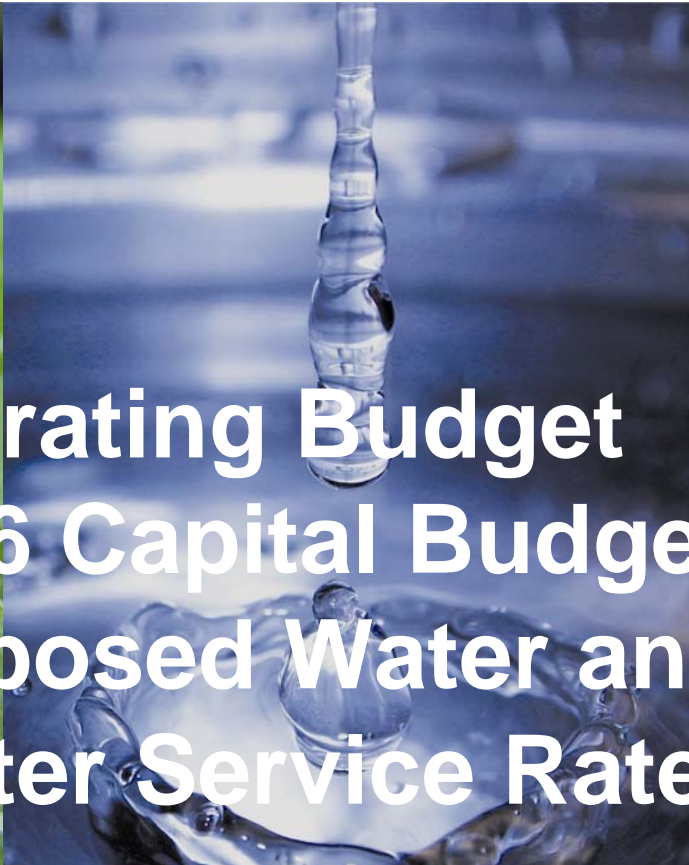


# Water



- 2007 Operating Budget
- 2007-2016 Capital Budget
- 2007 Proposed Water and Wastewater Service Rate



# Toronto Water Strategic Direction

- **Multi-Year Toronto Water Business Plan was approved by Council February 1, 2005**
- **The strategic directions for 2007 and beyond are:**
  - Deliver excellence in environmental stewardship
  - Achieve ongoing financial vitality and sustainability
  - Enhance service delivery
  - Address renewal needs of our infrastructure
  - Increase total system capacity to meet population increases
  - Be recognized as an employer of choice in the water services industry

# Toronto Water's Proposed 2007 Budget Provides



- **Service over 2.6 million residents and businesses in Toronto (also portions of York & Peel)**
- **Produce 540 billion litres of water**
- **Treat 438 billion litres of wastewater**
- **Repair 9,500 blocked drains**
- **Clean over 114,000 catch basins**
- **Repair up to 1,450 broken watermains**
- **Provide 2,813 drain grants (tree roots) to homeowners**

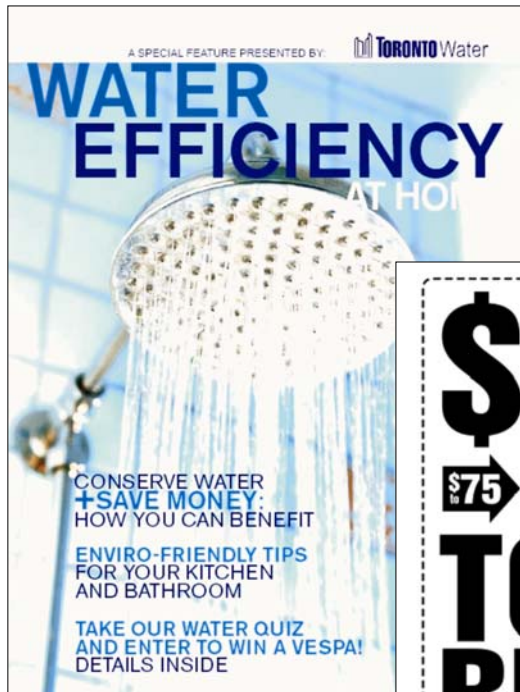
# Toronto Water's Proposed 2007 Budget Provides

Supports the City's 25-year **Wet Weather Flow Master Plan** including: sewer separation, stream restoration, tree planting, source water land acquisition and green roof projects.



- Disconnect 2,500 downspouts
- Distribute 500 rainbarrels (City of Toronto's Environment Days)
- Provide \$1.5 million in grants for Basement Flooding protection program across the city

# Toronto Water's Proposed 2007 Budget Provides



**\$60** ~~\$75~~

# TOILET REBATE

Receive a \$60-\$75 rebate when you replace your inefficient toilet with a City-approved water-efficient model.

**TOILET REPLACEMENT APPLICATION FORM** AVAILABLE TO OWN OF TORONTO RESIDENTIAL PROPERTIES ONLY. PLEASE PRINT CLEARLY.

OWNER / CHASER / APPLICANT'S NAME: \_\_\_\_\_  
TOILET INSTALLATION ADDRESS: \_\_\_\_\_  
MUNICIPAL ADDRESS (if different from installation address): \_\_\_\_\_  
MILE AND BLOCK: \_\_\_\_\_ NEAR TOILET: \_\_\_\_\_  
NUMBER OF TOILETS AT INSTALLATION ADDRESS: \_\_\_\_\_ NUMBER OF TOILETS BEING REPLACED: \_\_\_\_\_  
APPLICANT'S SIGNATURE: \_\_\_\_\_

**Toronto** **WaterSaver**  
toronto.ca/water

- Over 29,000 rebates for low-flow toilets
- Over 8,000 rebates for high-efficiency washing machines
- Project to save 44 million litres of water per day by the end of 2007

# Toronto Water 2007 Program Issues

- **Aging infrastructure:** requiring significant long term investment
- **Compliance with Provincial Regulations:** new Safe Drinking Water Act and related MOE regulations (includes legal obligations/liabilities for Council and Staff)
- **Increasing capital investment:** needed to address requirements of recent initiatives (eg. Biosolids Master Plan, Wet Weather Flow Master Plan) and servicing for Future Growth
- **Managing impact of growing capital program:** increased resources required to plan and manage infrastructure renewal programs and operate and maintain new equipment & facilities
- **Reserve Balance:** lowest per capita balance in GTA

# Fiscal Overview

- **There is no reliance on the property tax base to support Toronto Water's services**
- **Both operating and capital budgets are supported from user fees for water consumption and sewage treatment**

# Inventory of Assets

*Replacement Value of \$26.6 Billion*

## **WATER - \$8.7 Billion**

- 4 water filtration plants
- 10 reservoirs and 4 elevated storage tanks
- 5,015km of distribution watermains and 510km of trunk watermains
- 52,900 valves and 40,460 hydrants
- 470,202 water service connections, plus York Region (population served 400,000)
- 18 water pumping stations

## **WASTEWATER - \$17.9 Billion**

- 4 wastewater treatment plants
- 5 storage and detention tanks
- 4,397km of sanitary, 1,301km of combined and 358km of trunk sewer
- 4,305 km of storm sewers and 546km of roadside ditches
- 463,300 sewer service connections
- 82 wastewater pumping stations
- 371km of watercourses, 43 stormwater management ponds
- 2,300 outfalls & 122,500 catchbasins

# **2007 Capital Budget**

# 2007 Capital Budget Issues

- **Constraints**

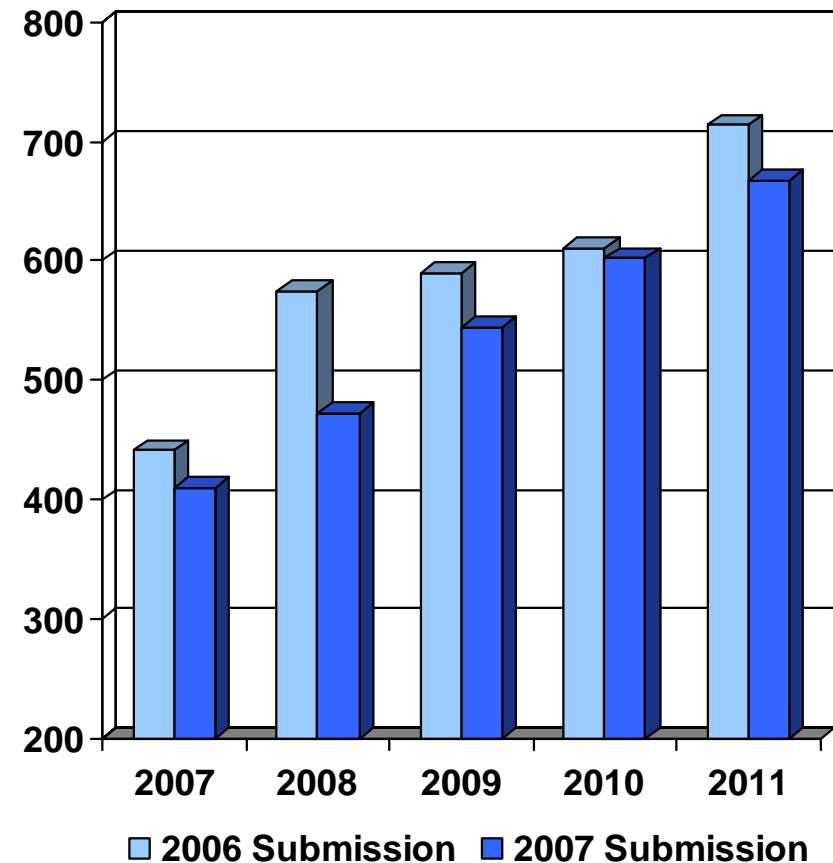
- Assumes 9% rate increase
- Impact of Operating Budget Pressures (\$379 M)
- Reduced Revenue Projections (lower consumption)
- Need to maintain Capital Reserve in event of catastrophic infrastructure failure

