



City of Port Moody

Report to Finance Committee

Date: November 19, 2024
Submitted by: Finance and Technology Department – Financial Services Division
Subject: Provisional 2025-2029 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 utility rates for the Fees Bylaw for the Finance Committee's consideration.

Recommended Resolution(s)

THAT the provisional 2025-2029 Utility Five-Year Financial Plan be approved as recommended in the report dated November 19, 2024, from the Finance and Technology Department – Financial Services Division regarding 2025-2029 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 2025-2029 Utilities Five-Year Financial Plan in alignment with the City's 2025 Financial Plan Guidelines for the Committee's review. The plan sustains the current level of utility services from 2024 into 2025 and includes provisions for new services in 2025.

The proposed 2025 utility budget totals \$25,206,300, representing a \$3,515,200 increase over the previous year. Key drivers of this increase include Metro Vancouver (MV) charges of \$1,854,200, with \$1,184,600 specifically related to the North Shore Wastewater Treatment Plant (NSWWTP). Additional contributors are allocations to capital reserves, adjustments for labor and benefits, and operating expenses (covering vehicles, utility shifts, supplies, materials, and contracted services).

Furthermore, \$337,700 is earmarked for service enhancements, which include two new positions within the Drainage utility, an Equipment Operator III and an Operations Maintenance Worker; as well as \$105,400 for labour support and \$30,000 for operating costs related to new vehicles for the Sewer utility.

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

Total Utility (Single-Family)	2024	2025	2026	2027	2028	2029
Water	\$ 598	\$ 643	\$ 692	\$ 729	\$ 767	\$ 799
Sewer (Base)	\$ 492	\$ 542	\$ 579	\$ 629	\$ 693	\$ 757
Sewer (NSWWTP)	-	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95
Garbage	\$ 129	\$ 137	\$ 142	\$ 146	\$ 150	\$ 153
Recycling	\$ 53	\$ 59	\$ 63	\$ 66	\$ 69	\$ 71
Glass	\$ 13	\$ 15	\$ 15	\$ 15	\$ 16	\$ 17
Green Waste	\$ 277	\$ 292	\$ 302	\$ 310	\$ 317	\$ 324
Total	\$ 1,562	\$ 1,783	\$ 1,888	\$ 1,990	\$ 2,107	\$ 2,216
Increase over prior year	\$ 81	\$ 221	\$ 105	\$ 102	\$ 117	\$ 109
Variance %	5.47%	14.15%	5.89%	5.40%	5.88%	5.17%

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

Drainage	\$ 108	\$ 131	\$ 141	\$ 152	\$ 165	\$ 178
Total Including Drainage	\$ 1,670	\$ 1,914	\$ 2,029	\$ 2,142	\$ 2,272	\$ 2,394
Increase Including Drainage	\$ 75	\$ 244	\$ 115	\$ 113	\$ 130	\$ 122
Variance %	4.70%	14.61%	6.01%	5.57%	6.07%	5.37%

Background

The City of Port Moody operates three utilities—Water, Sewer, and Solid Waste—primarily on a 'user-pay' model, funded by fees collected directly from users. The fourth utility, Storm Drainage, is not linked to specific households and is instead funded through taxation based on assessed property values. The Solid Waste utility covers services for garbage, recycling, green waste, and glass collection. Each utility is financially self-sustaining, generating sufficient revenue to fully offset the expenditures for the service.

The Draft Utility budget was introduced at the October Finance Committee workshops. Since the draft report on October 18, 2024, staff have updated the 2025 Utility rates based on updated information from Metro Vancouver, which was incorporated into the staff presentation on October 25, 2024.

At the October 25, 2024, meeting, the Finance Committee passed the following resolutions:

THAT staff investigate using the climate action implementation reserve to supplement the sewage and drainage operating budgets subject to funding availability.

AND THAT the proposed 2025 fees for the Water, Sewer, and Solid Waste Utilities be included in the 2025 Fees Bylaw with revised Metro Vancouver charges incorporated once available.

