

October 24, 2007

To: Executive Committee

From: Budget Committee

Subject: 2008-2017 Capital Program Toronto Water Analyst Briefing Notes

Recommendations:

The Budget Committee recommended to the Executive Committee that Council approve the following recommendations:

1. **the 2008 Recommended Capital Budget for Toronto Water with a total project cost of \$897.874 million and a 2008 cash flow of \$410.000 million and future year commitments of \$1,131.677 million be approved. The 2008 Recommended Capital Budget consists of the following:**
 - a. **New Cash Flow Funding for:**
 - i. **224 new sub-projects with a 2008 total project cost of \$897.874 million that requires cash flow of \$87.458 million in 2008 and a future year commitment of \$213.037 million in 2009; \$196.457 million in 2010; \$190.657 million in 2011; \$214.338 million in 2012; and (\$4.072) million in 2013-2017;**
 - ii. **184 previously approved sub-projects with a 2008 cash flow of \$210.561 million and a future year commitment of \$134.234 million in 2009; \$102.073 million in 2010; \$71.224 million in 2011; \$10.669 million in 2012; and, \$3.060 million in 2013-2017;**
 - b. **2007 approved cash flow for 151 previously approved sub-projects with carry forward funding from 2007 into 2008 totalling \$111.981 million;**
2. **operating impacts of \$0.299 million in 2008; \$2.077 million in 2009; and (\$1.300) million in 2010 emanating from the approval of the 2008 Recommended Capital Budget, be approved for inclusion in the 2008 and future year operating budgets;**

3. **no new debt be issued to finance the 2008 cash flow requirement for the capital program and that the 2008 Recommended Toronto Water Capital Budget be fully funded from service charges; available reserve funds; including development charges; and, other revenues;**
4. **the 2009-2012 Capital Plan for Toronto Water totalling \$2,610.149 million in project commitments and estimates, comprised of \$578.829 million in 2009; \$631.402 million in 2010; \$690.642 million in 2011; and \$709.276 million in 2012, be approved;**
5. **the General Manager for Toronto Water, in consultation with the Financial Planning Division, report to Budget Committee on the financial implications arising from new and emerging legislation prior to deliberation of the 2009 Capital Budget;**
6. **Toronto Water provide the “A-List and “B-List” of capital projects, as set out in the Plan to Improve the Development and Implementation of a Coordinated Multi-Year Joint Transportation Services and Toronto Water Capital Program, to the Budget Committee prior to consideration of the 2008 Recommended Capital Budget by Council;**
7. **this report be considered concurrently with the 2008 Water and Wastewater Service Rate and Related Matters (October 2007), from the Deputy City Manager and Chief Financial Officer and General Manager for Toronto Water; and**
8. **the following recommendations contained in the report (October 15, 2007) from the Deputy City Manager and Chief Financial Officer, the Deputy City Manager, Cluster B, and the General Manager, Toronto Water, entitled “Land Acquisition for Source Water Protection” be approved:**
 - “1. **the Land Acquisition for Source Water Protection Reserve be closed effective January 1, 2008, and Municipal Code Chapter 227 be amended accordingly;**
 2. **a Capital Project titled “Land Acquisition for Source Water Protection”, be included in Toronto Water’s 2008 to 2012 Capital Budget;**
 3. **the balance of funds in the Land Acquisition for Source Water Protection Reserve as at December 31, 2007, be transferred to the Toronto Water Capital Reserve to fund the Land Acquisition for Source Water Protection Capital Project;**
 4. **the following criteria be used for the acquisition of land funded from the Capital Account - Land Acquisition for Source Water Protection Project:**
 - (i) **withdrawals from the Capital Account must comply with the criteria defined in Schedule A of this report, and be approved by the General Manager, Toronto Water;**

- (ii) **the acquisition of land within the City of Toronto shall be a first priority;**
 - (iii) **funding provided to the Toronto and Region Conservation Authority for the acquisition of land outside the City of Toronto, contained within the Etobicoke Creek, Mimico Creek, Humber River, Don River, Highland Creek and Rouge River watersheds; shall not exceed 33 percent of the purchase price; and**
 - (iv) **purchases should be for land whose value has been appraised and that the sale price shall not exceed fair market value;**
- 5. the General Manager, Toronto Water, shall submit an annual report to the Public Works and Infrastructure Committee detailing land acquired through the Land Acquisition for Source Water Protection Project;**
 - 6. the Toronto and Region Conservation Authority, in collaboration with its member municipalities, develop a Land Acquisition for Source Water Protection Policy, wherein financial contributions are derived on an equitable basis from member municipalities for land acquired by the Toronto and Region Conservation Authority, within and outside the City of Toronto; and**
 - 7. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto and leave be granted for the introduction of any necessary bills in Council to give effect thereto.”**

Background:

The Budget Committee on October 24, 2007, considered:

- a. the 2008-2017 Capital Program Toronto Water Analyst Briefing Notes (October 16, 2007) from the Financial Planning Division; and
- b. report (October 15, 2007) from Deputy City Manager and Chief Financial Officer, Deputy City Manager, Cluster B, and the General Manager, Toronto Water, entitled “Land Acquisition for Source Water Protection”.

The Budget Committee also considered a Briefing Note, entitled “Impact of Changes to Provincial Regulations on the Toronto Water Capital and Operating Budgets and the Related Water Rate Impact”.

The following persons addressed the Budget Committee on October 19, 2007:

- Paul Scrivener, Toronto Industry Network; and
- Councillor Denzil Minnan-Wong, Ward 34 Don Valley East.

Councillor Perks declared an interest in the 2008-2017 Capital Program for Toronto Water as it relates to the Wet Weather flow Master Plan, WAS906492, Sub-Project 3, in that his spouse works on administering the Blue Flag Program.

for City Clerk

Merle MacDonald/acf
Item BU18.1