Attachment 1**) that identify opportunities to better inform the community about aeronautical noise and measures to mitigate noise impacts. In addition, the City's citizen representatives suggested the following initiatives in the draft NMP:

- 3.5 – YVR Fly Quiet Awards: raise the profile of these annual VAA awards, to create more incentive for operators to reduce their noise impacts on the community through greater participation of and recognition by municipalities that are members of the YVR ANMC. The number of categories could be expanded to include float plane operators, pilots and fleet renewal.
- 6.1 - Pre-Flight Checks: as engine tests that are part of pre-flight check procedures do not occur within the ground run-up enclosure, establish preferred headings for aircraft to minimize noise impacts to residents living south of Sea Island.
- 7.1-7.4 - Flight Procedures: encourage a shift to optimized departure and arrival profiles through the adoption and use of new technology (i.e., performance-based navigation). The use of advanced navigation techniques has the potential to more accurately define arrival and departure procedures at an airport, thus narrowing flight corridors and reducing noise exposure by avoiding more densely populated residential areas.

3. Staff Comments on 2014-2018 Noise Management Plan

Overall, while the draft 2014-2018 NMP is responsive, staff concluded that the document could be improved by:

- 2009-2013 Noise Management Plan: clarifying the degree to which the previous NMP was implemented (e.g., status of initiatives, how stakeholders contributed to their progress) along with a discussion of any outstanding initiatives, if they have been carried over to the proposed NMP and if not, why not; and
- Initiatives & Actions: clarifying the intent, rationale and expected benefits of the proposed NMP initiatives, as well as their priority and timing over the five-year period.

Staff also offer the following additional specific comments:

- Future Growth & Development at YVR: the document states that VAA has “considered a range of possible air travel scenarios” based on low, medium and high forecast growth rates in global, national and local air travel as shown in **Attachment 2**. The VAA should clarify which scenario is used in preparing the 2014-2018 Noise Management Plan, to balance meeting air traffic demand and minimizing aircraft noise impacts on adjacent communities.

- *Roles & Responsibilities in Aviation*: in addition to identifying the role of each agency, their past contributions towards the implementation of the past 2009-2013 NMP should also be outlined. For example, the City has developed noise covenants and communications material that is used by developers at residential sales offices.

Financial Impact

None.

Conclusion

The Vancouver Airport Authority must update its noise management plan every five years, as a requirement of its land lease agreement with the Government of Canada. As part of this current update, staff recommend that the VAA be advised that the City's support for the proposed 2014 – 2018 ANM Plan is conditional upon the incorporation of several key revisions and additions into the final Plan, prior to VAA Board approval.



For Joan Caravan
Transportation Planner
(604-276-4035)

JC:le



Terry Crowe
Manager, Policy Planning
(604-276-4139)

Summary of Proposed Initiatives and Action in the Draft 2014 – 2018 YVR Noise Management Plan			
#	Issue	Objective	Draft Initiative/Action
1	Land Use Planning	Build on existing collaborative partnership and work with local municipalities on land use planning to minimize the level of aircraft noise, nuisances and disturbances for those living in the vicinity of the airport.	<p>Review the 2015 YVR Noise Exposure Forecast Contours The 2015 Noise Exposure Forecast planning contours, created in 1994, were meant to provide guidance to municipalities on land use planning efforts. To account for future growth in air traffic and changes in aircraft fleet mix, the Airport Authority will review the existing 2015 Noise Exposure Forecast contour to assess future noise exposure and provide information to municipalities to help with long term land use planning decisions. Following this review, relevant noise mitigation measures and documents (e.g., brochures, policies, bylaws covenants, noise mitigation standards) will be updated as required.</p>
			1.1
			<p>Review Existing YVR Aeronautical Zoning Regulations The heights of buildings and obstacles in close vicinity to the airport are governed by the YVR Aeronautical Zoning Regulations, which set maximum building heights to ensure safe aircraft operations. The Airport Authority will conduct a review of the Zoning Regulations to seek protection for runway options identified in the YVR Master Plan and to protect existing runways given increased zoning requirements. As part of this review, the Airport Authority will also consult with the City of Richmond and other stakeholders to explore possibly increasing building height around City Hall to improve City Centre sustainability, social, economic and environmental benefits.</p>
			1.2
			<p>2.1 Improve online media tools to enhance communication with the public of noise management information and program efforts.</p>
2	Awareness - Community	Better inform the public about aircraft operations, flight paths, and noise management measures to enable a greater understanding of the implications of aircraft noise and airport operations, and to match public expectations with experience.	2.2 Explore and implement better methods of communicating with the public regarding aircraft noise and over-flight impacts, such as respite charts, N70 (number of events over 70 dBA) Contours, and flight path density maps.
			2.3 Track, report, and profile progress and trends towards the use of quieter aircraft at YVR and provide this information in the annual noise report.
			2.4 Provide better information to the public, on airport operations and aircraft noise management efforts (e.g., brochures, maps) to help educate new homebuyers and provide existing homeowners with suggestions on how to sound insulate older homes.
3	Awareness - Industry	Engage with aviation stakeholders to improve noise management activities and discussions about aircraft noise management.	3.1 Develop a training module on noise management for flight schools to raise awareness of noise issues within the aviation community.
			3.2 Host regular meetings with Transport Canada to discuss roles and responsibilities, and exchange information on noise management opportunities.
			3.3 Host regular meetings with NAV CANADA to dialogue and exchange information on noise management opportunities.
			3.4 Host regular meetings with other major airports in Canada to dialogue and exchange information on

Summary of Proposed Initiatives and Action in the Draft 2014 – 2018 YVR Noise Management Plan			
#	Issue	Objective	Draft Initiative/Action
			noise management opportunities, and to coordinate responses and positions to national issues. Review the YVR Fly Quiet Award and explore possible opportunities for further recognition and engagement of the aviation community.
			3.5
4	Night-time Operation	Monitor and report on the number of night operations.	4.1 Ongoing review of approval guidelines for night-time operations. 4.2 Report annually on the number of night operations by aircraft noise certification. 4.3 Review and create a summary report on the nature of marginally compliant Chapter 3 aircraft operations at YVR.
5	YVR ANMC	Ensure that the YVR ANMC remains relevant and functional.	5.1 Update the Terms of Reference for the YVR ANMC and review membership, expectations, scope, objectives, etc.
6	Run-ups	Further manage noise from engine run-ups.	6.1 Review existing engine run-ups procedures and directives with a focus on optimizing noise reduction opportunities at all non-GRE run-up locations.
GP 22	Performance Based Navigation (PBN) Procedures	Better understand the potential impacts associated with PBN procedures, and ensure that noise, emissions and capacity impacts of PBN are considered during implementation.	7.1 Support and participate in national discussions on PBN arrival and departure procedures through the Canadian Airports Council.
			7.2 Provide assistance with the evaluation of noise associated with PBN procedures, and assist with the review of altitudes when turns can be commenced, degree of turns, aircraft destination, RNAV departure routes or vectors, aircraft altitude over residential communities, etc.
			7.3 Undertake a study to determine and better understand potential flight routings associated with PBN arrival and departure procedures.
			7.4 Ensure community is advised before any changes to flight paths are implemented.
8	YVR Float Plane Operations	Further manage noise impacts from YVR float plane operations.	8.1 Continue ongoing dialogue and work with YVR float plane operators to assess ways to further manage noise. 8.2 Review current float plane operating procedures and routes and identify opportunities if any to mitigate noise.
9	Noise Abatement Procedures	Ensure procedures to manage noise remain relevant and current.	9.1 Undertake annual review of published Noise Abatement Procedures for YVR with the aim of ensuring clarity and continual improvement. 9.2 Undertake a gap analysis of the YVR Aeronautical Noise Management Program by comparing to other airports of similar size to identify opportunities for improvement in core program elements.
10	Managing Runway Demand	Ensure runway system at YVR is used effectively to reduce delays while managing noise impacts on the community.	10.1 Quantify current level of delays at YVR and associated costs.
			10.2 Assess airside capacity and determine optimal use of runway system.