- **Result**

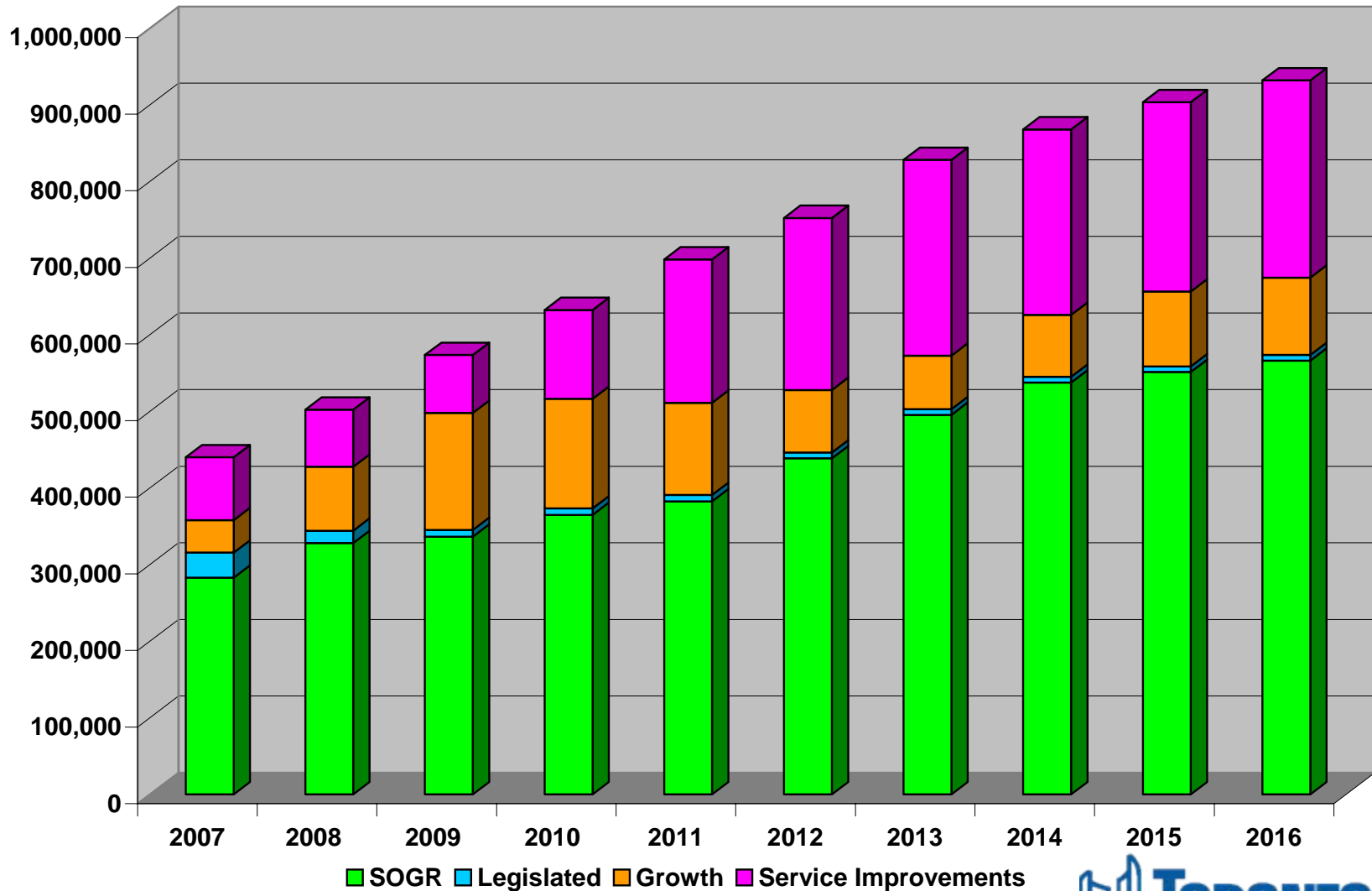
- Decrease in available Contribution-to-Capital

# Capital Budget (\$Millions)

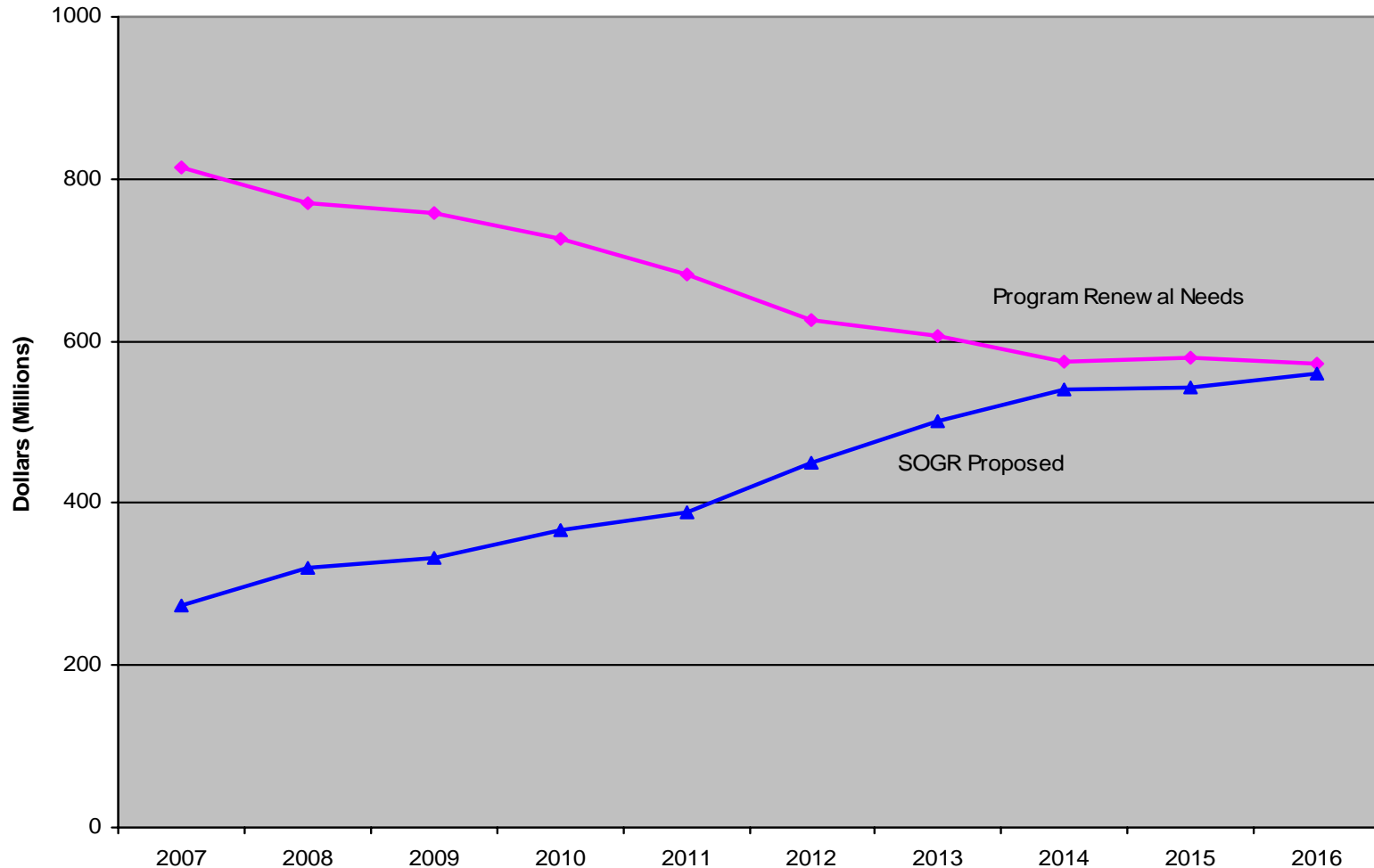
- **2007 recommended budget represents increase of \$16 M over 2006 Approved**
- **2007-2010 forecast decreased \$188 million over 2006 forecast for period 2007-2010**
  - Adjusted for revenue reductions and increased operating costs
  - Extends completion of trunk transmission mains, odour control at ABTP and WWFMP
- **2007 recommended budget slightly below 2006 forecast**



