

Executive Committee

Meeting No.	3 (Special)	Contact	Patsy Morris ,Committee Administrator
Meeting Date	Friday, January 26, 2007	Phone	416-392-9151
Start Time	9:30 AM	E-mail	pmorris@toronto.ca
Location	Committee Room No. 1, City Hall		

The Decision Document is for preliminary reference purposes only. Please refer to the Committee's Report to City Council or to the Minutes for the official record.

How to Read the Decision Document:

- *recommendations of the Committee to City Council appear after the item heading and any amendments by committee to recommendations appearing in a staff report are italicized;*
- *action taken by the Committee on its own authority does not require Council's approval and is listed in the decision document under the heading "Decision Advice and Other Information" at the end of the item;*
- *Declarations of Interest, if any, appear at the end of an item.*

Communications/Reports

EX3.1	ACTION			
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2007-2016 Capital Program Toronto Water Analyst Briefing Notes

Committee Recommendations

The Executive Committee recommends that:

1. the 2007 Recommended Capital Budget for Toronto Water with a total project cost of \$331.350 million and a 2007 cash flow of \$410.001 million and future year commitments of \$497.359 million be approved. The 2007 Recommended Capital Budget consists of the following:

- a. New Cash Flow Funding for:
 - i. 201 new sub-projects with a 2007 total project cost of \$331.350 million that requires cash flow of \$129.726 million in 2007 and a future year commitment of \$73.883 million in 2008; \$40.692 million in 2009; \$42.795 million in 2010; and, \$44.254 million in 2011;
 - ii. 144 previously approved sub-projects with a 2007 cash flow of \$212.612 million and a future year commitment of \$152.516 million in 2008; \$87.836 million in 2009; \$45.756 million in 2010; and, \$9.627 million in 2011;
 - iii. 8 sub-projects from previously approved projects with carry forward funding from 2005 and prior years requiring 2007 cash flow of \$4.038 million and no future year commitments;
 - b. 2006 approved cash flow for 111 previously approved sub-projects with carry forward funding from 2006 into 2007 totalling \$63.625 million;
2. operating impacts of \$3.270 million in 2007 and \$0.153 million in 2008 emanating from the approval of the 2007 Recommended Capital Budget, be approved for inclusion in the 2007 and future year operating budgets;
 3. no new debt be issued to finance the 2007 cash flow requirement for the capital program and that the 2007 Recommended Toronto Water Capital Budget be fully funded from service charges; available reserve funds; including development charges; and other revenues;
 4. the General Manager for Toronto Water report to the Budget Committee on any financial implications arising from Council's consideration of the Biosolids and Residuals Master Plan to be presented in 2007;
 5. the General Manager for Toronto Water report to the Budget Committee on the operating impacts stemming from the Five-Year Capital Plan prior to the start of deliberations for the 2008 Capital Budget process;
 6. *the Deputy City Manager for the Parks, Forestry and Recreation Program, and the General Manager, Toronto Zoo, in consultation with Toronto Water; identify potential water efficiency strategies regarding its operations; and that the General Manager of Parks, Forestry and Recreation and the General Manager, Toronto Zoo, report to the Public Works and Infrastructure Committee prior to the start of deliberations for the 2008 Capital Budget process, on the strategies to improve water efficiency and related costs of these initiatives;*

7. the Deputy City Manager and Chief Financial Officer and Acting Deputy City Manager for Toronto Water, report to the Budget Committee regarding the funding requirements for implementation of the Wet Weather Flow Master Plan and the feasibility of alternative funding mechanisms prior to the start of deliberations for the 2008 Capital Budget process;
8. this report be considered concurrently with the 2007 Water and Wastewater Service Rate and Related Matters Report (January, 2007), from the Deputy City Manager and Chief Financial Officer and General Manager for Toronto Water; and
9. *the 2008-2011 Capital Plan for Toronto Water totalling \$2,286.316 million in project commitments and estimates, comprised of \$472.201 million in 2008; \$543.526 million in 2009; \$602.300 million in 2010; and \$668.289 million in 2011, be approved.*

Summary

Analyst Briefing Notes pertaining to the 2007-2016 Capital Program Toronto Water.

Background Information

2007-2016 Capital Program Toronto Water Analyst Briefing Notes
<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-923.pdf>

Decision Advice and Other Information

Councillor Shelly Carroll, Chair, Budget Committee and Mr. Lou Di Gironimo, General Manager, Toronto Water, gave a presentation to the Executive Committee respecting the 2007 Operating Budget and the 2007-2016 Capital Budget and filed a copy of their presentation material.

EX3.2	ACTION			
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2007 Operating Budget Toronto Water Analyst Briefing Notes

Committee Recommendations

The Executive Committee recommends that:

1. the 2007 Recommended Operating Budget revenues of \$648.221 million, gross operating expenditures of \$379.338 million and a capital-from-current contribution of \$268.884 million, as funded by the water and wastewater user rates and other recoveries be approved;
2. the 2007 Recommended Operating Budget for Toronto Water of \$648.221 million gross and \$0.000 million net, comprised of the following services be approved:

Service:	Gross (\$000's)	Net (\$000's)
Water Supply and Treatment	65,589.577	0.0
Wastewater Treatment	104,462.776	0.0
District Operations	110,588.673	0.0
Water Infrastructure Management	6,672.900	0.0
Capital Financing	269,294.167	0.0
Business Support	12,135.027	0.0
Operations Support	16,393.056	0.0
Program Support	63,085.075	0.0
Total Toronto Water	648,221.250	0.0