2005 – 2027 Possible YVR Air Travel Low, Medium and High Growth Scenarios

Forecasts from governments, companies and agencies suggest that the global, national and local demand for air travel will grow between 2007 and 2027.

To ensure that YVR can meet future passenger and cargo needs, the Airport Authority has considered a range of possible air travel scenarios out to 2027 and developed low-, medium- and high-growth scenarios (see table below).

As with all projections, there are risks and uncertainties associated with these forecasts and they will require frequent review, discussion and adjustment.

Given the projected future growth of air traffic, and the emergence of Asian economies, it is imperative that YVR is positioned to capitalize on opportunities to support and contribute to the economy of British Columbia.

TABLE 1: 2027 FORECASTS – Low, Medium, High Growth Scenarios*				
SECTOR	2005 ACTUAL	2027 (LOW) 2027	(MEDIUM) 2027	2027 (HIGH)
Passengers (millions)	16.4	26.9	33.4	40.5
Runway (landings and takeoffs)	275,000	383,000	484,000	581,000
Cargo (tonnes)	223,700	400,000	500,000	600,000
* These forecasts were created in 2006 and will be updated as part of the upcoming update to the YVR Master Plan.				

Source: Except from 2014-2018 YVR NOISE Management Plan -Vancouver International Airport
Prepared by Vancouver Airport Authority Environment Department, August 2013.



City of Richmond

Report to Committee

To: General Purposes Committee
From: Andrew Nazareth
General Manager, Finance & Corporate Services
Robert Gonzalez, P.Eng.
General Manager, Engineering & Public Works
Date: November 5, 2013
File: 03-0970-01/2013-Vol 01
Re: 2014 Utility Budgets and Rates

Staff Recommendation

That the 2014 Utility Expenditure Budgets, as outlined under Option 1 for Water and Sewer, Option 3 for Drainage and Diking, and Option 2 for Solid Waste and Recycling, as contained in the Staff report dated November 5, 2013 from the General Manager of Finance & Corporate Services and General Manager of Engineering & Public Works, be approved as the basis for establishing the 2014 Utility Rates and preparing the 5 Year Financial Plan (2014-2018) Bylaw.

Andrew Nazareth
General Manager, Finance & Corporate Services
(4095)

Robert Gonzalez, P.Eng.
General Manager, Engineering & Public Works
(4150)

REPORT CONCURRENCE		
ROUTED TO: Finance Division	CONCURRENCE <input checked="checked" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW	APPROVED BY CAO

Staff Report

Origin

This report presents the recommended 2014 utility budgets and rates for Water, Sewer, Drainage and Solid Waste & Recycling. The utility rates need to be established by December 31, 2013 in order to facilitate charging from January 1, 2014.

Analysis

Key issues of note pertaining to the utility budgets in 2014 include:

- Metered rates have increased due to a number of variables. The primary driver relates to Greater Vancouver Sewerage and Drainage District (GVS&DD) and Greater Vancouver Water District (GVWD) operating cost increases.
- GVS&DD operating and maintenance (O&M) costs are increased by \$1.5 million (9%) which must be collected through the sewer utility rate. This increase is driven by Metro Vancouver debt retirement policy, increased operating costs for the Lulu Island Wastewater Treatment Plant and various infrastructure improvement projects. Significant, multi-year infrastructure improvement projects include Gilbert Trunk Sewer twinning and Iona and Lions Gate Wastewater Treatment Plant upgrades.
- GVS&DD debt costs are reduced by 91% (\$0.83 million) as a result of debt repayments. Debt costs are recovered through property taxes and don't directly impact utility rates; however, Metro Vancouver policy increases O&M costs the same amount as the retired debt, which directly impacts utility rates. For 2014, this policy represents 54% of the Metro Vancouver O&M increase.
- GVWD regional water rates are increased by 4% (from \$0.6054 per cubic meter to \$0.6296 per cubic meter [blended rate]).
- Metro Vancouver solid waste tipping fees have increased to \$108 per tonne for 2014 (from \$107 in 2013).

A significant component of the utility budget relates to replacement of ageing/deteriorating municipal infrastructure. As noted in the "Ageing Infrastructure Planning – 2013 Update" report presented to Council on October 15, 2013, increases in the annual capital funding contributions for sanitary and drainage are required to meet long-term infrastructure replacement targets, whereas the required annual capital replacement funding contribution for water has been met.

The long-term annual contribution required to maintain sanitary sewer infrastructure is \$6.4 million, whereas the current funding level is \$4.3 million. The long-term annual contribution required to maintain drainage infrastructure is \$10.4 million, whereas the current funding level is \$8.1 million. The annual water reserve contribution is \$7.5 million and is sufficient at this time to meet reserve funding requirements. Therefore, no increase in the annual reserve contribution for water is proposed. The 2014 budget figures outlined represent options for infrastructure replacement increases in drainage and sanitary only.

Recognizing the challenges of increasing costs outside of the City's control and those associated with maintaining City infrastructure, Staff has presented various budget and rate options for 2014. Budgets and rates are presented under three different options for each of the City's utilities. Option 1 presents the minimum increases necessary to meet those demands placed on the City by external or other factors outside of the City's direct control (e.g. regional or other agency increases, contractual obligations, plant growth, fuel, insurance, etc.) based on the same level of service. Options 2 and 3 present various actions the City can take to either reduce or increase the budget and rates depending on the varying circumstances and needs within each budget area. The various options are presented for each of the City utilities in the following tables:

- Water
- Drainage & Diking
- Sewer
- Sanitation and Recycling

The concluding summary of proposed rates for 2014 is shown in Tables 12 and 13.

Water Utility

Table 1. Water Utility Budget				
Key Budget Areas	2013 Base Level Budget	Option 1 (Recommended) Non-Discretionary Increases	Option 2 Non-Discretionary Increases with \$250,000 Reduction to Rate Stabilization Contribution	Option 3 Non-Discretionary Increases with \$500,000 Reduction to Rate Stabilization Contribution
Operating Expenditures	\$7,784,600			
2013 OBI Adjustment	\$32,700			
Salary		\$159,500	\$159,500	\$159,500
PW Materials/Equipment/Power Costs		\$20,300	\$20,300	\$20,300
Monthly Vehicles		\$12,400	\$12,400	\$12,400
Internal Shared Costs/ Postage / Cell Phones		\$6,300	\$6,300	\$6,300
Water Meter Reading and Maintenance		\$80,000	\$80,000	\$80,000
Toilet Rebate Program	\$150,000	(\$50,000)	(\$50,000)	(\$50,000)
GVRD Water Purchases (MV)	\$21,516,000	\$2,009,000	\$2,009,000	\$2,009,000
Capital Infrastructure Replacement Program / Asset Management System	\$7,550,000	\$0	\$0	\$0
Firm Price / Receivable	\$1,761,200	\$20,000	\$20,000	\$20,000
Residential Water Metering Program / Appropriated Surplus	\$1,400,000	(\$80,000)	(\$80,000)	(\$80,000)
Overhead Allocation	\$864,600	\$0	\$0	\$0
Total 2013 Base Level Budget	\$41,059,100	\$43,236,600	\$43,236,600	\$43,236,600
Total Incremental Increase		\$2,177,500	\$2,177,500	\$2,177,500
Revenues				
Apply Rate Stabilization Fund	(\$750,000)	\$0	\$250,000	\$500,000
Investment Income	(\$427,000)	\$0	\$0	\$0
Firm Price / Receivable Income	(\$1,761,200)	(\$20,000)	(\$20,000)	(\$20,000)
Meter Rental Income	(\$1,194,400)	(\$511,600)	(\$511,600)	(\$511,600)
Miscellaneous Revenue	(\$10,000)	\$0	\$0	\$0
Provision (Toilet Rebate / Flushing)	(\$301,100)	\$50,000	\$50,000	\$50,000
Provision (OBI Adjustment)	(\$32,700)	\$32,700	\$32,700	\$32,700
Net Budget	\$36,582,700	\$38,311,300	\$38,561,300	\$38,811,300
Net Difference from 2013 Base Level Budget		\$1,728,600	\$1,978,600	\$2,228,600

The following is an explanation of the budget reductions and increases outlined in Table 1:

Operating Expenditures

Operating expenses generally increased due to inflationary factors including:

- Salary increases as per union agreements;
- BC Hydro rate increases;
- Increasing material costs;
- Postage rate increases; and
- Vehicle fuel cost increases.

