



City of Port Moody

Report to Finance Committee

Date: November 21, 2023
Submitted by: Finance and Technology Department – Financial Services Division
Subject: Provisional 2024-2028 Utility Five-Year Financial Plan

Purpose

To present the provisional Five-Year Financial Plan for the Water, Sewer, Drainage, and Solid Waste Utilities, and the proposed rates for the Fees Bylaw for the Finance Committee's consideration.

Recommended Resolution(s)

THAT the provisional 2024-2028 Utility Five-Year Financial Plan be approved as recommended in the report dated November 21, 2023, from the Finance and Technology Department – Financial Services Division regarding 2024-2028 Five-Year Financial Plan;

AND THAT the proposed utility fees and charges be incorporated into the City's Fee Bylaw.

Executive Summary

Staff have prepared a provisional 2024-2028 Utilities Five-Year Financial Plan in accordance with the City's 2024 Financial Plan Guidelines for the Committee's consideration. The five-year financial plan allows for a similar level of service in 2024 as in 2023 and does not include any new services for 2024.

The overall proposed utility budgets total \$21,846,000 for 2024. The main drivers of the proposed \$1,335,000 increase for 2024 are Metro Vancouver (MV) charges; labour and benefits; transfers to capital reserves; and operating expenses (vehicles, utility shift, supplies and materials, and contracted services).

The resulting proposed total utility charges for a Single-Family Dwelling (SFD) are as follows:

Total Utility (Single-Family)	2023	2024	2025	2026	2027	2028
Water	603	598	644	684	713	739
Sewer	438	492	536	571	603	642
Garbage	119	129	133	136	138	140
Waste Management	49	53	57	59	61	63
Glass	14	13	14	14	14	15
Green Waste	258	277	288	294	299	304
Total	\$1,481	\$1,562	\$1,672	\$1,758	\$1,828	\$1,903
Increase Over Prior Year		81	110	86	70	75
Variance %		5.47%	7.04%	5.14%	3.98%	4.10%

Total utility charges for Single-Family including Drainage are as follows:

Drainage	114	119	128	137	145	154
Total Including Drainage	\$1,595	\$1,681	\$1,800	\$1,895	\$1,973	\$2,057
Increase Including Drainage		86	119	95	78	84
Variance %		5.39%	7.08%	5.28%	4.12%	4.26%

Discussion

The City of Port Moody has three utilities that operate primarily on a ‘user pay’ basis through the collection of fees from the users. The fourth utility, storm drainage, is a service that is not directly attributed to a particular household and is, therefore, based on assessed value and collected through taxation, rather than through a user fee. The three user-fee based utilities are Water, Sewer, and Solid Waste (which comprises Garbage, Recycling, Green Waste, and Glass collection). Each of these utilities generates enough revenues to offset the expenditures and is financially self-balancing.

The provisional Utility budgets and corresponding fees will be included in the 2024 Fees Bylaw, which will be presented to Council in November 2023. The Utility budgets are incorporated into the City’s Five-Year Financial Plan Bylaw.

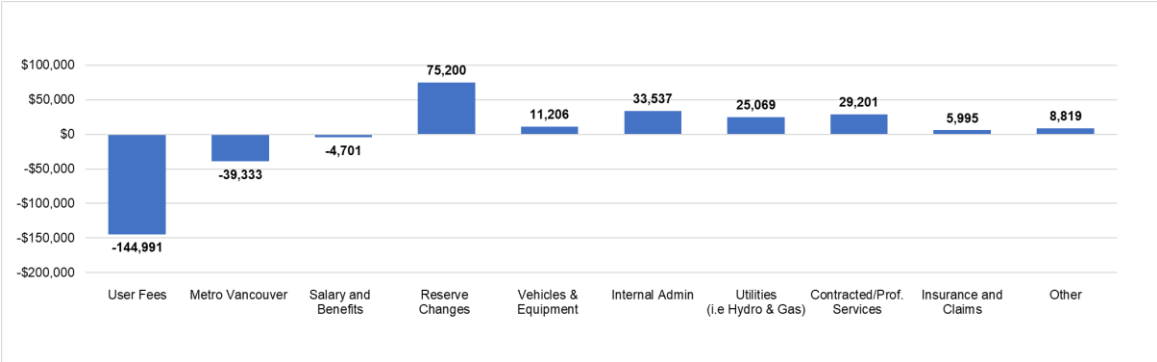
On October 27, 2023, Metro Vancouver’s Board of Directors approved the 2024-2028 Financial Plan. Staff have incorporated Metro Vancouver charges into the Utility budgets. As a result, Water rates will decrease by 0.83%, and Sewer rates will increase by 12.33% in 2024. This translates to a decrease in the residential rate (Single Family Dwelling – SFD) for Water from \$603 in 2023 to \$598 in 2024. The residential rate for Sewer (SFD) will increase from \$438 to \$492. Net Solid Waste charges are increasing by 7.27% for 2024, resulting in a \$32 increase (from \$440 in 2023 to \$472 in 2024) for a single-family residential property.

