

CITY COUNCIL WORKSHOP AGENDA

Monday, November 28, 2022, 3:30 p.m.

Meeting held electronically and open to public attendance

Council Chamber, City Hall

We recognize and respect that New Westminster is on the unceded and unsundered land of the Halkomelem speaking peoples. We acknowledge that colonialism has made invisible their histories and connections to the land. As a City, we are learning and building relationships with the people whose lands we are on.

LIVE WEBCAST: Please note City Council Meetings, Public Hearings, Council Workshops and some Special City Council Meetings are streamed online and are accessible through the City's website at <http://www.newwestcity.ca/council>

Pages

1. CALL TO ORDER AND LAND ACKNOWLEDGEMENT

The Mayor will open the meeting and provide a land acknowledgement.

2. PRESENTATIONS

2.1 Budget 2023: Proposed 2023 Utility Budgets and Rate Increases

a. Budget 2023: Proposed 2023 Utility Budgets and Rate Increases

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The purpose of this report is to provide Council with the detailed information on the 2023 Proposed Utility Fund Budgets. This report also provides the proposed 2023 Utility rate increases for the Electric, Water, Sewer and Solid Waste Utilities and Five-Year Financial Plans (2023 – 2027). The expectation is that Council will provide staff with feedback at the November 28th Utility Budget Workshop that will set the direction for staff to prepare the necessary bylaws to amend the City's 2023 Utility Rates which will be in effect as of January 1, 2023.

Recommendation:

THAT Council approve in principle the 2023 Proposed Utility Budgets and Annual Rate Increases with respect to the Electric,

Water, Sewer and Solid Waste Utilities; and

THAT Council direct staff to prepare the necessary bylaws to amend the City's utility rates for 2023 as outlined in this report.

b. Presentation (On Table)

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3. END OF THE MEETING

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REPORT

Office of the Chief Administrative Officer, Electric Utility, Engineering and Finance

To: Mayor Johnstone and Members of Council **Date:** November 28, 2022

From: Lisa Spitale
Chief Administrative Officer **File:** 05.1035.10

Rod Carle
General Manager, Electric Utility

Lisa Leblanc
Director of Engineering Services

Harji Varn
CFO/Director of Finance

Item #: 2022-720

Subject: Budget 2023: Proposed 2023 Utility Budgets and Rate Increases

RECOMMENDATION

THAT Council approve in principle the 2023 Proposed Utility Budgets and Annual Rate Increases with respect to the Electric, Water, Sewer and Solid Waste Utilities; and

THAT Council direct staff to prepare the necessary bylaws to amend the City's utility rates for 2023 as outlined in this report.

PURPOSE

The purpose of this report is to provide Council with the detailed information on the 2023 Proposed Utility Fund Budgets. This report also provides the proposed 2023 Utility rate increases for the Electric, Water, Sewer and Solid Waste Utilities and Five-Year Financial Plans (2023 – 2027).

The expectation is that Council will provide staff with feedback at the November 28th Utility Budget Workshop that will set the direction for staff to prepare the necessary bylaws to amend the City's 2023 Utility Rates which will be in effect as of January 1, 2023.

EXECUTIVE SUMMARY

Funding the Annual Budget requires careful deliberation, in particular, given the financial, supply chain, and resource challenges introduced by the COVID-19 Pandemic. The need to balance the City's financial sustainability and financial affordability is a key guiding principle considered each year by City Council.

The City owns, operates and maintains four utilities, namely: Electrical Distribution Utility, Water Distribution Utility, Sewerage and Drainage Utility, and Solid Waste Utility. The following table shows the current annual operating vs capital budgets by utility:

2022 BUDGET VALUES

Utility Department	2022 Annual Budget (\$ in millions)		
	Operating Revenue	Operating Expense	Capital Expense
Electrical	\$ 56.49	\$ 42.11	\$ 44.20
Water	\$ 15.87	\$ 9.36	\$ 7.79
Sewer	\$ 28.49	\$ 15.33	\$ 23.43
Solid Waste	\$ 5.10	\$ 3.99	\$ 0.34

The Water, Sewer, and Solid Waste **Operating Expenses** are largely driven by Metro Vancouver levies whereby the Electrical Operating Costs are largely driven by the cost of electricity purchases from BC Hydro. The balance of the operating expenses come from salaries, supplies and materials, contracted out services, debt servicing, amortization and ongoing contributions to the utility reserves.

The **Capital Expenses** to replace, upgrade, or enhance the City's aging infrastructure is largely funded from the City's reserves and is delivered through contracted services. The utility reserves are maintained with annual contributions from the operating budgets and is utilized to fund the asset renewal and replacements/major upgrades. The reserves are set to achieve and maintain a minimum balance of 5-10% of Asset Value to support the replacement of aging infrastructure and to mitigate against any risk such as beyond-inflationary increases or for any major unforeseen system failure.

The **2023 Proposed Utility Rate Increases** are consistent with the previous 5 Year Financial Plan, proposing a 7% annual rate increase for both the Water and Sewer Rates, 14% for the Solid Waste Rates and 2.8% for the Electrical Rates. The rates levied will drive a large portion of the Operating Revenue which funds the annual Operating Expenses and Reserve Contributions for the Capital Program.

The following table summarizes the proposed Electric, Water, Sewer and Solid Waste Utility user rate adjustments effective for January 1, 2023 as they compare to 2022:

Average Single Family Household	Electric	Water	Sewer	Solid Waste	Blended Rate
	Based on 1,000 KWH	net of 5% discount	net of 5% discount	net of 5% discount	
Current 2022	\$ 1,579	\$ 691	\$ 976	\$ 312	\$ 3,552
Proposed 2023 \$ Increase	\$ 44	\$ 48	\$ 68	\$ 44	\$ 205
New Proposed 2023 Annual Cost	\$ 1,623	\$ 740	\$ 1,044	\$ 355	\$ 3,756
2023 % Rate Increase	2.8%	7.0%	7.0%	14.0%	5.8%

Financial resources continue to be constrained at the same time as the City has needed to respond to the many issues facing our community. Council has continued to direct staff to remain vigilant and nimble when dealing with such uncertain times while also maintaining important core services and the advancement of key Council Strategic Priorities, including alignment with the City's Asset Management Policy.

BACKGROUND

The 2022 Utility Budget and Rate Increases were approved by Council in December 2021 followed by the approval of the 5 Year Financial Plan in February 2022.

Over the years, the budget process has improved by implementing budget surveys, public engagement workshops, Budget 101 Webinars and special council workshops along with the quarterly performance updates throughout the year.

The Budget 101 Webinar, online survey, multiple advisory committee and Council Budget workshops have allowed for continued alignment between the community's input and the City's Senior Management Team's (SMT) recommendations and aimed for budget adoption by the end of the year. This follows a best practice approach where departments have budget clarity early the following year.

As part of our commitment to flexibility and transparency, staff continue to report to Council on a quarterly basis, and seek Council approval for any adjustments where budgets would need to be reset or varied from the original budget targets throughout the year, as we acknowledge things can and do change throughout the year.

At the meeting on May 30, 2022, Council approved the 2023 Budget Framework and timelines which follows a best practice approach to work collaboratively with Council and incorporating the feedback from the community.

2023 APPROVED BUDGET FRAMEWORK

Due to the significant engagement work, and with the confirmation of alignment between Council priorities, public input and with staff in the midst of delivering on the 5 year Capital Plan, staff are proposing that the 2023 Budget be brought to Council in the fall and early

2023 with the focus of continuing the delivery of the existing approved 2022-2026 5 Year Financial Plan.

For the final Utility Rates and 2023-2027 5 Year Financial Plan, staff are proposing that the new Council approve the Utility Rates in November and to defer the General Funded Operating budget to January 2023, with a target to have a final approved 5 Year Financial Plan in February of 2023, which would include the 2023 proposed Property Tax Rate Increases.

2023 APPROVED BUDGET TIMELINES

The table below outlines the key dates around the 2023 Budget and follows a budget best practice approach, including working collaboratively with Council and continuing to build on the ongoing feedback from the community.

Date	Description
31-Oct-22	Council Onboarding Package - Budget Introduction and Overview
7-Nov-22	New Council Inaugural Meeting
14-Nov-22	Council Onboarding Session - Budget 101
16-Nov-22	Quarter 3 Capital & Operating Performance Report Distributed
16-Nov-22	2023 Proposed Utility Rates Report Distributed
28-Nov-22	2023 Utility Budget Workshop & Presentation
28-Nov-22	Quarter 3 Capital & Operating Performance
12-Dec-22	Utility Rates (Three Readings)
TBD	Utility Rates (Adoption)
Jan 2023	2023 General Fund Budget Workshop & Proposed Service Enhancements
Jan 2023	2023 DRAFT Budget & 5 Year Financial Plan Bylaw (Presentation)
Jan/Feb 2023	2023 DRAFT Budget & 5 Year Bylaw post on City Website/Paper
Feb 2023	2023 DRAFT Budget & 5 Year Financial Plan Bylaw (3 Readings))
TBD	2023 DRAFT Budget & 5 Year Financial Plan Bylaw (Adoption)

The 2023 Council Budget Workshops will be promoted widely through various channels, including email notification to various City email databases, social media posts and advertising, City Page notices in the newspaper and by email, advertisements in the Record, and through the City's website.

UTILITY BUDGET WORKSHOP

On November 28th, the Utility Budget Open Council Workshop will be held and City staff will provide a presentation which will include a high level orientation and background of the City's Utility Budgets, Assets, Reserves, Current Financial Forecast and highlights of 2022 Accomplishments and major variances. At this workshop, staff will walk Council

through the 2023 Proposed Capital and Operating Budgets, along with the detailed 5 Year Financial Plan and proposed 2023 Utility Rate Increases.

FINANCIAL SUSTAINABILITY PRINCIPLES

The 2023 Proposed Operating & Capital Budget(s) are guided by Financial Sustainability Principles that align with the City's core values when building a vibrant compassionate City that includes everyone and ensures the City's budget is:

- ❖ **Sustainable** - Maintain assets in a state of good repair through reasonable tax /rate hikes, and without disruptions to services; living within our means;
- ❖ **Adaptable** - The ability to change debt levels or leverage reserves; ability to ramp up or down on spending;
- ❖ **Stable** - Predictability of City's Sustainable Revenue Sources, & less reliance on external funding or 3rd party funding; and
- ❖ **Accountable** - Fiscally prudent & responsible; the ability to ensure that the City's financial decisions are in the best interest of all.

2022-2026 FINANCIAL PLAN OVERVIEW & 2023 PROPOSED UTILITY RATES

Approved 2022-2026 Financial Plan

The Five-Year Financial Plan for the Utilities are **projections** based on **best estimates** of future events that may materially affect the City such as annual wage increments, and increasing fees charged by Metro Vancouver and BC Hydro.

The plans also include **funding assumptions** to support some of the City's major initiatives including a possible District Energy System, Advanced Metering Infrastructure, the new Queensborough Substation, Glass Recycling Program and many other net new Climate related initiatives along with ongoing sewer separation program, routine replacement of major Sewer & Water Systems and City's Fleet & Equipment.

The planned rates are also required to fund existing infrastructure renewal and replacement and to **maintain minimum reserve levels** to ensure fiscal prudence and sustainability over the longer-term.

The **Current** Five Year Financial Plan includes **Planned Rate** Increases for **2023** as follows:

- Electrical Rates Increase 2.8%/year
- Sewer & Water Rates Increase 7%/year

- Solid Waste Rate Increase 14%/year

2023 PROPOSED UTILITY RATES

With respect to the 2023 Operating Budget – specifically on the Utility Funds - Council should consider the following as they review staff presentations:

- 2023 Fixed Cost & Salary Increases of \$0.4M
- 2023 Proposed Capital Spending of 55.5M
- 2023 New Service Enhancement Requests of \$0.7M

Electrical Utility

The majority of the Electrical Department's operations are deemed essential. To this end, the department is striving to maintain appropriate service levels for all New Westminster residents, businesses and institutions while at the same time maintaining the health and safety of our front line staff.

In addition to ensuring our critical infrastructure and essential services are provided, Electrical staff are continuously engaged in supporting Council's 7 Bold Steps around Climate Action and Strategic Priorities.

2023 "Proposed" Electrical Utility Rate is 2.8%

Electric Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 60.78	\$ 75.25	\$ 62.58	\$ 75.95	\$ 66.29
Operating Expenses	\$ 45.12	\$ 46.85	\$ 49.62	\$ 50.75	\$ 51.60
Capital	\$ 23.88	\$ 42.80	\$ 17.60	\$ 3.28	\$ 3.25
Reserves	\$ 38.92	\$ 25.25	\$ 22.44	\$ 39.39	\$ 45.72
Rate Increase	2.8%	2.8%	2.8%	2.8%	2.8%

2023 Budget Outlook Considerations

With respect to the 2023 Electrical Operating and Capital Budget, Council should consider the following as they review staff presentations:

- Projected 2023 Increase in Cost of Power Purchases \$1.0M
- 2023 Fixed Cost & Salary Increases of \$0.2M
- 2023 Proposed Capital Spending of \$23.9M
- 2023 New Service Enhancement "Requests" \$0.4M
- 2023 Increase in Debt-servicing Costs of \$2.1M due to increase of \$25M in borrowing at end of 2022 related to the QB Substation Project
- Climate levy at a rate of 3.5% of Electrical billings

On October 18, 2022, staff met with the Utility Commission to discuss BC Hydro's projections for rates over the next few years which includes a 2.0% increase in 2023 followed by subsequent increases in following years. Staff also presented the historical trends around the fluctuations with BC Hydro rates or the cost of power and how often the rate projections change from year to year.

At the Utility Commission meeting, staff presented the results of the analysis of the impact of BC Hydro rates on the City of New Westminster's Utility when factoring in: operating projections, the 5 Year Capital Plan, the overall age of the City's infrastructure and our ability to maintain minimum reserve levels. The recommendation is to maintain the sustainable and predictable 5 year rate of 2.8%. Here are some of the reasons that support the recommendation and will be presented to Council in greater detail at the November 28th workshop:

- **Rate Stability & Predictability:** avoid fluctuations in electrical bills to residents and businesses
- **Resilient & Adaptable:** manage through uncertainty around commodities prices, climate risk, changing economy
- **Maintain Healthy Reserves** for regular/routine renewal & replacement of existing assets
- **Maintaining Level of Services** & complying with Measurement Canada Requirements
- **Maintain Reasonable Debt Servicing Levels**
- **Addressing Growth** Related Funding Requirements - Long Range Infrastructure Planning

The Utility Commission supported the staff recommendation with the intention that if the cost of power continues to decrease in the coming years, that a corresponding rate reduction be applied to the electrical rates, while keeping Electrical Reserves at a minimum level of ~5%-10% of Asset Value.

Details of the Five Year Financial Plan and Capital plan for the Electrical Utility are in Attachment 1 of this report.

Water Distribution Utility

Potable drinking water is purchased from Metro Vancouver and delivered through the City's water distribution system, which includes 270 kilometres of watermain, to residents and businesses in the City. Routine ongoing operations and maintenance of the water distribution system occurred throughout 2022, and will continue in 2023.

In addition to routine operations and maintenance, staff support the repair of broken water mains, new service connections, and the capital replacement program. Given recent market conditions, supply chain challenges, and escalating construction costs, we anticipate increased strain on City resources, including staff and budgets, which could

result in a reduced water main replacement rate, and higher operations and maintenance costs.

2023 “Proposed” Water Utility Rate is 7.0%

Water Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 16.94	\$ 17.93	\$ 19.17	\$ 20.51	\$ 21.94
Operating Expenses	\$ 9.74	\$ 10.60	\$ 11.82	\$ 13.15	\$ 14.65
Capital	\$ 11.14	\$ 5.70	\$ 6.04	\$ 6.01	\$ 6.01
Reserves	\$ 14.79	\$ 16.76	\$ 18.45	\$ 20.23	\$ 21.94
Rate Increase	7.0%	7.0%	7.0%	7.0%	7.0%

2023 Budget Outlook Considerations

With respect to the 2023 Water Operating and Capital Budget, Council should consider the following as they review staff presentations:

- Projected 2023 Increase in Metro Vancouver Water Levies \$0.2M
- 2023 Fixed Cost & Salary Increases of \$0.1M
- 2023 Proposed Capital Spending of \$11.1M
- 2023 New Service Enhancement “Requests” \$0.1M

In early October 2022, Metro Vancouver proposed the annual water rate increases for bulk water purchases for 2023 to 2027 to be 2.8%, 9.0%, 13.8%, 12.8% and 13.8% respectively. A significant portion of the Metro Vancouver rate increase is related to the regional capital program, including reservoir upgrades, transmission main improvements, and new marine crossings. Metro Levies make up 77% of the annual Operating Expenses and, therefore, have a significant impact on the need to hold rates at 7% annually to avoid any major fluctuations in future ongoing rates.

The Water Utility’s 2023 Proposed Multi-Year Capital Budget of \$11.1M primarily provides for replacements of end of life City water mains and associated trench restoration, and the replacement of equipment and service vehicles. It also includes provision for the assessment of the network for system optimization and prioritization of improvements.

The Water Reserves are set to achieve and maintain a minimum balance of 5-10% of Asset Value to support the replacement of aging infrastructure and to mitigate against any risk such as beyond-inflationary increases or for any major unforeseen system failure.

Details of the Five Year Financial Plan and Capital plan for the Water Utility are in Attachment 2 of this report.

Sewerage and Drainage Utility

The City owns 160 km of combined sewer mains and 90 km of storm sewers, 40km of sanitary mains, 39 pump stations and numerous open drainage ditches, which collect and convey sanitary sewage and storm runoff throughout the city. The Engineering Operations Division is responsible for the routine ongoing operation and maintenance of the system, including responding to infrastructure failure and other issues.

Engineering staff support the ongoing efforts to separate combined sewers. The Capital program includes a commitment, in support of the regional liquid waste management plan, to separate all combined sewers in the City by the year 2075. The City currently is on track to achieve that goal. In addition, similar to the water distribution system, it is necessary to replace aging sewer mains, and improve pump stations and other sewer and drainage infrastructure, to ensure that the system remains in a state of good repair.

2022 “Proposed” Sewer Utility Rate is 7.0%

Sewer Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 29.53	\$ 32.52	\$ 35.60	\$ 38.35	\$ 40.75
Operating Expenses	\$ 16.59	\$ 20.11	\$ 22.83	\$ 26.40	\$ 31.30
Capital	\$ 19.60	\$ 10.43	\$ 10.39	\$ 5.41	\$ 5.78
Reserves	\$ 22.77	\$ 26.09	\$ 29.86	\$ 37.86	\$ 42.99
Rate Increase	7.0%	7.0%	7.0%	7.0%	7.0%

2023 Budget Outlook Considerations

With respect to the 2023 Sewerage and Drainage Utility Operating and Capital Budget, Council should consider the following as they review staff presentations:

- 2023 Increase in Metro Vancouver Sewer Levies \$0.7M
- 2023 Fixed Cost & Salary Increases of \$0.1M
- 2023 Proposed Capital Spending of \$19.6M
- 2023 New Service Enhancement Requests of \$0.2M
- Grant of \$10.5M over 5-year period, to offset the cost of sewer separation

In early October 2022, Metro Vancouver proposed the annual sewer rate increases to operate and maintain the sanitary and storm drainage collection system, as well as for floodplain protection, for 2023 to 2027 to be 6.6%, 28.2%, 17.1%, 19.2% and 22.7% respectively. Metro Vancouver has embarked on a multi-year major capital program to upgrade a number of regional sewage treatment facilities, which is a key driver for the increasing regional sewerage levies. Metro Levies make up 73% of the annual Operating Expenses and therefore have a significant impact on the City's expense budget, and reinforce the need to hold rate increases at 7% annually to avoid any major fluctuations in future rates.

The Sewer and Drainage Utility's capital budget primarily provides for: the ongoing rehabilitation and replacement of existing sewer mains; the sewer separation program, which is a legislated commitment under the Metro Vancouver Integrated Liquid Waste and Resource Management Plan (ILWRMP)) and includes associated trench restoration; drainage system maintenance, operation and improvement, including floodplain protection works and improvements and replacement of pump stations, and; equipment, including service vehicles. The budget also includes provisions for the monitoring and assessment of the network for system optimization and prioritization of repairs and improvements.