Toilet Rebate Program

All options recommend reducing the Toilet Rebate Program funding to \$100,000. In 2013, the program had a funding level of \$150,000. Approximately \$66,000 in toilet rebates have been issued to date in 2013 and Staff estimate that there will be an additional \$14,000 in rebates issued before the end of the year. As such, it is recommended that the program funding be reduced by \$50,000 to a funding level of \$100,000 to better match the current level of participation in this program. This program is funded through the Water provision (not the utility rates) and, as such, does not impact the water rates.

To date, approximately 3,800 toilets have been replaced through the Toilet Rebate Program. This program is one of the key water conservation programs for existing apartments, townhomes and single-family homes. The program includes a rebate of \$100 per toilet, with a maximum allowable rebate of \$200 per household replacing 6 litre (or more) toilets with 4.8 litre or 4.1 litre/6 litre dual-flush (or less) toilets.

GVRD Water Purchases – Metro Vancouver

Water is purchased from Metro Vancouver on a unit volume basis. Metro Vancouver has indicated that the unit rate for bulk water will increase from \$0.6054 per cubic meter to \$0.6296 per cubic meter (blended rate), or 4%, for 2014. The volume of water the City purchases from Metro Vancouver has a degree of variability, primarily due to weather impacts on summer irrigation demand. The total volume estimated for budget purposes is based on average City water demand over the last 5 years. The variability in the demand during this period has been approximately plus or minus 5%, and a similar variability can be anticipated in the 2014 water purchase.

Capital Infrastructure Replacement Program

There are no proposed increases for contribution to water capital infrastructure replacement under any of the proposed options. The annual capital contribution for water-related infrastructure replacement has reached \$7.5 million, plus \$50,000 for future upgrade/replacement of the asset management system. Per the “Ageing Infrastructure Planning – 2013 Update” report presented to Council on October 15, 2013, the long-term annual water infrastructure replacement funding requirement is \$7.2 million. A reduction in the annual funding contribution is not recommended as inflation will reduce the difference in the medium term. Staff will continue to undertake further assessments to determine infrastructure replacement requirements going forward and identify any recommended changes to the annual contribution, if required.

Residential Water Metering Program

Currently, \$1.4 million is allocated annually to the residential water metering program. The proposed budget re-allocates \$80,000 of this funding for meter reading and maintenance, thereby reducing the

Residential Water Metering Program budget to \$1.32 million. Council has endorsed a mandatory single-family water meter program to be completed over the next 5 years. Given this program, the funding requirement will diminish over the next 5 years. Accordingly, Staff are proposing that the additional cost for meter maintenance and replacement be offset by a corresponding reduction in meter installation funding.

Universal Single-Family Water Metering: Building on the success of the Volunteer Single-Family Water Meter Program, the City is implementing universal metering for remaining unmetered single-family homes. Universal single-family metering has a target completion of 5 years. To support this program, a capital submission has been included in the 2014 Capital Program to utilize \$600,000 from the Capital Infrastructure Replacement Program for installation of mandatory single-family water meters. Utilizing this funding strategy will help the City avoid large fluctuations in the overall water utility budget when the universal single-family metering program concludes at the end of 2018.

Multi-Family Water Meter Program: The City's Multi-Family Water Meter Program has been very successful. To date, the City has received approval from 127 volunteer complexes (comprising 7,883 multi-family dwelling units) to install water meters. Of these, 121 complexes have been completed (7,640 units), including 47 apartment complexes (5,079 units) and 70 townhouse complexes (2,121 units). These voluntary installations will continue to be funded through the water metering program funding allocation.

Metered Rate

From inception, the metered rate has included an incentive to encourage those on the flat rate to switch to meters. As endorsed by Council, over the next 5 years the City will complete universal metering of single-family customers and the number of multi-family residential volunteers will continue to grow. As metering becomes the typical method of water billing and the number of flat rate customers decline, most customers will pay for the actual amount of water they use instead of an estimated quantity. Given that the average metered customer uses less water than the estimated quantity for a flat rate customer, the metered rate must be adjusted to ultimately harmonize with the financial requirements of the Water Utility. This harmonization began in 2013 with a metered rate increase that was larger than the flat rate increase. The proposed 2014 rates are a continuation of this trend. The tables presented in this report detail the impacts of proposed budget options on both metered and flat rate customers.

Water Rate Stabilization Contribution

The rate stabilization fund was established by Council as a tool to offset anticipated spikes in regional water purchase costs. Capital projects associated with the Capilano Seymour Water Filtration Plant are substantially complete and the forecasted spike in rate increases is being realized. The base level budget currently reflects a \$750,000 drawdown from the water rate stabilization fund. Option 1 (recommended) maintains the \$750,000 drawdown of the rate stabilization fund, while Options 2 and 3 include reducing the drawdown to \$500,000 and \$250,000 respectively.

By the end of 2013, the water stabilization account will have a balance of \$4.4 million plus any surplus that is allocated to this account at year-end.

Regional Issues

The Regional District increases support the drinking water treatment program and transmission improvement programs. Metro Vancouver's current 5-year projections for the regional water rate are outlined in Table 2.

Table 2. Metro Vancouver Bulk Water Rate Projections					
	2014	2015	2016	2017	2018
Projected Metro Vancouver Water Rate (per m ³)	\$.6296	\$.6806	\$.7344	\$.7976	\$.8367
% Increase Over Prior Year	4%	8.1%	7.9%	8.6%	4.9%

Impact on 2014 Water Rates

The impact of the three budget options on water rates is shown in Tables 3 and 4. Table 3 shows the various options for metered rate customers; Table 4 shows the options for flat rate customers.

Option 1 (recommended) results in the lowest rates as it includes the highest rate stabilization fund drawdown. Options 2 and 3 have increasingly higher rates as they include lower contributions from the rate stabilization fund. The percentage increase of the recommended Option 1 is lower than the Metro Vancouver increase, as efficiencies in City operations and well-managed budgets have allowed the City to mitigate cost impacts from Metro Vancouver.

Table 3. Net Metered Rate Water Options				
Customer Class	2013 Rates	Option 1 (Recommended)	Option 2	Option 3
Single-Family Dwelling (based on 300 m ³ average)	\$323.34	\$332.88 \$9.54	\$335.52 \$12.18	\$338.07 \$14.73
Townhouse (based on 210 m ³ average)	\$226.34	\$233.02 \$6.68	\$234.86 \$8.53	\$236.65 \$10.31
Apartment (based on avg. 163 m ³ average)	\$175.68	\$180.86 \$5.18	\$182.30 \$6.62	\$183.68 \$8.00
Metered Rate (\$/m ³)	\$1.0778	\$1.1096 \$.0318	\$1.1184 \$.0406	\$1.1269 \$.0491

*Metered rates above do not include base rates.