3. the Deputy City Manager and Chief Financial Officer and the Deputy City Manager for Toronto Water, report to the Budget Committee prior to its deliberation of the 2008 Operating Budget on a plan for phasing in the implementation of collection of water billing from the Parks, Forestry and Recreation Program;
4. the Deputy City Manager and Chief Financial Officer and the General Manager of Toronto Water report to the Budget Committee on options to minimize the impact on the Parks, Forestry and Recreation budget, including ways to find water conservation and efficiency measures, and with the objective of being revenue neutral for the Corporation;
5. the General Manager for Toronto Water report to the Public Works and Infrastructure Committee and City Council, with information pertaining to the agreement for the disposition of the pellets from the Pelletizer including the parties which have agreed to purchase the pellets; the length of the agreement; and, the on-going monthly and yearly cost to operate the facility; and
6. this report be considered concurrently with the 2007 Water and Wastewater Service Rate and Related Matters Report (January 2007), from the Deputy City Manager and Chief Financial Officer and General Manager for Toronto Water.

Summary

2007 Operating Budget - Toronto Water Analyst Briefing Notes.

Background Information

2007 Operating Budget Toronto Water Analyst Briefing Notes

(<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-924.pdf>)

Decision Advice and Other Information

Councillor Shelly Carroll, Chair, Budget Committee and Mr. Lou Di Gironimo, General Manager, Toronto Water, gave a presentation to the Executive Committee respecting the 2007 Operating Budget and the 2007-2016 Capital Budget and filed a copy of their presentation material.

EX3.3	ACTION			
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2007 Water and Wastewater Service Rate and Related Matters

Committee Recommendations

The Executive Committee recommends that:

1. with respect to the water and wastewater service rate:
 - i. the water rate and wastewater rates charged to metered consumers be increased, effective March 1, 2007, by 9.0 percent on an annualized basis and as shown in Appendix A (Schedule 1) attached to this report;
 - ii. the water rate and wastewater rate charged to flat rate consumers be set, effective May 1, 2007 for the flat rate accounts in the former City of Etobicoke, and effective July 1, 2007 for the flat rate accounts in the former City of Toronto, at the rates shown in Appendix A (Schedule 2) attached to this report;
2. with respect to reserve and reserve fund adequacy:
 - i. 57 percent of the actual 2006 year-end net operating budget shortfall be transferred from the Wastewater Capital Reserve Fund (XR6004) to the Wastewater Stabilization Reserve (XQ1004);
 - ii. 43 percent of the actual 2006 year-end net operating budget shortfall be transferred from the Water Capital Reserve Fund (XR6003) to the Water Stabilization Reserve (XQ1003);
 - iii. beginning in 2008, the water rate setting process incorporate an annual contribution of 1 percent of budgeted water user revenue, apportioned as above to the Water and Wastewater Stabilization Reserves, until such time that a minimum combined balance of \$30.0 million is reached;
3. with respect to funding of land acquisition for source water protection:
 - i. the land acquisition contribution policy, specifying that no additional contribution be made to the Land Acquisition Reserve while the Toronto Water Stabilization Reserve is below its target level, be waived for 2007;

- ii. the withdrawal policy for the Source Water Protection Reserve be amended as follows:

the amount withdrawn from the reserve for the identified Statement of Purpose shall be based on a matching funding arrangement with the Toronto and Region Conservation Authority (TRCA), commensurate with the existing formula used to derive TRCA's annual municipal operating levy;
 - iii. 0.25 percent of 2007 revenue from Toronto water rates be reallocated from the Wet Weather Flow Master Plan project in 2007 to the Land Acquisition for Source Water Protection Reserve (XQ1403);
 - iv. the TRCA, in collaboration with its member municipalities, develop a Land Acquisition for Source Water Protection Policy, wherein financial contributions are derived on an annual basis from member municipalities, consistent with the existing formula used to derive TRCA's annual municipal operating levy; and
 - v. the land acquisition for Source Water Protection Reserve contribution and withdrawal policies be reviewed by the Public Works and Infrastructure Committee in 2007 in advance of the Toronto Water's 2008 Rate setting process.
4. with respect to administrative matters:
- i. Schedule E to Article II of Chapter 849 of the City of Toronto Municipal Code, regarding additional water and sewer charges, be amended as follows:
 - a. the returned cheque fee for cheques not honoured by financial institutions for water bill payments be increased from \$25 to \$35 to be consistent with the fees currently charged for returned cheques by Tax and Parking Tags, effective March 1, 2007; and
 - b. the minimum account charge of \$36 per year be eliminated, effective March 1, 2007;
 - ii. Article I of Section 849-14 of the City of Toronto Municipal Code, concerning consumers who discharge to private septic systems, be amended by updating in sub-section 'F' the applicable rebate rate to be set at 57 percent of the retail combined water and sewer service rate applicable to the consumer, effective March 1, 2007; and
 - iii. *Section 849-23, Sewer service rate, of the City of Toronto Municipal Code be amended by updating the sewer service rate to be set at 57 percent of the combined water rate and sewer service rate, effective March 1, 2007;*
5. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto including the introduction of the necessary bills.

Summary

2007 Water and Wastewater Service Rate and Related Matters.

Background Information

2007 Water and Wastewater Service Rate and Related Matters

(<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-925.pdf>)

Meeting Sessions

Session Date	Session Type	Start Time	End Time	Public or Closed Session
2007-01-26	Morning	9:40 AM	11:50 AM	Public