

# CITY COUNCIL

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## AGENDA REPORT

**Subject: 2005 UTILITY OPERATING BUDGETS AND RATE AMENDMENT BYLAWS 20/2004, 21/2004, 22/2004 and 23/2004**

**Recommendation(s):**

**WATER UTILITY – Bylaw 20/2004**

1. That the 2005 Water Utility Operating Budget dated December 13, 2004 be approved.
2. That Bylaw 20/2004, being Amendment 6 to Water Bylaw 5/2001, be read a first time.
3. That Bylaw 20/2004 be read a second time.
4. That unanimous consent be given for consideration of third reading of Bylaw 20/2004.
5. That Bylaw 20/2004 be read a third and final time.

**WASTEWATER UTILITY – Bylaw 21/2004**

1. That the 2005 Wastewater Utility Operating Budget dated December 13, 2004 be approved.
2. That Bylaw 21/2004, being Amendment 6 to Sanitary Sewer Bylaw 33/2001, be read a first time.
3. That Bylaw 21/2004 be read a second time.
4. That unanimous consent be given for consideration of third reading of Bylaw 21/2004.
5. That Bylaw 21/2004 be read a third and final time.

**STORM SEWER UTILITY – Bylaw 22/2004**

1. That the 2005 Storm Sewer Utility Operating Budget dated December 13, 2004 be approved.
2. That Bylaw 22/2004, being Amendment 2 to Storm Sewer Bylaw 6/2003, be read a first time.
3. That Bylaw 22/2004 be read a second time.
4. That unanimous consent be given for consideration of third reading of Bylaw 22/2004.
5. That Bylaw 22/2004 be read a third and final time.

**SOLID WASTE UTILITY – Bylaw 23/2004**

1. That the 2005 Solid Waste Utility Operating Budget dated December 13, 2004 be approved.
2. That Bylaw 23/2004, being Amendment 9 to the Pay As You Throw Bylaw 16/96, be read a first time.
3. That Bylaw 23/2004 be read a second time.
4. That unanimous consent be given for consideration of third reading of Bylaw 23/2004.
5. That Bylaw 23/2004 be read a third and final time.

**CITY OF ST. ALBERT  
2005 UTILITY BUDGET**



**Report Summary:**

This report deals with the four Utility Operating Budgets for Water, Wastewater\*, Storm Sewer and Solid Waste Management. As required by legislation, budgets are required for the utilities and any corresponding rate changes from the budget also require Council approval. The attachments represent the four Utility Budgets; the Schedules to the Bylaws that contain the applicable utility rate changes and the Bylaws being presented for first, second and third readings to incorporate the utility rate changes.

\*It should also be noted that references to "Sanitary Sewer" throughout the budget have been changed to "Wastewater", as this is the proper terminology today. The Bylaw has been left "as is" for the time being, until a full review of the bylaw can be undertaken.

**Report:**

Many utility organizations are dealing with the replacement of aging infrastructure and improving environmental standards. These changes are creating significant pressure to increase utility rates. As a result of our infrastructure study and new environmental standards, the City of St. Albert is now facing substantial infrastructure costs as well as higher costs for water supply and for wastewater transmission. The challenge is to minimize utility rates while making sure the City's infrastructure is reliable and meets environmental standards.

Infrastructure costs are not likely to be funded solely by municipalities. The City of St. Albert is working with other municipalities to secure new Provincial and Federal funding and recent announcements indicate the Province and Government of Canada are considering new funding. However, with no commitment yet to fund the urgent capital work scheduled for 2005, the budget does not reflect these funding possibilities.

Increased costs will increase utility bills over the next few years; customers will bear the whole burden if Provincial and Federal assistance is not obtained. There are options to minimize utility bill increases until the City knows if assistance will be available.