Discussion

The Climate Action Implementation Reserve would not be an appropriate funding source to supplement the Sewage and Drainage Operating budgets. Ongoing expenses within the Utility operating budgets should be funded from permanent and sustainable funding sources, thus avoiding future fluctuations in utility rates. The Climate Action Implementation Reserve will continue to serve its vital role in providing the necessary funding to implement the projects necessary to achieve Council’s Climate Action Plan. Future capital projects within Sewer and Drainage may look to leverage a portion of this reserve if the projects address climate adaptation.

The provisional utility budgets and corresponding utility fees for 2025 will be included in the Fees Bylaw, scheduled for presentation to Council in November 2024, and will be incorporated into the City’s Five-Year Financial Plan Bylaw.

On November 1, 2024, Metro Vancouver’s Board of Directors approved their 2025-2029 Financial Plan, and staff have integrated the approved Metro Vancouver charges into Port Moody’s utility budgets. As a result, water rates will increase by 7.53%, and sewer rates by 29.47% in 2025. This results in a residential (Single Family Dwelling, or SFD) water rate increase from \$598 in 2024 to \$643 in 2025. The sewer rate for residential properties will increase from \$492 to \$637, with approximately \$95 of this increase attributable to the North Shore Wastewater Treatment Plant project. Solid Waste charges are set to rise by 6.57%, adding \$31 to the single-family residential rate, which will move from \$472 in 2024 to \$503 in 2025.

The proposed utility budget increase for 2025 totals \$3,515,200, driven by the main cost factors outlined below. These key drivers will be detailed in each respective utility section of the report.

2025 Utility Drivers (including Drainage)			
Metro Vancouver NSWWTP	1,184,600	34%	Metro
Metro Vancouver Base Increase	669,600	19%	
Reserve Changes	632,400	18%	City 47%
Service Impacts	337,700	10%	
Salary and Benefits	225,900	6%	
Contracted & Professional Services	176,100	5%	
Vehicles and Equipment	121,700	4%	
Supplies and Material	86,200	2%	
Other	40,900	1%	
Insurance	40,000	1%	
Total Proposed Increase over 2024	\$3,515,100	100%	

North Shore Wastewater Treatment Plant Program

Metro Vancouver is building the North Shore Wastewater Treatment Plant, a new treatment facility, located in North Vancouver, that will provide tertiary filtration to better protect the environment and meet the needs of a growing region.

Also included in the program are:

- The pump station and sewer pipes to serve the new plant (the Conveyance Project)

- The preliminary design for decommissioning the existing Lions Gate Wastewater Treatment Plant

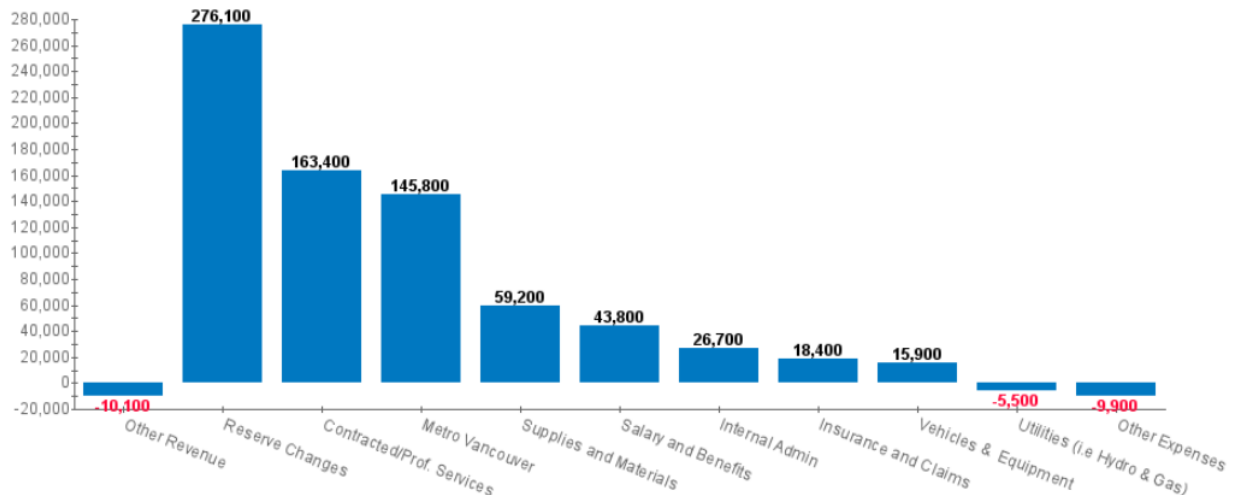
Construction and commissioning of the North Shore Wastewater Treatment Plant is expected to be complete in 2030, with minor connecting works in subsequent years. Decommissioning and remediation of the current Lions Gate Wastewater Treatment Plant site will follow. The updated cost of \$3.86 billion is an increase of \$2.8 billion from the previous budget of \$1.058 billion that was established in 2020. The original cost estimate for the North Shore Wastewater Treatment Plant Program was \$700 million in 2013.

