

October 24, 2008

To: Executive Committee
From: Budget Committee
Subject: 2009 Water and Wastewater Service Rate

Recommendations:

The Budget Committee recommended to the Executive Committee that:

1. City Council approve:

- (i) effective January 1, 2009, the water and wastewater rates charged to metered consumers shall be as shown below and in Appendix A (Schedule 1) attached to this report;

Annual consumption	Paid on or before the due date \$/m3	Paid after the due date \$/m3
Block 1 - All consumers, including Industrial consumption of first 6,000 m3	\$1.8914	\$1.9909
Block 2 - Industrial tax class, volumes consumed over 6,000 m3, representing 24.41% reduction from the Block 1 Rate	\$1.4297	\$1.5049

- (ii) the water and wastewater rates charged to flat rate consumers be, effective January 1, 2009, increased by 9.0%, to the rates shown in Appendix B (Schedule 2) attached to this report; and
- (iii) the necessary amendments be made to Municipal Code Chapter 441, Fees and Charges and Municipal Code Chapter 849, Water and Sewage Services and Utility Bill, to give effect to (i) and (ii) above.

2. With respect to assistance for low-income seniors and low-income disabled persons, City Council approve:

- (i) the 2009 rebate for eligible low-income seniors and persons with disability be set at a rate of \$0.4617/m3, representing a 24.41% reduction from the Block 1 Rate; and

- (ii) **the necessary amendments be made to Municipal Code Chapter 849, Water and Sewage Services and Utility Bill, to give effect to (i) above.**
- 3. Authority be granted to the City Solicitor to introduce any necessary Bills required to implement these recommendations, subject to any necessary refinements, including stylistic, format and organization, as may be identified by the City Solicitor, the Acting Deputy City Manager and Chief Financial Officer and General Manager, Toronto Water.**
- 4. The appropriate City officials be authorized and directed to take the necessary actions to give effect thereto.**
- 5. This report be considered concurrently with the 2009-2018 Capital Plan and Forecast, and the 2009 Operating Budget.**

Decision Advice and Other Information:

The Budget Committee held a public meeting on October 23, 2008, and notice was given in accordance with the Municipal Code Chapter 441, Fees and Charges.

Background:

The Budget Committee on October 24, 2008, considered a report (October 9, 2008) from the Acting Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water, entitled "2009 Water and Wastewater Service Rate".

The following persons addressed the Budget Committee on October 23, 2008:

- Tim Macguire, First Vice President CUPE, Local 79
- Elaine LePage, Vice Chair, 3 R's Working Group
- David MacDonald, Open Shop Contractors Association
- Councillor Denzil Minnan-Wong, Ward 34 Don Valley East
- Councillor Janet Davis, Ward 31 Beaches-East York
- Councillor Karen Stintz, Ward 16 Eglinton-Lawrence

for City Clerk

Merle MacDonald/mb
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**STAFF REPORT
ACTION REQUIRED**

2009 Water and Wastewater Service Rate

Date:	October 9, 2008
To:	Budget Committee
From:	Acting Deputy City Manager and Chief Financial Officer General Manager, Toronto Water
Wards:	All Wards
Reference Number:	P:\2008\Internal Services\Cf\Bc08029Cf – (AFS # 7198)

SUMMARY

This report recommends the 2009 water and wastewater service rates arising from concurrent adoption of the 2009 Toronto Water Operating and Capital Budgets.

RECOMMENDATIONS

The Acting Deputy City Manager & Chief Financial Officer and the General Manager, Toronto Water, recommend that:

1. This report be considered concurrently with the 2009-2018 Capital Plan and Forecast, and the 2009 Operating Budget:
 - a. effective January 1, 2009, the water and wastewater rates charged to metered consumers shall be as shown below and in Appendix A (Schedule 1) attached to this report;

Annual consumption	Paid on or before the due date \$/m ³	Paid after the due date \$/m ³
Block 1 - All consumers, including Industrial consumption of first 6,000 m ³	\$1.8914	\$1.9909
Block 2 - Industrial tax class, volumes consumed over 6,000 m ³ , representing 24.41% reduction from the Block 1 Rate	\$1.4297	\$1.5049