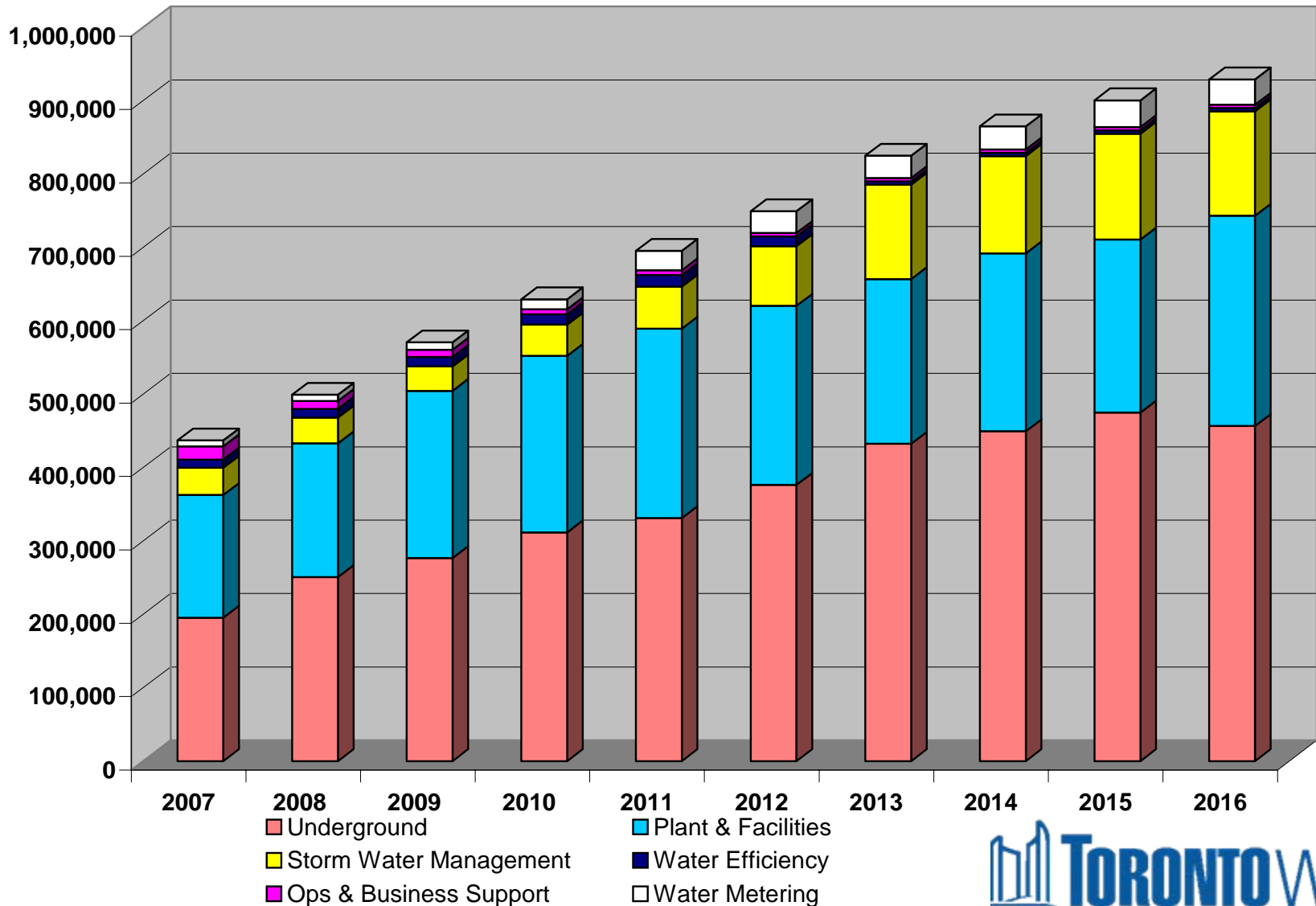
# 2007-2016 Toronto Water Capital Plan By Category (\$ 000's)



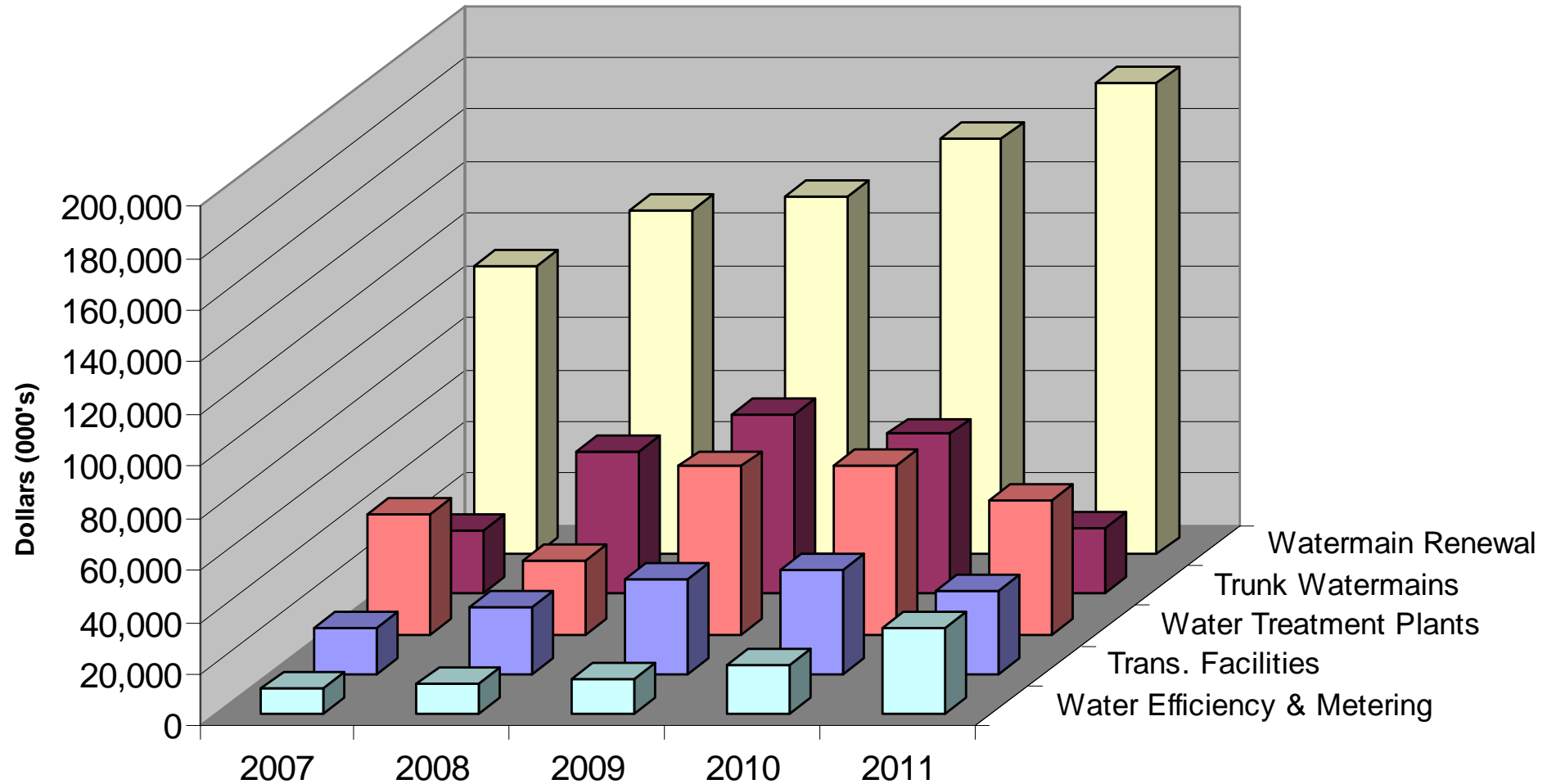
# Addressing State of Good Repairs 10 Year Capital Plan



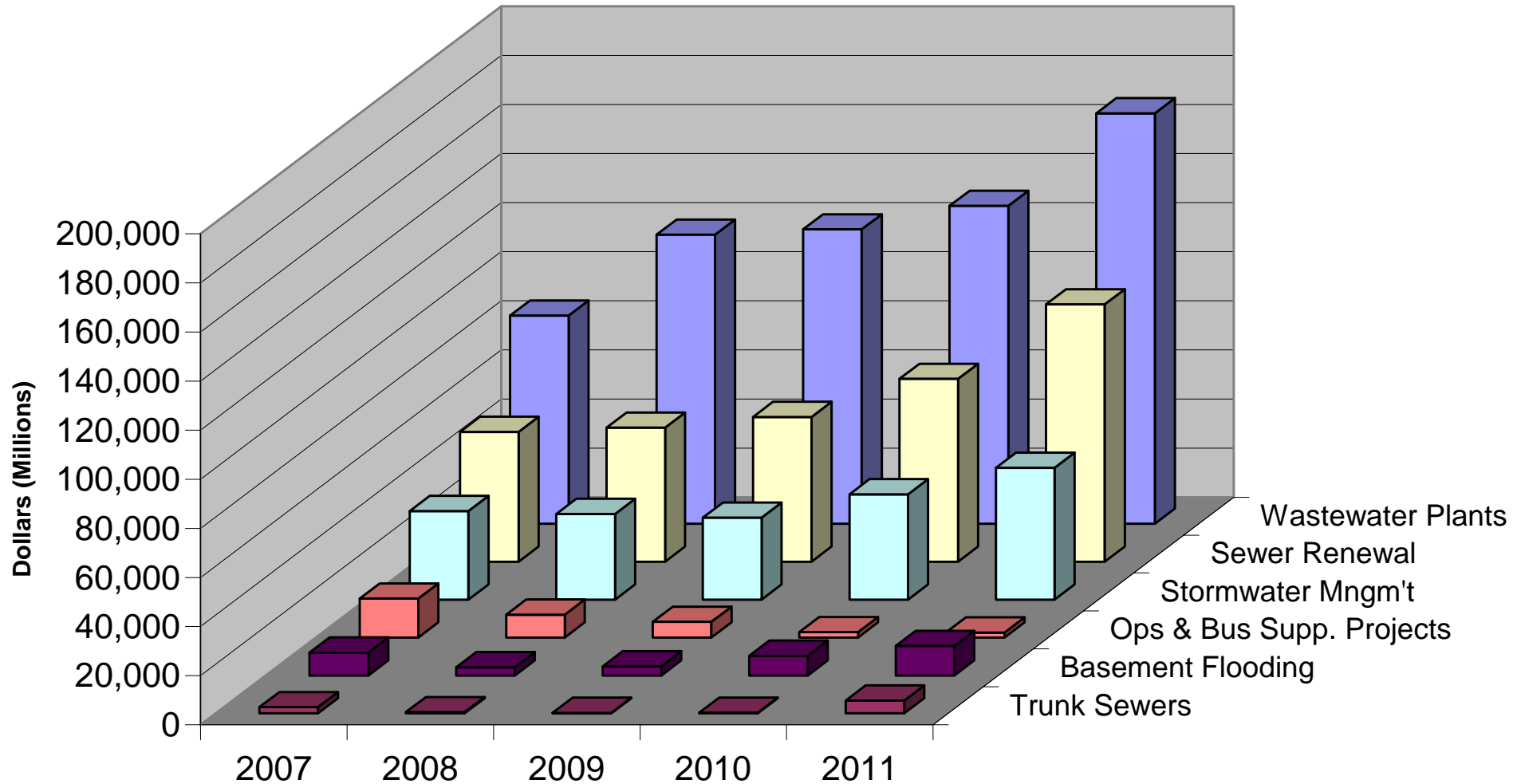
# 2007-2016 Capital Forecast (By Asset Class - \$ 000's)