As the new treatment plant will benefit the entire region by protecting our marine environment, some of its costs are shared regionally. The program’s cost allocation framework results varied costs across the four-sewage areas and was agreed to at a regional level. The North Shore Sewerage Area’s amortization period is 30 years, while the other three sewerage areas (including the Fraser Sewerage Area, which Port Moody is part of) have an amortization period of 15 years. As Metro Vancouver does not directly bill customers, costs per household vary based on how rates are distributed by each municipality. Costs for the Vancouver, Fraser, and Lulu Island Sewerage Areas will be phased in over one year, while the costs for the North Shore Sewerage Area will be phased in over five years to reduce the financial impact.

As noted above, the impact of the Metro Vancouver NSWWTP for Port Moody is \$95 for a single family dwelling, \$90 for a townhouse, and \$61 for a condo.

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

Water Utility



Highlights of the 2025 Water Financial Plan (Attachment 1)

Reserve Changes will increase by \$276,106, bringing the total to \$1,902,700, representing a 17% increase. These transfers help support future capital projects and water infrastructure renewal, ensuring long-term sustainability for the water system.

Contracted and Professional Services will see a significant rise of \$163,359, bringing the total to \$348,658, which is an 88% increase. This sharp increase is primarily driven by the growing need for contracted services and specialized support to address reactive infrastructure repairs –

in particular, this increase is driven by several costly watermain break repair and road restoration costs that were incurred over the past several years.

Metro Vancouver costs, levied by the Greater Vancouver Water District (GVWD), are expected to rise by \$145,800, bringing the total to \$4,998,597, a modest 3% increase. Metro Vancouver has only provided a preliminary estimate for 2025, staff have based this projection on their 2024 Five-Year Financial Plan (2025–2028), factoring in potential reductions that could arise during the finalization of next year's rates.

Supplies and Materials costs are projected to increase by \$59,242, resulting in a total of \$174,779, reflecting a 51% rise. This increase is attributed to the escalating costs of essential materials required for water maintenance and operations, impacted by inflation and prior years' budget shortfalls.

Salary and Benefits will increase by \$43,838, reaching a total of \$955,520, a 5% increase. This reflects salary adjustments and the cost of benefits.

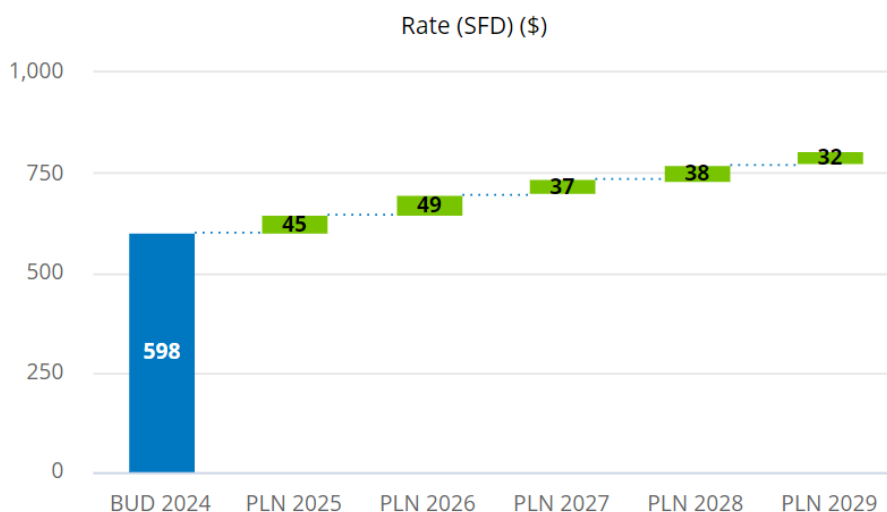
Internal Administration charges will rise by \$26,689, bringing the total to \$652,718, representing a 4% increase. These charges cover the cost of internal city services used by the Water Utility, such as financial management, IT, and human resources.