**Utility Fiscal Policies**

During 2003 Council reviewed the utility rate setting model and made several changes with regard to the model's methodology. The overarching direction is that utility operations should be self-sustainable. Utility fees are calculated using the following Council policies:

- Utilities are self sustaining
- Includes full costing recovery for the Municipal Operating Budget
- Includes full replacement of existing infrastructure
- No negative reserve balances
- No new debt financing of capital projects after 2005

### **Infrastructure Review**

When the utility fiscal policies were adopted it was noted that the infrastructure review might identify additional capital costs. Phase 1 of the infrastructure review identified \$38 million of deferred utility maintenance costs. The 2005 utility capital budget of \$4.8 million is limited to the completion of the Lacombe Park Reservoir (\$2.5 million) and the cost of the most necessary capital programs:

- Grit interceptor retrofit program (\$550,000)
- North Campbell storm pond expansion (\$300,000)
- Storm main replacement program (\$380,000)
- Wastewater rehabilitation program (\$946,000)

### **Utility Financing**

Using the City of St. Albert rate-setting model, the current estimate of the long-term rate for all City utilities in 2004 dollars is a minimum of \$81/month per household (currently \$54). Further increases in the cost of water purchases and wastewater processing may cause rates to increase even more for all municipalities.

The 2005 budget recommends the following in the calculation of the 2005 utility budget. This maintains Council utility policy direction.

#### Fund Urgent Capital Costs with Internal Borrowing and \$8 Increase in 2005 Bills

- Complies with existing financial policies: self sustaining with no new debt
- Funds urgent capital projects
- Utilizes the full \$825,000/yr contributions to internal financing reserve for Utility Infrastructure
- Internal financing for 2005 at \$1.6 million
- External financing for 2005 at \$1.8 million (as per plan)
- Average increase in monthly bill = \$8.07 (90% of Edmonton bill)

This allows time to pursue Provincial and Federal sources of funding prior to placing the full burden on the rates.

**CITY OF ST. ALBERT  
2005 UTILITY BUDGET**



**Detailed Utility Charges**

<b>Monthly Utility Rates - Residential</b>	<i>2004 Actual</i>	<i>2005 Budget</i>	<i>2006 Plan**</i>	<i>2007 Plan**</i>
<b>Water Rates</b>				
- Flat Rate	\$5.00	\$6.00	\$6.50	\$6.75
- Water Rate	.807 cents/m <sup>3</sup>	.828 cents/ m <sup>3</sup>	.886 cents/ m <sup>3</sup>	.943 cents/ m <sup>3</sup> t
<b>Wastewater Rates</b>				
- Flat Rate	\$5.00	\$8.50	\$9.75	\$11.00
- Sewer Rate	.697 cents/m <sup>3</sup>	.805 cents/ m <sup>3</sup>	.875 cents/ m <sup>3</sup>	1.006 cents/m <sup>3</sup>
<b>Storm Sewer Rates</b>				
- Flat Rate				
- Residential – (single/side-by-side)	\$4.50	\$ 5.20	\$ 8.26	\$ 11.32
- Residential – (stacked/Condo)	\$3.00	\$ 3.50	\$ 5.56	\$ 7.62
- Non-Residential	\$12.00	\$14.00	\$22.24	\$30.47
<b>Solid Waste Rates</b>				
- Flat Fee	\$ 3.35	\$ 3.65	\$ 3.65	\$ 3.65
- ½ Bag (26 tags)	\$ 1.45	\$ 1.45	\$ 1.45	\$ 1.45
- 1 Bag (52 tags)	\$ 2.95	\$ 2.95	\$ 2.95	\$ 2.95
- 1Can/2Bag (104 tags)	\$ 5.90	\$ 5.90	\$ 5.90	\$ 5.90
- 2 Can/4Bag (208 tags)	\$11.80	\$11.80	\$11.80	\$11.80
- 3 Can/6Bag (312 tags)	\$17.70	\$17.70	\$17.70	\$17.70
<b>Average Monthly Bill *</b>	\$53.83	\$61.90	\$69.38**	\$77.71**

\*The average monthly bill is based on water use of 20m<sup>3</sup> and 1 can/2 bag option for Solid Waste