Table 4. Net Flat Rate Water Options				
Customer Class	2013 Rates	Option 1 (Recommended)	Option 2	Option 3
Single-Family Dwelling	\$577.95	\$589.19 \$11.24	\$592.24 \$14.29	\$595.55 \$17.60
Townhouse	\$473.11	\$482.32 \$9.21	\$484.81 \$11.70	\$487.52 \$14.41
Apartment	\$304.87	\$310.80 \$5.93	\$312.41 \$7.54	\$314.16 \$9.29

The rates outlined in Tables 3 and 4 are net rates. The Water Bylaw provides a 10% discount for utility bills paid prior to a deadline. The net rates shown will be increased by 10% in the supporting bylaws to provide for the discount incentive while ensuring appropriate cost recovery.

Advantages/Disadvantages of Various Options**Option 1 (recommended)**

- Represents the minimum increase necessary to sustain operations, while maintaining business as usual.
- Includes a \$50,000 reduction to the toilet rebate program to more accurately reflect current levels of program participation.
- Updates water operating expenditures to include \$80,000 for water meter reading and maintenance.
- Maintains the \$750,000 subsidy from the water rate stabilization fund.

Option 2

- Represents the minimum increase necessary to sustain operations, while maintaining business as usual.
- Includes a \$50,000 reduction to the toilet rebate program to more accurately reflect current levels of program participation.
- Updates water operating expenditures to include \$80,000 for water meter reading and maintenance.
- Reduces the subsidy from the water rate stabilization fund to \$500,000.

Option 3

- Represents the minimum increase necessary to sustain operations, while maintaining business as usual.
- Includes a \$50,000 reduction to the toilet rebate program to more accurately reflect current levels of program participation.
- Updates water operating expenditures to include \$80,000 for water meter reading and maintenance.
- Reduces the subsidy from the water rate stabilization fund to \$250,000.

Recommended Option

Staff recommends the budgets and rates outlined under Option 1 for Water Services. This option maintains infrastructure funding levels above those identified in the “Ageing Infrastructure Planning – 2013 Update” report, facilitates a 5-year program to universally meter single-family homes, and allows for volunteer water metering of multi-family homes. It reduces the toilet rebate budget to a level that matches current levels of program participation and maintains a \$750,000 drawdown of the rate stabilization fund to minimize rate increases.

Sewer Utility

Table 5. Sewer Utility Budget				
Key Budget Areas	2013 Base Level Budget	Option 1 (Recommended) Non-Discretionary Increases with Operating Efficiencies	Option 2 Applying Operating Efficiencies in Option 1 to Capital Infrastructure Replacement Program	Option 3 Reducing Rate Stabilization Contribution
Operating Expenditures	\$4,658,800			
2013 OBI Adjustment	\$10,000			
Salary		\$70,400	\$70,400	\$70,400
PW Materials/Equipment		(\$96,700) ¹	(\$96,700) ¹	(\$96,700) ¹
Monthly Vehicles		\$25,700	\$25,700	\$25,700
Internal Shared Costs/ Postage / Cell Phones		\$1,100	\$1,100	\$1,100
Power Costs		(\$10,500) ²	(\$10,500) ²	(\$10,500) ²
GVS&DD O&M (MV)	\$17,350,900	\$1,517,000	\$1,517,000	\$1,517,000
GVS&DD Debt (MV)	\$916,700	(\$831,000)	(\$831,000)	(\$831,000)
Capital Infrastructure Replacement Program / Asset Management System	\$4,306,400	\$0	\$120,000	\$0
Firm Price / Receivable	\$580,000	\$6,300	\$6,300	\$6,300
Overhead Allocation	\$498,200	\$0	\$0	\$0
Operating Debt	\$157,800	(\$157,800)	(\$157,800)	(\$157,800)
Total 2013 Base Level Budget	\$28,478,800	\$29,003,300	\$29,123,300	\$29,003,300
Total Incremental Increase		\$524,500	\$644,500	\$524,500
Revenues				
Apply Rate Stabilization Fund	(\$500,000)	\$0	\$0	\$300,000
Debt Funding	(\$42,600)	\$42,600	\$42,600	\$42,600
Investment Income	(\$166,000)	\$0	\$0	\$0
Firm Price / Receivable Income	(\$580,000)	(\$6,300)	(\$6,300)	(\$6,300)
Property Tax for DD Debt (MV)	(\$916,700)	\$831,000	\$831,000	\$831,000
Provision (OBI Adjustment)	(\$10,000)	\$10,000	\$10,000	\$10,000
Net Budget	\$26,263,500	\$27,665,300	\$27,785,300	\$27,965,300
Net Difference from 2013 Base Level Budget		\$1,401,800	\$1,521,800	\$1,701,800

¹ Combines \$100,000 efficiency and \$3,300 inflationary increase for an overall \$96,700 reduction.² Combines \$20,000 efficiency and \$9,500 inflationary increase for an overall \$10,500 reduction.

A description explaining the increases and budget reductions in each of the areas identified above is described below.

Operating Expenditures

Operating expenses generally increased due to inflationary factors including:

- Salary increases as per union agreements;
- BC Hydro rate increases;
- Increasing materials costs;
- Postage rate increases; and
- Monthly vehicle increase due to a new service utility vehicle for sanitary pump stations.

Efficiencies

Sewer Services has identified efficiencies in materials and power purchases that are reflected in this budget. The materials efficiency is valued at \$100,000. When combined with inflationary increases of \$3,300, Public Works materials and equipment has an overall decrease of \$96,700. An efficiency of \$20,000 has been identified in hydro power consumption. An inflationary increase in hydro power costs of \$9,500 combines with the efficiency resulting in a decrease in power costs of \$10,500.

GVS&DD Operating and Maintenance Costs – Metro Vancouver

Greater Vancouver Sewerage and Drainage District O&M charges are increased by approximately \$1.52 million (9%). There are two reasons for this increase.

\$685,952 (45%) of this increase relates principally to the operation of the Lulu Island Wastewater Treatment Plant and the Gilbert Trunk Sewer twinning project. Other Metro Vancouver projects that influence the O&M rate are the replacement of the Lions Gate and Iona wastewater treatment plants.

The second driver is a Metro Vancouver policy regarding retiring debt. When sanitary sewer debt is retired or matures, the value of the retired debt charge is transferred to the O&M budget. For 2014, Metro Vancouver is retiring \$831,033 in debt charges for Richmond. While there will be a corresponding decrease in property tax recovery (debt charges are recovered from property tax), there is a corresponding \$831,033 increase in the Metro Vancouver O&M charges, which represents 55% of the O&M increase.

GVS&DD District Debt

As noted above, GVS&DD debt costs are reduced by \$831,033 (91%). These debt costs are recovered from property taxes; therefore, the required recovery from property tax is reduced. However, this reduction will generate an increase to the O&M charges as described above.

The overall/combined net impact of regional costs (operating/maintenance and debt) to the City is a 3.9% increase in Metro Vancouver charges.

Capital Infrastructure Replacement Program

Options 1 and 3 maintain the annual contribution to the sewer infrastructure capital replacement program at \$4.25 million (the remaining \$50,000 portion is earmarked for future upgrade/replacement of the asset management system). The “Ageing Infrastructure Planning – 2013 Update” report noted that the annual funding contribution required to support long-term sustainability is \$6.4 million. The current funding gap is \$2.15 million. Option 2 utilizes \$120,000 in materials and power efficiencies to increase contributions to the capital infrastructure replacement program for a total of \$4.37 million. Staff recommend the

funding level be maintained at current levels or \$4.25 million at this time given the significant Metro Vancouver cost increase.