As noted above, the City Sewer Utility covers a wide spectrum of services. The volume and complexity of work involved and rate increases from Metro Vancouver are placing significant financial pressure on the Utility. Similar to Water, the Sewer Reserves need to be set to achieve and maintain a minimum balance of 5-10% of asset value to support replacement of the aging infrastructure and to mitigate against any risk beyond inflationary increases and for any major unforeseen system failure.

Details of the Five Year Financial Plan and Capital plan for the Sewer Utility are in Attachment 3 of this report.

Solid Waste Utility

In 2022, solid waste services were delivered in a manner consistent with previous years, including weekly organics collection, and bi-weekly recycling and garbage collection. Curbside garbage and recycling pick up is done by City staff with the use of City-owned equipment. Multi-family residential garbage and recycling is contracted to a third party.

In 2022, in response to direction from Council, the Solid Waste division began the process of adding curbside glass collection on a monthly basis for single family properties. Delivery of the multi-family glass collection program was intended to start in 2022, but has been delayed until July 2023. Upon confirmation of a new third party contract, an additional cart will be provided to all multi-family buildings to support the collection of glass packaging, beginning in Q3 2023. Multi-family properties paid for this additional service in 2022; because it did not materialize in time, the fees that were collected in 2022 will be applied to the 2023 assessment, and no additional fee increase will be applied.

The introduction of glass collection for single family properties was accomplished with the addition of one collection vehicle and 2 staff positions, beginning in Q3. In addition, existing staff hours have been redistributed to provide an enhanced education and behavior change campaign to address high rates of contamination in the recycled material collected. While glass collection will address part of the problem, there remains a significant amount of contaminated material that needs to be eliminated from the recycling stream. Periodic audits will be conducted, and information provided to households. If the City does not reduce the amount of contamination in the recycling stream, the City will be subjected to a financial penalty.

2022 “Proposed” Solid Waste Utility Rate is 14.0%

Solid Waste Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 5.51	\$ 6.18	\$ 6.93	\$ 7.79	\$ 8.77
Operating Expenses	\$ 4.25	\$ 4.42	\$ 4.59	\$ 4.80	\$ 4.98
Capital	\$ 0.84	\$ 0.83	\$ 0.62	\$ 0.78	\$ 0.78
Reserves	\$ (0.45)	\$ (0.06)	\$ 1.10	\$ 2.78	\$ 5.25
Rate Increase	14.0%	14.0%	14.0%	14.0%	14.0%

2023 Budget Outlook Considerations

With respect to the 2023 Solid Waste Utility Operating and Capital Budget, Council should consider the following as they review staff presentations:

- Cumulative projected 2023 Increase in Metro Vancouver Tipping Fees \$0.1M
- 2023 Fixed Cost & Salary Increases of \$0.1M
- 2023 Proposed Capital Spending of \$0.8M

Revenues generated through solid waste user rates are used to operate and maintain these services. The standard Solid Waste user rates in 2023 are projected to increase to accommodate increasing operating and capital costs primarily related to tipping fees paid to the Greater Vancouver Sewerage and Drainage District (and other organizations depending on the waste stream) for the disposal of garbage, recyclables and organic waste, in addition to maintenance and repair of the Utility's fleet of collection vehicles, and building Capital reserves for equipment replacement.

Solid Waste Utility revenues include a financial contribution from Recycle BC for the collection of residential printed paper and recyclable packaging materials through the City's curbside and multifamily recycling programs. The incentive rates from the Recycle BC contract were set in 2019 and will remain static until 2023, although they are subject to the City's ability to reduce contamination rates to an acceptable level.

The Solid Waste Utility capital budget provides for replacement of the Utility's automated garbage/recycling collection vehicles, and replacement of garbage/recycling/green waste disposal bins.

The Solid Waste Reserves are projected to be in a net negative position until 2025. Investment in garbage and recycling collection vehicles increased in the last 5 years and the proposed 5 year plan is setting the rates to not only replenish the existing reserve, but also to responsibly build it up for the upcoming equipment replacements and tipping fee increases. Staff will continue to bridge the financing with the City's General Fund Reserve until the Utility recovers from the negative reserve balance.

Details of the Five Year Financial Plan and Capital plan for the Solid Waste Utility are in Attachment 4 of this report.

INTERDEPARTMENTAL LIAISON

The Electrical, Engineering and Finance Departments have collaboratively prepared the draft Five-Year Financial Plan (2023-2027) for the Utility Funds including the proposed 2023 Utility Rates.

OPTIONS

There are three options for Council's consideration; they are:

Option 1 - THAT Council approves in principle the 2023 Utility Rates with respect to the Electric, Water, Sewer and Solid Waste Utilities;

Option 2 - THAT Council directs staff to prepare the necessary bylaws to amend the City's utility rates for 2023 as outlined in this report; or

Option 3 – THAT Council provides further direction.

Staff recommend Options 1 and 2.

CONCLUSION

Staff has completed the City's draft 2023-2027 Financial Plan for the Utility Funds. This Plan incorporates both the operating and capital budgets for each of the Utilities. The Plan reflects adjustments in utility user rates necessary to maintain and operate the utilities over the next five years.

Provided that Council agrees in principle with the proposed 2023 Utility Rates with respect to the Electric, Water, Sewer and Solid Waste Utilities, staff will bring forward for Council's consideration at the next regular meeting of Council, the necessary bylaws to amend the City's Utility Rates for 2023 and will bring the Five Year Financial Plan to Council in the new year consolidated with the General Fund.

ATTACHMENTS

Attachment 1 - Electrical Utility Fund Draft 2023 - 2027 Financial Plan, Capital Plan and 2023 Service Enhancements

Attachment 2 - Water Utility Fund Draft 2023 - 2027 Financial Plan, Capital Forecast and 2023 Service Enhancements

Attachment 3 - Sewerage and Drainage Utility Fund 2023 - 2027 Financial Plan, Capital Plan and 2023 Service Enhancements

Attachment 4 - Solid Waste Utility Fund Draft 2023 - 2027 Financial Plan and Capital Plan

This report was prepared by:

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This report was approved by:

Lisa Spitale
Chief Administrative Officer

Attachment #1

Electrical Utility Fund

Draft 2023 – 2027 Financial Plan

Capital Plan

2023 Service Enhancements

**CORPORATION OF THE CITY OF NEW WESTMINSTER
ELECTRICAL FUND BUDGET**

	2022 Projections	2022 Budget	2023 Budget	\$ Chg	Budget Projections			
					2024	2025	2026	2027
REVENUE								
Utility Rates	\$ 55,530,076	\$ 54,262,172	\$ 56,935,561	\$ 2,673,389	\$ 59,221,101	\$ 60,951,036	\$ 62,726,611	\$ 64,549,102
Sale of Services	52,150	49,825	50,957	1,132	50,957	50,957	50,957	50,957
Grants from Other Governments	-	-	-	-	13,000,000	-	11,500,000	-
Capital Contributions and DCC's	1,767,000	1,933,500	3,500,000	1,566,500	2,600,000	1,100,000	1,100,000	1,100,000
Other Revenue	269,118	239,893	294,359	54,466	378,654	473,038	577,392	588,264
Total Revenues	57,618,344	56,485,390	60,780,877	4,295,487	75,250,712	62,575,031	75,954,960	66,288,323
EXPENSES								
Salaries, Benefits and Training	3,329,259	3,484,916	3,851,492	366,576	3,967,037	4,086,048	4,208,629	4,334,888
Contracted Services	1,256,903	1,245,471	1,495,471	250,000	1,495,471	1,495,471	1,495,471	1,495,471
Supplies and Materials	492,927	530,646	530,646	-	530,646	530,646	530,646	530,646
Interest and Bank Charges	675,781	1,221,381	2,346,381	1,125,000	2,590,131	2,850,131	3,093,881	3,110,131
Utility Purchases and Levies	32,273,865	31,742,733	32,757,973	1,015,240	34,021,322	34,698,104	35,388,591	36,093,060
Amortization	3,880,000	3,880,000	4,139,000	259,000	4,247,000	5,961,000	6,031,000	6,031,000
Total Expenses	41,907,285	42,105,147	45,120,963	3,015,816	46,851,607	49,621,400	50,748,218	51,595,196
INCREASE IN TOTAL EQUITY	15,711,059	14,380,243	15,659,914	1,279,671	28,399,106	12,953,632	25,206,742	14,693,127
Reconciliation to Financial Equity								
Amortization of Tangible Capital Assets	3,880,000	3,880,000	4,139,000	259,000	4,247,000	5,961,000	6,031,000	6,031,000
Capital Expenses	(27,695,127)	(44,199,385)	(23,882,258)	20,317,127	(42,800,000)	(17,600,800)	(3,280,000)	(3,250,000)
Debt Retirement	(985,060)	(2,063,061)	(3,105,403)	(1,042,342)	(3,496,615)	(3,917,367)	(4,328,201)	(4,467,996)
Proceeds on Debt Issuance	25,902,000	21,807,385	7,500,000	(14,307,385)	8,000,000	7,500,000	500,000	500,000
Transfer from/(to) Other Funds	(8,517,995)	(8,517,995)	(9,135,000)	(617,005)	(9,135,000)	(8,825,000)	(8,325,000)	(8,325,000)
Internal Charges	(1,800,349)	(1,800,349)	(1,830,950)	(30,601)	(1,867,297)	(1,913,306)	(1,949,022)	(1,949,022)
Internal Recoveries	2,532,060	2,532,060	2,724,392	192,332	2,986,425	3,029,286	3,097,152	3,097,152
CHANGE IN FINANCIAL EQUITY (Reserves)	9,026,588	(13,981,102)	(7,930,305)	6,050,797	(13,666,381)	(2,812,555)	16,952,671	6,329,261
Financial Equity , beginning of year	37,822,627	39,047,046	46,849,215	7,802,169	38,918,910	25,252,529	22,439,974	39,392,645
FINANCIAL EQUITY (Reserves), end of year	\$ 46,849,215	\$ 25,065,944	\$ 38,918,910	\$ 13,852,966	\$ 25,252,529	\$ 22,439,974	\$ 39,392,645	\$ 45,721,906

ELECTRICAL FUND CAPITAL BUDGET

CAPITAL EXPENSES								
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles/Equipment	490,000	490,000	535,000	45,000	670,000	55,000	-	-
Other Projects	350,000	800,000	1,275,000	475,000	500,000	717,800	500,000	500,000
Electrical Distribution System	26,855,127	42,909,385	22,072,258	(20,837,127)	41,630,000	16,828,000	2,780,000	2,750,000
Total Capital Expenses	\$ 27,695,127	\$ 44,199,385	\$ 23,882,258	\$ (20,317,127)	\$ 42,800,000	\$ 17,600,800	\$ 3,280,000	\$ 3,250,000
FUNDING SOURCES								
Reserve Funds	\$ 26,127	\$ 20,458,500	\$ 12,882,258	\$ (7,576,242)	\$ 19,200,000	\$ 9,000,800	\$ (9,820,000)	\$ 1,650,000
Long Term Debt	25,902,000	21,807,385	7,500,000	(14,307,385)	8,000,000	7,500,000	500,000	500,000
Grants from Other Governments	-	-	-	-	13,000,000	-	11,500,000	-
Contributions	1,767,000	1,933,500	3,500,000	1,566,500	2,600,000	1,100,000	1,100,000	1,100,000
Total Capital Funding	\$ 27,695,127	\$ 44,199,385	\$ 23,882,258	\$ (20,317,127)	\$ 42,800,000	\$ 17,600,800	\$ 3,280,000	\$ 3,250,000

Capital Plan by Fund

Fund: Electrical Fund

Year: 2023

Version: 1 Original Base Budget

Item #	Projects	Project Description	Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
	Electrical Fund									
	Electrical Distribution System									
	Meters									
1	10182 Electrical Meters	Project Scope/Outcome: Electrical Meters Replacement Program & New Meters resulting from development Estimated Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	100,000	100,000	100,000	100,000	100,000
2	12234 Adv Metering Infrastructure	Project Scope/Outcome: ~40,000 new "automated" meters to replace existing "manual" meters across the City along with IT upgrades/Infrastructure to connect the meters to the City's Financial Systems Estimated Completion: Q4-2025	06 Facilities, Infrastructure, and Public Realm	05 Carbon Free Energy	Improvements or New Additions	9,050,000	2,050,000	50,000	50,000	
	Total Meters					9,150,000	2,150,000	150,000	150,000	100,000
	Electrical New Services									
3	10183 Electrical New Services	Project Scope/Outcome: New Development services (Bossa, Platform, Salter St, East Columbia, Sixth St, Carnarvon St, Quayside Drive, NWACC, Braid St, Keary St & QS Distribution) and City initiatives for undergrounding utility distributions along Front street for the mews and in Queensborough for Ewen Avenue redevelopments. Estimated Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm	03 Carbon Free Homes and Buildings	Improvements or New Additions	2,500,000	1,600,000	1,100,000	1,100,000	2,150,000
4	11253 Sapperton District Energy Syst	Project Scope/Outcome: pending signed agreement(s) with third party/developer(s) and Royal Columbian Hospital, the City will build a new District Energy System to avoid and reduce Greenhouse Gas (GHG's) across the City Estimated Completion: TBD	03 Environment and Climate Change	05 Carbon Free Energy	Improvements or New Additions	2,200,000	34,000,000	15,000,000	1,000,000	
5	12441 Pattullo Bridge Electrical	Project Scope/Outcome: as part of the new pattullo bridge connect, a number of overhead lines will be required to go underground. Poles along Royal (McBride - Coburge) will be removed. Also work on Front St by the railway yard undergrounding will occur . Estimated Completion: Q2 2024	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement					
6	12442 Elec New Serv-Aff Housing	Project Scope/Outcome: Over the next 5-year City will support the success of the Affordable Housing program, city will contribute via infrastructure (new electrical services), land, or in-kind/project oversight Estimated Completion: Ongoing	01 Affordable Housing	03 Carbon Free Homes and Buildings	Improvements or New Additions	600,000	400,000	400,000	400,000	400,000
7	12443 Elec New Serv-QB Sub offsite	Project Scope/Outcome: offsite distribution grid from new QB Substation to existing high voltage switchgear at Boyd & Wood St. Estimated Completion: Q3-2023	06 Facilities, Infrastructure, and Public Realm	05 Carbon Free Energy	Improvements or New Additions	2,350,000				
	Total Electrical New Services					7,650,000	36,000,000	16,500,000	2,500,000	2,550,000
	Substation Upgrades									
8	10184 Royal 2 Substation Upgrades	Project Scope/Outcome: equipment upgrade program to meet worksafe BC safety standards Estimated Completion: Q4-2025	06 Facilities, Infrastructure, and Public Realm	03 Carbon Free Homes and Buildings	Routine Asset Renewal or Replacement	1,000,000				
9	11439 New Westminster Substation O&M / Capital Sustainment	Project Scope/Outcome: Ongoing New Westminster Substation capital and asset replacement needs to maintain condition of Substation as determined in conjunction with and in an agreement with BC Hydro over 10-year increments Estimated Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm	05 Carbon Free Energy	Routine Asset Renewal or Replacement	1,108,000	1,350,000	48,000		
10	11989 New Queensborough Substation	Project Scope/Outcome: identified in the 2015 Electric Utility Distribution System Plan (2015-2040); detailed design and full build-out of a new substation to increase load capacity to accommodate growth and ongoing need to shift away from gas to electric to support climate action Estimated Completion: Q4-2023	06 Facilities, Infrastructure, and Public Realm	05 Carbon Free Energy	Improvements or New Additions	2,234,258				
11	11990 New Westminster Substation Feeders	Project Scope/Outcome: New Westminster Substation was intended to main supply substation for the future development around the Royal Columbian Hospital/Fraser Health and Sapperton Green Developments. Additional High Voltage Feeders (5) would be required to service these future developments. Timelines to install feeders can be anywhere from 2- 3 years out pending on what equipment is required. However, exploration and planning around a potential 151 Spruce Street Substation, if approved, may replace this capital project. Estimated Completion: TBD	06 Facilities, Infrastructure, and Public Realm	03 Carbon Free Homes and Buildings	Improvements or New Additions	250,000	100,000	100,000	100,000	100,000
	Total Substation Upgrades					4,592,258	1,450,000	148,000	100,000	100,000
	Total Electrical Distribution System					21,392,258	39,600,000	16,798,000	2,750,000	2,750,000
	Other									
	Electrical Other									

Capital Plan by Fund		Priority Areas:		7 Bold Steps:							
Fund: Electrical Fund		1. Affordable Housing 2. Sustainable Transportation 3. Environment and Climate Change		4. Culture and Economic Development 5. Reconciliation, Inclusion, and Engagement 6. Facilities, Infrastructure and Public Realm		7. Organizational Effectiveness 8. ongoing/core business/not one of the 7 priorities areas		4. Pollution Free Vehicles 5. Carbon Free Energy 6. Robust Urban Forest		7. Quality People Centered Public Realm	
Year: 2023		Version: 1 Original Base Budget									
Item #	Projects	Project Description	Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	
12	11640 Distribution Planning	Project Scope/Outcome: the utility completed a 20 year distribution system plan in 2015 and followed up with an update in 2018 and again in 2019/20. As part of the plan, detailed system improvement recommendations were listed for the next 20 years. Staff are currently working on GIS- AutoCad conversion for design work, conversion procedure for data archiving, GIS Audit, control room mimic board redesign. Possible software purchases will be required in 2023, training, documentation and manual creation will also be required. Estimated Completion: TBD	08 Ongoing / core business	05 Carbon Free Energy	Routine Asset Renewal or Replacement	725,000	250,000	467,800	250,000	250,000	
13	12351 Electric Vehicle Infrastructure	Project Scope/Outcome: new distribution infrastructure/charging stations to serve various locations around the City Estimated Completion: Ongoing	03 Environment and Climate Change	04 Pollution Free Vehicles	Improvements or New Additions	500,000	250,000	250,000	250,000	250,000	
Total Electrical Other						1,225,000	500,000	717,800	500,000	500,000	
Total Other Equipment						1,225,000	500,000	717,800	500,000	500,000	
Electrical Equipment											
14	10181 Electrical Utility Equipment	Project Scope/Outcome: office equipment replacement program; file cabinets, chairs, office workstation, etc. Estimated Completion: Ongoing	08 Ongoing / core business		Routine Asset Renewal or Replacement	10,000	5,000	5,000			
Total Electrical Equipment						10,000	5,000	5,000	-	-	
Total Equipment Vehicles						10,000	5,000	5,000	-	-	
Electrical Vehicles											
15	12249 rpl International Giraffe Unit	Replacement of Unit #362 a 2007 International 60' Manlift Utility Boom Truck used by the Electrical Depart. This Unit will be 13yrs old with approximately 8000hrs. It will be due for replacement in 2021.	07 Organizational Effectiveness		Routine Asset Renewal or Replacement						
16	12444 rpl Genie pers man-lift 348	Replacement of Unit #348 A 1999 Genie personal man-lift. It was originally due for replacement in 2019, but has annual services and can be pushed ahead a few more years to 2022	07 Organizational Effectiveness		Routine Asset Renewal or Replacement						
17	12445 New Metering Van	Electric Utility is bringing the metering O&M back in-house and require a new cargo service van	07 Organizational Effectiveness		Improvements or New Additions						
18	A0129 rpl Van w/lift Unit 316	Replacement of Unit #316 a 2009 Ford E350 Van with a manlift boom. This Unit will be 14yrs old and is due for scheduled replacement.	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement	175,000					
19	A0261 Replace International Giraffe Unit 323	Replacement of Unit #323 a 2009 International 60' Tandem Digger Derrick Truck used by the electrical department. This Unit will be 13yrs old in 2021 and have approximately 8000hrs on the engine. It will be due for lifecycle replacement.	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		350,000				
20	A0346 rpl Unit #329	Replacement of Unit #329 a 2010 International electrical underground custom body with man-lift. This unit has had multiple changes and issues during its service and is a very high maintenance vehicle It will have close to 8000 hrs on it by 2023.	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement	350,000					
21	A0487 Rpl Chevy Pickup Unit #303	Replacement of Unit #303. This is a 2017 Chevy Pickup used by the electrical managers and driven home daily. This vehicle will be repositioned in 2024 to extend its life	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		45,000				
22	A0488 Rpl Chevy Pickup Unit #304	Replacement of Unit #304 This is a 2017 Chevy Pickup used by the electrical managers and driven home daily. This vehicle will be repositioned in 2024 to extend its life.	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		45,000				
23	A0489 Rpl Reel Trailer Unit #328	Replacement of Unit #328. This is a 2009 Brindle reel trailer used for transporting reels of cable. It will be 15 years old and scheduled for replacement in 2024.	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		50,000				
24	A0490 Rpl Ford F450 with man-lift Unit #340	Replacement of Unit #340. This is a 2011 Ford F450 with a man-lift and work body. This unit will be over 13years old and due for replacement in 2024.	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		175,000				
25	A0609 Rpl Pole Trailer Unit #347	Replacement of Unit #347. This is a 2010 Brindle pole trailer used for transporting electrical poles. It will be 15 years old and scheduled for replacement in 2025.	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement			50,000			
Total Electrical Vehicles						525,000	665,000	50,000	-	-	
Total Vehicles						525,000	665,000	50,000	-	-	
Total Electrical Fund						23,152,258	40,770,000	17,570,800	3,250,000	3,250,000	
Total Electrical Fund						23,152,258	40,770,000	17,570,800	3,250,000	3,250,000	