- b. the water and wastewater rates charged to flat rate consumers be, effective January 1, 2009, increased by 9.0%, to the rates shown in Appendix B (Schedule 2) attached to this report; and,
 - c. the necessary amendments be made to Municipal Code Chapter 441, Fees and Charges and Municipal Code Chapter 849, Water and Sewage Services and Utility Bill, to give effect to (i) and (ii) above.
2. With respect to assistance for low-income seniors and low-income disabled persons:
 - (i) The 2009 rebate for eligible low-income seniors and persons with disability be set at a rate of \$0.4617/m³, representing a 24.41% reduction from the Block 1 Rate; and,
 - (ii) The necessary amendments be made to Municipal Code Chapter 849, Water and Sewage Services and Utility Bill, to give effect to (i) above.
3. Authority be granted to the City Solicitor to introduce any necessary Bills required to implement these recommendations, subject to any necessary refinements, including stylistic, format and organization, as may be identified by the City Solicitor, the Acting Deputy City Manager & Chief Financial Officer and General Manager, Toronto Water.
4. The appropriate City officials be authorized and directed to take the necessary actions to give effect thereto.

FINANCIAL IMPACT

The City of Toronto Water and Wastewater Program (the “Program”) is fully funded on a ‘pay-as-you-go’ basis through a combined water and wastewater rate without any reliance on borrowing/debenture financing. The property tax budget is not impacted by adoption of the recommendations contained in this report.

Based on the recommended 2009 Toronto Water Operating and Capital Budgets, and updated consumption forecast, a rate increase of 9.0% for 2009 is necessitated in the Block 1 domestic-use rate for all consumers (the “Block 1 Rate”) to the rate of \$1.8914 per cubic meter, and a rate increase of 3.0% is necessitated in the Block 2 process-use rate for eligible industrial users on their volumes over 6,000 m³/year (the “Block 2 Rate”) to the rate of \$1.4297 per cubic meter. The effective increase from the combined blocks is 8.59% in rate supported revenue, necessary to support the Program’s operating and capital requirements. The average home consuming 304 m³/year, being a Block 1 Rate consumer, will see an increase of 9% or \$47 in their water bill (from \$528 in 2008 to \$575 for 2009), which is in the range of annual increases previously forecasted and widely publicized. The average impact for typical consumers is shown in Chart 1 below.

Chart 1 – 2009 Water Rate Impact

Type of property	Average Consumption	2008 cost	Projected 2009 cost	2009 impact	
	m ³ /y	\$/y	\$/y	\$/y	%
All Residential Homes	304 m ³	\$528	\$575	\$47	9%
Industrial	100, 000m ³	\$140,893	\$145,744	\$4,851	3.44%
	1,000,000 m ³	\$1,390,183	\$1,432,513	\$42,330	3.04%

The increase in the Block 2 Rate is 3% for 2009, or one-third of the increase on the Block 1 Rate, as a policy adopted by Council last year. For 2009, the City’s Block 2 Rate differential below the Block 1 has increased from 20.0% to 24.4%, and this reduced rate increase will continue over the next two years until the target of 30% differential below the Block 1 Rate is achieved. An eligible industrial consumer who, for example, consumes 1,000,000 m³/year, will see an effective increase in their water bill of 3.04% in 2009. The policy also provides for a rebate equivalent to the difference between the Block 1 and Block 2 Rates to provide assistance to eligible low-income seniors and low-income person with disability.

DECISION HISTORY

Last year’s report authorizing the 2008 water and sewer service rates can be viewed at: <http://www.toronto.ca/legdocs/mmis/2007/ex/reports/2007-11-12-ex14-cr.pdf>

At its meeting of June 19, 20 and 22, 2007, City of Toronto Council approved a new water rate structure for the City of Toronto to commence January 1, 2008. The report authorizing this water rate structure can be viewed at: <http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-3800.pdf>

ISSUE BACKGROUND

The City adopts annually a by-law, establishing its water and sewer service rates. Adoption of the concurrent Toronto Water 2009 Operating Budget and 2009-2013 Capital Plan, together with the water rate restructuring plan, will necessitate the 2009 water and wastewater service rates outlined in this report.