Metro Vancouver Special Permit ICI Users Adjustment

This change in the sewer rate structure prevents double billing businesses that have special discharge permits. The City has 44 commercial sanitary sewer customers that hold special permits to discharge liquid waste into the Metro Vancouver sanitary sewer system. These permits are primarily required due to the volume of liquid waste produced by these customers and/or the nature of the waste being discharged. Metro Vancouver has changed the manner in which these customers are charged. Previously, these customers were surcharged based on the content of their waste, with the volume and treatment plant charges being collected through the Sewer Levy. The City's current rate structure was developed based on this strategy. Metro Vancouver has shifted the volume and treatment plant charges for special permit customers out of the sewer levy and into the permit fees charged to these customers. Based on this change, Staff will introduce a reduced rate for special permit customers that does not include the Metro Vancouver volume and treatment charges.

Sewer Rate Stabilization Contribution

The sewer rate stabilization fund was established to offset significant spikes in regional sewer treatment and capacity costs. The sewer rate stabilization account is projected to have a \$5.7 million balance by the end of 2013. Any surplus in the sewer operating budget will add to this balance.

Options 1 and 2 maintain the \$500,000 drawdown on the sewer rate stabilization fund to partially offset Metro Vancouver O&M increases. Option 3 applies \$120,000 in materials and power efficiencies to reduce the water rate stabilization drawdown to \$380,000.

Regional Issues

The main budget drivers impacting the projected increase in Metro Vancouver costs include a variety of capital infrastructure projects, such as the Gilbert Trunk Sewer twinning project, and the Lions Gate and Iona waste water treatment plant upgrades. Metro Vancouver projections indicate a 3.9% sewer levy increase (combined debt reduction and O&M cost increases) for Richmond in 2014. Staff estimate the sewer levy will increase an average of 8% per year based on trends in regional O&M costs. The O&M increases are recovered through sewer utility rates.

Impact on 2014 Sewer Rates

The impact of the three budget options on the sewer rates is shown in Tables 6 and 7. Table 6 shows the options for metered rate customers; Table 7 shows the options for flat rate customers. There is a larger percentage increase for metered customers than for flat rate customers, which will reduce the meter incentive and harmonize metered rates with sewer utility funding requirements.

Table 6. Net Metered Rate Sewer Options				
Customer Class	2013 Rates	Option 1 (Recommended)	Option 2	Option 3
Single Family Dwelling (based on 300 m ³ average)	\$278.61	\$289.35 \$10.74	\$290.88 \$12.27	\$294.42 \$15.81
Townhouse (based on 210 m ³ average)	\$195.03	\$202.55 \$7.52	\$203.62 \$8.59	\$206.09 \$11.07
Apartment (based on 163 m ³ average)	\$151.38	\$157.21 \$5.83	\$158.04 \$6.67	\$159.97 \$8.59
Metered Rate (\$/m ³)	\$.9287	\$0.9645 \$.0358	\$.9696 \$.0409	\$.9814 \$.0527

Table 7. Net Flat Rate Sewer Options				
Customer Class	2013 Rates	Option 1 (Recommended)	Option 2	Option 3
Single Family Dwelling	\$385.38	\$395.45 \$10.07	\$396.74 \$11.36	\$399.87 \$14.49
Townhouse	\$352.61	\$361.83 \$9.22	\$363.01 \$10.40	\$365.88 \$13.27
Apartment	\$293.68	\$301.35 \$7.67	\$302.33 \$8.65	\$304.72 \$11.04

The rates outlined in Tables 6 and 7 are net rates. The bylaw provides a 10% discount for utility bills paid prior to a deadline. The net rates shown will be increased by 10% in the supporting bylaws to provide for the discount incentive while ensuring appropriate cost recovery.

Advantages/Disadvantages of Various Options

Option 1 (recommended)

- Represents the status quo with minimum inflationary increases and \$120,000 in materials and power efficiencies.
- Includes efficiencies in City operations, which mitigate the overall rate increase, which is mainly driven by Metro Vancouver operational cost increases.
- Does not meet the City's long-term infrastructure plan to increase the capital program for replacement of ageing infrastructure. Capital replacement remains fixed at \$4.25 million for 2013, which represents an annual \$2.15 million shortfall from the funding recommended in the "Ageing Infrastructure Planning – 2013 Update" report. The ultimate objective is to build the annual infrastructure replacement for sewer to \$6.4 million.
- Utilizes a \$500,000 drawdown from the sewer levy stabilization account to minimize the impact of regional increases on sewer rates.

Option 2

- Represents the minimum increase necessary to sustain operations, while maintaining existing service levels.
- Utilizes \$120,000 in materials and power efficiencies to increase funding of the Capital Infrastructure Replacement Program to \$4.37 million. This is in alignment with the long-term goal to build the sewer infrastructure replacement program to \$6.4 million, and reduces the annual shortfall to \$2.03 million.

- Utilizes a \$500,000 drawdown from the sewer levy stabilization account to minimize the impact of regional increases on sewer rates.

Option 3

- Represents the minimum increase necessary to sustain operations, while maintaining existing service levels.
- Does not meet the City's long-term infrastructure plan to increase the capital program for replacement of ageing infrastructure. Capital replacement remains fixed at \$4.25 million for 2013, which represents an annual \$2.15 million shortfall from the funding recommended in the "Ageing Infrastructure Planning – 2013 Update" report. The ultimate objective is to build the annual infrastructure replacement for sewer to \$6.4 million.
- Includes a \$300,000 reduction in rate stabilization drawdown.

Recommended Option

In light of the considerable impact of the Metro Vancouver operations and maintenance charges, Staff recommend the budgets and rates outlined under Option 1 for Sewer Services.

Drainage and Diking Utility

Table 8. Drainage and Diking Net Rate Options				
Utility Area	2013 Rates	Option 1	Option 2	Option 3 (Recommended)
Drainage	\$110.31	\$110.31	\$115.31	\$120.31
Diking	\$10.00	\$10.00	\$10.00	\$10.00
Total Drainage & Diking	\$120.31	\$120.31	\$125.31	\$130.31
<i>Increase Over 2013</i>		<i>\$0</i>	<i>\$5.00</i>	<i>\$10.00</i>

The rates outlined in the above tables are net rates. The bylaw provides a 10% discount for utility bills paid prior to a deadline. The net rates shown will be increased by 10% in the supporting bylaws to provide for the discount incentive while ensuring appropriate cost recovery.

Background

Drainage

In 2003, a drainage utility was created to develop a reserve fund for drainage infrastructure replacement costs. The objective, as outlined in the "Ageing Infrastructure Planning – 2013 Update" report, is to build the fund to an anticipated annual contribution of approximately \$10.4 million, subject to ongoing review of the drainage infrastructure replacement requirements.

As adopted by Council in 2003, the rate started at \$10 (net) per property and is increased an additional \$10 each year until such time as the \$10.4 million annual reserve target is reached. This can be achieved in two years. The net rate in 2013 was \$110.31, resulting in approximately \$8.13 million being collected towards drainage services.

Option 1 presents no increase from 2013; Option 2 has an increase of \$5; Option 3 (recommended) includes the full increase of \$10, as per prior Council approvals. The recommended increase under Option 3 will result in approximately \$9 million in annual reserve contributions for drainage in 2014. A continued increase in capital contributions for drainage is recommended due to the importance of drainage infrastructure in Richmond.

Diking

An annual budget amount of approximately \$600,000 was established in 2006 to undertake structural upgrades at key locations along the dike, which equated to a net charge of \$10 per property. Continued annual funding is required to support studies and dike upgrades required to protect the City from long-term sea level rise due to climate change. There is no increase proposed to the \$10 net rate for 2014. This will result in revenues of approximately \$749,400 in 2014, based on total estimated number of properties in Richmond.

Recommended Option

Staff recommends the budgets and rates outlined under Option 3 for Drainage and Diking Services.