Insurance and Claims are expected to increase by \$18,369, reaching a total of \$103,679, representing a 22% increase. The rise reflects the higher property insurance and costs of liability due to a hardening insurance market.

Vehicles and Equipment expenses will grow by \$15,879, bringing the total to \$234,694, a 7% increase. This covers rising costs associated with fuel, maintenance, and replacement of the vehicles and equipment used for water system maintenance and repairs.

Utilities (Hydro & Gas) costs are expected to decrease slightly by \$5,455 to \$176,583 (a 3% decrease), while Other Expenses will drop by \$9,882 to \$22,661 (a 30% decrease), reflecting improved energy efficiency, cost-saving measures, and reduced spending in minor categories.

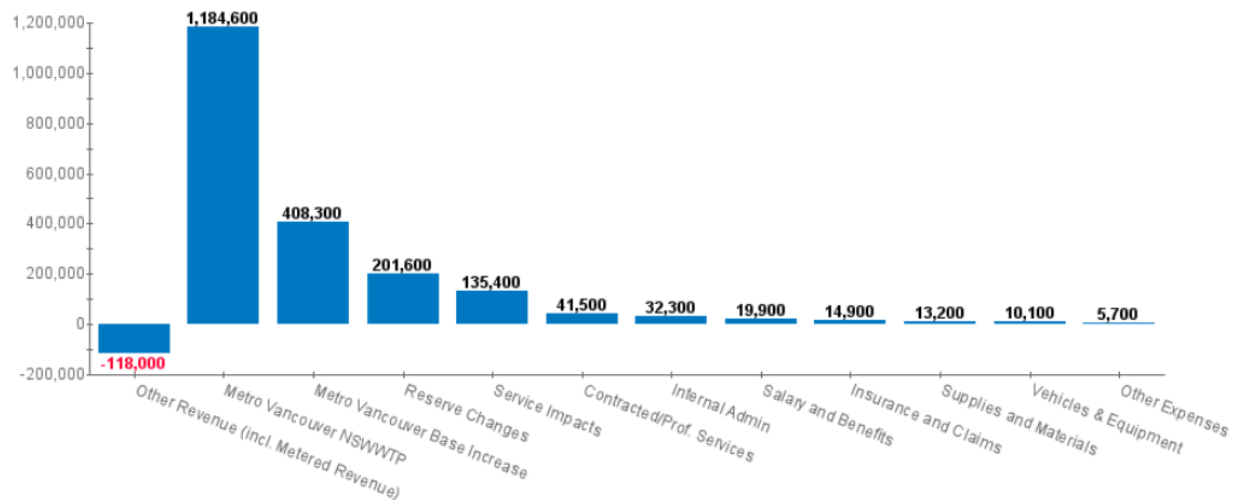
Proposed Water Rates for the Five-Year Plan (**Attachment 1**)



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 increase by 7.53% from **\$3.26** per 100ft³ to **\$3.51** to reflect the same increase as the proposed water annual flat fee.

Sewer Utility



Highlights of the 2025 Sanitary Sewer Financial Plan (Attachment 1)

The anticipated increase due to the Metro Vancouver North Shore Wastewater Treatment Plant (NSWWTP) in 2025 is projected to be \$1,184,556. This major project, estimated at \$3.86 billion, encompasses the construction of a new tertiary filtration facility, the development of essential conveyance infrastructure, and the decommissioning of the existing Lions Gate Wastewater Treatment Plant, with completion expected by 2030.