Capital Plan by Fund

Fund: BridgeNet Fibre Fund

Year: 2023

Version: 1 Original Base Budget

Priority Areas:

1. Affordable Housing
2. Sustainable Transportation
3. Environment and Climate Change
4. Culture and Economic Development
5. Reconciliation, Inclusion, and Engagement
6. Facilities, Infrastructure and Public Realm
7. Organizational Effectiveness
8. ongoing/core business/not one of the 7 priorities areas

7 Bold Steps:

1. Carbon Free Corporation
2. Car Light Community
3. Carbon Free Homes and Buildings
4. Pollution Free Vehicles
5. Carbon Free Energy
6. Robust Urban Forest
7. Quality People Centered Public Realm

Item #	Projects	Project Description	Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
	BridgeNet Fibre Fund									
	BridgeNet Infrastructure									
	BridgeNet Infrastructure									
1	11041 BridgeNet Infrastructure	Project Scope/Outcome: Completion of the municipality owned open access dark fibre network; project commenced in 2015 and remaining scope includes Harbour Centre (internet exchange) and a new co-location point at City Hall and formal agreements with internet providers/telcos over time. Estimated Completion: 2026	06 Facilities, Infrastructure, and Public Realm		Improvements or New Additions	500,000	-	-	-	-
2	12343 Pattullo Bridge Fibre	Project Scope/Outcome: Fiber connection to the Ministry of Transportation and Infrastructure (MOTI) Fiber Network crossing Patullo Bridge to Surrey Estimated Completion: 2024	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	150,000	-	-	-	-
3	12407 Aff Housing Fibre Infrasture	Project Scope/Outcome: As projects are identified, installation of fibre will be installed Estimated Completion: On-going	01 Affordable Housing		Improvements or New Additions	30,000	30,000	30,000	30,000	-
4	A0343 BridgeNet Regional Fibre Hub 2.0	Project Scope/Outcome: expansion of Bridgenet infrastructure across multiple regions; defined scope is pending successful completion of a cost sharing agreement between other municipalities such as Burnaby, Surrey, Richmond, Coquitlam, Delta, etc. Estimated Completion: Feasibility Ongoing	06 Facilities, Infrastructure, and Public Realm		Improvements or New Additions		2,000,000	-	-	-
	Total BridgeNet Infrastructure					680,000	2,030,000	30,000	30,000	-
	Total BridgeNet Infrastructure					680,000	2,030,000	30,000	30,000	-
	Other									
	BridgeNet Other									
	12179 Feasibility Works	Project Scope/Outcome: feasibility study on 5G technology along with new wireless initiative opportunities through out the City and explore third party grant funding opportunities Estimated Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Improvements or New Additions	50,000	-	-	-	-
	Total BridgeNet Other					50,000	-	-	-	-
	Total Other					50,000	-	-	-	-
	Total BridgeNet Fibre Fund					730,000	2,030,000	30,000	30,000	-
	Total BridgeNet Fibre Fund					730,000	2,030,000	30,000	30,000	-

Attachment #2

Water Utility Fund

Draft 2023 – 2027 Financial Plan

Capital Plan

2023 Service Enhancements

**CORPORATION OF THE CITY OF NEW WESTMINSTER
WATER FUND BUDGET**

	2022 Projections	2022 Budget	2023 Budget	\$ Chg	Budget Projections			
					2024	2025	2026	2027
REVENUE								
Utility Rates	\$ 15,572,150	\$ 15,538,000	\$ 16,662,000	\$ 1,124,000	\$ 17,828,000	\$ 19,075,000	\$ 20,410,000	\$ 21,838,000
Sale of Services	141,749	99,000	99,000	-	99,000	99,000	99,000	99,000
Capital Contributions and DCC's	229,800	229,800	182,100	(47,700)	-	-	-	-
Total Revenues	15,943,699	15,866,800	16,943,100	1,076,300	17,927,000	19,174,000	20,509,000	21,937,000
EXPENSES								
Salaries, Benefits and Training	589,765	769,759	855,863	86,104	881,539	907,985	935,225	963,282
Contracted Services	149,525	81,045	109,245	28,200	109,245	109,245	109,245	109,245
Supplies and Materials	139,137	139,137	179,137	40,000	179,137	179,137	179,137	179,137
Utility Purchases and Levies	7,316,257	7,316,257	7,466,596	150,339	8,231,510	9,381,033	10,621,530	12,087,301
Amortization	1,052,937	1,052,000	1,132,000	80,000	1,203,000	1,241,000	1,307,000	1,307,000
Total Expenses	9,247,621	9,358,198	9,742,841	384,644	10,604,431	11,818,400	13,152,137	14,645,964
INCREASE IN TOTAL EQUITY	6,696,078	6,508,602	7,200,259	691,656	7,322,569	7,355,600	7,356,863	7,291,036
Reconciliation to Financial Equity								
Amortization of Tangible Capital Assets	1,052,937	1,052,000	1,132,000	80,000	1,203,000	1,241,000	1,307,000	1,307,000
Capital Expenses	(2,610,468)	(7,790,100)	(11,139,632)	(3,349,532)	(5,698,900)	(6,043,900)	(6,013,900)	(6,013,900)
Transfer from/(to) Other Funds	220,000	220,000	220,000	-	220,000	220,000	220,000	220,000
Internal Charges	(1,401,352)	(1,401,352)	(1,441,475)	(40,123)	(1,493,889)	(1,535,297)	(1,576,663)	(1,576,663)
Internal Recoveries	310,499	310,499	395,136	84,637	421,044	451,716	485,265	485,265
CHANGE IN FINANCIAL EQUITY (Reserves)	4,267,694	(1,100,351)	(3,633,712)	(2,533,362)	1,973,824	1,689,119	1,778,565	1,712,738
Financial Equity , beginning of year	14,153,533	12,435,880	18,421,227	5,985,347	14,787,515	16,761,339	18,450,458	20,229,023
FINANCIAL EQUITY (Reserves), end of year	\$ 18,421,227	\$ 11,335,530	\$ 14,787,515	\$ 3,451,986	\$ 16,761,339	\$ 18,450,458	\$ 20,229,023	\$ 21,941,761
WATER FUND CAPITAL BUDGET								
CAPITAL EXPENSES								
Vehicles/Equipment	\$ 145,000	\$ 145,000	\$ 195,000	\$ 50,000	\$ 90,000	\$ 65,000	\$ 65,000	65,000
Other Projects	214,968	483,600	423,632	(59,968)	270,000	140,000	110,000	110,000
Water Infrastructure	2,250,500	7,161,500	10,521,000	3,359,500	5,338,900	5,838,900	5,838,900	5,838,900
Total Capital Expenses	\$ 2,610,468	\$ 7,790,100	\$ 11,139,632	\$ 3,349,532	\$ 5,698,900	\$ 6,043,900	\$ 6,013,900	\$ 6,013,900
FUNDING SOURCES								
Reserve Funds	\$ 2,562,768	\$ 7,560,300	\$ 10,957,532	\$ 3,397,232	\$ 5,698,900	\$ 6,043,900	\$ 6,013,900	\$ 6,013,900
Development Cost Charges	47,700	229,800	182,100	(47,700)	-	-	-	-
Total Capital Funding	\$ 2,610,468	\$ 7,790,100	\$ 11,139,632	\$ 3,349,532	\$ 5,698,900	\$ 6,043,900	\$ 6,013,900	\$ 6,013,900

Capital Plan by Fund		Priority Areas:			7 Bold Steps:												
Fund: Water Fund		1. Affordable Housing 2. Sustainable Transportation 3. Environment and Climate Change			4. Culture and Economic Development 5. Reconciliation, Inclusion, and Engagement 6. Facilities, Infrastructure and Public Realm			7. Organizational Effectiveness 8. ongoing/core business/not one of the 7 priorities areas			1. Carbon Free Corporation 2. Car Light Community 3. Carbon Free Homes and Buildings			4. Pollution Free Vehicles 5. Carbon Free Energy 6. Robust Urban Forest		7. Quality People Centered Public Realm	
Version: 1 Original Base Budget																	
Item #	Projects	Project Description	Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan							
Water Fund																	
Other																	
Water Other																	
1	10357 Consulting Studies - Water	Scope/Outcome: System studies and pre-design for future water projects. Timeline: Planning Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	46,500	35,000	35,000	35,000	35,000							
2	10633 Water - Asset Management	Scope/Outcome: Assessing data gap and integrating GIS data into AM & Financial Plans, developing and maintaining AM framework, policy, LOS, strategy, strategic and tactical plans, measurements and reports for Water assets, including maintenance management system and condition assessment. Timeline: Planning Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm	01 Carbon Free Corporation	Routine Asset Renewal or Replacement	20,000	50,000	10,000	10,000	10,000							
3	10879 Annual Water Modeling Work	Scope/Outcome: Annual update the City water model by incorporating annual changes (network and land use) to the system. The computer model is also used for the master water servicing study. Timeline: Planning Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	25,000	110,000	25,000	25,000	25,000							
4	12097 Water Conservation Program	Scope/Outcome: Water Conservation Program and implementation, including consumption data collection, enhanced education / outreach, audits, incentive programs. 7 Bold Steps: supporting climate resiliency which can be allocated under Bold Step 7 Timeline: Planning, Delivery Expected Completion: Ongoing	03 Environment and Climate Change	07 Quality People Centered Public Real	Routine Asset Renewal or Replacement	50,000	60,000	60,000	30,000								
5	12109 Mtce Management Development	Scope/Outcome: To develop maintenance management system for water utility. Timeline: Planning, Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement		10,000	10,000	10,000	10,000							
6	12181 Water Response Plan Update	Scope/Outcome: Update the current water emergency response plan to reflect current requirements and to meet Fraser Health requirements. Timeline: Planning Expected Completion: 2023	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	110,132											
7	12379 Water Cross Connection Control	Scope/Outcome: Development of the Cross Connection Control Program Timeline: Delivery/Implementation Expected Completion: 2023	08 Ongoing / core business		Improvements or New Additions	172,000											
8	12446 Water DCC Program Update	Scope/Outcome: DCC Program Update (Water Component) Timeline: Planning Expected Completion: 2027	08 Ongoing / core business		Routine Asset Renewal or Replacement		5,000			30,000							
Total Water Other								423,632	270,000	140,000	110,000	110,000					
Total Other								423,632	270,000	140,000	110,000	110,000					
Equipment																	
Water Equipment																	
9	10208 Water Equipment and Furniture	Scope/Outcome: Annual allocation for operational replacement or upgrade of minor equipment within the water distribution system. Timeline: Implementation Expected Completion: Ongoing	07 Organizational Effectiveness		Routine Asset Renewal or Replacement	25,000	25,000	25,000	25,000	25,000							
10	10493 Water-Purchase Small Meters	Scope/Outcome: To replace small water meters that are aging or are obsolete. By changing out old and outdated meters, the usage is more accurately recorded. The upgrades also ensure compatibility with the new technology used in reading the meter counts. Timeline: Implementation Expected Completion: Ongoing	03 Environment and Climate Change		Routine Asset Renewal or Replacement	40,000	40,000	40,000	40,000	40,000							
11	11046 PRV Replacement	Scope/Outcome: To complete the replacement of PRV at 16th St and London St. Timeline: Implementation Expected Completion: 2023+	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement												
Total Water Equipment								65,000	65,000	65,000	65,000	65,000					
Total Equipment								65,000	65,000	65,000	65,000	65,000					
Vehicles																	
Water Vehicles																	
12	A0131 rpl Dodge Dump & crane Unit 685	Scope/Outcome: Replacement of Unit #685, a 2009 Dodge 1 ton dump truck with a knuckle crane unit. This vehicle will be 15yrs old and due for replacement in 2024. Timeline: 2024 Delivery Expected Completion: 2024	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement	130,000											

Capital Plan by Fund		Priority Areas:			7 Bold Steps:									
Fund: Water Fund		1. Affordable Housing 2. Sustainable Transportation 3. Environment and Climate Change			4. Culture and Economic Development 5. Reconciliation, Inclusion, and Engagement 6. Facilities, Infrastructure and Public Realm			7. Organizational Effectiveness 8. ongoing/core business/not one of the 7 priorities areas						
Year: 2023								1. Carbon Free Corporation 2. Car Light Community 3. Carbon Free Homes and Buildings			4. Pollution Free Vehicles 5. Carbon Free Energy 6. Robust Urban Forest		7. Quality People Centered Public Realm	
Version: 1 Original Base Budget														
Item #	Projects	Project Description	Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan				
13	A0491 Rpl Air Compressor Trailer Unit #	Scope/Outcome: Replacement of Unit #672. This is a 2009 air compressor trailer. This will be over 15 years old and due for replacement in 2024. Timeline: Delivery Expected Completion: 2024	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		25,000							
	Total Water Vehicles					130,000	25,000		-	-				
	Total Vehicles					130,000	25,000		-	-				
	Water Infrastructure													
	Hydrants													
14	10209 Water New Hydrants	Scope/Outcome: Ongoing yearly program to replace old hydrants and install additional ones to meet current standards. Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	30,000	30,000	30,000	30,000	30,000				
	Total Hydrants					30,000	30,000	30,000	30,000	30,000				
	Water System Additions													
15	10758 Water Trench Restoration	Scope/Outcome: To carry out water main trench pavement restoration. Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	400,000	250,000	250,000	250,000	250,000				
16	11649 Zone Meters Installation	Scope/Outcome: To test and calibrate zone meters over 10 years old for accuracy. 550 Zone: 1st Street 16 years old, 504 Zone: Moody Park 12 years old and 504E: Victoria Hill 12 years old Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	28,900	28,900	28,900	28,900	28,900				
17	11767 Watermain Replacement Program	Scope/Outcome: Annual replacement program of aging water mains and to add new water mains to improve system efficiency, reliability level of fire protection and water quality enhancement. Asset management requires average of 3 km renewal annually (1.4% of system). Timeline: Implementation - 2023 Construction (including future year detail design) 2023 Expected Completion: - 7th avenue (16th st – 10th St) – 0.95km - Hamilton Street (16th st – 14th st) – 0.31km - Hamilton Street (12th st – 10th st) – 0.50km - 16th st (10th ave – Hamilton St) – 0.53km - 15th st(8th ave – Dublin Street Lane) – 0.25km - Lane between 16th st and 14th st (8th avenue – Hamilton Street) – 0.1km - Total of approximately 2.3 km planned for construction in 2023 (Class D estimate of approximately \$2200/m)	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	9,800,000	5,000,000	5,500,000	5,500,000	5,500,000				
18	12094 Duncan St. Watermain	Scope/Outcome: Developer delivered DCC project. The Asset acquired is the Duncan Street Water main. This capital line item is to Reimburse Developer for extending Duncan St across other parcels. QW2 Timeline: Implementation Expected Completion: 2023	06 Facilities, Infrastructure, and Public Realm		Improvements or New Additions	232,100								
19	12096 Watermain Inspections	Scope/Outcome: To carry condition investigation (incl. CCTV inspection, flow testing, field excavation) on watermain to assist in establishing future years replacements Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	30,000	30,000	30,000	30,000	30,000				
	Total Water System Additions					10,491,000	5,308,900	5,808,900	5,808,900	5,808,900				
	Total Water Infrastructure					10,521,000	5,338,900	5,838,900	5,838,900	5,838,900				
	Total Water Fund					11,139,632	5,698,900	6,043,900	6,013,900	6,013,900				
	Total Water Fund					11,139,632	5,698,900	6,043,900	6,013,900	6,013,900				

Attachment #3

Sewerage and Drainage Utility Fund

Draft 2023 – 2027 Financial Plan

Capital Plan

2023 Service Enhancements

**CORPORATION OF THE CITY OF NEW WESTMINSTER
SEWER FUND BUDGET**

	2022 Projections	2022 Budget	2023 Budget	\$ Chg	Budget Projections			
					2024	2025	2026	2027
REVENUE								
Utility Rates	\$ 26,161,216	\$ 25,996,000	\$ 27,992,000	\$ 1,996,000	\$ 29,950,000	\$ 32,045,000	\$ 34,289,000	\$ 36,689,000
Sale of Services	483,049	271,000	424,000	153,000	424,000	424,000	424,000	424,000
Capital Contributions and DCC's	480,000	2,202,450	855,000	(1,347,450)	-	-	-	-
Other Revenue	10,347	20,000	20,000	-	20,000	20,000	20,000	20,000
Total Revenues	27,134,612	28,489,450	29,528,337	1,038,887	32,521,011	35,602,239	38,353,671	40,753,671
EXPENSES								
Salaries, Benefits and Training	931,532	1,071,797	1,225,086	153,289	1,261,839	1,299,694	1,338,685	1,378,845
Contracted Services	1,101,960	740,573	990,573	250,000	990,573	990,573	990,573	990,573
Supplies and Materials	116,418	144,609	144,609	-	144,609	144,609	144,609	144,609
Utility Purchases and Levies	11,225,358	11,224,636	11,965,955	741,319	15,340,354	17,963,555	21,412,557	26,273,208
Amortization	2,170,487	2,149,000	2,268,000	119,000	2,373,000	2,427,000	2,512,000	2,512,000
Total Expenses	15,545,755	15,330,615	16,594,223	1,263,608	20,110,375	22,825,431	26,398,424	31,299,235
INCREASE IN TOTAL EQUITY	11,588,858	13,158,835	12,934,114	(224,721)	12,410,636	12,776,808	11,955,248	9,454,436
Reconciliation to Financial Equity								
Amortization of Tangible Capital Assets	2,170,487	2,149,000	2,268,000	119,000	2,373,000	2,427,000	2,512,000	2,512,000
Capital Expenses	(12,732,030)	(23,432,094)	(19,601,565)	3,830,529	(10,427,000)	(10,385,000)	(5,410,000)	(5,775,000)
Transfer from/(to) Other Funds	340,000	340,000	340,000	-	340,000	340,000	340,000	340,000
Internal Charges	(1,710,093)	(1,710,093)	(1,741,790)	(31,697)	(1,775,813)	(1,808,939)	(1,842,092)	(1,842,092)
Internal Recoveries	286,911	286,911	377,145	90,234	399,837	413,084	446,196	446,196
CHANGE IN FINANCIAL EQUITY (Reserves)	(55,868)	(9,207,441)	(5,424,096)	3,783,345	3,320,660	3,762,953	8,001,352	5,135,540
Financial Equity , beginning of year	28,254,153	25,209,466	28,198,285	2,988,820	22,774,190	26,094,850	29,857,803	37,859,154
FINANCIAL EQUITY (Reserves), end of year	\$ 28,198,285	\$ 16,002,025	\$ 22,774,190	\$ 6,772,165	\$ 26,094,850	\$ 29,857,803	\$ 37,859,154	\$ 42,994,694