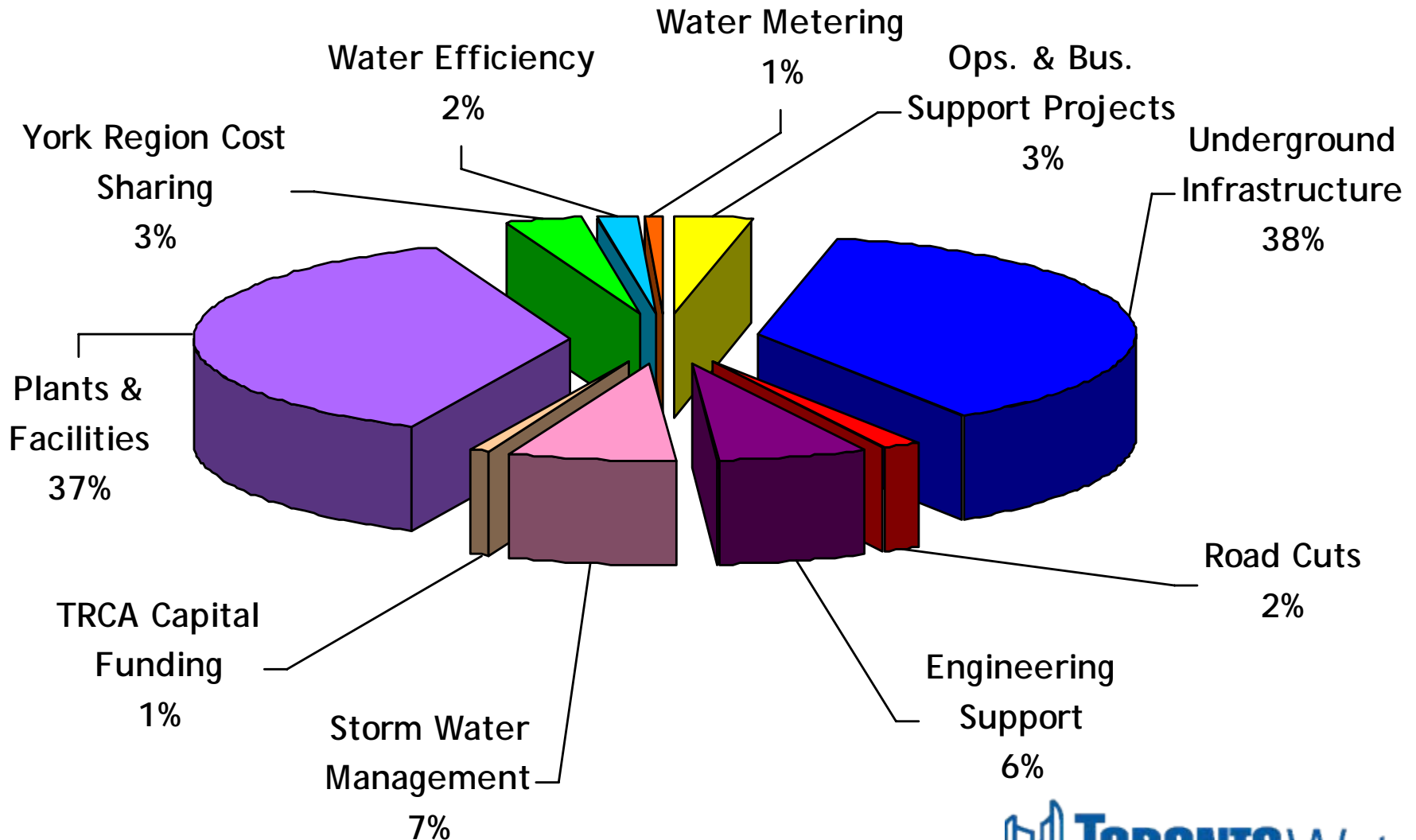
# 2007-2011 Capital Plan Water Infrastructure



# 2007-2011 Capital Plan Wastewater Infrastructure



# 2007 Capital Cash Flow \$410 Million



# 2007 Operating Budget

# 2007 Operating Budget Challenges

- **Complying with Provincial regulations:** water residual projects, constructor status, quality management system
- **Managing impact of growing capital program:** increased resources are required to plan and manage infrastructure renewal programs; and operate & maintain new equipment & facilities
- **Increasing chemical, energy and labour costs:** significant increase in fixed costs of operating major water and wastewater treatment facilities
- **Increasing biosolids management costs:** due to new service contracts & pelletizer start up

# 2007 Operating Budget Pressures

- **Increasing commodity and labour costs -**
  - Hydro pricing increase 12.5%
  - Natural gas pricing increase 5.0%
  - Salary & benefits increase 3.25%
  - Contracted Services 10 – 15%
- **Increased Biosolids Management Costs -**
  - New Service Contracts \$7.2M or 35.0%
- **Start up of Pelletizer -**
  - Investment to enhance environmental stewardship
  - Not operational since fire in August 2003

# 2006 – 2007

## Base Budget Comparison

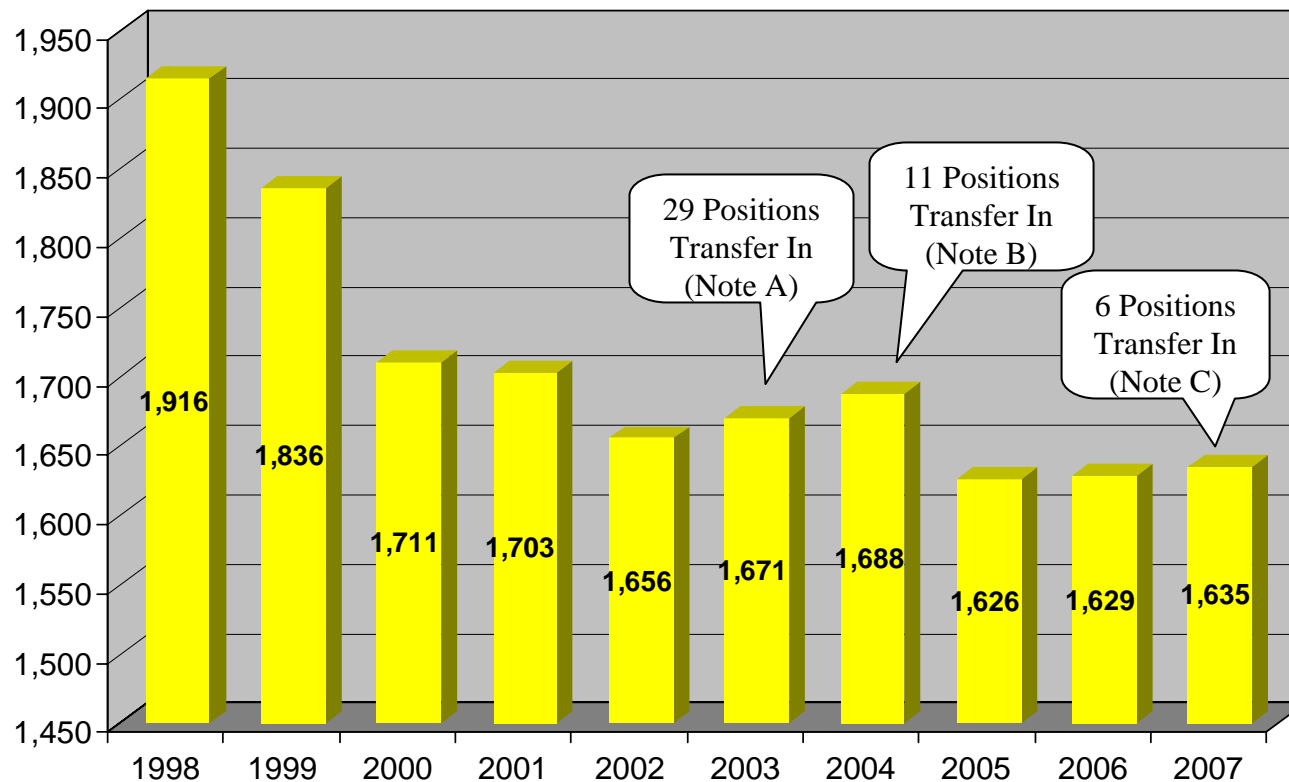
### BASE BUDGET COMPARISON (\$000s)