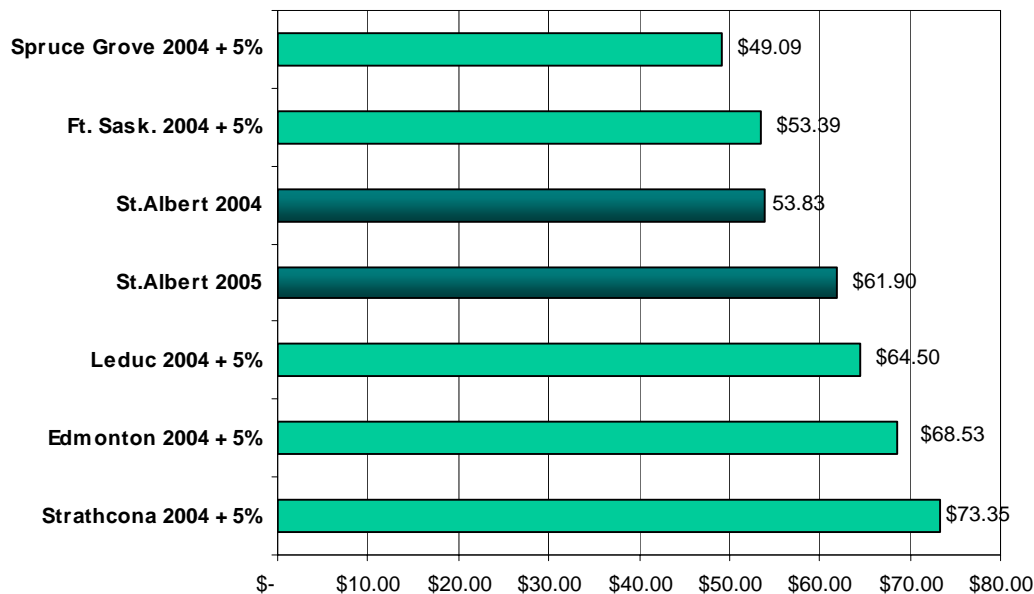
\*\*The 2006 and 2007 plan use conservative assumptions: no Provincial/Federal funding, no new debt and minimum time to phase in rate increases.

## CITY OF ST. ALBERT 2005 UTILITY BUDGET



### Comparative Utility Bills

All municipalities are facing cost pressures to increase utility rates. The overall utility rates for the City of St. Albert are expected to be in the mid-range of the capital region.



The rates for the individual utilities are comparable to the expected rates of the capital region. The expected rates for other municipalities are conservatively estimated to be equal to the 2004 rates plus 5%.

### **Conclusion:**

The rate increases in the 2005 Utility Budgets fully recover the costs involved in operating the utilities as well as building reserves for future capital requirements. Administration is recommending first, second and third readings for the Water, Wastewater, Storm Sewer and Solid Waste Management Utilities, so that fees can be implemented January 1, 2005.

### **Attachment(s):**

1. Water Utility Operating Budget
2. Wastewater Utility Operating Budget
3. Storm Utility Operating Budget
4. Solid Waste Utility Operating Budget
5. Bylaw 20/2004
6. Bylaw 21/2004
7. Bylaw 22/2004
8. Bylaw 23/2004

Report Date	December 10, 2004
Author	Suzanne Fredrickson
Originating Dept:	Financial Services
General Manager Review	Del Dyck
Financial Review	Glen Jarbeau
Legal Review	Charlotte St. Denis
City Manager Review	Bill Holtby

# CITY OF ST. ALBERT

## 2005 WATER UTILITY BUDGET



December 13, 2004

### Budget 2005

#### Revenues:

Sales & User Fees	\$	6,385,300
Local Improvements Taxes		52,600
Late Payment Penalties		23,500
Conditional Grants		1,000
<b>Total</b>		<b>\$ 6,462,400</b>

#### Expenditures:

Water Customer Billing & Collection	\$	209,300
Water Administration		1,002,900
Supply Cost		3,028,200
Pump Stations		299,600
Water Distribution		598,700
Water Meters		379,400
Business Cases		40,900
Transfer to Reserve		903,400
<b>Total</b>		<b>\$ 6,462,400</b>

# CITY OF ST. ALBERT

## 2005 WASTEWATER UTILITY BUDGET



December 13, 2004

### Budget 2005

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#### Revenues:

Sales & User Fees	\$	6,777,800
Local Improvements Taxes		31,200
Late Payment Penalties		21,000
Conditional Grants		1,000

<b>Total</b>		<hr style="width: 100%;"/> <b>\$ 6,831,000</b> <hr style="width: 100%;"/>
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#### Expenditures:

Wastewater Customer Billing & Collection	\$	200,600
Wastewater Administration		995,600
Wastewater Lift System		111,900
Wastewater Treatment		3,567,700
Wastewater Collection		1,102,500
Business Cases		300,900
Transfer to Reserve		551,800

<b>Total</b>		<hr style="width: 100%;"/> <b>\$ 6,831,000</b> <hr style="width: 100%;"/>
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# CITY OF ST. ALBERT