Solid Waste and Recycling

Table 9. Solid Waste & Recycling Budget

Key Budget Areas	2013 Base Level Budget	Option 1 Non-Discretionary Increases	Option 2 (Recommended) Includes Funding for Pilot Weekly/Bi- Weekly Collection	Option 3 Multi-Family Food Scraps Pilot Funded from Utility Rates
Salaries	\$2,077,700	\$111,300	\$111,300	\$111,300
Contracts	\$5,556,400	\$458,400	\$558,400	\$558,400
Equipment/Materials	\$428,300	\$27,700	\$252,700	\$252,700
Metro Disposal Costs (MV)	\$1,753,800	\$56,800	\$56,800	\$56,800
Recycling Materials Processing	\$1,104,700	\$43,600	\$43,600	\$43,600
Container Rental/Collection	\$149,300	\$12,000	\$12,000	\$12,000
Operating Expenditures	\$158,300	\$29,700	\$29,700	\$29,700
Internal Shared Costs	\$159,200	\$1,400	\$1,400	\$1,400
Agreements	\$171,300	\$2,900	\$2,900	\$2,900
Rate Stabilization	\$138,700	(\$61,700)	(\$61,700)	(\$61,700)
Total 2013 Base Level Budget	\$11,697,700	\$12,379,800	\$12,704,800	\$12,704,800
Total Incremental Increase		\$682,100	\$1,007,100	\$1,007,100
Revenues				
Apply General Solid Waste and Recycling Provision	(\$205,500)	(\$244,500)	(\$344,500)	\$105,500
Recycling Material	(\$781,400)	\$211,800	\$211,800	\$211,800
Garbage Tags	(\$17,500)	\$0	\$0	\$0
Revenue Sharing Grant	\$0	(\$2,100)	(\$2,100)	(\$2,100)
Allocation from Capital	\$0	\$0	(\$225,000)	(\$225,000)
Net Budget	\$10,693,300	\$11,340,600	\$11,340,600	\$11,790,600
Net Difference Over 2013 Base Level Budget		\$647,300	\$647,300	\$1,097,300

A description explaining the increases and budget reductions in each of the areas outlined above is outlined below.

Salaries

Salary cost increases under all options correspond with collective agreements. Approximately one-half of the increase (\$52,200) is for temporary staffing to support the multi-family organics recycling pilot program, which runs through to the end of 2014. There is no impact to the rates associated with the temporary support component of this increase under Options 1 and 2 as all costs for the multi-family pilot organics program are offset by a contribution from provision. Option 3 includes recovery of the temporary support component from rates.

Contracts

Option 1 contract costs relate to non-discretionary increases for solid waste and recycling collection services as outlined in Council-approved agreements. In addition, contract costs include the full year implementation for the Green Cart program and large item pickup programs, which were approved by Council on September 24, 2012 and commenced in June, 2013. The total increased annual operating cost of these programs is approximately \$950,000, of which \$550,000 was reflected in the 2013 budget and rates (due to the June start date) and the balance of costs (or \$400,000) is included in the budget and rates for 2014. These programs impact the rate only to those residents who benefit from these services, i.e. single-family and townhome residents. There is no impact to the rates for multi-level multi-family residents associated with these new programs. Contract costs also include a portion related to the multi-family pilot organics program, which is offset by a contribution from provision under Options 1 and 2. Option 3 includes recovery of these contract costs from rates.

Weekly vs. Bi-Weekly Garbage Collection Pilot

Option 2 contract costs include an additional estimated amount to undertake a six-month pilot program for cart-based weekly vs. bi-weekly garbage collection (\$100,000). As background, the Public Works and Transportation Committee, at their October 23, 2013 meeting, requested that Staff formulate a 6-month pilot program to test the recycling and environmental performance of weekly vs. bi-weekly garbage collection using carts. The purpose of the pilot would be to gain information on which approach produces better results for recycling diversion performance and other environmental benefits from which to formulate a full-scale program. Staff will bring forward a separate report with further information and seek approval for the proposed pilot program. Costs for the 6-month pilot have been included with this report for Council's consideration in order to secure the funding at this opportune time in the event Council's wishes to proceed with the pilot. The additional costs relates to the fact that additional equipment is required for this service due to the additional time required to service carts compared to cans. The amount is proposed to be offset from a contribution from provision, thereby having no impact on rates under all Options.

Equipment/Materials

Material costs are increased associated with demand requirements as well as costs for Green Cart replacements due to wear and tear (breakage, damage, etc.) as well as to accommodate growth under this program.

Weekly vs. Bi-Weekly Garbage Collection Pilot

Equipment/materials costs under Options 2 and 3 include estimated costs for acquisition of carts for the cart-based weekly vs. bi-weekly collection pilot (\$225,000). There is available funding in the existing capital project for the Green Cart program previously approved by Council to fund the purchase of the carts needed for the pilot program. Therefore, the offset for this cost is shown in the revenue portion of the table "Allocation from Capital".

Metro Vancouver Disposal Costs (MV)

The regional tipping fee is increased by \$1.00/tonne for 2014, from \$107/tonne to \$108/tonne. Single-family residential waste volumes are declining in Richmond due to implementation of recycling initiatives such as the Green Cart program. The increased amount of \$56,800 is net of the reduction in costs for single-family waste disposal plus the estimated cost for waste disposal from the multi-family pilot organics program. This pilot program includes an option for City provided waste disposal for those multi-family complexes in the program as part of measuring waste reduction performance and evaluating overall waste management costs. This increased amount does not impact the rates charged to residents under Options 1 and 2 since it is offset by a contribution from provision associated with the multi-family pilot organics program. Option 3 includes recovery of the portion relating to the multi-family pilot organics program from the rates.

Regional tipping fee projections are outlined below. Increases are anticipated as part of helping to drive additional recycling as well as managing increased infrastructure:

Table 10. Metro Vancouver Tipping Fee Projections					
	2014	2015	2016	2017	2018
Projected Metro Vancouver Tipping Fee/Tonne	\$108	\$119	\$137	\$151	\$157
% Increase from Prior Year	1%	10%	15%	10%	4%

Recycling Materials Processing

Recycling materials processing costs are increased associated primarily with the multi-family pilot organics recycling program, which are offset by a contribution from provision for this program under Options 1 and 2. Under Option 3, these costs are funded from rates. A portion of the costs under all options are attributed to the addition of Styrofoam at the City's Recycling Depot as approved by Council at their July 22, 2013 meeting.

Container Rental/Collection and Operating Expenditures

Container rental/collection costs are increased associated with the addition of Styrofoam at the Recycling Depot. Operating expenditures are increased associated with the Green Cart and Large Item collection programs in accordance with costs previously identified as part of these initiatives.

Agreements

Agreement costs are increased slightly based on the consumer price index and contractual increase with Vancouver Coastal Health Authority for the City's public health protection service agreement.

Rate Stabilization

The contribution to rate stabilization is reduced to help minimize the impact on rates.

Revenues – General Solid Waste and Recycling Provision

The contribution from the general solid waste and recycling provision is increased under Option 1 to a total of \$450,000 to offset the total annual cost impact of the multi-family pilot organics program.

The increased amount drawn from the provision under Option 2 (to \$550,000) represents the offset to the anticipated additional collection costs for the weekly vs. bi-weekly garbage collection pilot. By offsetting the cost, there is no impact to the rates charged to residents. It is typical to offset these costs from provision for pilot initiatives since they are designed to help the City gather information to formulate future programs.

The contribution from provision is reduced to \$100,000 under Option 3 to offset only the weekly vs. bi-weekly garbage collection pilot. Costs for the multi-family pilot organics program are not offset under Option 3, resulting in full cost recovery for this program from rates.

Recycling Material Revenues

Revenues from the sale of recycling commodities are decreased as a result of declining market prices for these materials based on the 2013 experience to date. Revenues from recycling materials are subject to market conditions and can vary greatly from year to year. The City bears the risk and absorbs the loss during down markets but also benefits from any gains directly during strong markets. As such, revenue amounts shown are estimates only. Revenues from the sale of recycling materials are applied against expenditures to help offset rates.