The total proposed increase to the utility budgets in 2024 is \$1,335,000, which is composed of the following main cost drivers. Each of the main drivers below will be addressed in the individual utility sections of the report.

2024 Utility Drivers (including Drainage)			
Metro Vancouver	588,000	44%	Metro
Reserve Changes	277,000	21%	
Internal Administration Charges	180,000	13%	City 56%
Vehicles and Equipment	134,000	10%	
Other Revenue	49,000	4%	
Contracted/Professional Services	40,000	3%	
Utilities (i.e. Hydro & Gas)	28,000	2%	
Salary and Benefits	28,000	2%	
Insurance	10,000	1%	
Other	1,000	<1%	
Total Proposed Increase over 2024	\$1,335,000	100%	

Following is a summary of main cost drivers for each of the four utilities.

Water Utility



Highlights of the 2024 Water Financial Plan (Attachment 1, pg. 34)

The water charge, levied by the Greater Vancouver Water District (GVWD), is estimated to decrease by approximately 0.81% or \$40,000 for 2024. The limited increase is primarily due to reduced estimates in annual water consumption.

Transfers to the Water Capital reserve are increasing by \$75,000 to \$1,552,000. This represents a 5.0% increase over 2023 and will be used to fund capital replacement and renewal projects related to the City’s water infrastructure.

The internal administration (utility shift) charged to the Water utility is increasing by \$34,000 (6.1% over 2023). This charge is reviewed annually and set at an appropriate level for the internal City resources and services the utility uses.

Contracted and Professional services are increasing by \$30,000 (19.2% over 2023) to \$185,000 and have been reviewed and updated to better reflect projected expenditures.

Utilities, primarily BC Hydro, are increasing by \$25,000 to \$182,000, an increase of 16% over 2023.

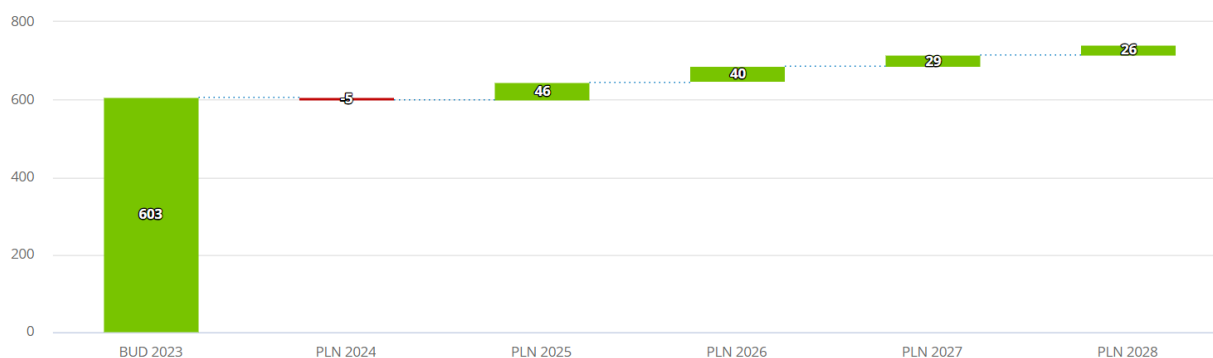
Vehicle charges are increasing by \$11,000 to \$217,000, an increase of 5.3% over 2023 as a result of inflationary increases to fuel, insurance, maintenance, and replacement provisions.