	2006			
	Approved Budget	2007 Budget Submission	\$ Increase (Decrease)	% Incr. (Decr.)
Gross Operating Expenditures	367,219.0	379,337.7	12,118.7	3.3%
Reserve Contribution	243,231.7	268,883.6	25,651.9	10.5%
Gross Operating Expenditures	610,450.7	648,221.3	37,770.6	6.2%
Revenues	610,450.7	648,221.3	37,770.6	6.2%
Net	-	-	-	N/A

*NOTE: Operating Budget increase of 2.95% before New Service requests.*

# Staffing Trends

## Approved Positions 1998 - 2007



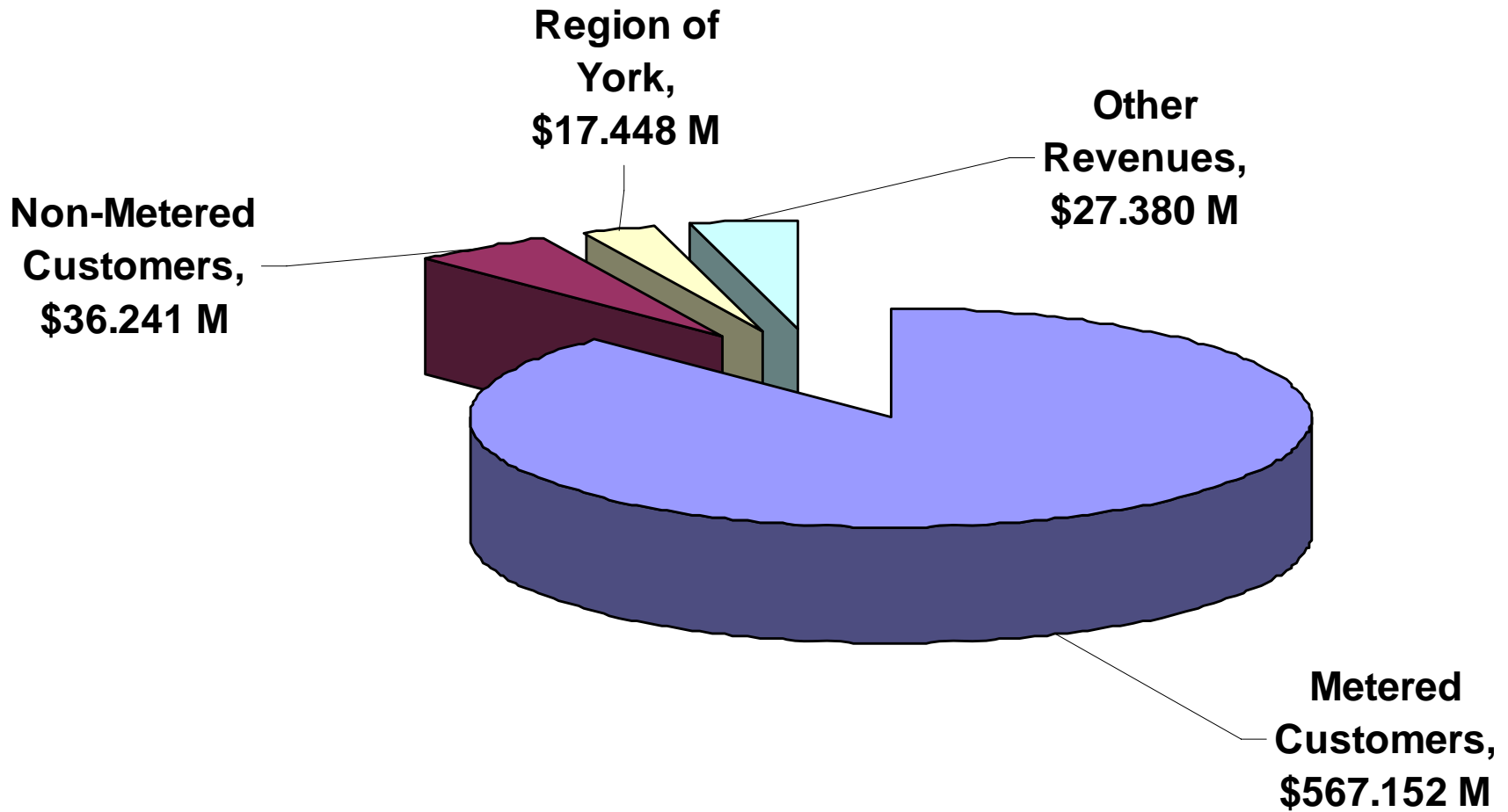
Note A: 23 positions transferred from Transportation (Catch Basin & Road Cut Repairs), 6 positions transferred from Technical Services (Water Efficiency Plan)

Note B: 8 positions transferred from Technical Services (Downspout Disconnection), 3 positions transferred from Transportation ( Catch Basin & Road Cut Repairs)

Note C: 6 positions transferred from Technical Services (TIADS)