Allocation from Capital

As noted under the “Equipment/Materials” section above, the \$225,000 amount reflects existing available funding within the existing Green Cart acquisition project previously approved by Council which Staff suggest be used to fund the purchase of the garbage carts required for the weekly vs. bi-weekly garbage collection pilot program.

Impact on 2014 Rates

The impact of the budget options to ratepayers is provided in the table which follows. It should be noted that the cost increases in 2014 under Options 1 and 2 are principally associated with the expanded food scraps/large item pick up program. These costs are reflective of the full annual operating costs for these programs. The rates in 2013 reflected roughly 60% of total annual costs due to implementation in June, 2013. The 2014 rates include the balance of the full annual program costs.

Option 3 costs reflect full cost recovery for the multi-family pilot organics program from rates.

Staff recommends Option 2 as it includes full funding for all programs. In addition, all costs associated with the multi-family pilot organics program and the proposed weekly vs. bi-weekly garbage collection pilot are fully offset from provision under this option.

Table 11. Solid Waste and Recycling Net Rate Options				
Customer Class	2013 Rates	Option 1	Option 2 (Recommended) Includes Funding for Pilot Weekly/Bi- Weekly Collection	Option 3 Multi-Family Food Scraps Pilot Funded from Utility Rates
Single Family Dwelling	\$251.40	\$263.80 \$12.40	\$263.80 \$12.40	\$270.05 \$18.65
Townhouse	\$197.90	\$224.00 \$26.10	\$224.00 \$26.10	\$230.25 \$32.35
Apartment	\$51.45	\$54.40 \$2.95	\$54.40 \$2.95	\$60.80 \$9.35
Business Rate	\$25.76	\$26.75 \$0.99	\$26.75 \$0.99	\$26.75 \$0.99

As noted previously within the water and sewer sections, the above rates are net rates and will be increased by 10% in the rate amending bylaws in accordance with the bylaw early payment discount provisions.

Regional Issues

As previously noted, the regional tipping fee is increased to \$108/tonne in 2014. Key drivers impacting regional costs include landfill management contracts, costs for managing fly and bottom ash, proposed contributions to recycling depot operations, and expected decreases in waste quantities disposed. Key actions at the regional level in 2014 will include further progress and consultation toward implementation of the organics disposal ban in 2015, identification of potential sites for waste to energy capacity, implementation of the Waste Flow Management Bylaw and Strategy (subject to provincial approval) as well as other related initiatives. Projections continue to be based on achieving approximately 70% diversion by 2015.

Costs for regional and local government initiatives identified in the Integrated Solid Waste and Resource Management Plan are other factors that will impact costs going forward. For its part, the City's key actions in 2014 will be implementing organics recycling programs for all residents in preparation for the regional organics disposal ban as well as additional initiatives to reduce overall waste disposed.

Recommended Option

Staff recommends the budgets and rates as outlined under Option 2 for Solid Waste and Recycling. This option provides full funding for all existing programs as well as establishes the estimated funding to undertake a weekly vs. bi-weekly cart-based garbage collection pilot program in 2014.

Total Recommended 2014 Utility Rate Option

In light of the significant challenges associated with the impacts of regional costs and new programs in the City, Staff recommend the budget and rates options as follows:

- Option 1 is recommended for Water and Sewer
- Option 3 is recommended for Drainage and Diking
- Option 2 is recommended for Solid Waste and Recycling

Table 12 summarizes the estimated total metered rate utility charge, based on average water and sewer consumption. Table 13 summarizes the total flat rate utility charge.

Table 12. 2014 Estimated Total Net Rates to Metered Customers		
Customer Class	2013 Estimated Net Metered Rates	2014 Estimated Net Metered Rates (Recommended)
Single-Family Dwelling (based on 300 m ³ average)	\$973.66	\$1,016.34 \$42.68
Townhouse (on City garbage service) (based on 210 m ³ average)	\$739.58	\$789.87 \$50.30
Townhouse (not on City garbage service) (based on 210 m ³ average)	\$633.58	\$683.67 \$50.10
Apartment (based on 163 m ³ average)	\$498.82	\$522.79 \$23.97
Commercial/Industrial		
Metered Water (\$/m ³)	\$1.0778	\$1.1096 \$.0318
Metered Sewer (\$/m ³)	\$0.9287	\$.9645 \$.0358
Business: Garbage	\$25.76	\$26.75 \$0.99
Business: Drainage & Diking	\$120.31	\$130.31 \$10.00

As 70% of single-family dwellings are on meters, the metered charges in Table 12 are representative of what the majority of residents in single-family dwellings would pay vs. the flat rate charges outlined in Table 13.

Table 13. 2014 Total Net Rates to Flat Rate Customers		
Customer Class	2013 Net Flat Rates	2014 Net Flat Rates (Recommended)
Single-Family Dwelling	\$1,335.04	\$1,378.75 \$43.71
Townhouse (on City garbage service)	\$1,143.93	\$1,198.46 \$54.53
Townhouse (not on City garbage service)	\$1,037.93	\$1,092.26 \$54.33
Apartment	\$770.31	\$796.86 \$26.55

As noted previously, the rates highlighted in this report reflect the net rates. This is the actual cost that property owners pay after the 10% discount incentive is applied, as outlined in the rate bylaws. The discount incentive provided in the bylaws is a very effective strategy in securing utility payments in a timely manner. To ensure full cost recovery while maintaining the payment incentive, the bylaw rates are adjusted by the discount amount. The recommended rates outlined above result in gross rate charges to

residents as outlined in Attachment 1. These rates would be reflected in the amending bylaws for each utility area, should they be approved by Council.

Flat Rate and Metered Customers

The residential metering program has been successful in transitioning the majority of single-family households from flat rates. Approximately 70% of single-family homes are now on meters. The majority of townhouses and apartments are still on flat rate; however, the number with meters will continue to increase with the volunteer and mandatory water meter programs for multi-family dwellings. The number of units by customer class, including those on meters, is shown below. The number of units will vary to some degree based on the type of service (e.g. some units are not on sewer service); therefore, the following is based on the water services unit count:

Table 14. Flat Rate and Metered Property Unit Counts				
		2013 Counts	2014 Counts (Estimated)	Difference
Single-Family Residential	Flat Rate (30%)	8,573	7,273	(1,300)
	Metered (70%)	20,172	21,632	1,460
Townhouse	Flat Rate (78%)	12,485	12,235	(250)
	Metered (22%)	3,538	4,508	970
Apartment	Flat Rate (59%)	16,137	15,387	(750)
	Metered (41%)	7,957	10,187	2,230
Total Residential Units		68,862	71,222	2,360
Commercial Units	Metered	3,848	3,858	10
Farms	Metered	48	48	0

Comparison of 2013 City Utility Rates to Other Major Household Expenses

In relation to other common household expenses, City utility expenses represent good value when compared with other daily major household expenses such as telephone, cable, internet, electricity, transit and others. Water, sewer, garbage and drainage utility services are fundamental to a quality lifestyle for residents as well as necessary infrastructure to support the local economy. The following Figure 1 illustrates the value of these services when compared to other common household expenses.