Salary and wages, including benefits, are decreasing slightly by \$5,000 primarily as a result of adjustments to the overhead and benefits.

The Water Utility’s share of insurance is increasing by \$6,000 to \$74,000 representing an 8.8% increase over 2023 due to hardening liability and property insurance markets.

Minor changes to additional expense and revenue categories are summarized within the operating expense changes on the utility executive summary (**Attachment 1**, pg. 3).

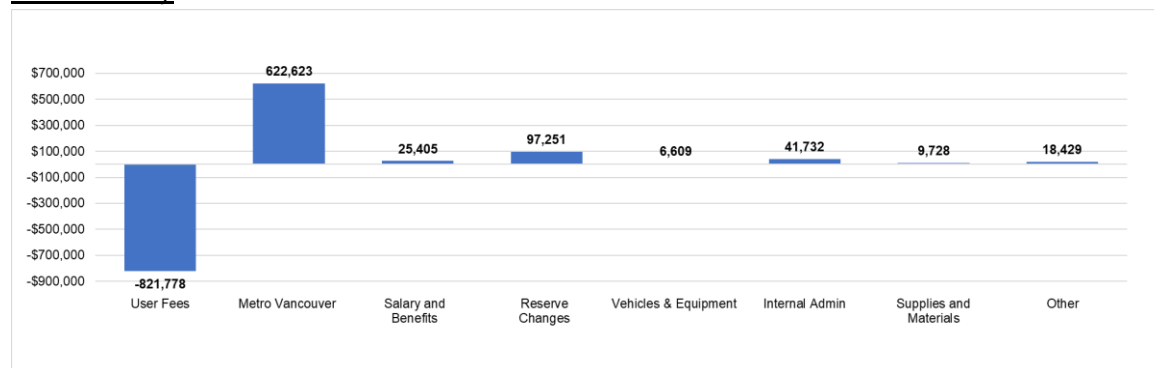
Proposed Water Rates for the Five-Year Plan (Attachment 1, pg. 53)



Metered Water Utility Rate

Total metered revenue has remained unchanged at \$1,300,000. For users whose water service is metered, charges are proposed to decrease by 0.88% from **\$3.29** per 100ft³ to **\$3.26** to reflect the same increase as the proposed water annual flat fee.

Sewer Utility



Highlights of the 2024 Sanitary Sewer Financial Plan (Attachment 1, pg. 15)

Metro Vancouver’s Greater Vancouver Sewer and Drainage District (GVS&DD) levy is estimated to increase by approximately 24.8% or \$623,000 for a 2024 levy of \$3,133,000. MV levies the sewer and drainage together as part of the sewer and drainage district. 87% of the total GVS&DD levy is attributed to sewer and 13% to drainage.

Transfers to the Sewer Capital reserve is increasing by \$97,000 to \$2,000,000 which represents a 5% increase to the reserve contribution over 2023 and will be used to fund capital replacement and renewal projects related to the City’s sewer infrastructure. A focus Sewer capital projects in coming years will be addressing Inflow and Infiltration as MV will begin implementation of wet weather sewage utility pricing which will increase fees for municipalities with higher-than-average Inflow and Infiltration volumes.

Salary and wages, including benefits, are increasing by 4.4% or \$25,000 as a result of increases in the cost of employee benefits and projected contractual salary increases.

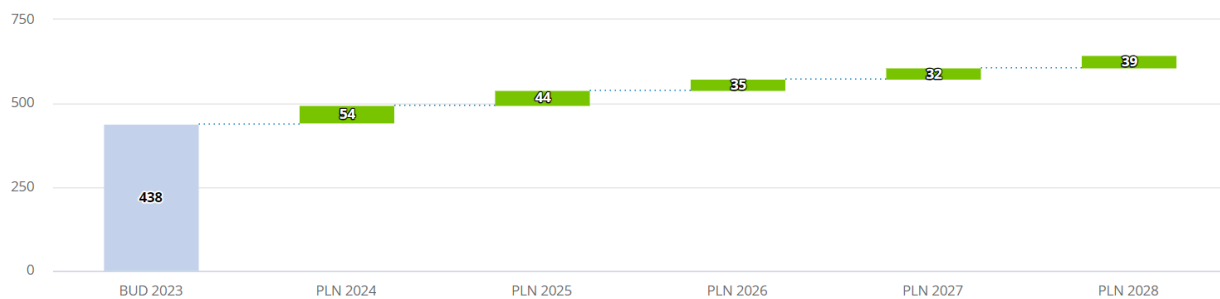
The internal administration (utility shift) charged to the Sewer utility is increasing by 6% or \$42,000 over 2023. This charge is reviewed annually and set at an appropriate level for the internal City resources and services the utility uses.