# **2007 Proposed Water and Wastewater Service Rate**

# 2007 Projected Operating Revenue \$648.221 Million

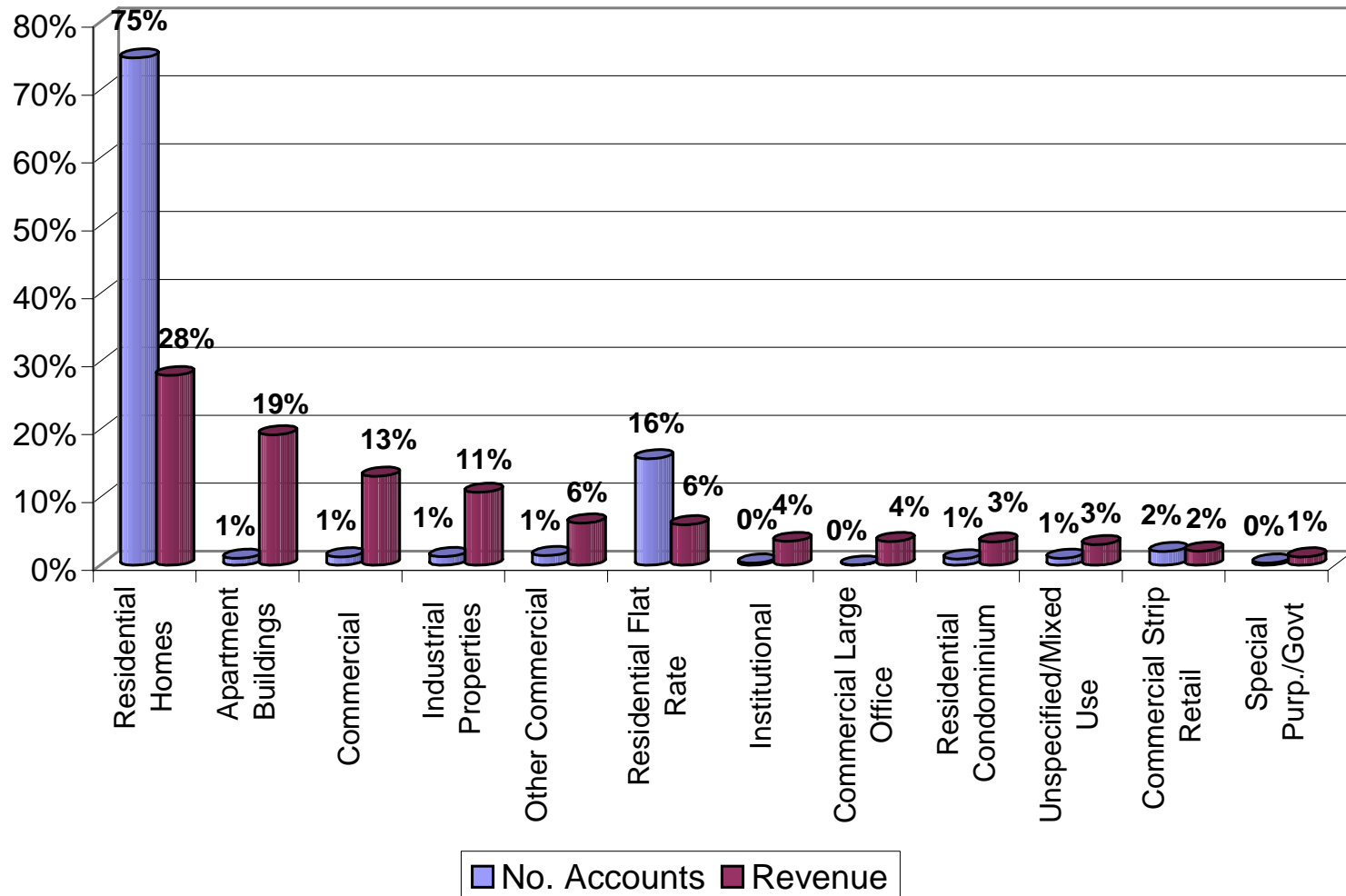


# Customer Profile

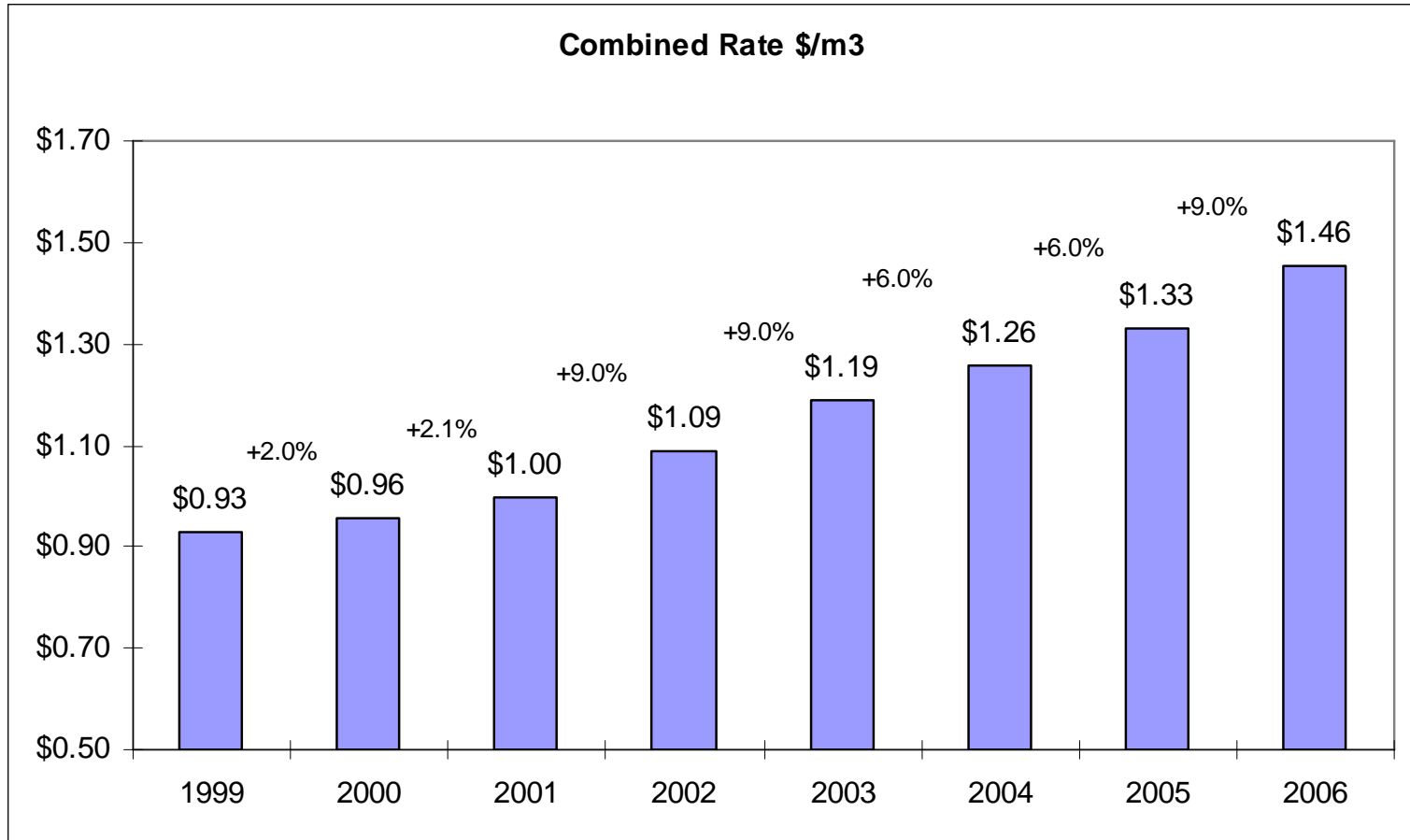
- **71,000 Flat-Rate Accounts**
- **387,000 Metered Accounts**
- **\$648 million operating budget (2007)**
- **\$410 million capital budget (2007)**