SEWER FUND CAPITAL BUDGET

CAPITAL EXPENSES								
Vehicles/Equipment	\$ 110,000	\$ 110,000	\$ 20,000	\$ (90,000)	\$ 285,000	\$ 20,000	\$ 20,000	\$ 20,000
Other Projects	332,694	416,700	234,006	(182,694)	110,000	115,000	160,000	55,000
Sewer Infrastructure	12,289,336	22,905,394	19,347,559	(3,557,835)	10,032,000	10,250,000	5,230,000	5,700,000
Total Capital Expenses	\$ 12,732,030	\$ 23,432,094	\$ 19,601,565	\$ (3,830,529)	\$ 10,427,000	\$ 10,385,000	\$ 5,410,000	\$ 5,775,000
FUNDING SOURCES								
Reserve Funds	\$ 12,252,030	\$ 21,229,644	\$ 18,509,228	\$ (2,720,416)	\$ 8,299,989	\$ 7,271,761	\$ 1,789,329	\$ 4,413,477
Development Cost Charges	-	1,046,450	-	(1,046,450)	-	-	-	-
Contributions	480,000	1,156,000	855,000	(301,000)	-	-	-	-
Total Capital Funding	\$ 12,732,030	\$ 23,432,094	\$ 19,601,565	\$ (3,830,529)	\$ 10,427,000	\$ 10,385,000	\$ 5,410,000	\$ 5,775,000

Capital Plan by Fund

Fund: Sewer Fund

Year: 2023

Version: 1 Original Base Budget

		Priority Areas:		7 Bold Steps:							
		1. Affordable Housing 2. Sustainable Transportation 3. Environment and Climate Change	4. Culture and Economic Development 5. Reconciliation, Inclusion, and Engagement 6. Facilities, Infrastructure and Public Realm	7. Organizational Effectiveness 8. Ongoing/core business/not one of the 7 priorities areas	1. Carbon Free Corporation 2. Car Light Community 3. Carbon Free Homes and Buildings	4. Pollution Free Vehicles 5. Carbon Free Energy 6. Robust Urban Forest	7. Quality People Centered Public Realm				
Item #	Projects	Project Description	Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	
	Sewer Fund										
	Other										
	Sewer Other										
1	10349 Sewer Consulting Studies	Scope/Outcome: System studies and pre-design for future sewer projects. Timeline: Planning Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	30,000	30,000	30,000	30,000		
2	10634 Sewer Asset Management	Scope/Outcome: Assessing data gap and integrating GIS data into AM & Financial Plans, developing and maintaining AM framework, policy, LOS, strategy, strategic and tactical plans, measurements and reports for Sewer assets. Timeline: Planning Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm	01 Carbon Free Corporation	Improvements or New Additions	10,000	10,000	10,000	60,000	10,000	
3	10881 Annual Sewer Modeling Work	Scope/Outcome: Annual update to the City drainage and sanitary sewer model by incorporating annual changes to the system. The computer model is also used for the master sewer servicing study. Timeline: Planning Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	40,000	25,000	25,000	25,000		
4	11491 CSO Monitoring Program	Scope/Outcome: To install equipment and monitor Combined Sewer Overflows to meet new federal regulations. Federal Wastewater Systems Effluent Regulations (P.C. 2012-942) under the Fisheries Act require municipalities with wastewater systems to install continuous monitoring equipment and regular sampling to effluent. The scope also include analytical work for CSO compliance report under the federal regulations. Timeline: Planning Expected Completion: Ongoing	03 Environment and Climate Change		Routine Asset Renewal or Replacement	54,006	35,000	35,000	35,000		
5	12098 Sewer Model Review	Scope/Outcome: Assessment and update of existing sewer model to current requirement. Timeline: Planning Expected Completion: 2024	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	100,000					
6	12106 Maintenance Management Dev	Scope/Outcome: To develop and operation maintenance management system for sewer utility. Timeline: Planning Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement		10,000	10,000	10,000	10,000	
7	12162 CCTV Sewer Inspection Program	Scope/Outcome: Annual CCTV Sewer Inspection Program to inform capital rehabilitation/renewal program. Timeline: Planning Expected Completion: 2022	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement						
8	12352 Drainage/Sanitary DCC Prog Up	Scope/Outcome: DCC Program Update Drainage/Sanitary Component) Timeline: Planning Expected Completion: 2027	08 Ongoing / core business		Routine Asset Renewal or Replacement			5,000		35,000	
	Total Sewer Other					234,006.00	110,000	115,000	160,000	55,000	
	Total Other					234,006.00	110,000	115,000	160,000	55,000	
	Sewer Infrastructure										
	Sewer System Additions										
9	10193 Sew sep prog (Metro Van LWMF	Scope/Outcome: Annual city wide sewer separation program to fulfill LWMP commitment of separating 1.5% of the total combined sewers per year. Project areas includes West End area with ICIP Grant. Timeline: Implementation - 2023 Construction (including future year detail design) 2023 Expected Completion: - 16th st (10th ave – 5th ave) – 1.035 km @ \$3000/m Class D estimate (large dia main ranging from 250mm to 525mm) - Nanaimo St (16th st – 14th st) – 0.3km \$2200/m Class D estimate (250mm dia main) - Total of approximately 1.30 km of large diameter main planned for construction in 2023	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	9,400,000	5,900,000	6,870,000	2,600,000	4,000,000	
10	10197 Sewer Manhole Refurbishing	Scope/Outcome: Ongoing yearly program - to rehabilitate problem manholes; includes rebenching, grouting and installing ladders/rungs. Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	85,000	50,000	50,000	50,000		
11	10198 Sewer R.O.W. Negotiations	Scope/Outcome: To secure Right-Of-Ways on existing City sewer mains on private property. Timeline: Implementation Expected Completion: 2024	08 Ongoing / core business		Routine Asset Renewal or Replacement	2,000	2,000				
12	10354 Sewer Rehabilitation Program	Scope/Outcome: Rehabilitation of city wide sewer mains identified in previous year's CCTV program. Locations and type of rehabilitation to be completed based on CCTV results. Types of rehabilitation treatment include CIPP, spot repair, open cut, and pipe bursting. Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	3,200,000	2,000,000	1,500,000	1,300,000	1,700,000	
13	10355 Sewermain Trench Restoration	Scope/Outcome: To carry out sewer trench pavement restoration. Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	700,000	350,000	350,000	350,000		

Capital Plan by Fund		Priority Areas:			7 Bold Steps:								
Fund: Sewer Fund		1. Affordable Housing 4. Culture and Economic Development 7. Organizational Effectiveness			1. Carbon Free Corporation 2. Car Light Community 3. Carbon Free Homes and Buildings			4. Pollution Free Vehicles 5. Carbon Free Energy 6. Robust Urban Forest			7. Quality People Centered Public Realm		
Year: 2023		2. Sustainable Transportation 5. Reconciliation, Inclusion, and Engagement 8. ongoing/core business/not one of the 7 priorities areas											
Version: 1 Original Base Budget		3. Environment and Climate Change 6. Facilities, Infrastructure and Public Realm											
Item #	Projects	Project Description	Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan			
14	10502 Sewer-Catchbasin Replacement	Scope/Outcome: Replace old catch basins with curb inlets. Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	20,000	30,000	30,000	30,000				
15	10504 Sewer-Service Rehabilitation	Scope/Outcome: Rehab or replace service connections identified as part of operations and maintenance. Operationally connection issues including root egress, settlement, connections in poor condition, broken/failed connections etc. identified through operations inspections. Timeline: Implementation Expected Completion: On-going	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	356,350		300,000					
16	10637 Sewer San Sewer Pump Upgrade	Scope/Outcome: Replace old sanitary pump stations and equipment upgrades including power-smart and/or safety enhancement; QB (SA-28) replacement and Rousseau/Brunette Pump Station (SA-16) replacement in 2023. Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm	01 Carbon Free Corporation	Routine Asset Renewal or Replacement	1,677,809	200,000	100,000	100,000				
17	10943 Drainage Program	Scope/Outcome: Ongoing maintenance and replacement of the City's drainage infrastructure including funding Local area servicing (LAS) programs, culvert replacements, Wood Street canal bank stabilization and Boyd Street canal improvement. Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	1,200,000	300,000	250,000	250,000				
18	11256 QB Sewer Syst kiosk Upgrade	Scope/Outcome: A systematic plan to replace old sanitary pump station control equipment. Including SA-15 emergency backup Gen Set Installation Timeline: Implementation Expected Completion: 2025	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	200,000		200,000					
19	11758 Flood Management (dyking)	Scope/Outcome: To conduct specific area geotechnical assessment of existing dyke conditions in QB and identify improvements where appropriate. To leverage funding for Poplar Landing dyke improvements and dyke repair behind casino and Lowes Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	1,000,000	750,000	250,000	250,000				
20	11761 Ewen/Stanley Sanitary PS - Q1	The installation of the DCC sanitary pump station at Ewen Street and Stanley Street to support the development located north of Ewen Avenue. There is currently no sanitary service provided to the area. QS1	08 Ongoing / core business		Routine Asset Renewal or Replacement								
21	12080 Boundary pump station	Scope/Outcome: The existing drainage pump station is deficient in meeting the runoff demand and growth needs. The existing station equipment is at the end of its service life. Timeline: Implementation Expected Completion: 2022	06 Facilities, Infrastructure, and Public Realm	01 Carbon Free Corporation	Routine Asset Renewal or Replacement	450,000							
22	12100 ISWMP Implementation	Scope/Outcome: Implement the annual Integrated Storm Water Management Plan (ISWMP) program Timeline: Implementation Expected Completion: Ongoing	03 Environment and Climate Change		Routine Asset Renewal or Replacement	810,000	400,000	250,000	250,000				
23	12101 SCADA Capital Upgrade	Scope/Outcome: New SCADA Master Terminal Unit and Tech Support Timeline: Implementation Expected Completion: Ongoing	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	185,000	50,000	50,000	50,000				
24	12252 Queensborough Pump Station DCC - QS1	Scope/Outcome: Queensborough Pump Station DCC Rebate to developer for front-ending pump station QS1 under development agreement (SA 30)	06 Facilities, Infrastructure, and Public Realm	01 Carbon Free Corporation	Routine Asset Renewal or Replacement								
25	12296 Beach St Canal QD15	Scope/Outcome: Beach St Canal from Stanley to Mercer St (QD15). Payment to developer. Developer delivered sewer mains through DCC program Timeline: Implementation Expected Completion: 2022	06 Facilities, Infrastructure, and Public Realm		Improvements or New Additions	61,400							
26	12314 Flood Management Strategy Up	Scope/Outcome: To conduct update Citywide flood management study Timeline: Implementation Expected Completion: 2022	03 Environment and Climate Change		Routine Asset Renewal or Replacement								
27	12374 Mercer DCC Sanitary Sewer QS	Scope/Outcome: Mercer St sanitary sewer from Ewen to Duncan (QS-5). DCC Payment to Developer.	06 Facilities, Infrastructure, and Public Realm		Improvements or New Additions								
28	12375 Stanley DCC Sanitary Sewer QS	Scope/Outcome: Stanley St sanitary sewer north of Ewen (QS-3). (Stanley, Blackley & R/W north of Blackley). DCC Payment to Developer.	06 Facilities, Infrastructure, and Public Realm		Improvements or New Additions								

Capital Plan by Fund		Priority Areas:			7 Bold Steps:			4. Pollution Free Vehicles			7. Quality People Centered Public Realm		
Fund: Sewer Fund		1. Affordable Housing 4. Culture and Economic Development 7. Organizational Effectiveness			1. Carbon Free Corporation 2. Car Light Community 3. Carbon Free Homes and Buildings			5. Carbon Free Energy 6. Robust Urban Forest					
Year: 2023		2. Sustainable Transportation 5. Reconciliation, Inclusion, and Engagement 8. ongoing/core business/not one of the 7 priorities areas											
Version: 1 Original Base Budget		3. Environment and Climate Change 6. Facilities, Infrastructure and Public Realm											
Item #	Projects	Project Description	Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan			
29	12447 Sew & Drain Pump Cond Asses	Scope/Outcome: To conduct condition assessment for city pump stations for Sewer AMP Timeline: Implementation Expected Completion: 2025	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement			50,000					
	Total Sewer System Additions					19,347,558.52	10,032,000	10,250,000	5,230,000	5,700,000			
	Total Sewer Infrastructure Equipment					19,347,558.52	10,032,000	10,250,000	5,230,000	5,700,000			
30	10190 Sewer Equipment and Furniture	Scope/Outcome: Annual allocation for operational replacement or upgrade of minor equipment within the sewer collection system. Timeline: Implementation Expected Completion: Ongoing	07 Organizational Effectiveness		Routine Asset Renewal or Replacement	20,000	20,000	20,000	20,000	20,000			
	Total Sewer Equipment					20,000.00	20,000	20,000	20,000	20,000			
	Total Equipment Vehicles					20,000.00	20,000	20,000	20,000	20,000			
31	11647 Repl Utility Trailer Unit 937	Scope/Outcome: For the replacement of unit 937. This is a 2000 covered utility trailer used by the sewers dept. This trailer will be over 24 years old and will be scheduled for replacement. Timeline: Implementation Expected Completion: 2024	07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		20,000						
32	12326 Eng Services One Ton Pick-up	Scope/Outcome: This is a 2007 Ford F550 dump truck used with the sewer dept. It will be 14yrs old with 70,000km. It is due for scheduled replacement. I will re-evaluate the lifecycle next year due to the low mileage. Complete. Timeline: Implementation Expected Completion: 2022	07 Organizational Effectiveness		Routine Asset Renewal or Replacement								
33	A0132 rpl Genset Unit 935	Scope/Outcome: Replacement of Unit #935 a 1999 portable Generator on trailer. This Unit will be 25yrs old and due for scheduled replacement Timeline: Implementation Expected Completion: 2024	06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement		95,000						
34	A0133 rpl Genset Unit 936	Scope/Outcome: Replacement of Unit #936 a 1999 portable Generator on a trailer. This Unit will be 25yrs old and is due for scheduled replacement Timeline: Implementation Expected Completion: 2024	07 Organizational Effectiveness		Routine Asset Renewal or Replacement		150,000						
	Total Sewer Vehicles					-	265,000		-	-			
	Total Vehicles					-	265,000		-	-			
	Total Sewer Fund					19,601,564.52	10,427,000	10,385,000	5,410,000	5,775,000			
	Total Sewer Fund					19,601,564.52	10,427,000	10,385,000	5,410,000	5,775,000			

2023 Operating Budget Service Enhancement Requests and Opportunities																			
							Operating Expenses					Funding			Related Capital Implications				
Dept	Division	Description	Background and Explanation of Need	One Time (Yes / No)	# of FTE Addition	Temp or Aux	2023 Salary Costs	2023 Salary Related Costs	2023 Consulting or Contracted Services	2023 Other Costs	Total 2023 Operating Enhancement Request	2023 Funding Source	Amount of Funding	2022 Net Impact	Information Technology (Yes / No)	Fleet/Heavy Equipment (Yes / No)	Office Space (Yes / No)	Furniture or Equipment (Yes / No)	Department Notes or Additional Information
Sewer Fund	Drainage	Subcontracts	With the escalating cost of fuel and dump fees for contaminated soils it is costing significantly more to hire contractors to complete our ditching program and also to dump the spoils from the program.	No					\$ 50,000		\$ 50,000			\$ 50,000					
Sewer Fund	Sewer Ops and Maintenance	Subcontracts	With the escalating costs of materials, dump fees and fuel contractors are charging more to replace and repair sewer services.	No					\$ 50,000		\$ 50,000			\$ 50,000					
Sewer Fund	Sewer Ops and Maintenance	Engineering Technologist - Utilities	1 FTE - New position (50/50 cost share Water / Sewer Fund) To support the works that the sr utility engineers conduct on the Water and Sewer capital and operating program. I estimate a technologist salary of \$115k including benefits. HR has completed their assessment for the salary adjustment. Assumed 25% benefits.	No	0.50		\$ 55,518				\$ 55,518			\$ 55,518			Yes		
											\$ -			\$ -					
			Total		0.50		\$ 55,518	\$ -	\$ 100,000	\$ -	\$ 155,518		\$ -	\$ 155,518					

Attachment #4

Solid Waste Utility Fund

Draft 2023 – 2027 Financial Plan

Capital Plan

**CORPORATION OF THE CITY OF NEW WESTMINSTER
SOLID WASTE FUND BUDGET**

	2022 Projections	2022 Budget	2023 Budget	\$ Chg	Budget Projections			
					2024	2025	2026	2027
REVENUE								
Utility Rates	\$ 4,153,139	\$ 4,323,000	\$ 4,735,000	\$ 412,000	\$ 5,397,000	\$ 6,150,000	\$ 7,008,000	\$ 7,988,000
Other Revenue	779,000	779,000	779,000	-	779,000	779,000	779,000	779,000
Total Revenues	4,932,139	5,102,000	5,514,000	412,000	6,176,000	6,929,000	7,787,000	8,767,000
EXPENSES								
Salaries, Benefits and Training	954,517	1,063,460	1,147,320	83,860	1,181,740	1,217,192	1,253,708	1,291,319
Contracted Services	85,491	114,284	114,284	-	114,284	114,284	114,284	114,284
Supplies and Materials	138,834	134,247	134,247	-	134,247	134,247	134,247	134,247
Utility Purchases and Levies	2,324,000	2,324,000	2,458,768	134,768	2,584,306	2,714,722	2,850,258	2,995,171
Amortization	362,593	359,000	400,000	41,000	405,000	406,000	443,000	443,000
Total Expenses	3,865,435	3,994,991	4,254,619	259,628	4,419,577	4,586,445	4,795,496	4,978,020
INCREASE IN TOTAL EQUITY	1,066,704	1,107,009	1,259,381	152,372	1,756,423	2,342,555	2,991,504	3,788,980
Reconciliation to Financial Equity								
Amortization of Tangible Capital Assets	362,593	359,000	400,000	41,000	405,000	406,000	443,000	443,000
Capital Expenses	(63,100)	(335,000)	(840,000)	(505,000)	(825,000)	(615,000)	(780,000)	(780,000)
Internal Charges	(1,098,448)	(1,098,448)	(1,124,276)	(25,828)	(1,166,086)	(1,200,758)	(1,225,581)	(1,225,581)
Internal Recoveries	174,875	174,875	206,334	31,459	221,079	229,524	247,264	247,264
CHANGE IN FINANCIAL EQUITY (Reserves)	442,624	207,436	(98,561)	(305,997)	391,416	1,162,321	1,676,187	2,473,663
Financial Equity , beginning of year	(793,212)	(483,852)	(350,588)	133,263	(449,149)	(57,733)	1,104,588	2,780,775
FINANCIAL EQUITY (Reserves), end of year	\$ (350,588)	\$ (276,416)	\$ (449,149)	\$ (172,734)	\$ (57,733)	\$ 1,104,588	\$ 2,780,775	\$ 5,254,438
SOLID WASTE FUND CAPITAL BUDGET								
CAPITAL EXPENSES								
Vehicles/Equipment	\$ 63,100	\$ 335,000	\$ 840,000	\$ 505,000	\$ 825,000	\$ 615,000	\$ 780,000	\$ 780,000
Total Capital Expenses	\$ 63,100	\$ 335,000	\$ 840,000	\$ 505,000	\$ 825,000	\$ 615,000	\$ 780,000	\$ 780,000
FUNDING SOURCES								
Reserve Funds	\$ 63,100	\$ 335,000	\$ 840,000	\$ 505,000	\$ 825,000	\$ 615,000	\$ 780,000	\$ 780,000
Total Capital Funding	\$ 63,100	\$ 335,000	\$ 840,000	\$ 505,000	\$ 825,000	\$ 615,000	\$ 780,000	\$ 780,000