Supplies and Materials are increasing by \$10,000 to \$34,000 which represents a 41% increase over 2023.

Vehicle charges are increasing by \$7,000. This represents the Sewer Utility’s share of vehicle resources pooled under the Operations Division. This includes increases related to replacement provision, fuel, maintenance, and garage charges.

Several accounts have been adjusted through the 2024 budget process to better reflect future expense estimates. This has occurred throughout accounts and cost centres in the Sewer utility. These changes are summarized as operating expense changes on the utility executive summary and total \$18,500.

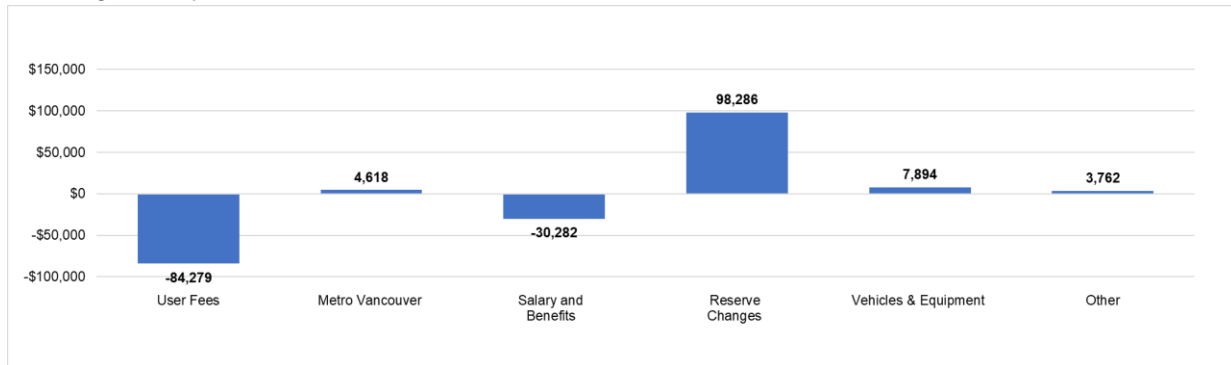
Proposed Sewer Rates for the Five-Year Plan (Attachment 1, pg. 52)



Metered Sewer Utility Rate

For users whose sewage output is metered, volume is based on meter readings. For users whose sewage output is not metered, volume is deemed to be 80% of water consumed each billing period. Charges for sewage volume produced are proposed to increase by 12.39% from **\$2.61** per 100ft³ to **\$2.93** to reflect the same increase as the proposed sewer annual flat fee.

Drainage Utility



Highlights of the 2024 Drainage Financial Plan (Attachment 1, pg. 6)

The Drainage reserve saw a significant increase in annual funding beginning in 2020 to balance the reserve and address the shortfall identified in the City's Asset Management Plan, which indicates that an annual investment of approximately \$1,600,000 (based on 2013 figures) is required for storm drainage infrastructure replacement and maintenance.

The significant increase will allow for implementation in future years of the Moody Centre storm drainage improvements as identified in the Moody Centre Stormwater Management Servicing Plan and endorsed by Council on September 17, 2019 ([CW19/136](#)). This will also support anticipated future capital work as City Integrated Stormwater Management Plans for remaining watersheds are completed and as the City continues work towards a natural asset management program.

Transfers to the Drainage Capital reserve are proposed to increase by \$98,000 or 7.9% to \$1,341,000, which will be used to fund capital replacement and renewal projects related to the City's drainage infrastructure.