# Customer Profile

## (accounts and revenue breakdown)



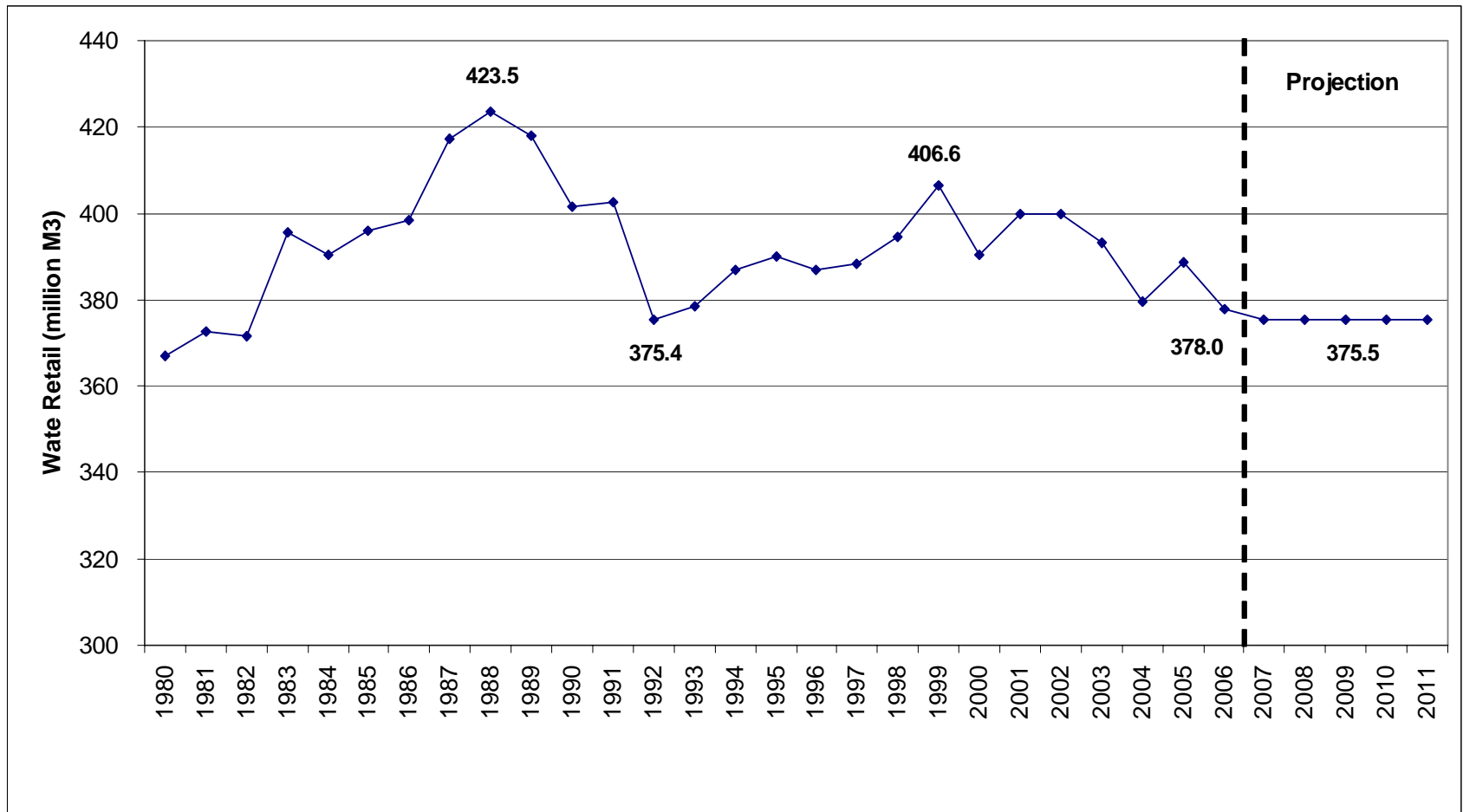
# History of Toronto Water Rates



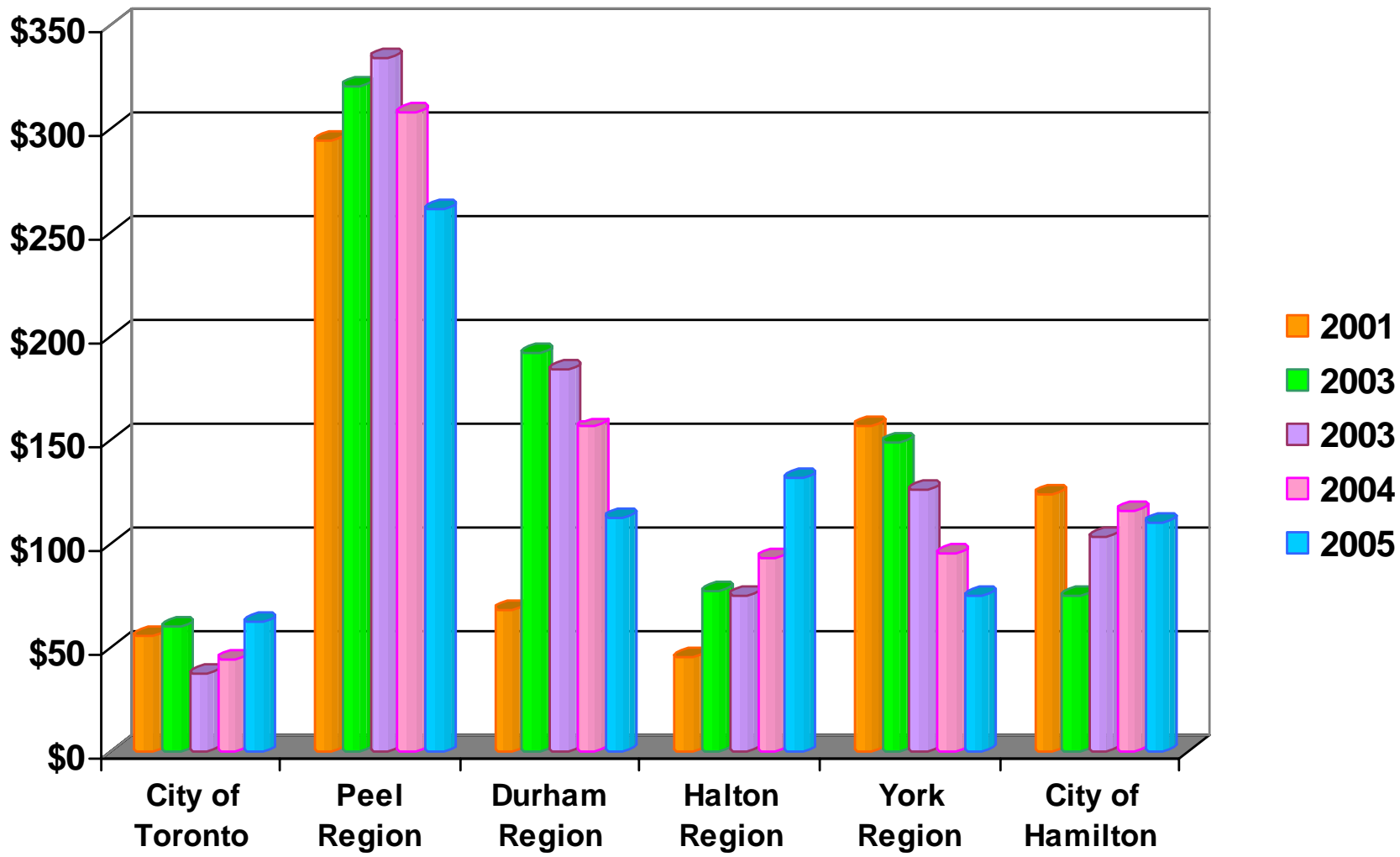
# Key Assumptions in Rate Setting

- **Financial stability over long term**
- **No debt; pay-as-you-go principle**
- **Forecasting water consumption**
- **Maintaining adequate reserve balances**

# Water Consumption & Forecast



# Water & Wastewater Reserve Balances per Capita Comparison



# 2007 Recommended Rate Increase

- **2006 Rate Report projected required annual increases of 9% to 2012**
- **9% annualized rate increase in 2007**
- **9% water revenue increase required to provide for \$648 million 2007 budget requirement**

# Impact of 9% on Consumers in 2007

- **Average metered homeowner (300 M3/y):**

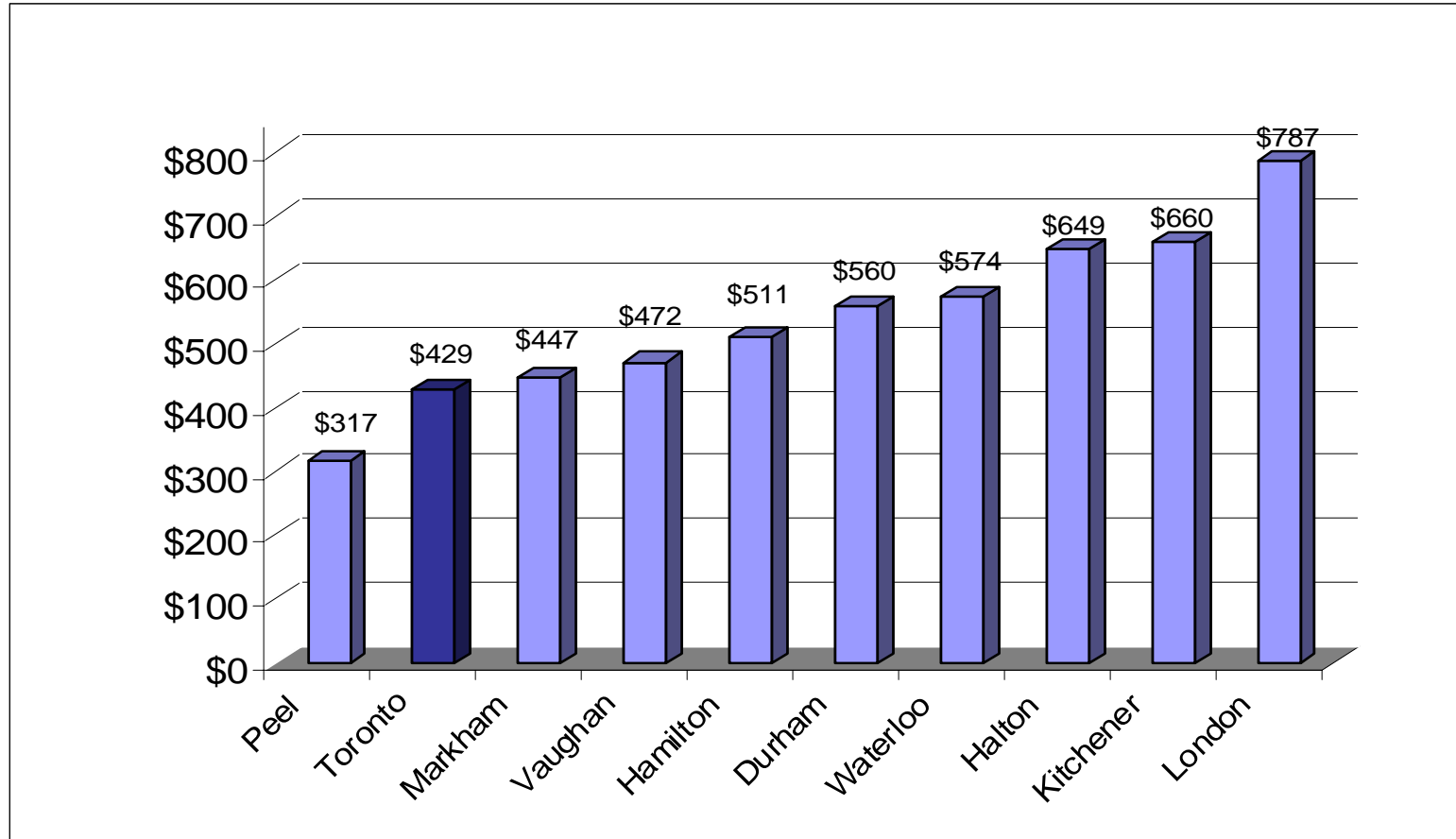
- 2006 - \$429/y or \$35.75/mo
- 2007 proposed - \$469/y or \$39.08/mo  
+\$40/y or +\$3.33/mo

- **Large Industrial (1,000,000 M3/y):**

- 2006 - \$1,403,611 /y
- 2007 proposed - \$1,529,936 /y  
+\$126,325 /y

# How Does Toronto Compare?

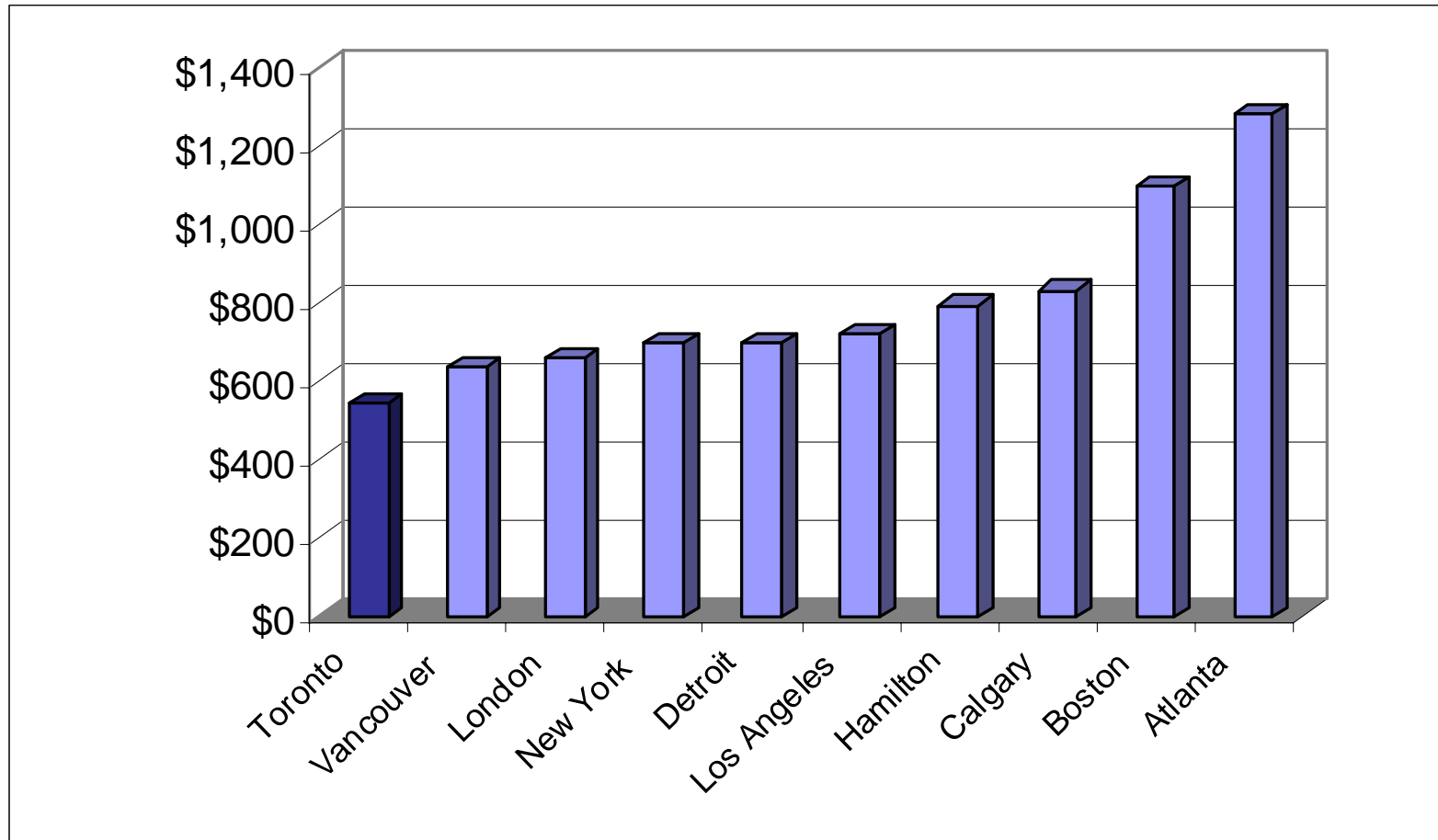
*(Typical Residential Consumer in Ontario- Based on 300 Cubic Metres per Year in 2006)*