By way of additional background, at its meeting in June 2007, Council approved a new water rate structure for the City of Toronto to commence January 1, 2008. This new rate structure provides for a single domestic-use rate for all users, with a second available block for industrial/manufacturing process-use on the volumes above 6,000 m³, subject to certain conditions. The second block process-use rate was initially set at a rate reduction of 20% from the first block domestic-use rate in 2008, to be phased-in with the rate being increased by one-third of the rate increase on Block 1 until a differential of 30% between Block 1 and Block 2 was reached.

COMMENTS

Financial Model:

The financial model used to forecast water rates and wastewater rates is premised upon the objective that the Program remain fully self funding with financial stability for both operating and capital needs over the long term, and that any rate changes required should be phased in a planned manner to avoid excessive year-to-year fluctuations.

Inputs from Toronto Water's 5-Year Capital Plan and 2009 Operating Budget, together with their ten-year operating and capital projections, are utilized to estimate current and future funding requirements. Net capital expenditures (after grants, subsidies and other revenues) may be financed through capital-from-current, and by drawing down existing cash reserves. The capital and operating funding amount is considered together with projected water consumption to produce the water and sewer rate which will self-finance the operating and capital expenditures over the ten-year planning period, including reserve contributions. The projected water rate changes can be varied by making adjustments to the operating or capital budgets, and/or the contributions and withdrawals from reserve funds, in order to moderate year-over-year impacts. The City retired the last debt related to Toronto Water in 2007, and no new debt issuance is forecasted.

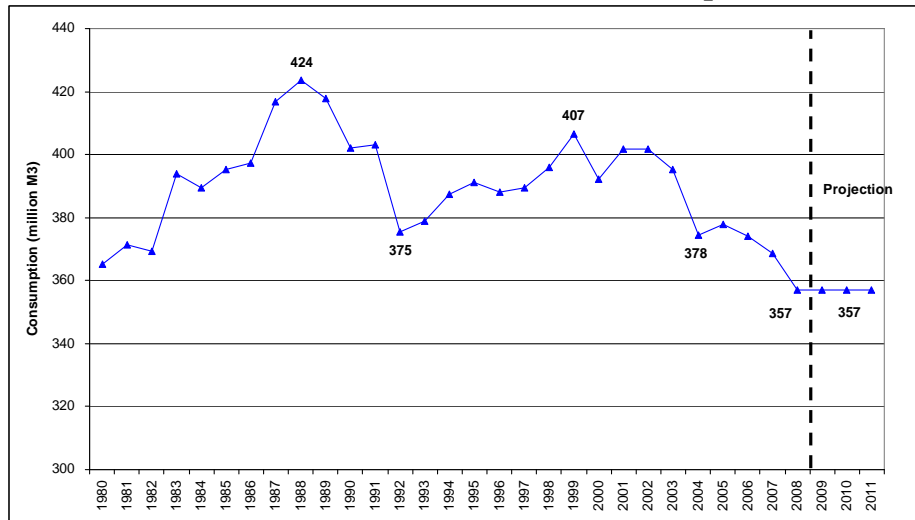
Water Consumption Forecast:

Water consumption was forecasted utilizing records dating back to the 1980's. Over the last decade, a trend towards reduced consumption has been observed, as shown in Chart 2. Toronto's consumption projected to 2008 year-end is estimated at 357 million cubic metres, or 4.4% below the budgeted figure of 372 million cubic metres. The drop in 2008 consumption is mainly attributed to the wettest summer for Toronto in recorded history. While weather can have a profound effect on annual water consumption (dry summers typically result in higher annual water consumption due to lawn watering), economic cycles and individual behaviour will also affect overall consumption. Over the last decade, there has been an underlying systematic trend towards lower consumption, partly due to greater promotion and awareness of water efficiency initiatives, the life-cycle replacement of water fixtures with more efficient models, the loss of some major industrial consumers, and consumers' price sensitivity to the cost of water. The 2008 projected consumption of 357 million cubic metres consumption is significantly lower than the peak of 424 million cubic metres experienced in 1988, followed by 407 million cubic metres in 1999.

The forecasted consumption utilized in the rate modelling for 2009 and future years has been reduced to 357 million cubic metres. The Rate Stabilization Reserve is used to absorb and moderate normal variances from the consumption forecast due to factors such as the effects of weather or lawn watering.

With respect to residential consumption, it is observed that the average residential consumption has fallen from 315 m³/year to 304 m³/year, based on information to date.