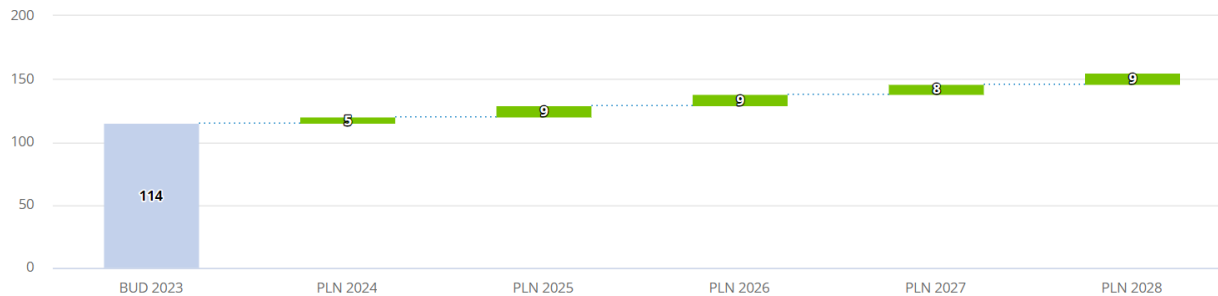
Salary and wages, including benefits, are decreasing by \$30,000 to better reflect the utility's utilization of public works staff.

Vehicle charges are increasing by \$8,000. This represents the Drainage Utility's share of vehicle resources pooled under the Operations Division. This includes increases related to replacement provision, fuel, maintenance, and garage charges.

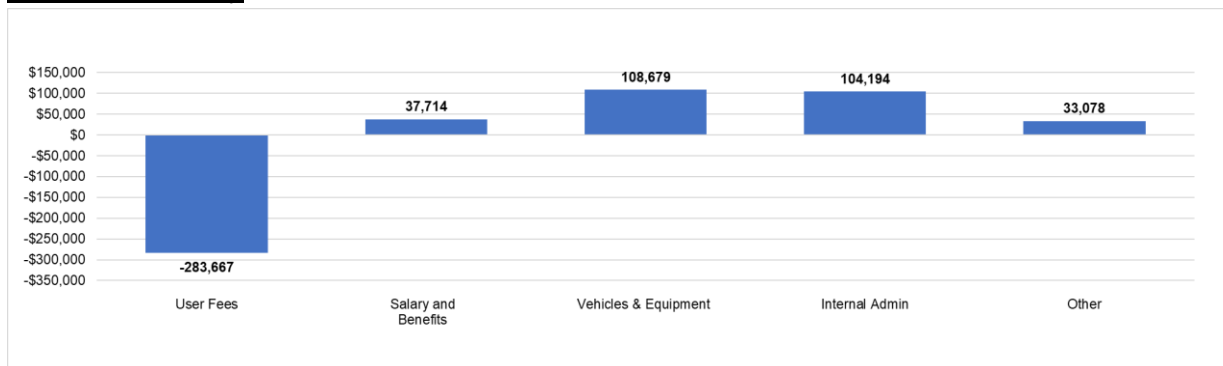
MV levies the sewer and drainage together as part of the sewer and drainage district. Metro Vancouver's Greater Vancouver Sewer and Drainage District (GVS&DD) levy is preliminarily approved to increase by approximately 21.1% overall, however the percentage allocated the drainage utility has been adjusted slightly from 14% to 13%. As a result, the total 2024 Metro Vancouver levy increases by \$5,000 to \$472,000 in the 2024 budget.

As drainage is funded by taxation, and as we have not received the final assessments from BC Assessment Authority, the exact increase to the average homeowner cannot be determined at this time; however, based on the 2023 average residential assessed value of \$1,333,000, it is projected that the drainage rates would increase from \$114 (2023) to \$119 in 2024 for the average residential dwelling. This represents a \$5 or 4.39% increase.

Proposed Drainage Rates for the Five-Year Plan (Attachment 1, pg. 47)



Solid Waste Utility



Highlights of the 2024 Solid Waste Financial Plan (Attachment 1, pg. 26)

The Solid Waste Utility is broken up into Garbage, Recycling, Green Waste, and Glass. Each function is self-balancing (revenues/fees equal expenses) and has a separate rate. Overall, the Solid Waste fees is expected to increase \$32 or 7.27% to \$472 for 2023. A current focus of the Solid Waste Utility is on reducing the level of contamination in the recycled materials the City collects to more closely meet RecycleBC targets for single stream processors.