Capital Plan by Fund		Priority Areas:				7 Bold Steps:							
Fund: Solid Waste Fund		1. Affordable Housing		4. Culture and Economic Development		7. Organizational Effectiveness		1. Carbon Free Corporation		4. Pollution Free Vehicles		7. Quality People Centered Public Realm	
Year: 2023		2. Sustainable Transportation		5. Reconciliation, Inclusion, and Engagement		8. ongoing/core business/shot one of the 7 priorities areas		2. Car Light Community		5. Carbon Free Energy			
Version: 1 Original Base Budget		3. Environment and Climate Change		6. Facilities, Infrastructure and Public Realm				3. Carbon Free Homes and Buildings		6. Robust Urban Forest			
Item #	Projects	Project Description				Priority Area	7 Bold Steps	(Routine Renewal or Replace) / (Improvement or New Add)	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Solid Waste Fund													
Equipment													
Solid Waste Equipment													
1	11212 Rpl Garbage/Recycle/Yard carts	Scope/Outcome: Replacement of 120L, 240L automated waste collection carts and spares for refurbishing returned stock. Collection carts will be replaced and distributed as necessary based upon additions to the number of service calls in both the single family and commercial sectors as well as replacements due to damage, negligence, or theft. Timeline: Implementation				06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	140,000		120,000		300,000
2	12092 Streetscape Receptacles	Expected Completion: Ongoing Scope/Outcome: Replace commercial containers and streetscape recycling options for recyclables, organic waste. Replaces a number of aging aggregate litter cans along the Quayside boardwalk and Columbia Street downtown area among other parks and public spaces. Timeline: Implementation				06 Facilities, Infrastructure, and Public Realm		Routine Asset Renewal or Replacement	50,000	25,000	30,000	30,000	50,000
Total Solid Waste Equipment		Expected Completion: Ongoing Freight elevator is critical infrastructure for event service delivery and museum/gallery function. Upgrade will mitigate against unscheduled failures, which are costly and impact staff safety when heavy furniture and equipment must be moved manually up stairs.							190,000	25,000	150,000	30,000	350,000
Total Equipment									190,000	25,000	150,000	30,000	350,000
Vehicles													
Solid Waste Vehicles													
3	12448 Glass collection truck	Scope/Outcome: Additional collection vehicle to support residential glass recycling. Timeline: Implementation				07 Organizational Effectiveness		Improvements or New Additions	250,000				
4	A0200 rpl Garbage Packer Unit 556	Expected Completion: 2023 Scope/Outcome: Replacement Garbage Packer Unit 556 – end of life. Timeline: Implementation				07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement	400,000				
5	A0492 Rpl Garbage / Recycling Packer Unit #51	Expected Completion: 2023 Scope/Outcome: For the replacement of unit 556, a 2016 automated garbage/recycling packer; scheduled replacement is 6yrs or 8000hrs. This waste collection vehicle is used daily for the purpose of residential curbside collection of garbage and recycling materials. Due to the nature of the work, excessive maintenance and expected length of time for procurement, this truck is due for replacement in 2024. Timeline: Implementation				07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		400,000			
6	A0493 Rpl Garbage / Recycling Packer Unit #51	Expected Completion: 2024 Scope/Outcome: For the replacement of unit 561, a 2017 automated garbage/recycling packer; scheduled replacement is 7yrs or 8000hrs. This waste collection vehicle is used daily for the purpose of residential curbside collection of garbage and recycling materials. Due to the nature of the work, excessive maintenance and expected length of time for procurement, this truck is due for replacement in 2024. Timeline: Implementation				07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement		400,000			
7	A0610 Rpl Toyota Prius Unit #505	Expected Completion: 2024 Scope/Outcome: Replacement of Unit #505, a 2015 Toyota Prius Hybrid will be 10 yrs old and beyond the recommended battery life. Will re-evaluate closer to replacement date in 2025. Timeline: Implementation				07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement			45,000		
8	A0611 Rpl Garbage / Recycling Packer Unit #51	Expected Completion: 2025 Scope/Outcome: For the replacement of unit 562, a 2018 automated garbage/recycling packer; scheduled replacement is 7yrs or 8000hrs. This waste collection vehicle is used daily for the purpose of residential curbside collection of garbage and recycling materials. Due to the nature of the work, excessive maintenance and expected length of time for procurement, this truck is due for replacement in 2025. Timeline: Implementation				07 Organizational Effectiveness	01 Carbon Free Corporation	Routine Asset Renewal or Replacement			420,000		
9	A0668 Rpl Rear Loader garbage Truck Unit #54	Expected Completion: 2025 Scope/Outcome: Replacement of Unit #540. This is a 2018 Single axle rear loader garbage truck. This truck is used 6 days a week and is a high maintenance vehicle. It is scheduled for replacement in 8yrs 2026. Timeline: Implementation				07 Organizational Effectiveness		Routine Asset Renewal or Replacement				320,000	
10	A0669 Rpl Automated Garbage Truck Unit #563	Expected Completion: 2026 Scope/Outcome: For the replacement of unit 563, a 2019 automated garbage/recycling packer; scheduled replacement is 7yrs or 8000hrs. This waste collection vehicle is used daily for the purpose of residential curbside collection of garbage and recycling materials. Due to the nature of the work, excessive maintenance and expected length of time for procurement, this truck is due for replacement in 2026. Timeline: Implementation				07 Organizational Effectiveness		Routine Asset Renewal or Replacement				430,000	
11	Rpl Garbage / Recycling Packer Unit #562	Expected Completion: 2026 Scope/Outcome: For the replacement of unit 5632 This waste collection vehicle is used daily for the purpose of residential curbside collection of garbage and recycling materials. Timeline: Implementation				07 Organizational Effectiveness		Routine Asset Renewal or Replacement					430,000
Total Solid Waste Vehicles		Expected Completion: 2027											
Total Vehicles									650,000	800,000	465,000	750,000	430,000
Total Solid Waste Fund									650,000	800,000	465,000	750,000	430,000
Total Solid Waste Fund									840,000	825,000	615,000	780,000	780,000
Total Solid Waste Fund									840,000	825,000	615,000	780,000	780,000



2023 Proposed Utility Budget & Rate Increases Workshop

November 28, 2022

ON TABLE
Council Workshop
November 28, 2022
re: Item 2.1.b



NEW WESTMINSTER

Agenda

- ❑ Introduction of Presenters
- ❑ Recommendation and Purpose
- ❑ 2023 Budget Timeline
- ❑ Financial Sustainability Guiding Principles
- ❑ Operating vs Capital Budgets
- ❑ 2022 Q3 Update – How are we trending
- ❑ 2023-2027 Proposed Five Year Capital Plan & 2023 Multi-Year Budget
- ❑ 2022 Accomplishments & 2023 Proposed Budget Highlights – by Utility
- ❑ 2023 Proposed Utility Budget & Rate Review including Service Enhancement Requests– by Utility
- ❑ 2023 Proposed Utility Rate Recommendation from staff
- ❑ Feedback from Council

Introduction - Presenters

- ❑ Harji Varn, CFO/Director of Finance
- ❑ Lorraine Lyle, Senior Manager Financial Services
- ❑ Rod Carle, General Manager Electrical Utility
- ❑ Steven Faltas, Business Process Manager, Electrical
- ❑ Lisa Leblanc, Director of Engineering
- ❑ Kwaku Agyare-Manu, Senior Manager Engineering
- ❑ Leya Behra, Manager, Climate Action

**There are many staff who supported the final presenters in bringing us thus far - thank you to all staff!*

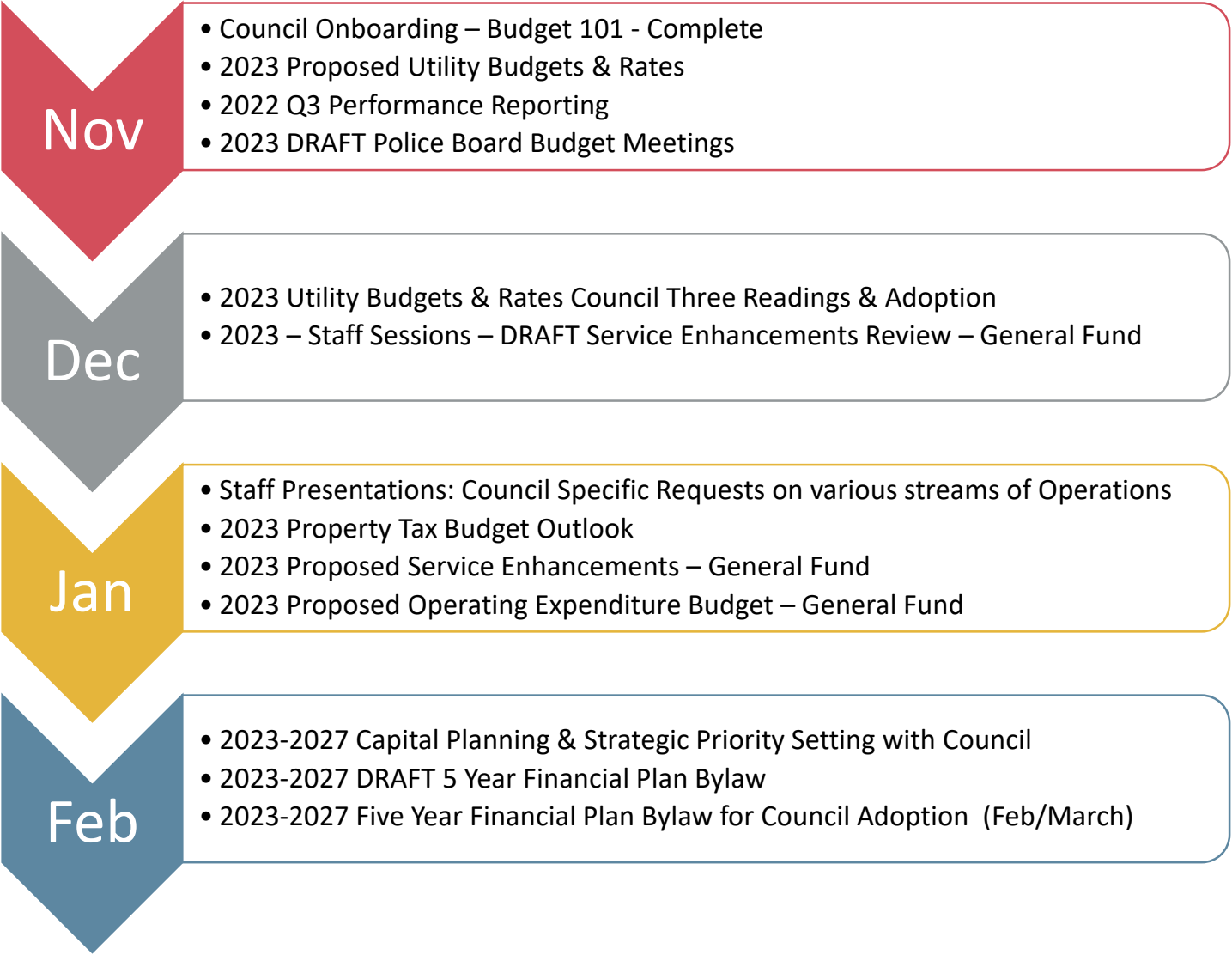
Recommendation & Purpose

RECOMMENDATION THAT Council approve in principle the 2023 Proposed Utility Budgets and Annual Rate Increases, including the 2023 Service Enhancements, with respect to the Electric, Water, Sewer and Solid Waste Utilities; and THAT Council direct staff to prepare the necessary bylaws to amend the City's utility rates for 2023 as outlined in the Utility report.

The Purpose of the Utility report is to provide Council with the detailed information on the 2023 Proposed Utility Fund Budgets. The Utility report also provides the proposed 2023 Utility rate increases, including Service Enhancements, for the Electric, Water, Sewer and Solid Waste Utilities and Five Year Financial Plans (2023 – 2027)

The Utility Budget Workshop will set the direction for staff to prepare the necessary bylaws to amend the City's 2023 Utility Rates which will be in effect as of January 1, 2023.

2023 Budget Timeline & Process



Adhering to the Financial Sustainability Principles

Goal: Maintain Financial Health: Affordable levels of debt & maintain stabilization reserve models to support long-term smoothing of rates.

2023-2027 Council Proposed Plan:

- Electrical Rate Increase 2.8%/year
- Water & Sewer Rate Increase 7%/year
- Solid Waste Rate Increase 14% /year
- Capital Expenditures \$181.2M



- ❑ Ensure portfolio of assets are safe, reliable and in a state of good repair
- ❑ Ensure a stable and consistent utility rate structure
- ❑ Ensure long term sustainment of infrastructure and service levels with reserve levels that are adaptive to future City needs; monitor debt levels

SUSTAINABLE

Maintain assets in a state of good repair through **reasonable tax / rate increases, and without disruptions to services**; living within our means

ADAPTABLE

The ability to change debt levels or **leverage reserves**; ability to ramp up or down on spending

STABLE

Predictability of City's sustainable revenue sources and less reliance on external funding or third party funding

ACCOUNTABLE

Fiscally prudent & responsible; the ability to ensure that the City's financial decisions are in the best interest of all

Capital vs Operating Budgets

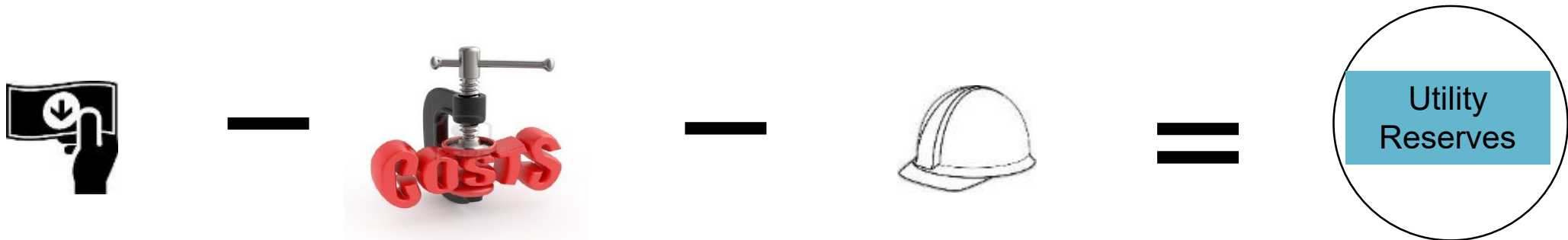


Replace/Renew

Provide Service



Utility Funds - Simplified



Collection of rates & Other Third Party or Developer Fees

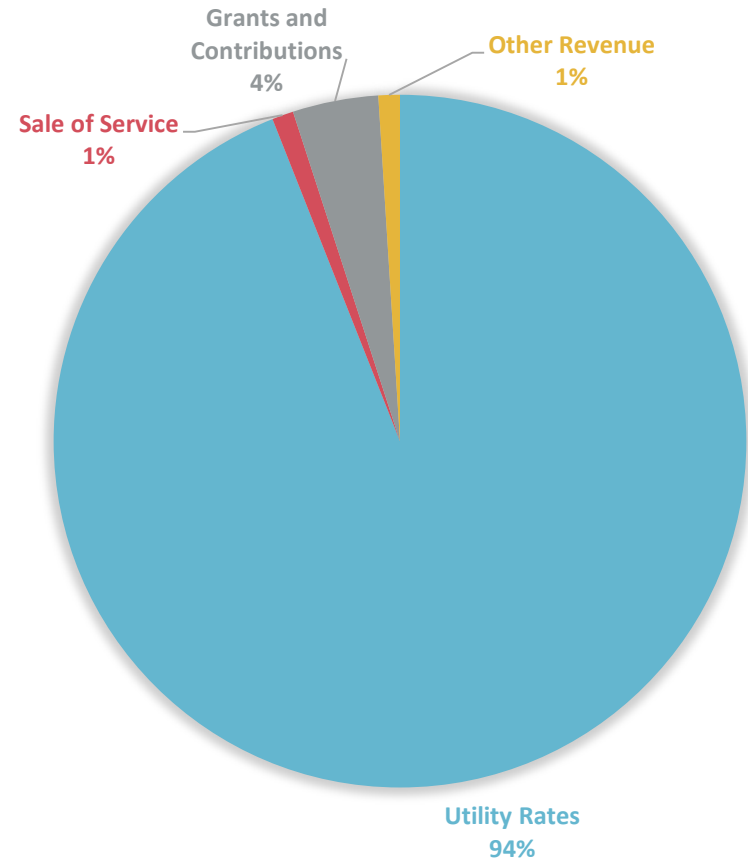
Cost of Power from BC Hydro, Water, Sewer, Solid Waste Levies from Metro Vancouver & CNW Operating Expenses & Debt Servicing Costs

Transfers from Reserve or increased borrowing: Renewal/Replacement & Growth Related Capital Works

Fiscal Management: Insulate Rate Payers from Significant Increases; financial stability assurance

Operating Revenues – Utility Fund

2022 OPERATING REVENUES - UTILITY FUNDS

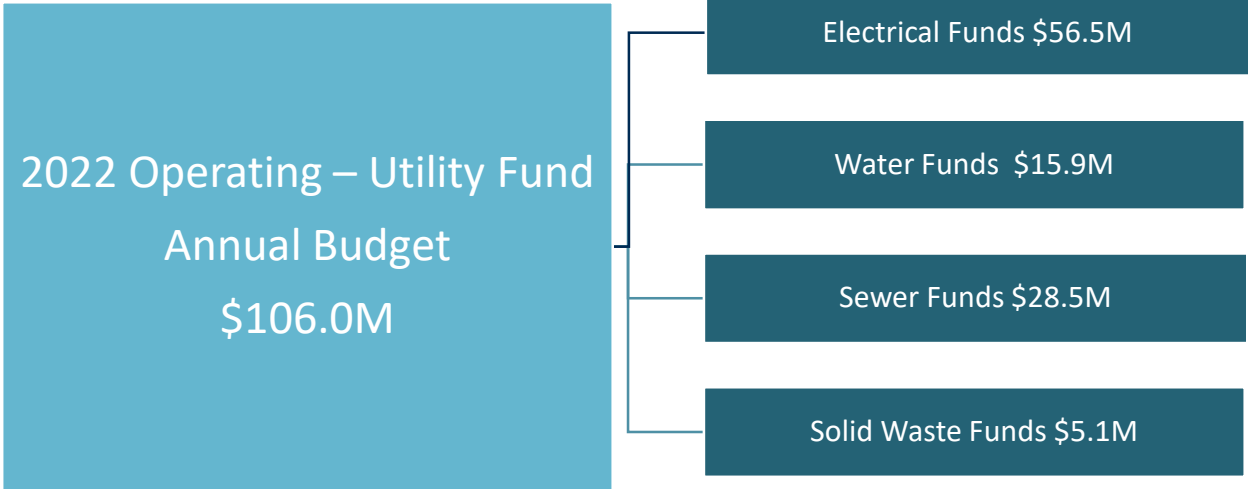


- Utility Billings - Consumption
- Grants and contributions
- Other Revenue/Sale of Service

2022 Operating Revenue Budget \$106M

Operating Revenues by “Fund” View

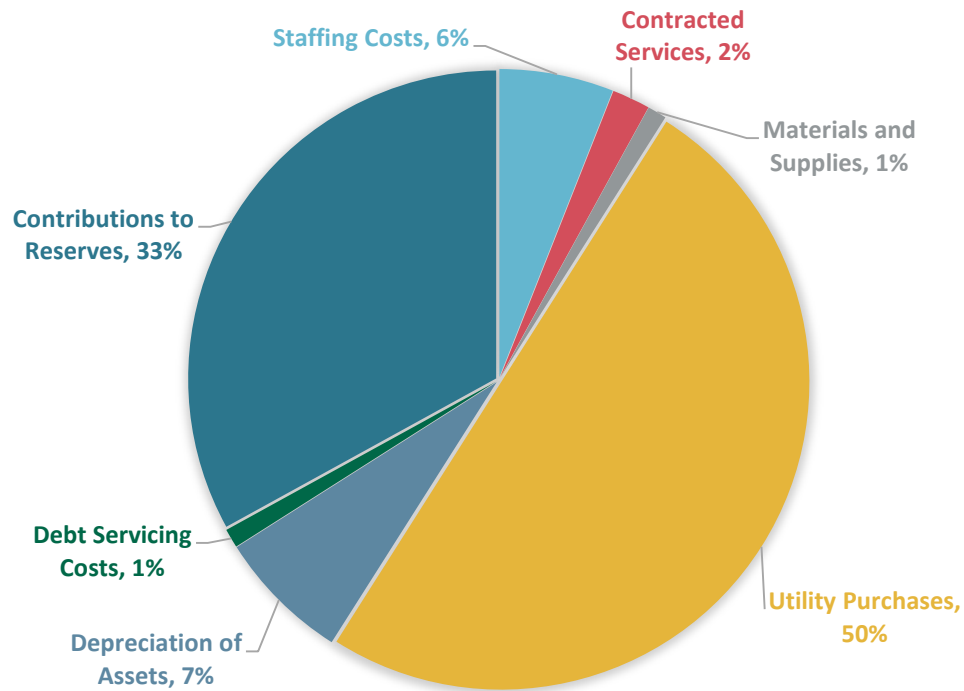
2022 Operating Revenue Budget \$106M



* Amounts include grants/development/other funds billed & collected for City Services