Figure 1. Cost Comparison of Main Household Expenses for a Single-Family Dwelling

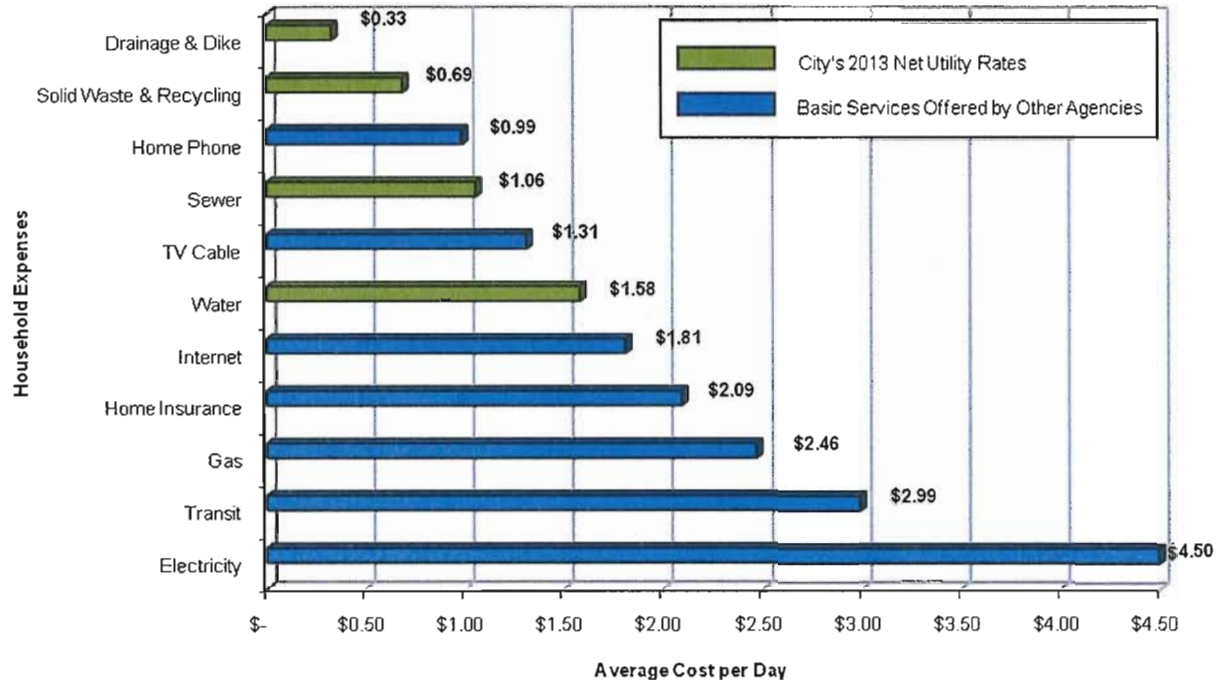


Figure 1 Reference REDMS 4025829

Source: BC Hydro, Fortis BC, TD Insurance, Translink

Financial Impact

The budgetary and rate impacts associated with each option are outlined in detail in this report. In all options, the budgets and rates represent full cost recovery for each City service.

The key impacts to the recommended 2014 utility budgets and rates stem from the need to reallocate fixed water/sewer system costs over a smaller volume base due to increased residential metering, increases in regional water rates and sewer levy, and total funding amounts for new programs in recycling and solid waste management. Staff recommend the budget and rates options as follows:

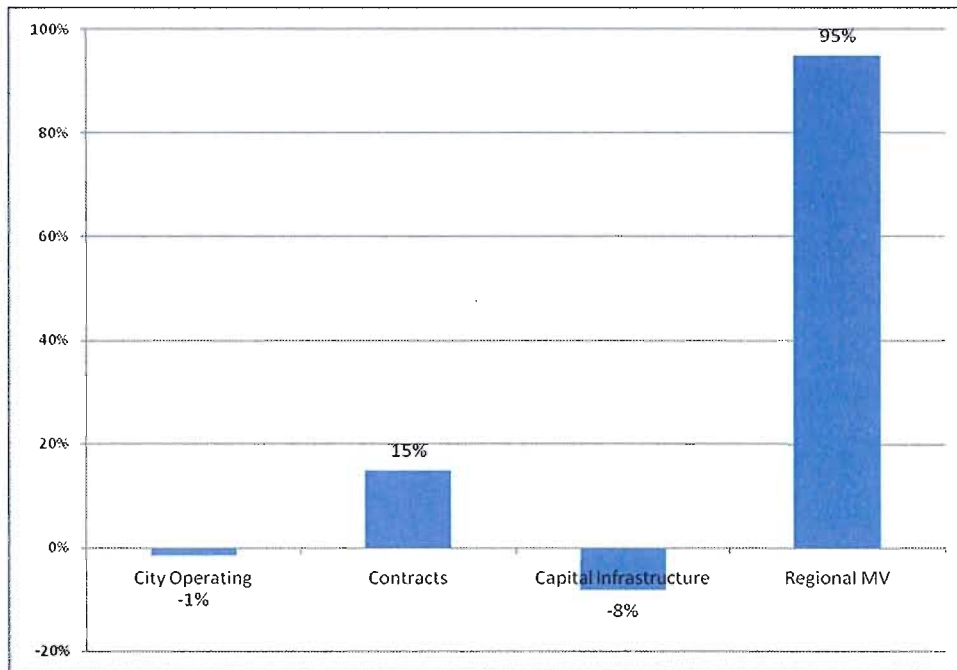
- Option 1 is recommended for Water and Sewer
- Option 3 is recommended for Drainage and Diking
- Option 2 is recommended for Solid Waste & Recycling

Considerable effort has been made to minimize City costs and other costs within our ability in order to minimize the impact to property owners. The following Figure 2 illustrates the principal factors in determining the 2014 budget in terms of regional costs, contract costs, net capital infrastructure contribution (drainage) and other City operating costs.

Attachment 1**2014 Annual Utility Charges – Recommended Gross Rates per Bylaw (Estimated Metered and Actual Flat Rates)**

	Water	Sewer	Drainage/ Diking	Garbage/ Recycling	Total
Metered (Based on Average Consumption)					
Single-Family Dwelling	\$369.87	\$321.50	\$144.79	\$293.11	\$1,129.27
Townhouse (on City garbage)	\$258.91	\$225.05	\$144.79	\$248.89	\$877.64
Townhouse (no City garbage)	\$258.91	\$225.05	\$144.79	\$130.89	\$759.64
Apartment	\$200.96	\$174.68	\$144.79	\$60.44	\$580.87
Flat Rate (Actual)					
Single-Family Dwelling	\$654.66	\$439.39	\$144.79	\$293.11	\$1,531.95
Townhouse (on City garbage)	\$535.91	\$402.03	\$144.79	\$248.89	\$1,331.62
Townhouse (no City garbage)	\$535.91	\$402.03	\$144.79	\$130.89	\$1,213.62
Apartment	\$345.33	\$334.83	\$144.79	\$60.44	\$885.39
General – Other/Business					
Metered Water (\$/m ³)	\$1.2329				
Metered Sewer (\$/m ³)		\$1.0717			
Business: Garbage				\$29.72	
Business: Drainage & Diking			\$144.79		


Figure 2. % Change of 2014 Utility Budget Recommended Option (by Category)



Conclusion

This report presents the 2014 proposed utility budgets and rates for City services relating to the provision of water, the connection of wastewater, flood protection, as well as the provision of solid waste and recycling services. Considerable measures are taken to reduce costs where possible in order to minimize the impact of increased costs. A significant portion of the City's costs relate to impacts from influences outside of the City's direct control, such as regional cost impacts, power and fuel cost increases, etc. Regional costs are expected to continue increasing as part of meeting demands for ensuring high quality drinking water and managing sewer treatment. The percentage increase of the recommended options is lower than the Metro Vancouver increase, as efficiencies in City operations and well-managed budgets have allowed the City to mitigate cost impacts from Metro Vancouver. This budget also presents full costs associated with the City's expanding Green Cart and Large Item Pickup programs as part of meeting new regional waste diversion goals, i.e. 70% by 2015.

Staff recommends that the budgets and rates as outlined in this report be approved and that the appropriate amending bylaws be brought forward to Council to bring these rates into effect.


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