## 2005 STORM SEWER UTILITY BUDGET



December 13, 2004

### Budget 2005

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#### **Revenues:**

Sales & User Fees	\$	1,231,600
Local Improvements Taxes		83,900
Late Payment Penalties		3,400
Conditional Grants		1,900

<b>Total</b>		<hr style="width: 100%;"/> <b>\$ 1,320,800</b> <hr style="width: 100%;"/>
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#### **Expenditures:**

Storm Customer Billing & Collection	\$	21,400
Storm Operations		641,800
Business Cases		220,700
Transfer to Reserve		436,900

<b>Total</b>		<hr style="width: 100%;"/> <b>\$ 1,320,800</b> <hr style="width: 100%;"/>
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# CITY OF ST. ALBERT

## 2005 SOLID WASTE UTILITY BUDGET



December 13, 2004

### Budget 2005

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#### Revenues:

Sales & User Fees	\$	2,267,300
Late Payment Penalties		8,100
<b>Total</b>		<u><u>\$ 2,275,400</u></u>

#### Expenditures:

Solid Waste Mgmt. Customer Billing & Collection	\$	254,900
Solid Waste Management Collection & Disposal		1,524,800
Recycling		295,800
Composting		199,900
Business Cases		-
Transfer to Reserve		-
<b>Total</b>		<u><u>\$ 2,275,400</u></u>

CITY OF ST. ALBERT

BYLAW 20/2004

Being Amendment 6 to the St. Albert Water Bylaw 5/2001

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WHEREAS Council on June 4, 2001 passed Bylaw 5/2001 to govern the supply of potable water in the City of St. Albert; and

WHEREAS it is deemed desirable to amend certain rates;

NOW THEREFORE the Municipal Council of the City of St. Albert hereby ENACTS AS FOLLOWS:

1. That Bylaw 5/2001, being the St. Albert Water Bylaw, be amended by deleting Schedule "A" and substituting therefor the attached Schedule "A".
2. The Chief Administrative Officer is authorized to consolidate Bylaw 5/2001.

READ a first time this 13th day of December 2004.

READ a second time this 13th day of December 2004.

READ a third and final time this 13th day of December 2004.

SIGNED AND PASSED this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF LEGISLATIVE OFFICER

SCHEDULE A

Fees, Charges and Indemnities	Amount To Be Paid
1. Account Initiation Fee	\$25.00
2. Deposit to be posted by an applicant for water service who is not the registered owner of the land to which water will be supplied	\$100.00
3. Water Flat Rate Charge	\$6.00 per month
4. Water Consumption Charge	\$0.828 per cubic metre
5. Fee for water for construction for: (a) single detached residential unit (b) semi-detached residential unit (c) all other construction	(a) \$50.00 per building (b) \$50.00 per building (c) \$0.50 per \$1,000.00 of construction value as reported for the building permit, to a maximum of \$1,000.00 per building
6. Fee for water solely for watering a lawn or garden: (a) lawn or garden flat rate charge (b) lawn or garden consumption charge	(a) N/A (b) \$1.37 per cubic metre
7. Indemnity for damage to: (a) water meters (b) remote readers (c) water meter seal	(a) replacement cost (b) replacement cost (c) \$15.00
8. Late Payment Charge	2.5 % of the amount of the utility bill that is unpaid Twenty-one (21) Days after the billing date
9. Water Meter Test Charge	\$75.00

Schedule A (Page 2)

10. Reconnection Fee	<p>\$35.00 if the Customer requests that reconnection is to take place during regular business hours of the City</p> <p>\$75.00 if the Customer requests that reconnection take place outside of the regular business hours of the City</p>
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CITY OF ST. ALBERT

BYLAW 21/2004

Being Amendment 6 to the St. Albert Sanitary Sewer Bylaw 33/2001

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WHEREAS Council on September 24, 2001 passed Bylaw 33/2001 to regulate sanitary sewer services in the City of St. Albert; and

WHEREAS it is deemed desirable to amend certain rates;

NOW THEREFORE the Municipal Council of the City of St. Albert hereby ENACTS AS FOLLOWS:

1. That Bylaw 33/2001, being the St. Albert Sanitary Sewer Bylaw, be amended by deleting Schedule "C" and substituting therefor the attached Schedule "C".
2. The Chief Administrative Officer is authorized to consolidate Bylaw 33/2001.

READ a first time this 13th day of December 2004.

READ a second time this 13th day of December 2004.