# How Does Toronto Compare?

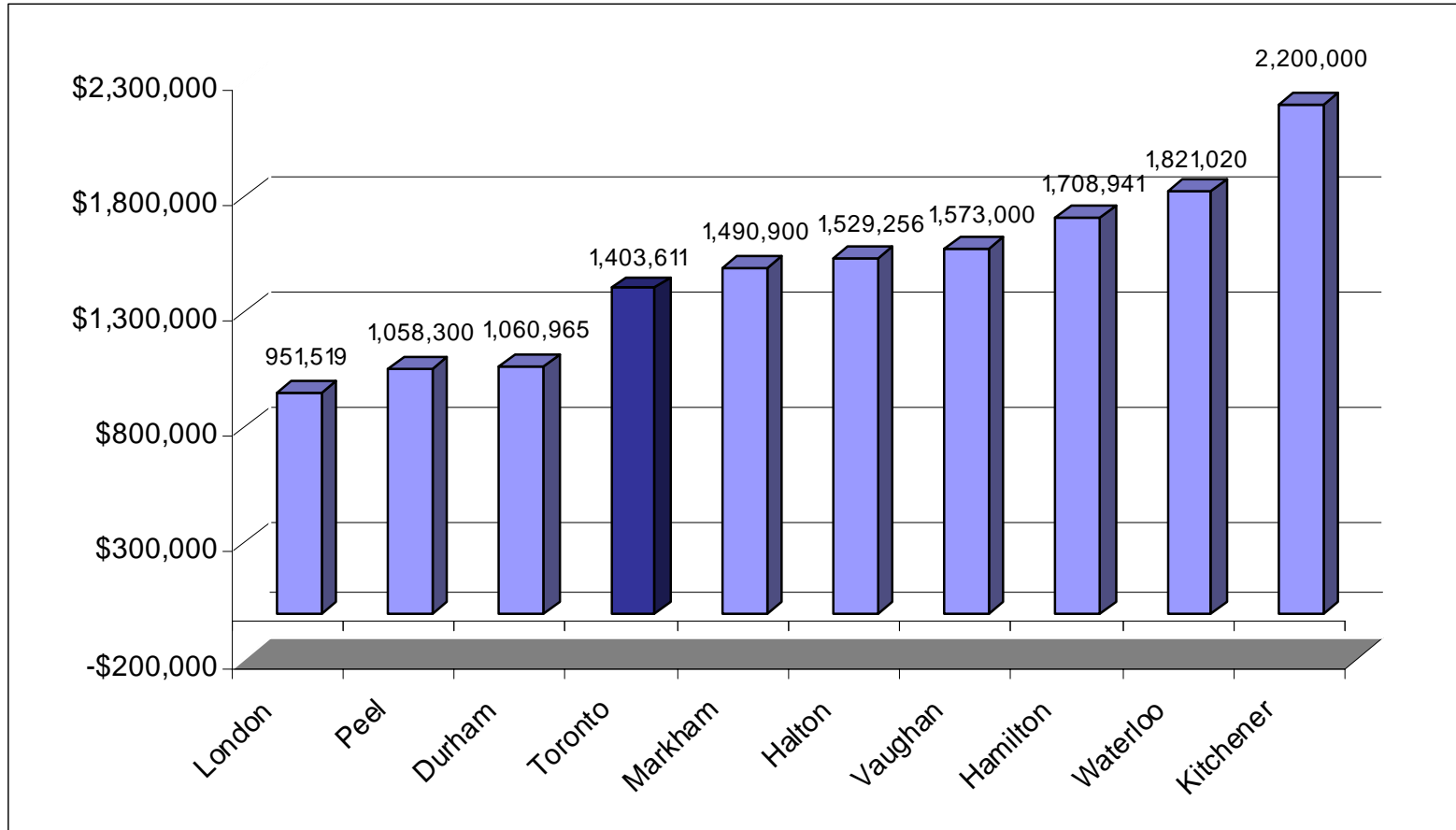
## 2006 Residential Consumer in Canada and USA

(379 m<sup>3</sup>/y)



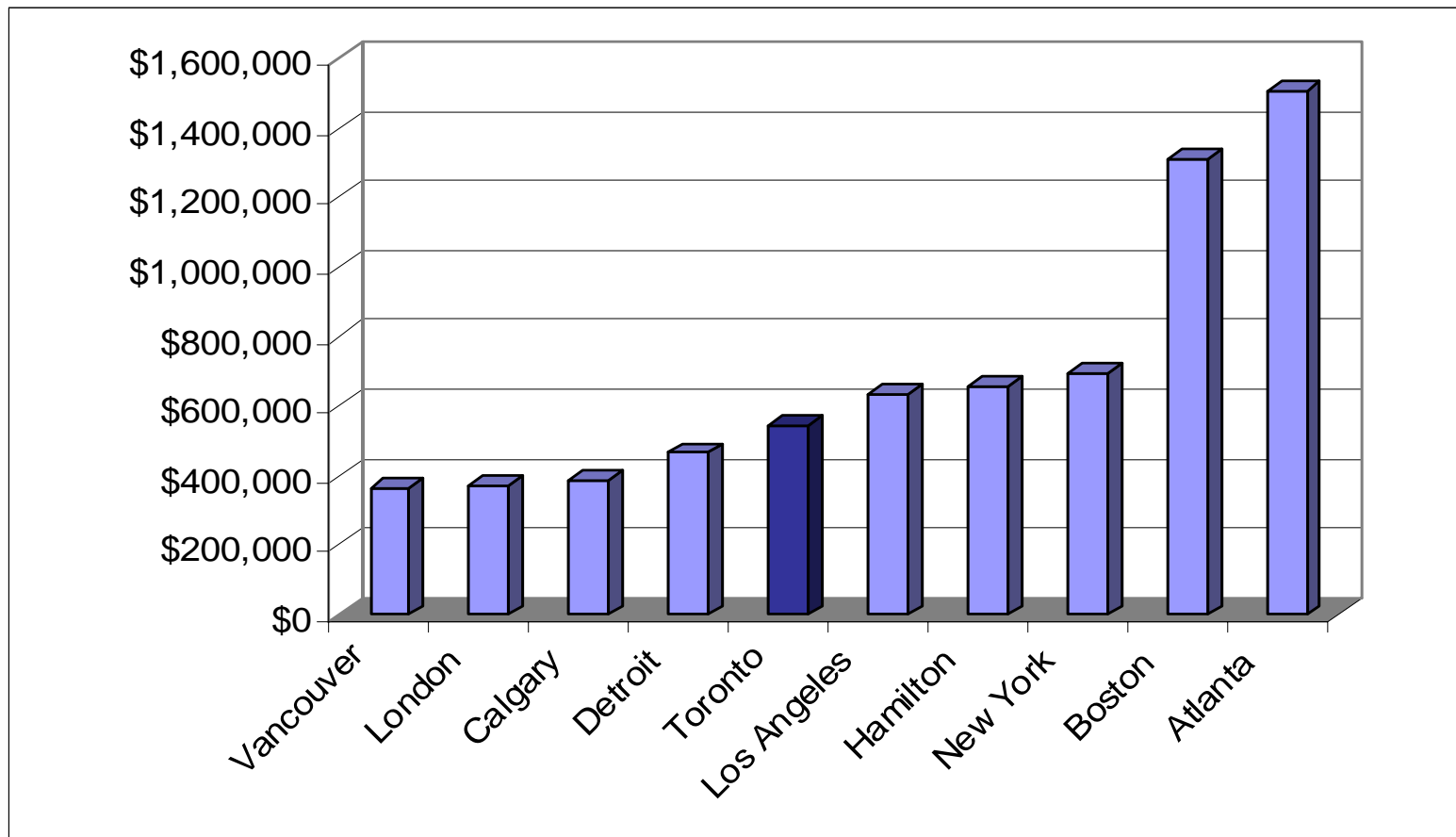
# How Does Toronto Compare?

*(Large Industrial Consumer in Ontario – based on 1 million Cubic Metres per Year in 2006)*



# How Does Toronto Compare?

## 2006 Large Industrial Consumer in Canada and USA (378,800 m<sup>3</sup>/y)



# Summary

9% Rate Increase  
**2007-2011**