Operating Expenses – Utility Fund

2022 OPERATING EXPENSES - UTILITY FUNDS

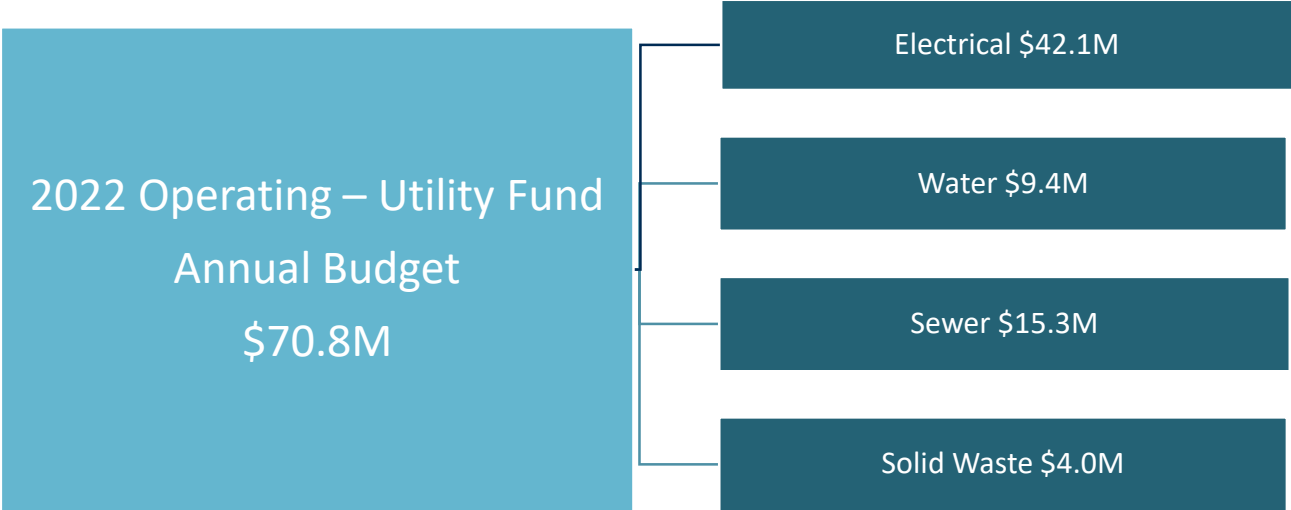


- Utility purchases – Metro/BC Hydro
- Contributions to reserves
- Depreciation of assets
- Staffing costs
- Contracted services
- Materials and supplies
- Debt servicing costs

2022 Operating Expense Budget \$70M

Operating Expenditures by Major Service and Fund

2022 Operating Expense Budget \$70M



Annual Surplus, Why?



2022 Utility
Reserves Ending
Budget \$61M

- Expenditures \$70M (without Capital Expense)
- Revenue/Fee for Services \$106M
- Difference/Planned Surplus \$36M
- Local Governments are “collecting fees” to Deliver City Services & Maintain Assets
- The Financial Statements should not be viewed like a private sector entity whereby we are generating revenues and profit – Cities have long-term assets like water/sewer pipes that can last over 80 years of useful life
- Reserves are set up and **contributions (surplus)** is planned annually to keep the reserves so funding is available when major capital replacements takes place & are not burdening the rate payer of the day for the entire cost as it will be shared over multiple generations

2022 Q3 Operating Performance & Annual Forecast

Consolidated – all Utilities:

\$2.4M or 2.2%, Net Operating Revenue
Budget vs Actual Variance as at Q3

(\$1.8M) or (2.5%) Net Operating
Expenditure Budget vs Actual Variance
as at Q3

\$0.5M – Net Variance to date

Operating Budget vs Actuals Highlights:

\$2.4M Net Operating Revenue Variance:

- ❑ Increase in Electrical Consumption
- ❑ Increase in Water/Sewer/Solid Waste Billings
- ❑ Increase in Adhoc Service Calls – all Utilities
- ❑ Less than plan Contribution/Grant Funds

(\$1.8M) Net Operating Expenditure Variance:

- ❑ Increase in Electrical Power Purchase
- ❑ Increase in Costs due to Inflation
- ❑ Less than plan in Salary Expense - Vacancies

\$0.5M Net Operating Budget as at September 30:

- ❑ projected to be on-target to Budget annually as expenses catch up in the final quarter

Multi-Year Capital Plan vs Budget



Capital Plan vs Approved Budget



Fiscal Prudence guided by the Community Charter:

- Plan is an Estimate of Spend and Associated Funding Sources
- Budgets are Approved Rates and Expenditures
- Budgets are required to Levy the Rates and Collect Money to Pay for the Budget
- Budgets need to be in place before awarding contracts or committing the organization
- Capital – largely major construction projects and renewal/replacement programs can run over multiple years – hence a large budget and a need to carryover budgets into new year

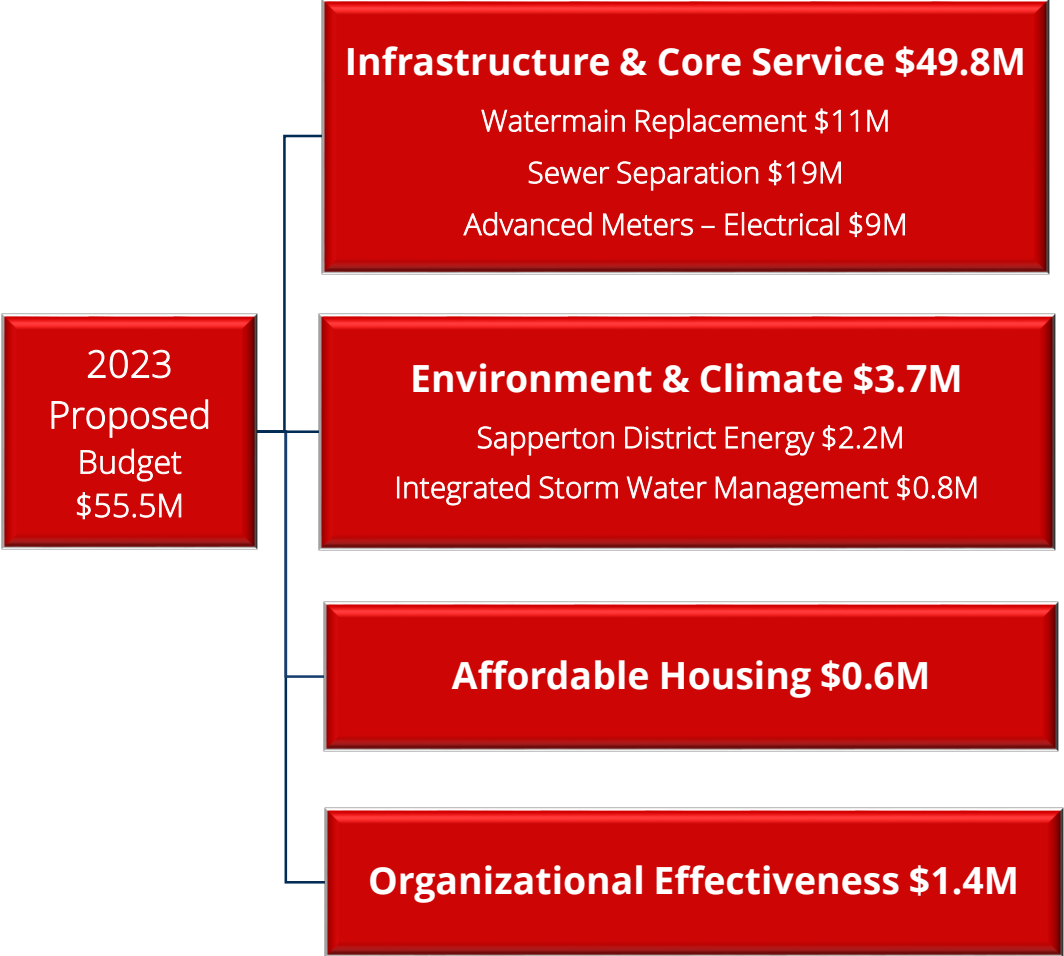
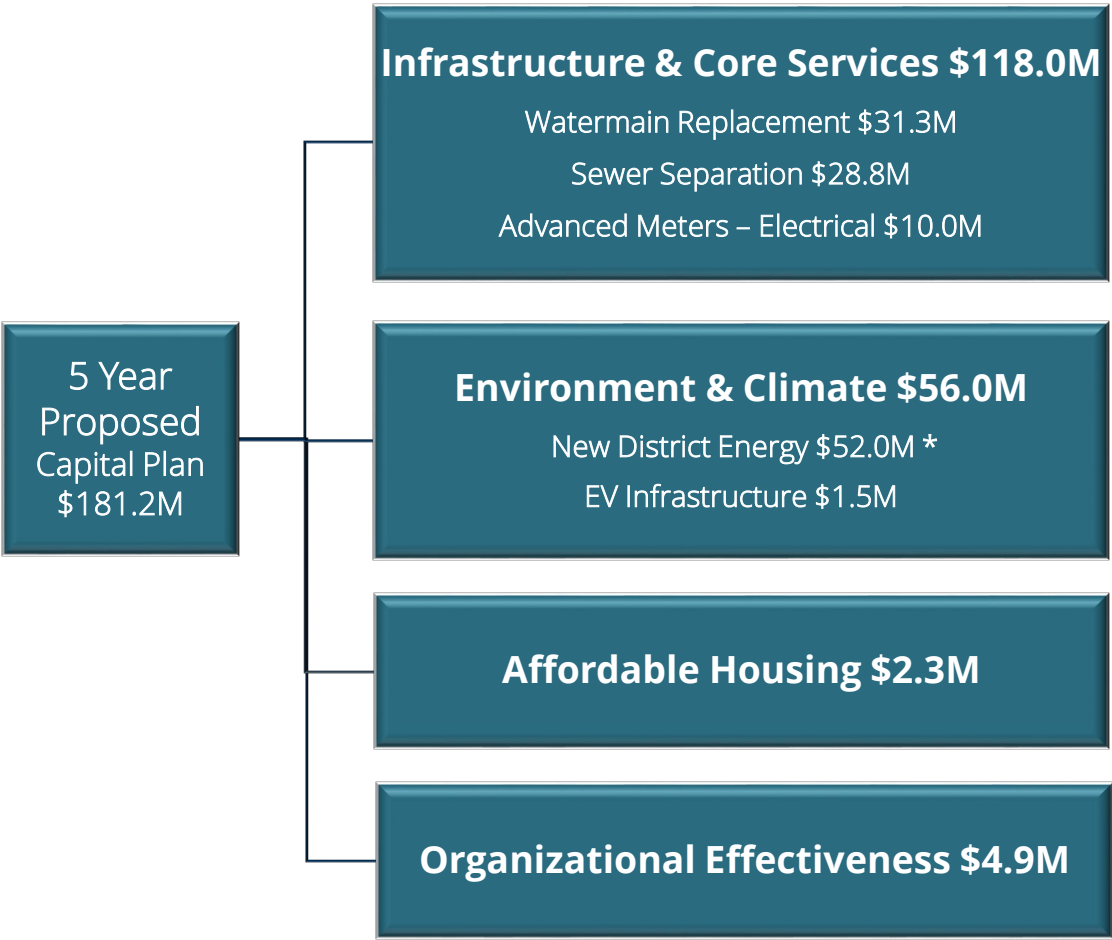
2023-2027 **Proposed** Five Year **Plan** Bylaw includes Capital spend estimates of **\$181.2M**

Drawing down on the Plan annually:

Current Multi-Year Approved Capital **Budget** is **\$75.7M:**

- Committed over \$30.0M to date
- Spent over \$24.7M to date

2023-2027 Proposed 5 Year Capital Plan – All Utilities



* Includes heating center only

2022 Accomplishments & 2023 Priorities Utilities

Electrical

Electrical Operations Core Services

The majority of the Electrical Department's operations are deemed essential. To this end, the department is striving to maintain appropriate service levels for all New Westminster residents, businesses and institutions while at the same time maintaining the health and safety of our front line staff.

In addition to ensuring our critical infrastructure and essential services are provided, Electrical staff are continuously engaged in supporting Council's 7 Bold Steps and Strategic Priorities.

Electrical initiatives are consistent with in the Operations workplan and happen on an year by year basis, the department managers provide the General Manager a detailed account of all the activities planned for the fiscal year; these activities are logged within the Electric Utility Maintenance Management Program (MMP).



Facilities, Infrastructure, & Public Realm

The built environment and public realm give structure and character to our City and our priorities of being inclusive, accessible, and welcoming to all. As we plan and execute these major capital projects, we strive to ensure that each significant investment is in alignment with the City's goals for resiliency, sustainability and adaptability. It is our equal responsibility to both manage our existing assets and create new infrastructure, facilities, parks and amenities to support our growing population.

2022 Accomplishments

- Queensborough Electric Substation 80% Complete
- AMI IT upgrades and Contract negotiation and awarded; Q4 Detailed Planning & Project Timeline
- New Services at multiple locations; Carnarvon, Duncan, etc.
- Asset Management Planning – recruiting resource
- Affordable housing: 8th Ave/6th Street – First Nations support

2023 Proposed Capital Projects

- Advanced Meter Infrastructure replacement project implementation
- Major distribution network upgrade on Boyd Street
- Phase I – Asset management planning



Organizational Effectiveness - Highlights

We aim to be innovative and visionary in everything we do, both within our organization and in how we engage and work with our residents, organizations, and businesses. We place a high value on ensuring City staff have the necessary skills, training, and technology to deliver services to the community effectively and efficiently.

2022 Accomplishments

- Auto Cad to GIS is now into the 2nd phase.

2023 Proposed Capital Projects

- Vehicles – Electrical \$0.5M
- Ongoing: Corporate Efficiencies & Strategies City Wide



Climate Action - Highlights

We are committed to taking bold action through the adopted Seven Bold Steps, to address the climate emergency, which includes achieving greenhouse gas reductions required to keep global temperature increases below 1.5°C. that climate change brings.

2022 Accomplishments

- Completed new Community Energy and Emissions Plan (CEEP)
- High Performance Homes Pilot Energy Step Code 4 and Passive House (1 fully certified passive house; 3 completed step 4 homes. Pilot and applications ongoing)
- Completed the Electric Mobility (eMobility) Strategy
- Queensborough Electric Substation 80% Complete
- District Energy Business Case Review; grant applications; meetings with Metro, Hospital, Developer and internal stakeholders

2023 Proposed Capital Projects

Carbon free energy:

- TBD: Sapperton District Energy system subject to secured funding & customer base
- Complete Queensborough Substation



2023 Proposed Capital Projects (cont.)

Community Energy and Emissions

- Implementation of the new CEEP
- Accelerated implementation of Step Code, building retrofits, and fuel switching.
- Implementation of the eMobility Strategy
- Advanced Metering Infrastructure

Carbon Free Corporation

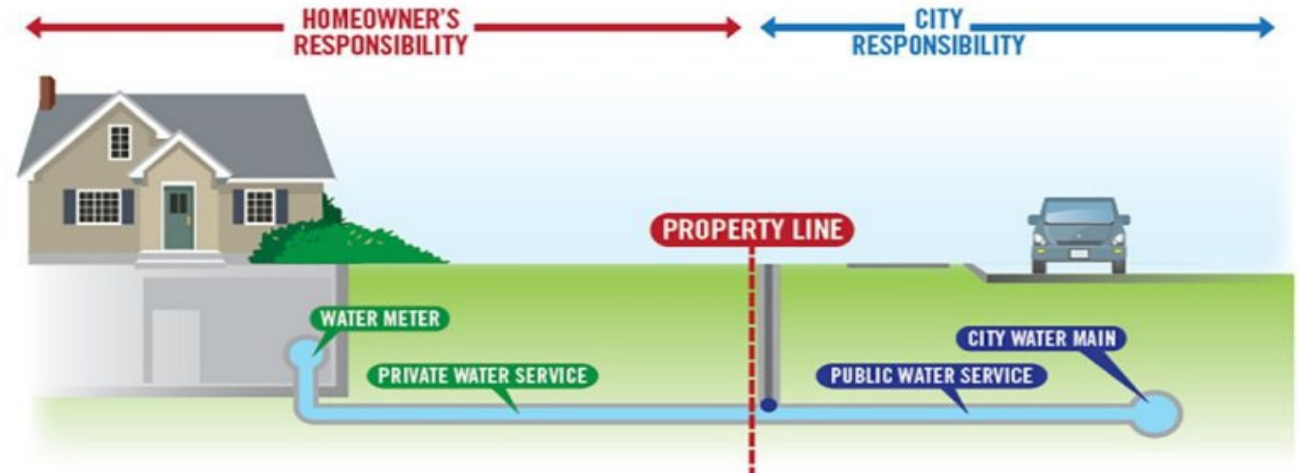
- EV Charging Infrastructure for Civic Buildings
- Street Lighting Improvements
- Ongoing implementation of the Corporate Energy and Emissions Reduction Strategy
- Ongoing implementation of the Green Fleet Action Plan

Water

Water Core Services

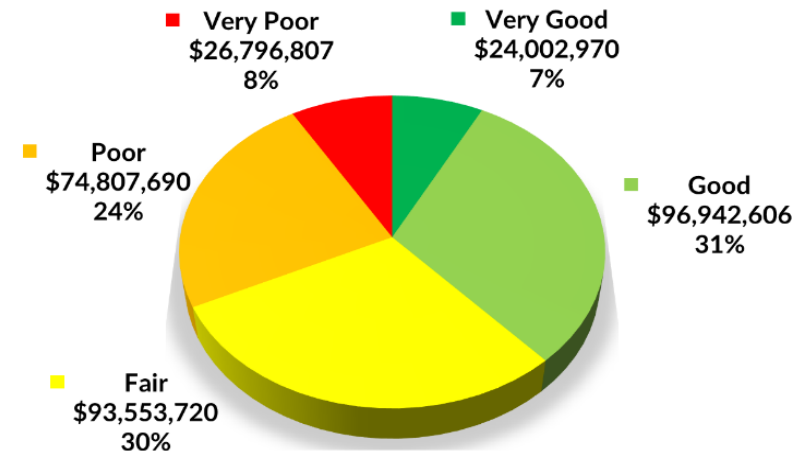
2022 Accomplishments & Highlights

- Continued to operate, maintain and repair over 270Km of watermains
- Maintained water quality levels while distributing potable drinking water across the City
- Continued to implement the watermain replacement program despite delays from global supply chain challenges
- Repaired broken water mains and completed new service connections
- Water AMP (completed in 2020) highlights that 32% of water assets are in a poor and very poor state – We actively need to focus on replacement and rehabilitation to maintain the system condition and prevent it from dropping further



<https://www.calgary.ca/water/customer-service/lead-water-service-lines.html>

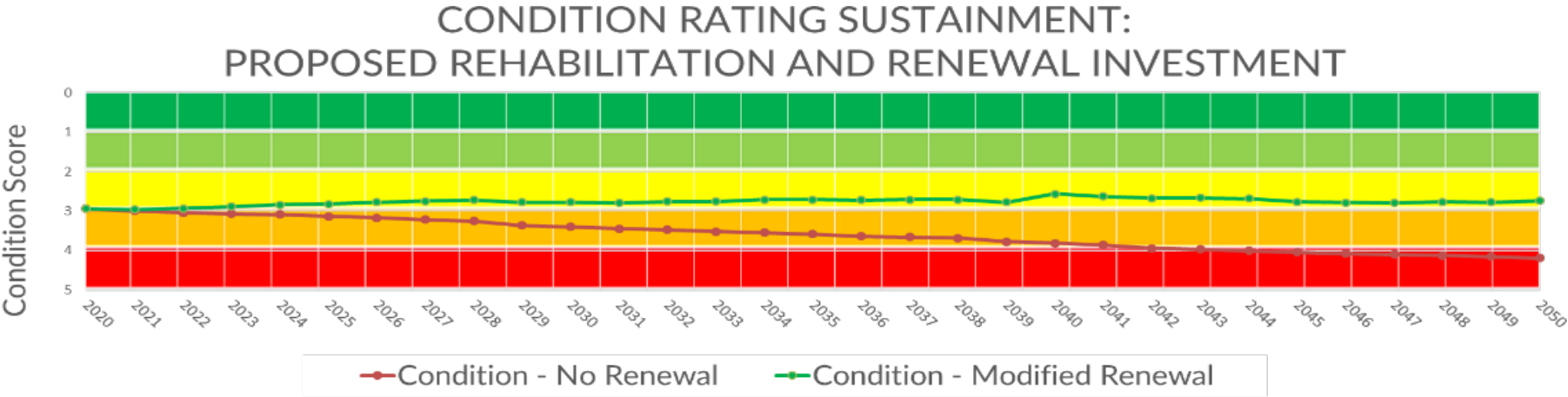
2020 CONDITION PROFILE - BASELINE
(ALL ASSETS WEIGHTED BY CRV)



Water Core Services

2023 Proposed Initiatives

- Continue to distribute water purchased from Metro Vancouver (Core service)
- Continue to operate, maintain and repair water distribution system
- Continue to implement the watermain replacement capital project
- Continue to support the CMMS (Cityworks) implementation to support our O&M and asset management practices
- Continue to monitor the impact of global supply chain challenges
- Provide education and support for the regional lawn watering restrictions
- Continue to provide this core service and maintain the current level of service.