Metro Vancouver Base Increase costs are projected to rise by \$408,275, bringing the total to \$3,544,517, representing a 11.5% increase. This reflects anticipated annual rate increases based on Metro Vancouver's preliminary budget information.

Reserve Changes will increase by \$201,603, resulting in a total of \$2,280,454, a 10% increase aimed at supporting future capital replacement and renewal projects.

The service impact for 2025 includes a \$105,389 for an additional labor resource, along with \$30,000 operating impact of two new vehicles (FL25109 and FL25111), bringing the total to \$135,389. This additional labour and one of the new vehicles would allow for an increased service level to support addressing inflow & infiltration issues, and non-linear infrastructure maintenance such as pump stations and air valves. Inflow & infiltration (I&I) is a sewer deficiency in which clean rainwater can enter the sanitary sewer system via defects, cross connections, or other issues, leading to high sewer flows and increased costs for sewer treatment. Metro Vancouver is implementing a new sewer treatment pricing scheme over 10 years (starting in 2024) which will allocate sewer charges to municipalities based on their individual I&I contributions – it is in the City's best interest to actively reduce I&I to mitigate future ongoing costs.

Contracted and Professional Services are projected to increase by \$41,471, resulting in a total of \$106,544, reflecting a substantial 64% rise. This increase is primarily driven by the growing need for contracted services and specialized support to address infrastructure repairs and to address insufficient budget in previous years.

Internal Administration will increase by \$32,283, totaling \$818,129, a 4% increase driven by inflationary adjustments.

Salary and Benefits costs are expected to rise by \$19,883, totaling \$699,459, marking a 3% increase due to standard wage adjustments.

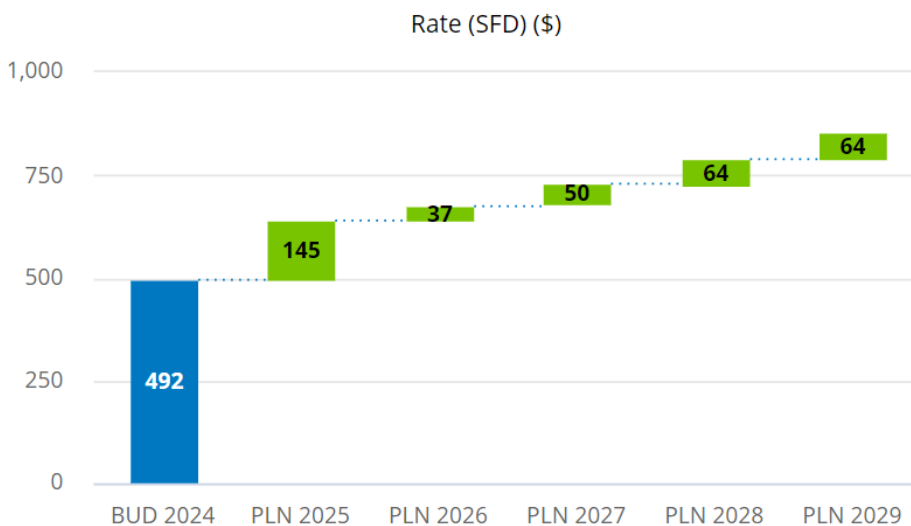
Insurance and Claims are projected to increase by \$14,869, with a total of \$77,648, a 24% increase reflecting higher premiums in the insurance market.

Supplies and Materials will rise by \$13,220, bringing the total to \$47,634, a 38% increase, due to rising material costs for operations and the need to address previous budget shortfalls.

Vehicles & Equipment costs are expected to increase by \$10,138, totaling \$171,515, representing a 6% increase, mainly driven by inflationary costs in fuel, maintenance, and vehicle replacements.

Other Expenses will see a notable increase of \$5,677, bringing the total to \$9,621, reflecting modest increases across various miscellaneous cost categories.