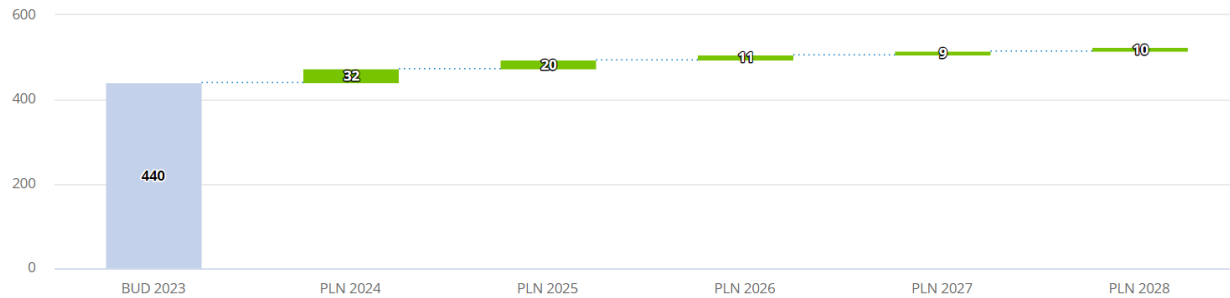
Vehicle charges are increasing by 10% or \$109,000. This includes operating expenses (fuel, insurance, maintenance) and the annual replacement provision. The Solid Waste vehicles are operated four to five days a week, up to ten hours per day. They are operated throughout their collection routes within the City, an area with challenging terrain, as well as on the highway in order to deposit loads of refuse, organic waste, and recycling. Due to their regularly-scheduled use and direct link to residential service levels, it is imperative that they function at full capacity.

The internal administration charged to the Solid Waste utility is being increased in 2024 by 19.6% or \$104,000. This charge is reviewed annually and set at an appropriate level for the resources and services the utility utilizes.

Salary and wages are increasing by \$38,000. This is primarily driven by projected increases in the cost of employee benefits and contracted salary increases.

Several accounts have been adjusted through the 2023 budget process to better reflect future expense estimates. This has occurred throughout accounts and cost centres in the Solid Waste utility. These changes are summarized as operating expense changes on the utility executive summary and total \$33,000.

Proposed Solid Waste Rates for the Five-Year Plan (Attachment 1, pg. 48-51)



Other Option(s)

Staff could bring for the Committee's consideration reductions to the proposed utilities budgets in order to decrease the estimated utility increase or increases to the proposed utilities budgets to increase the service levels along with the utility rates.

Financial Implications

The financial implications are discussed above.

Communications and Civic Engagement Initiatives

The Utilities Financial Plan documents will be posted and updated on the City website and the utility rates will be included in the City's Utility Newsletter. Engage Port Moody, the City's public engagement platform, will be used to collect community feedback on the 2024 Financial Plan. The annual budget survey, budget resource information, and FAQs will be posted on the project page, and staff will answer questions from community members, and collect general comments and feedback to be presented to Council. The Engage Port Moody hub allows Council to see questions and comments from the community as they are posted. Staff will report back to the Finance Committee with the full results of the budget consultation in early 2024.

Council Strategic Plan Goals

The recommendations in this report align with the following Council Strategic Plan Goal(s):

- Strategic Goal 1.1 – Prioritize Core Services

Attachment(s)

1. 2024-2028 Utilities Five-Year Financial Plan

Report Author

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Report Approval Details

Document Title:	Provisional 2024-2028 Utility Five-Year Financial Plan.docx
Attachments:	- Attachment 1 - 2024-2028 Utilities Five-Year Financial Plan.pdf
Final Approval Date:	Nov 14, 2023

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology

Jeff Moi, General Manager of Engineering and Operations

Stephanie Lam, City Clerk and Manager of Legislative Services

Lindsay Todd, Manager of Communications and Engagement

Tim Savoie, City Manager