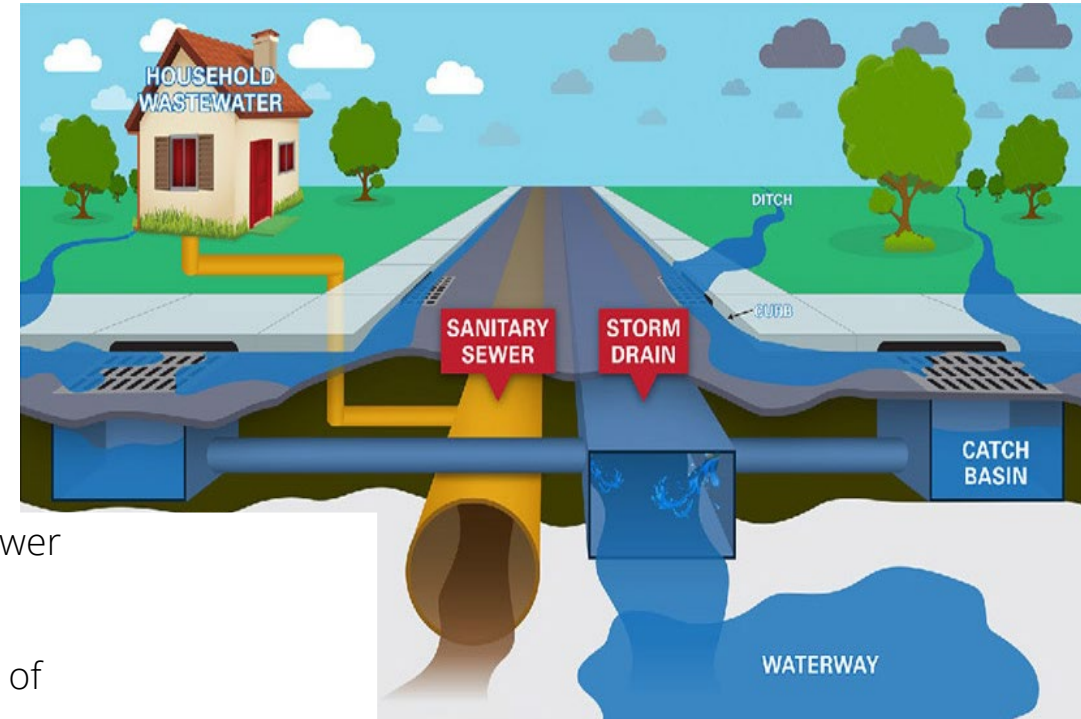


Sewer & Drainage

Sewer & Drainage Core Services

2022 Accomplishments & Highlights

- Operate, maintain and repair the following system components:
 - 160km of Combined sewer mains,
 - 40km of Sanitary mains,
 - 90 km of Storm sewer mains,
 - 39 pump stations and
 - 7km of open drainage ditches
- Continued with combined sewer separation (2075 regulatory requirement), sewer main rehab and renewal; some delays from global supply chain challenges
- Continued with drainage improvements in Queensborough, including removal of drainage barriers
- Boundary Road Pump Station nearing completion
- Began to develop the Sewer & Drainage Asset Management plan
- Flood Management Strategy Update
- Spring Freshet Flood management & Dyke Inspection
- Big challenges with multiple pump stations, due primarily to SCADA system issues

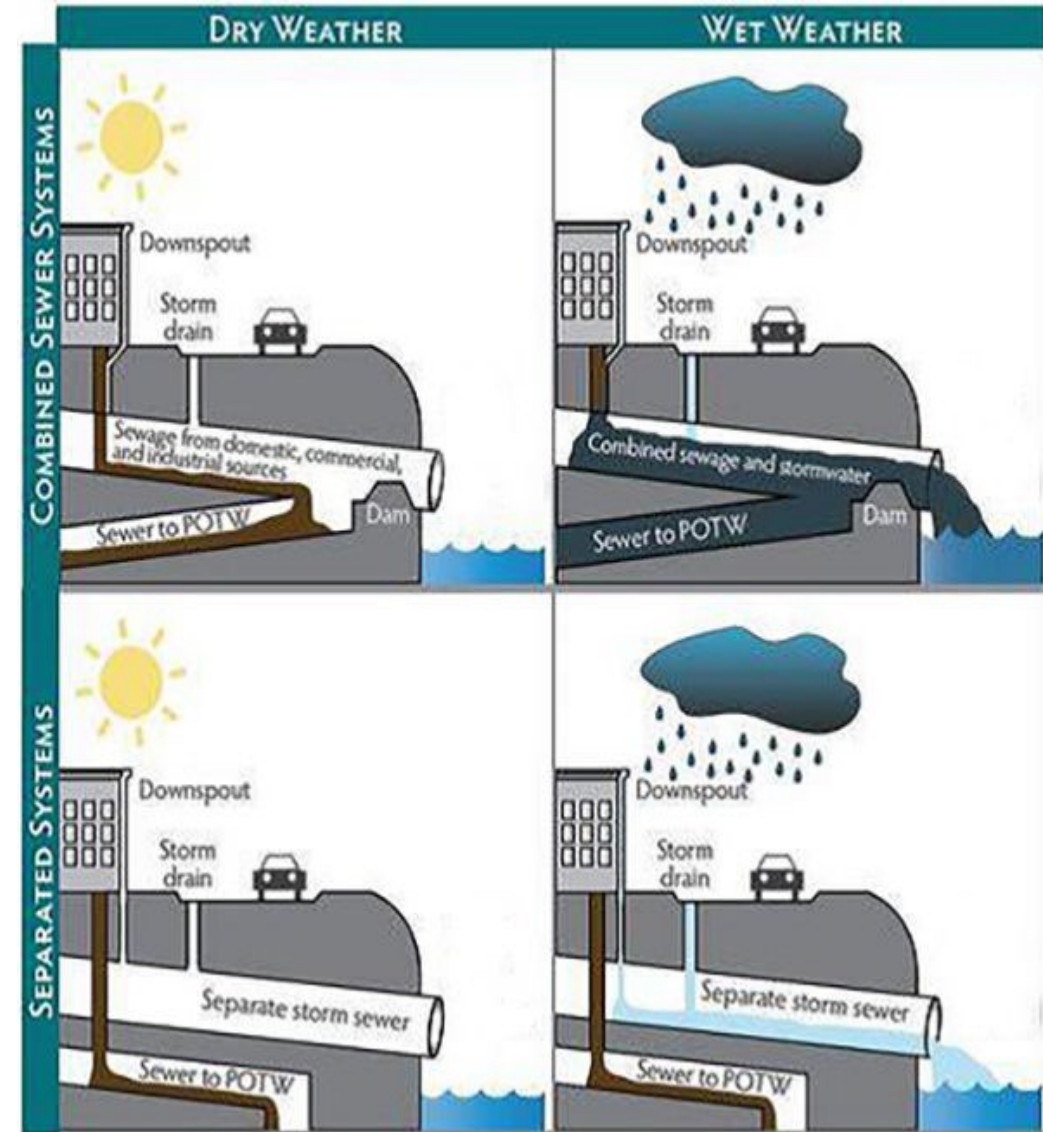


<https://mywaterearth.com/storm-drain-system-vs-sanitary-sewer-system/>

Sewer & Drainage Core Services

2023 Proposed Initiatives

- Accelerating the sewer separation (West End) and continue infrastructure renewal capital programs
- Complete the Boundary Rd Pump Station project
- Continue the drainage improvement program in Queensborough, including drainage barrier removal and condition based culvert replacement
- Continue working on updating the City's Flood Management Strategy
- Advance green infrastructure projects to improve rainwater management
- Recruit a SCADA Technologist and develop a SCADA system replacement plan
- Complete the Sewer & Drainage Asset Management Plan
- Continue to provide this utility core service and maintain the current level of service.



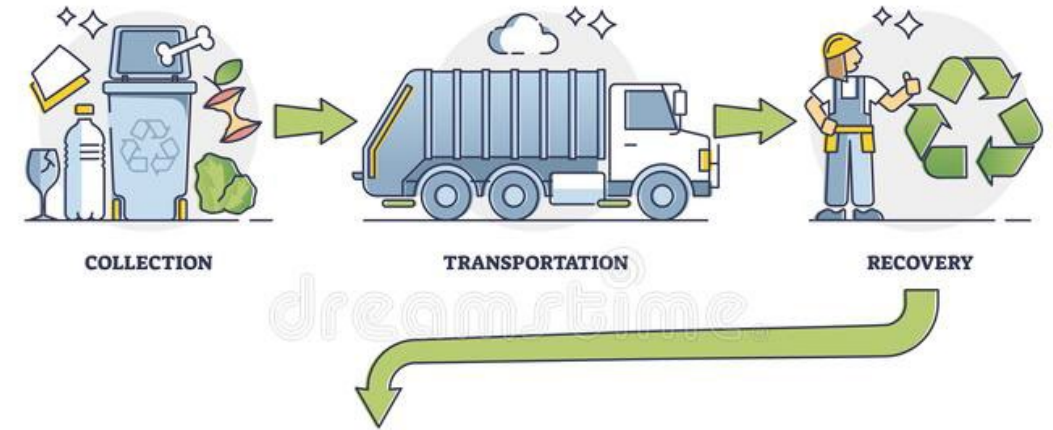
Solid Waste

Solid Waste

2022 Accomplishments & Highlights

- Weekly yard and food scraps collection
- Bi-weekly single-stream curbside and multifamily collection of mixed paper and containers
- Pop-up recycling collection events throughout the year
- Introduced curbside single-family glass container collection program
- Multi-family glass collection program not implemented as planned.

SOLID WASTE MANAGEMENT



Metro Vancouver Regional
Solid Waste Process

Solid Waste

2023 Proposed Initiatives

- Implement multi-family glass container program
- Enhanced education and enforcement to reduce contamination in recyclable waste stream
- Improved street cleaning and litter collection, particularly in Downtown and other business areas
- Continue to provide this core service and maintain the current level of service.



2023 Outlook: Proposed Rates/Funding Strategies

Proposed 2023 Electrical Utility Rate 2.8%

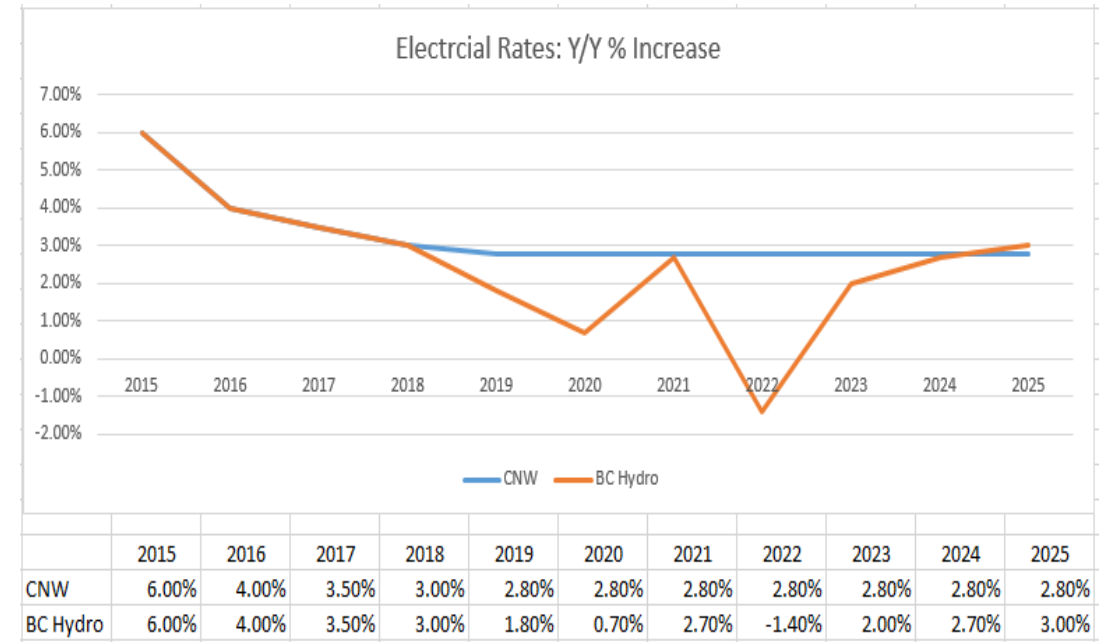
Electric Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 60.78	\$ 75.25	\$ 62.58	\$ 75.95	\$ 66.29
Operating Expenses	\$ 45.12	\$ 46.85	\$ 49.62	\$ 50.75	\$ 51.60
Capital	\$ 23.88	\$ 42.80	\$ 17.60	\$ 3.28	\$ 3.25
Reserves	\$ 38.92	\$ 25.25	\$ 22.44	\$ 39.39	\$ 45.72
Rate Increase	2.8%	2.8%	2.8%	2.8%	2.8%

Major Cost Driver: Capital Spending Projection over 5 Years: \$90.8M

- ☐ Automated Meters – Electrical \$10M
- ☐ New District Energy \$52.0M
- ☐ Climate \$1.5M
- ☐ Organizational Effectiveness \$1.2M

2023 Budget Outlook Considerations:

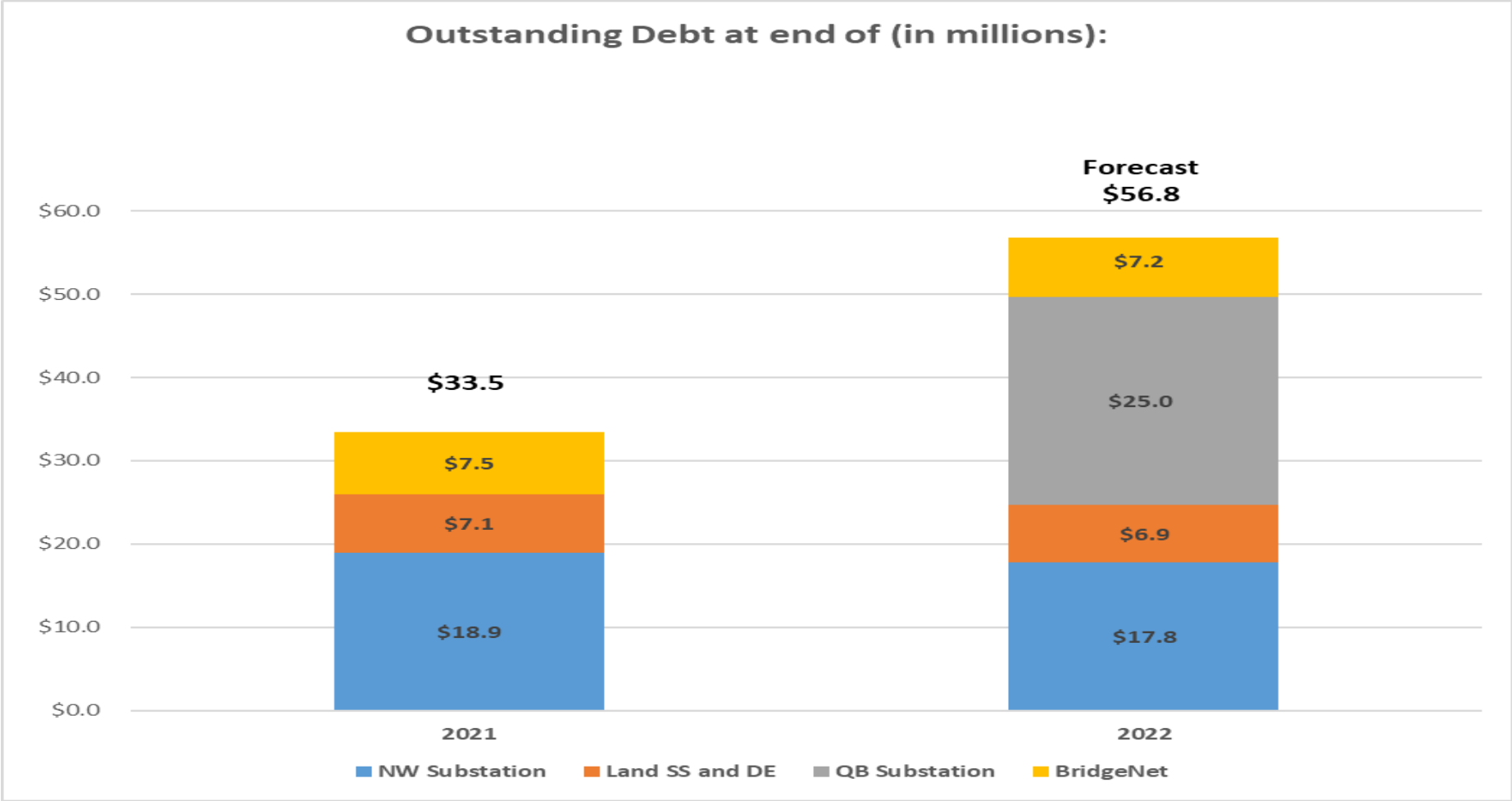
- ☐ Projected 2023 Increase in Cost of Power Purchases \$1.0M
- ☐ Fixed Cost & Salary Increases of \$0.2M
- ☐ Proposed Capital Spending of \$23.9M
- ☐ New Service Enhancement “Requests” \$0.4M
- ☐ 2023 Increase in Debt-servicing Costs of \$2.1M due to increase of \$25M in borrowing at end of 2022 related to the QB Substation Project
- ☐ Climate levy at a rate of 3.5% of Electrical billings



Major Cost Driver Cost of Power: ~75% of annual operating costs

- ☐ Purchase of Power from BC Hydro – 2023 anticipated rate increase of 2%, followed by increases
- ☐ BC Hydro’s rates fluctuate and are subject to change
- ☐ Debt Servicing Costs

Outstanding Debt – Electrical / BridgeNet



Electrical Reserve

2023-2027 Reserve Target

- ❑ Policy: Target Reserve balance : 5% - 10% of replacement value
- ❑ Estimated Asset Replacement Value in 2006: ~\$150M
- ❑ Estimated Asset Replacement Value now: could be as high as \$450M - \$600M
- ❑ Estimated Cost of Borrowing/Interest rates are unpredictable at this time
- ❑ 2027 Reserve Balance is forecasted at \$46M, or 6-8% of estimated asset replacement value; recommend keeping the rate at 2.8% and a higher reserve target until the completion of the AMI, QB Substation, Asset Management Plan and other significant investments to drive Climate Action.