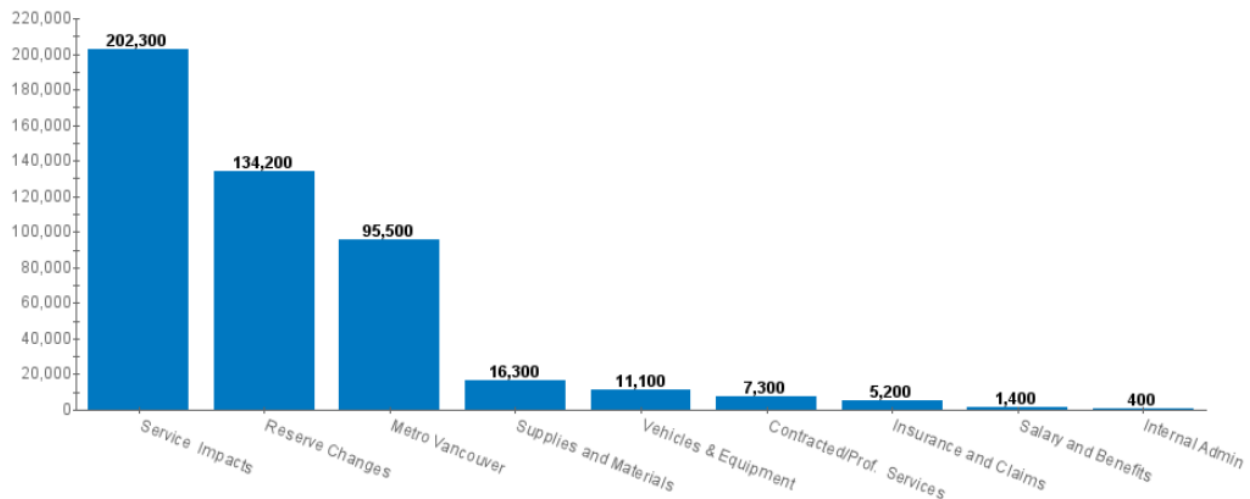
Proposed Sewer Rates for the Five-Year Plan (Attachment 1)



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 29.47% from \$2.93 per 100ft³ to \$3.79 to reflect the same increase as the proposed sewer annual flat fee.

Drainage Utility



Highlights of the 2025 Drainage Financial Plan (Attachment 1)

A service impact of \$202,289 is proposed for the hiring an Equipment Operator 3 and an Operations Maintenance Worker. This adjustment is essential to begin a transition to creating a dedicated drainage maintenance crew to provide preventative maintenance, inspection, and reactive maintenance work within ravines and other natural drainage areas and improve service delivery. This added capacity will also free up some capacity within the Operations work group, where this work is currently directed, to increase road and active transportation network maintenance.

Transfers to the Drainage Capital reserve are proposed to increase \$134,205, bringing the total to \$1,416,632, a 10% increase from 2024. This reflects the need to bolster reserves to support capital replacement and renewal projects related to the City's drainage infrastructure.

Metro Vancouver levies anticipated increase of \$61,815, totaling \$533,690, up 13% from 2024. Metro Vancouver has only provided a preliminary estimate for 2025, staff have based this projection on their 2024 Five-Year Financial Plan (2025–2028), while also accounting for potential increases that may occur during the finalization of next year's rates.

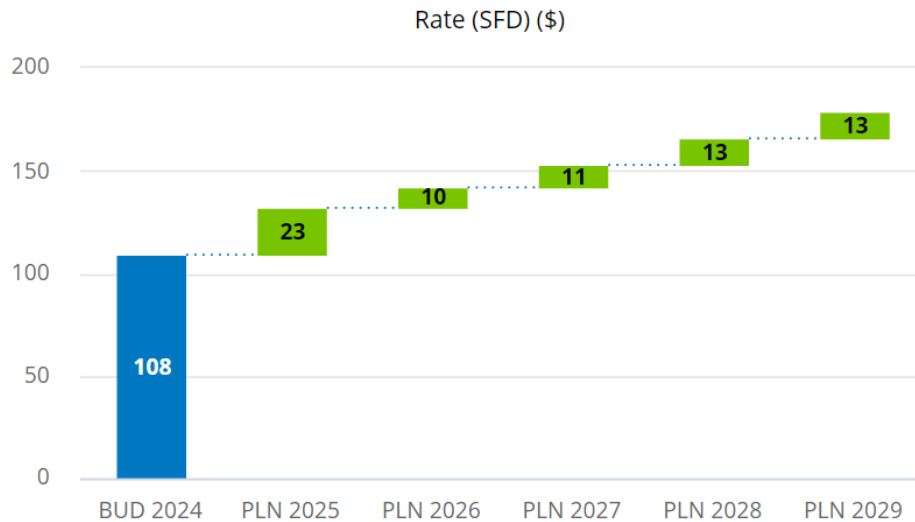
Supplies and Materials are projected to rise by \$16,295, totaling \$33,819, reflecting a 93% increase from 2024. This increase is attributed to rising material costs and the need to replenish essential supplies for drainage operations and to address insufficient budget in previous years.

