

November 30, 2009

## 2010 Toronto Water Budget

The 2010 budget for Toronto Water was passed today at Toronto City Council. It includes an operating budget of \$384.5 million and a capital budget of \$720.6 million (gross).

Toronto Water delivers water and wastewater services to 3.1 million residents in Toronto and to portions of York and Peel Regions. The division operates extensive water and wastewater infrastructure to deliver safe drinking water and to collect and treat wastewater before it is returned to Lake Ontario.

Toronto Water services are not supported by the property tax base. The replacement and renewal of Toronto Water infrastructure is funded through water and wastewater revenues from Toronto residents and businesses. Other revenues include fees from York Region for the sale of water and capital cost sharing, from Peel Region for treatment of sewage, and from industries for the treatment of certain discharges and from the collection of other permit charges or fees.

### Budget overview

- Operating budget: \$384.5 million; Capital budget: \$720.6 million (gross)
- A 9% water revenue increase for 2010
- Projected annual increases of 9% are anticipated up to 2014 to continue to address the city's aging infrastructure

Toronto Water has reduced its 2010 operating budget, ensuring that the entire rate increase goes to the capital budget. In 2010, the capital budget will be used to fund more 600 different projects.

### What does the rate increase mean for residents?

- The new rate equals a \$51 per year increase for the average Toronto household.
- Total costs for all water services including drinking water and stormwater and wastewater treatment services average only \$1.69 per day.

### How does Toronto compare with other municipalities?

- Toronto's water rates are still lower than most of our neighbouring municipalities and is in the bottom range for major cities in Canada.

### Key projects included in the 2010 budget

- **F. J. Horgan Water Treatment Plant expansion** – \$70 million: The plant expansion, the first for a City water treatment plant since the 1960s, is necessary to continue providing a safe and adequate supply of drinking water to a growing population. Once the expansion is completed, the plant's production capacity will increase from 570 million litres to 800 million litres of drinking water per day.
- **Watermain replacement** – \$70 million (including \$13 million from the Infrastructure Stimulus Fund [ISF]): This will result in approximately 70 km of watermain replacement throughout the city.
- **Wet Weather Flow Master Plan** – \$41.8 million (including \$8.1 million from ISF): Commencing in 2003, the Wet Weather Flow Master Plan is a 25-year plan to reduce and ultimately eliminate the adverse impacts of rain and snow runoff to our ecosystem and watersheds.

- **Lead Pipe Replacement program** – \$37.2 million (including \$10 million from ISF): Toronto Water is undertaking one of the most aggressive lead pipe replacement programs in North America. Through this program, the City-owned portion of all lead pipes will be replaced over a nine-year period.
- **Coxwell Trunk Sewer emergency repair** – \$30 million (including \$10 million from ISF): Emergency repairs, inspection and building a 600 m by-pass for one section.
- **Basement flooding relief** – \$25 million (including \$8 million from ISF): An unprecedented level of analysis is being undertaken in 31 Study Areas in the city to address chronic basement flooding concerns. Funds will be used to replace sewers and watermains in the chronic basement flooding areas. Initial work is commencing in November 2009; work will continue to 2013.
- **Energy reduction targets** – \$23 million: A 5% reduction by 2012 from measures including: energy audits at Toronto Water facilities and treatment plants; implementation of process modifications; ongoing replacement of older pumps and motors with high efficiency units; ongoing implementation of real time energy monitoring and water pumping strategy; and energy savings realized from the Water Efficiency Plan.
- **Watermain structural lining** – \$20 million: Will reline approximately 40 km of watermains throughout the City. This construction extends the life of a watermain without digging it up – thereby reducing disruption to residents.
- **Automated Meter Reading program** – \$11.2 million: Program to install and replace approximately 465,000 water meters, including 72,000 flat rate customers during the next six years. They will increase water conservation efforts as residents become more aware of their water consumption; provide equitable service, where everyone is charged in the same way; allow the City to better detect water loss in the system, such as leaks, pipe breaks and open hydrants; and eliminate the need for City staff to go to homes to take readings.
- **Water Efficiency Plan** – \$ 7.1 million: The Water Efficiency Plan (WEP), is a comprehensive plan to reduce current water use as an alternative to increasing infrastructure in order to accommodate population and employment growth. The cost of implementing the WEP is one-third the cost of the otherwise required infrastructure expansion.

### **Making the Most out of the Infrastructure Stimulus Fund**

Combining the infrastructure money with the rate increase means important projects such as the Basement Flooding relief projects can be accelerated, which ultimately means better, safer and more reliable service — sooner. Funding key programs with the infrastructure money also results in a cost savings to the City through efficiencies related to reduction in water main breaks, basement floods, better beach water quality and others.

The federal infrastructure money will be used to specifically fund the following key programs:

- Coxwell Sanitary Trunk Sewer emergency repair
- Basement Flooding Relief
- Lead Service Replacement Program
- Lake Ontario and river water quality improvements
- Upgrading trunk water main infrastructure

Toronto Water has completed a significant amount of forecasting work to determine what is needed in order to maintain and improve the City's aging infrastructure. While the federal stimulus money allows the City to fund, and in some cases accelerate, key programs this year, there are a number of programs with multi-year timelines that have been planned for.

### Key accomplishments over the past several years

Toronto Water has made tremendous strides since 2003 in meeting key deliverables identified as critical goals for the City. These include:

- **Improving lake and river water quality** – Seven of 11 Toronto beaches have been awarded Blue Flag status; more than 450 cross connections (improper hook-ups that allow sewage to flow into watercourses) have been discovered and corrected; and a number of Wet Weather Flow Master Plan projects are underway and nearing completion.
- **Water efficiency** – By the end of 2008, Toronto Water had processed rebates for the installation of 245,942 low-flow toilets and 39,203 high-efficiency washing machines. The WEP had already realized savings of 60.5 million litres of water per day to the end of 2008.
- **Downspout disconnection** – Council approved a mandatory downspout disconnection program for combined-sewer areas to help reduce basement flooding.
- **Capital Infrastructure spending** – In the past five years, Toronto Water has more than doubled its spending on infrastructure renewal. This has meant steady progress on reducing the backlog of State of Good Repair projects.
- **Long-term financial stability** -- Successive water rate increases over the past number of years have allowed for the investment in infrastructure while ensuring long-term financial sustainability for Toronto's water assets and services.
- **Restructured water rates** – New rates have resulted in fees that are more equitable for all water users while assisting large water-consumption industries as part of economic development incentives.

### Customer Profile

- 72,000 flat-rate accounts
- 390,000 metered accounts

### Water Assets – \$8.7 Billion

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

### Wastewater Assets – \$17.9 Billion

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

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