Electric Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 60.78	\$ 75.25	\$ 62.58	\$ 75.95	\$ 66.29
Operating Expenses	\$ 45.12	\$ 46.85	\$ 49.62	\$ 50.75	\$ 51.60
Capital	\$ 23.88	\$ 42.80	\$ 17.60	\$ 3.28	\$ 3.25
Reserves	\$ 38.92	\$ 25.25	\$ 22.44	\$ 39.39	\$ 45.72
Rate Increase	2.8%	2.8%	2.8%	2.8%	2.8%
Reserves / Replacement Value	6.3%	4.2%	3.9%	6.7%	7.6%



Climate Action Reserve

- ❑ Established a Reserve By-Law 8321, 2022 – over \$100M in Climate Related Projects within the City's existing Five Year Financial Plan
- ❑ Received over \$4M in Climate Action Levy since inception
- ❑ Low Carbon Fuel Supply credits (Provincial Program).
 - ❖ 2022 Received over \$26M from the sale of Low Carbon Fuel Supply credits
 - ❖ Program extension to 2030 with policy provisions for further continuation
 - ❖ The Climate Action team is reviewing opportunities for eligible credit generating initiatives on an ongoing basis.

2021 Low carbon Fuel Supply Credit Report:

- ❖ 8,800 credits have been validated (2021 SkyTrain fuel supply)
- ❖ Additional 2021 EV Charging related credits under Provincial review

Estimated number of credits annually

- ❖ SkyTrain: **8,800**
- ❖ City Owned EV Charging: **150**; Anticipated to increase with EV adoption
- ❖ Strata EV Charging (<5 installed chargers): **1,000**; Pending Provincial approval of calculation methodology



Electrical - 2023 Proposed Service Enhancements

Strategic Priorities:

- Climate Action – 7 Bold Steps: Electrical Infrastructure Capacity and Resiliency
- Organization Effectiveness:
 - Succession Planning
 - IT Infrastructure/Continuous Improvement/Outsource vs In-House Services
 - Apprenticeship Programs
 - Health and Safety Compliance
- Growth/Demand Management – Substations, District Energy, Facility Planning

2023 Proposed Service Enhancements: \$440K

Operating Impacts of Capital Project Completed:

- \$250K – QB Substation Ongoing Operating Costs – Outsourced
- \$120K – Apprenticeship Program Funding – Power Line Technicians (grow from 5 to 7/9 PLT's)
- \$70K – Admin Support; Customer Service & Corporate Health & Safety

Capital – Temporary Resourcing:

- Temp – Meter Technician to support the AMI
- 151 Spruce Street – Investigation and Studies

Proposed 2023 Water Utility Rate 7.0%

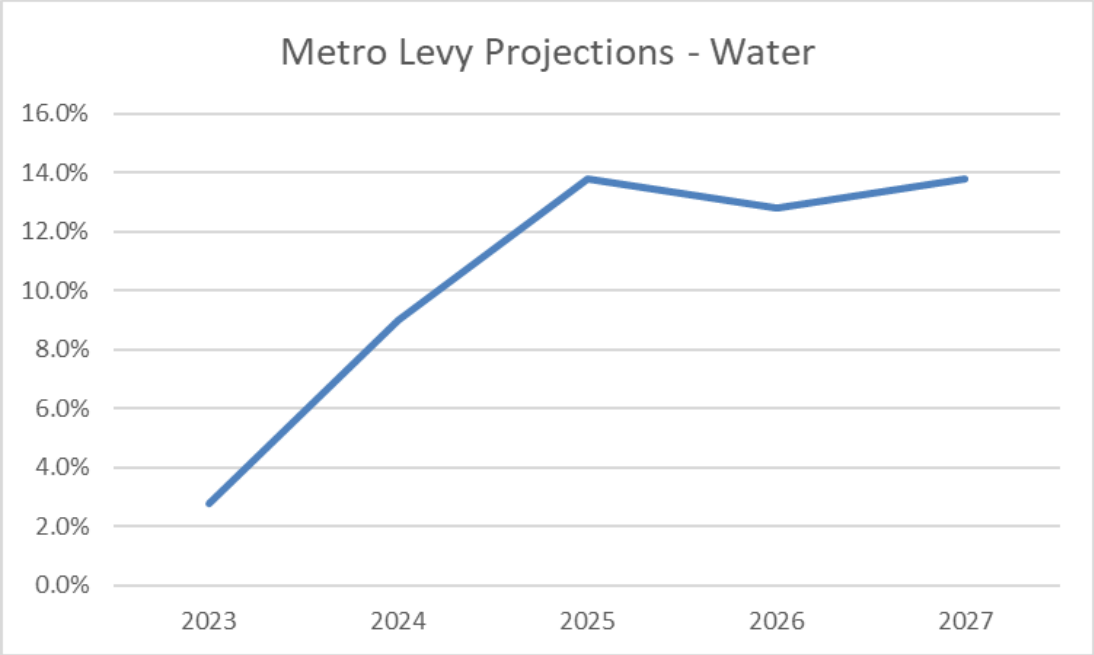
Water Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 16.94	\$ 17.93	\$ 19.17	\$ 20.51	\$ 21.94
Operating Expenses	\$ 9.74	\$ 10.60	\$ 11.82	\$ 13.15	\$ 14.65
Capital	\$ 11.14	\$ 5.70	\$ 6.04	\$ 6.01	\$ 6.01
Reserves	\$ 14.79	\$ 16.76	\$ 18.45	\$ 20.23	\$ 21.94
Rate Increase	7.0%	7.0%	7.0%	7.0%	7.0%

Capital Spending Projection over 5 Years: \$34.9M

- ❑ Annual Water-main Renewal/Replacement Rate
- ❑ Annual Replacement of Operational Equipment and Service Vehicles

2023 Budget Outlook Considerations:

- ❑ Projected 2023 Increase in Metro Vancouver Water Levies \$0.2M
- ❑ Fixed Cost & Salary Increases of \$0.1M
- ❑ Proposed Capital Spending of \$11.1M
- ❑ 2023 New Service Enhancement “Requests” \$0.1M



- ❑ Metro Levy Rates forecasted to continue on beyond inflationary increases into the future
- ❑ Major Cost Driver Metro Levy: ~77% of annual operating costs; ~\$7.5M in 2023

Water Reserve

2023-2027 Reserve Target

- ❑ Policy: Target Reserve balance : **5% - 10%** of replacement value
- ❑ Estimated Asset Replacement Value now: could be as high as \$316M
- ❑ 2027 Reserve Balance is forecasted at \$22M, or 5.6% of estimated infrastructure asset replacement value; recommend keeping the rate at 7.0% in order to fund urgent capital replacement programs

Water Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 16.94	\$ 17.93	\$ 19.17	\$ 20.51	\$ 21.94
Operating Expenses	\$ 9.74	\$ 10.60	\$ 11.82	\$ 13.15	\$ 14.65
Capital	\$ 11.14	\$ 5.70	\$ 6.04	\$ 6.01	\$ 6.01
Reserves	\$ 14.79	\$ 16.76	\$ 18.45	\$ 20.23	\$ 21.94
Rate Increase	7.0%	7.0%	7.0%	7.0%	7.0%
Reserves / Replacement Value	3.8%	4.3%	4.7%	5.2%	5.6%



Water - 2023 Proposed Service Enhancements

Strategic Priorities:

- Facilities, Infrastructure and Public realm:
 - Continue to build climate robust infrastructure
 - Continue to advance watermain replacement program as per the Asset Management Plan
 - Advance project delivery framework
 - Maintain levels of service and overall system condition in spite of increasing costs, volume and complexity of work.
- Organization Effectiveness:
 - Prioritize the outstanding recruitments, and exploring options for streamlining the recruitment process
- Core Service:
 - Continue to ensure the community and environment are healthy through the provision of this core service.

2023 Proposed Service Enhancements: \$123K

Fixed Cost Increase:

- \$43K – Supplies and Materials due to rising costs
- \$25K – Water Ops subcontract expense due to rising costs

New Staff Member:

- \$55K – 0.5 FTE Engineering Technologist shared with Sewer Utility.

Proposed 2023 Sewer Utility Rate 7.0%

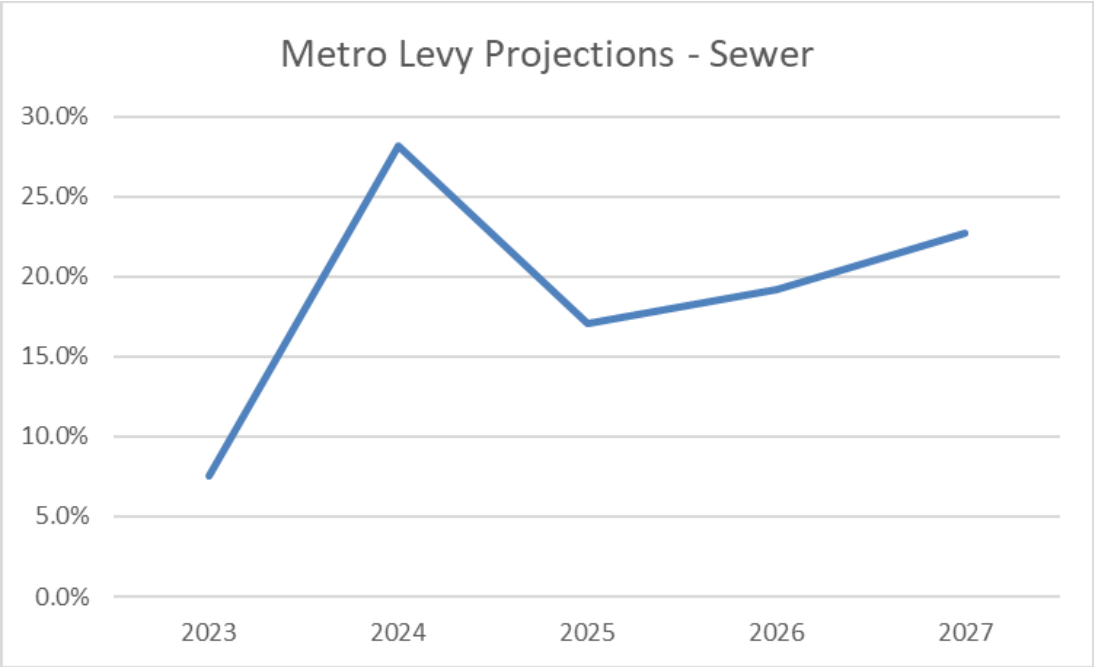
Sewer Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 29.53	\$ 32.52	\$ 35.60	\$ 38.35	\$ 40.75
Operating Expenses	\$ 16.59	\$ 20.11	\$ 22.83	\$ 26.40	\$ 31.30
Capital	\$ 19.60	\$ 10.43	\$ 10.39	\$ 5.41	\$ 5.78
Reserves	\$ 22.77	\$ 26.09	\$ 29.86	\$ 37.86	\$ 42.99
Rate Increase	7.0%	7.0%	7.0%	7.0%	7.0%

Major Cost Driver: Capital Spending Projection over 5 Years: \$51.6M

- ❑ Annual Sewer Separation program plus Rehabilitation/Replacement Rate
- ❑ Sewer-main Separation acceleration offset by \$10.5M grant
- ❑ New Storm Sewers & Trench Restoration Works
- ❑ Annual Replacement of Operational Equipment and Service Vehicles

2023 Budget Outlook Considerations:

- ❑ Increase in Metro Vancouver Sewer Levies \$0.7M
- ❑ Fixed Cost & Salary Increases of \$0.1M
- ❑ Proposed Capital Spending of \$19.6M
- ❑ 2023 New Service Enhancement Requests of \$0.2M
- ❑ Grant of \$10.5M over 5-year period, to offset the cost of sewer separation



- ❑ Metro Levy Rates forecasted to continue on beyond inflationary increases into the future
- ❑ Major Cost Driver Metro Levy: ~72% of annual operating costs; ~\$12.0M in 2023

Sewer Reserve

2023-2027 Reserve Target

- ❑ Policy: Target Reserve balance : **5% - 10%** of replacement value
- ❑ Estimated Asset Replacement Value now: could be as high as \$750M
- ❑ 2027 Reserve Balance is forecasted at \$43M, or 5.5% of estimated asset replacement value; recommend keeping the rate at 7% and a higher reserve target until the completion of Asset Management Plan

Sewer Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 29.53	\$ 32.52	\$ 35.60	\$ 38.35	\$ 40.75
Operating Expenses	\$ 16.59	\$ 20.11	\$ 22.83	\$ 26.40	\$ 31.30
Capital	\$ 20.80	\$ 10.43	\$ 10.39	\$ 5.41	\$ 5.78
Reserves	\$ 22.77	\$ 26.09	\$ 29.86	\$ 37.86	\$ 42.99
Rate Increase	7.0%	7.0%	7.0%	7.0%	7.0%
Reserves / Replacement Value	2.9%	3.3%	3.8%	4.8%	5.5%



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Sewer - 2023 Proposed Service Enhancements

Strategic Priorities:

- Facilities, Infrastructure and Public realm:
 - Continue to build climate robust infrastructure
 - Continue to advance Sewer Separation program
 - Advance project delivery framework
 - Develop PS SCADA replacement plan
 - Complete Asset Management Plan
 - Maintain levels of service in spite of increasing costs, volume and complexity of work.
- Organization Effectiveness:
 - Prioritize the outstanding recruitments, and exploring options for streamlining the recruitment process
- Core Service:
 - Continue to ensure the community and environment are healthy through the provision of this core service.

2023 Proposed Service Enhancements: \$155K

Fixed Cost Increase:

- \$50K - Drainage subcontract expense due to rising costs
- \$50K - Sewer Operations subcontract expense due to rising costs

New Staff Member:

- \$55K - 0.5 FTE Engineering Technologist shared with Water Utility. (Position to support the senior utility engineers in conducting the Water and Sewer capital and operating program.)

Proposed 2023 Solid Waste Utility Rate 14.0%

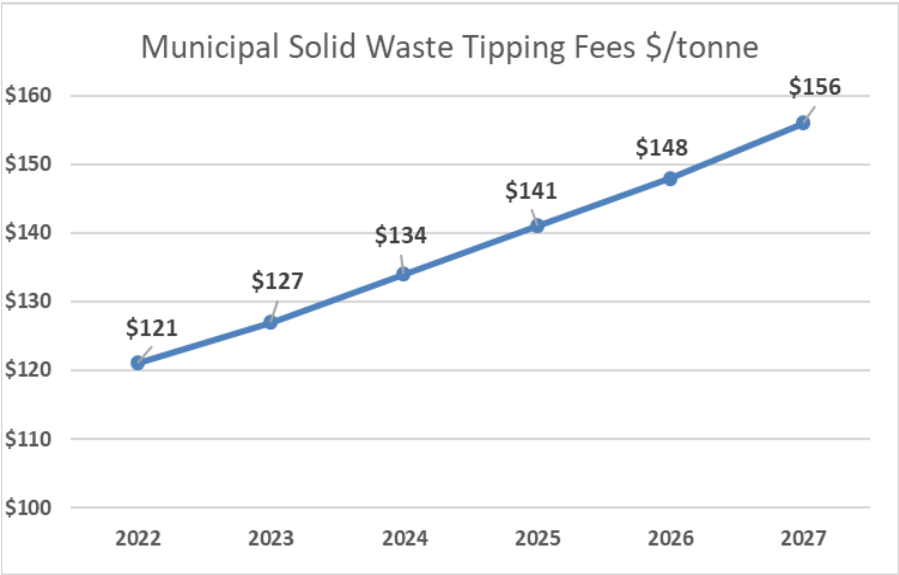
Solid Waste Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 5.51	\$ 6.18	\$ 6.93	\$ 7.79	\$ 8.77
Operating Expenses	\$ 4.25	\$ 4.42	\$ 4.59	\$ 4.80	\$ 4.98
Capital	\$ 0.84	\$ 0.83	\$ 0.62	\$ 0.78	\$ 0.78
Reserves	\$ (0.45)	\$ (0.06)	\$ 1.10	\$ 2.78	\$ 5.25
Rate Increase	14.0%	14.0%	14.0%	14.0%	14.0%

Major Cost Driver: Capital Spending Projection over 5 Years: \$3.8M

- ❑ Annual Replacement of Operational Equipment/Garbage Collection Vehicles

2023 Budget Outlook Considerations:

- ❑ Cumulative projected 2023 Increase in Metro Vancouver Tipping Fees \$0.1M
- ❑ Fixed Cost & Salary Increases of \$0.1M
- ❑ Proposed Capital Spending of \$0.8M



Major Cost Driver:

- ❑ Metro Vancouver Tipping Fees
- ❑ Long-term Reserve Replenishment

Curbside Glass Collection Program as of July 2022:

- ❑ additional ~\$12/Household an average single family household, or ~\$340,000 annually to cover the annual operating expenses.
- ❑ Initial investment is ~\$425,000 which includes purchase of a special vehicle, providing recycle bins to residents and advertising and promoting the programs.

Solid Waste Reserve

2023-2027 Reserve Target

Solid Waste reserves has 2 components:

- ❑ Equipment reserve ~\$0.9M & General Solid Waste Fund provisions (\$1.6M)

Equipment Reserve:

- ❑ Solid Waste collection equipment is a short-lived asset;
- ❑ Reserve needs to support full replacement of all assets (approx. \$3.6-3.8M) within 5-10 years
- ❑ Reserve requirements are higher if vehicle fleet is to electrify
- ❑ Recommend keeping rates at 14% to rebuild the reserves and complete Asset Management Plan

Solid Waste Utility	Budget Projections (\$ in millions)				
	2023	2024	2025	2026	2027
Revenues	\$ 5.51	\$ 6.18	\$ 6.93	\$ 7.79	\$ 8.77
Operating Expenses	\$ 4.25	\$ 4.42	\$ 4.59	\$ 4.80	\$ 4.98
Capital	\$ 0.84	\$ 0.83	\$ 0.62	\$ 0.78	\$ 0.78
Reserves	\$ (0.45)	\$ (0.06)	\$ 1.10	\$ 2.78	\$ 5.25
Rate Increase	14.0%	14.0%	14.0%	14.0%	14.0%

Summary of Proposed Utility Rates

Average Single Family Household	Electric	Water	Sewer	Solid Waste	Blended Rate
	Based on 1,000 KWH	net of 5% discount	net of 5% discount	net of 5% discount	
Current 2022	\$ 1,579	\$ 691	\$ 976	\$ 312	\$ 3,552
Proposed 2023 \$ Increase	\$ 44	\$ 48	\$ 68	\$ 44	\$ 205
New Proposed 2023 Annual Cost	\$ 1,623	\$ 740	\$ 1,044	\$ 355	\$ 3,756
2023 % Rate Increase	2.8%	7.0%	7.0%	14.0%	5.8%

Major Cost Drivers:

- ❑ Operating Expenses: Metro Levy, BC Hydro Electricity Rates
- ❑ Operations Expenses: salaries, contract services, supplies, materials, amortization of capital assets, insurance, IT, Finance, HR support, etc.
- ❑ Capital Expenses: Asset Renewal/Replacement
- ❑ Reserve Contributions: Maintain Reserve Balance 5-10% of Asset Value
- ❑ Debt Servicing Costs



Feedback from Council

There are three options for Council's consideration; they are:

Option 1 - THAT Council approves in principle the 2023 Utility Rates with respect to the Electric, Water, Sewer and Solid Waste Utilities including the 2023 proposed service enhancements;

Option 2 - THAT Council directs staff to prepare the necessary bylaws to amend the City's utility rates for 2023 as outlined in this report; or

Option 3 – THAT Council provides further direction.

Staff recommend Options 1 and 2