Vehicles & Equipment expenses are expected to increase by \$11,139, bringing the total to \$165,177, which is a 7% rise from 2024. Mainly driven by inflationary costs in fuel, maintenance, and vehicle replacements.

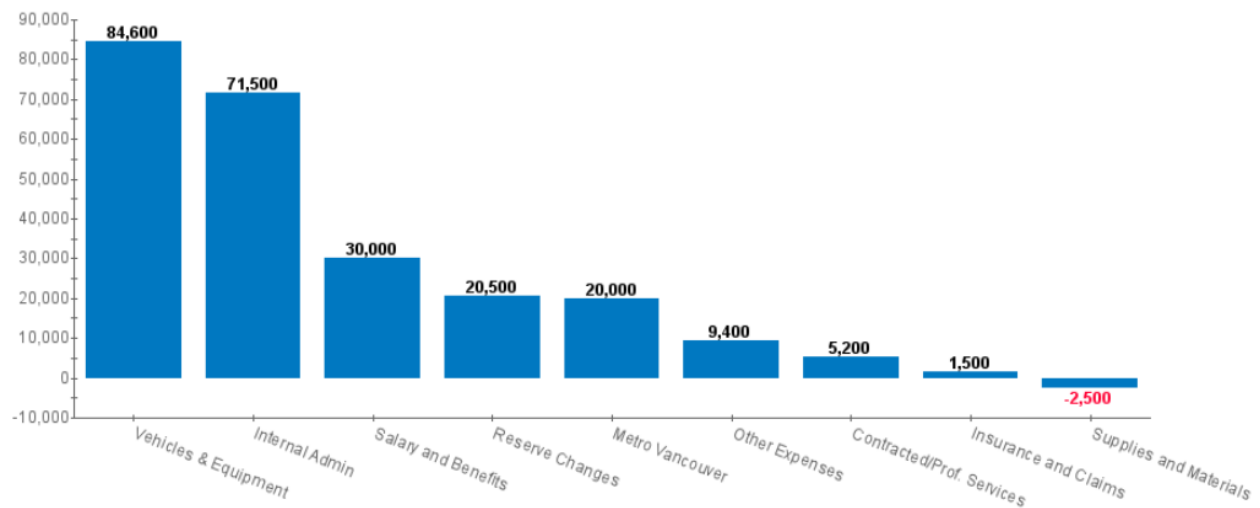
Contracted and Professional Services are projected to rise by \$7,335, bringing the total to \$24,864, reflecting a 42% increase from 2024. This increase primarily aims to address the budget shortfalls encountered in previous years.

Insurance and Claims are expected to rise by \$5,240 to \$8,254. Salary and Benefits will increase slightly by \$1,404 to \$408,947, reflecting staff compensation adjustments. Lastly, Internal Admin costs will rise by \$373 to \$10,301.

Proposed Drainage Rates for the Five-Year Plan (Attachment 1)



Solid Waste Utility Highlights of the 2024 Solid Waste Financial Plan (Attachment 1)



Highlights of the 2025 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 \$31 or 6.57% to \$503 for 2025. 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.