READ a third and final time this 13th day of December 2004.

SIGNED AND PASSED this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF LEGISLATIVE OFFICER

## SCHEDULE C

Fees, Charges and Indemnities	Amount To Be Paid
1. Sewer Flat Rate Charge	\$8.50 per month
2. Sewer Transmission Cost  (a) Residential (calculated on basis of 80% of potable water supplied)  (b) Non Residential (calculated on basis of 100% of potable water supplied)	\$1.006 per cubic meter of water supplied  \$0.805 per cubic meter of water supplied
3. Late Payment Charge	2.5 % of the amount of the utility bill that is unpaid twenty-one (21) days after the billing date

CITY OF ST. ALBERT

BYLAW 22/2004

Being Amendment 2 to St. Albert Storm Sewer Bylaw 6/2003

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WHEREAS Council on February 18, 2003 passed Bylaw 6/2003 to regulate storm sewer services in the City of St. Albert; and

WHEREAS it is deemed desirable to amend certain rates;

NOW THEREFORE the Municipal Council of the City of St. Albert hereby ENACTS AS FOLLOWS:

1. That Bylaw 6/2003, being the St. Albert Storm Sewer Bylaw, be amended by deleting Schedule "A" and substituting therefor the attached Schedule "A".
2. The Chief Administrative Officer is authorized to consolidate Bylaw 6/2003.

READ a first time this 13th day of December 2004.

READ a second time this 13th day of December 2004.

READ a third and final time this 13th day of December 2004.

SIGNED AND PASSED this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF LEGISLATIVE OFFICER

SCHEDULE "A"

FEES AND CHARGES

Development	Storm Sewer Use Fee
1. Where potable water is supplied to the Customer for use within a Single Family Residence.	\$5.20 per month
2. Where potable water is supplied to the Customer for use within a development containing more than one (1) residential unit but each residential unit is accessible from ground level and the residential units are not stacked. or located on more than one (1) storey.	\$5.20 per residential unit per month
3. Where potable water is supplied to the Customer for use within a development containing more than one (1) residential unit and the units are stacked.	\$3.50 per residential unit per month
4. Where potable water is supplied to the Customer for use within a commercial development.	\$14.00 per commercial operation within the development per month
5. Where potable water is supplied to the Customer for use within an industrial development.	\$14.00 per month
6. Late Payment Charge	2.5% of the amount of the utility bill that is unpaid twenty-one (21) days after the billing date

CITY OF ST. ALBERT

BYLAW 23/2004

Being Amendment 9 to Pay As You Throw Bylaw 16/96

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WHEREAS Council on June 17, 1996 passed Bylaw 16/96 to provide for Municipal Refuse Management Services on a "Pay As You Throw" basis to residential property in the City of St. Albert; and

WHEREAS it is deemed desirable to amend certain rates;

NOW THEREFORE the Municipal Council of the City of St. Albert hereby ENACTS AS FOLLOWS:

1. That Bylaw 16/96, being the Pay As You Throw Bylaw, be amended by deleting Schedule "A" and substituting therefor the attached Schedule "A".
2. The Chief Administrative Officer is authorized to consolidate Bylaw 16/96.

READ a first time this 13th day of December 2004.

READ a second time this 13th day of December 2004.

READ a third and final time this 13th day of December 2004.

SIGNED AND PASSED this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF LEGISLATIVE OFFICER

SCHEDULE A

1. The refuse management service charge for the five refuse management services are:	
(a) "Service One", consisting of one (1) can or two (2) bags per week or, in a neighbourhood listed in Schedule "B", a 121 litre toter:	\$5.90 per month
(b) "Service Two", consisting of two (2) cans or four (4) bags per week or, in a neighbourhood listed in Schedule "B", a 242 litre toter:	\$11.80 per month
(c) "Service Three", consisting of three (3) cans or six (6) bags per week or, in a neighbourhood listed in Schedule "B", a 363 litre toter:	\$17.70 per month
(d) "Service Four", consisting of one bag per week:	\$2.95 per month
(e) "Service Five", consisting of one half bag per week:	\$1.45 per month
2. The charge for an "extra refuse" tag is:	\$1.50 per tag
3. The administrative service charge for changing a subscription:	\$20.00 per change
4. The penalty charge shall be equal to two and one-half (2.5%) percent of the unpaid utility charge.	
5. The recycling and composting management service charge is:	\$3.65 per month