Vehicles and Equipment costs will increase by \$84,583 to \$1,291,451, a 7% increase from 2024. 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

Internal Admin expenses are anticipated to rise by \$71,504, reaching \$734,361, which represents an 11% increase. These charges cover the cost of internal city services such as financial management, IT, and human resources.

Salary and Benefits are projected to increase by \$29,956, totaling \$884,886, a 4% increase from 2024. This is primarily driven by projected increases in the cost of employee benefits and contracted salary increases.

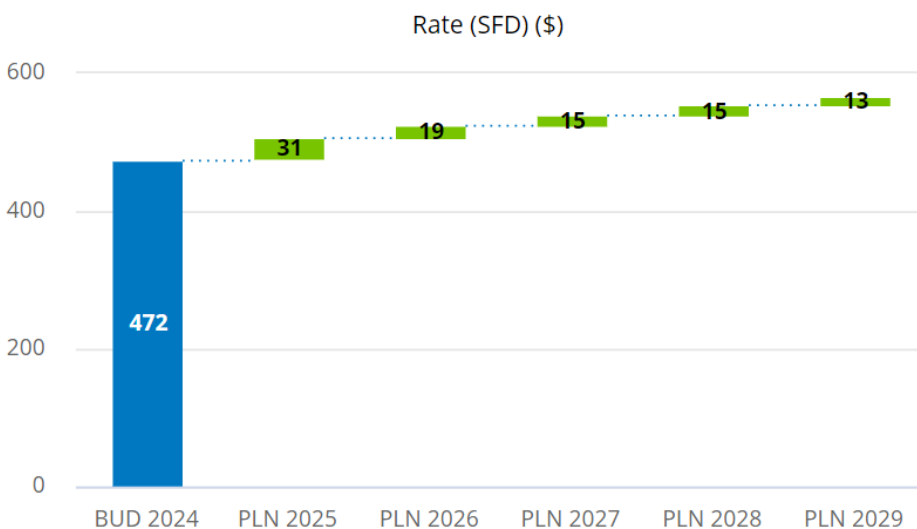
Reserve Changes will show a reduction of \$20,451 in transfers from reserves due to phased funding for a position which will now be fully covered by the Solid Waste Utility. As a result, net transfers will total \$116,513.

Metro Vancouver garbage disposal costs are expected to increase by \$20,000, bringing the total to \$294,500, reflecting a 7% increase from 2024. This estimate is based on preliminary projections for 2025 and staff's assessment of Metro Vancouver's 2024 Five-Year Financial Plan (2025–2028).

Other Expenses are projected to increase by \$9,350, totaling \$89,907, a 12% rise due to adjustments in miscellaneous cost categories.

Contracted and Professional Services will increase by \$5,152 to \$594,106. Insurance and Claims costs are expected to rise by \$1,536 to \$18,476 due to higher premiums, while Supplies and Materials will decrease by \$2,518 to \$21,800.

Proposed Solid Waste Rates for the Five-Year Plan (Attachment 1)



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 Public Engagement Initiatives

The Utilities Budget documents will be posted 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, was used to collect community feedback on the 2025 Financial Plan. The annual budget survey, budget resource information, and FAQs were posted on the project page, and staff answered questions from community members, and collected general comments and feedback to be presented to Council. The Engage Port Moody hub allows Council to see questions from the community as they are posted. Staff will report back to the Finance Committee on November 19, 2024, with the full results of the budget consultation.

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. 2025-2029 Utilities Five-Year Financial Plan

Report Authors

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Report Approval Details

Document Title:	Provisional 2025-2029 Utility Budget Approval.docx
Attachments:	- Attachment 1 - 2025-2029 Utilities Five-Year Financial Plan.pdf
Final Approval Date:	Nov 7, 2024

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

Tyson Ganske, Manager of Financial Planning - Nov 5, 2024

Jeff Moi, General Manager of Engineering and Operations - Nov 5, 2024

Paul Rockwood, General Manager of Finance and Technology - Nov 5, 2024

Stephanie Lam, City Clerk and Manager of Legislative Services - Nov 6, 2024

Lindsay Todd, Manager of Communications and Engagement - Nov 7, 2024

Anna Mathewson, City Manager - Nov 7, 2024