Chart 2 - Toronto Retail Water Consumption



2009 Operating Budget and 2009-2013 Capital Plan:

The Toronto Water 2009 Operating Budget requires a combined water and wastewater expenditure level of \$698.703 million (including capital contributions from current). Expenditures are predominantly funded through the sale of water to Toronto consumers with \$660.301 million budgeted to be recovered from the water and wastewater rate. Other user charges for the balance of the revenue requirement include revenues from: (i) the sale of water to the Region of York (\$22.772 million); and (ii) industrial waste surcharge, sewage, and private water agreements, service charges, and sundry revenues (\$15.630 million).

The 2009 Operating Budget expenditures of \$386.3 million represents an increase of \$11.12 million or 3% compared to the 2008 approved budget of \$375.207 million. The increase in gross expenditures reflects the cost of living allowance and fringe benefits increases, Solid Waste Management Services’ interdivisional charges increase, Fleet Services’ maintenance and fuel interdivisional charges increase, arbitrated wage settlements and other items.

The Toronto Water 2009-2013 Capital Plan recommends a capital funding expenditure level of \$3 billion (net), with a capital cash-flow commitment of \$429.4 (gross 488.4) million for 2009. The net capital cash flow funding requirement, reflecting the anticipated spending levels, increases significantly over the 5-Year Capital Plan from \$326.34 million in 2009 to \$556.98 million in 2013, which represents about a 71% increase over 5 years. The most significant increase in the capital funding requirement is in the 2010-2011 period.

Year end expenditures for Toronto Water’s 2008 Capital Budget are projected to be 74.9% of the approved cashflow. The projected expenditure level for Toronto Water’s Capital Budget is 76% in 2009 and 78% in 2010, followed by 80% until the end of the 5 year plan. After the implementation of organizational changes, resulting in advanced planning and focussing on capital program delivery, Toronto Water anticipates that an 80% spending level of the 2011-2013 Capital Plan is attainable, and accordingly this spending level has been used for rate modelling purposes.

Toronto Water currently has a significant infrastructure rehabilitation backlog, estimated at \$1.771 billion by 2008 year-end. This backlog is more than any other major Canadian urban centre. In

order to strengthen the capital planning process a 10-Year Capital Forecast is included in this year submission. The Recommended 10-Year Capital Plan and Forecast reflects an increase in the replacement rate to achieve the optimal level in approximately 10 years and mitigate most of the accumulated backlog.

Chart 3 below presents a summary of the 2009 Operating Budget, 2009 -2013 Capital Plan and 2014-2018 Capital Forecast, and the resulting rate requirements. The chart also shows the sources of capital financing and corresponding reserve balances.

Chart 3 – Summary of 2009 Operating Budget, 2009- 2013 Capital Plan and 2014-2018 Capital Forecast, Corresponding Rate Increase, and Capital Financing

TORONTO WATER	2008		2009-2013 Plan					2014-2018 Forecast				
	2008 Budget	Projected Actual	2009 Budget	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross Operating Budget	375.21	358.46	386.32	397.91	409.85	422.15	434.81	447.86	461.29	475.13	489.38	504.07
Net Operating Budget	339.11	323.87	347.92	358.36	369.21	380.38	391.89	403.75	415.97	428.56	441.53	454.89
Capital from Current	302.19	290.08	312.38	362.70	417.95	468.98	533.13	605.09	653.40	672.89	692.97	713.64
Net expenditure to be financed by water rate	641.29	613.95	660.30	721.06	787.16	849.36	925.02	1,008.84	1,069.37	1,101.46	1,134.50	1,168.53
REQUIRED WATER RATE REVENUE INCREASE	6.10%	6.10%	8.59%	8.60%	8.86%	9.00%	9.00%	9.00%	6.00%	3.00%	3.00%	3.00%
Other Revenues	36.10	34.59	38.40	38.40	39.55	40.64	41.77	42.92	44.10	45.32	46.57	47.85
Total Revenues	677.39	648.55	698.70	759.46	826.71	890.01	966.79	1,051.76	1,113.47	1,146.77	1,181.07	1,216.39
Gross CAPITAL Budget	410.00	410.00	488.44	635.08	721.95	743.89	757.46	794.20	863.63	897.82	908.79	931.57
Net Capital Budget	378.55	378.55	429.39	553.16	623.33	659.99	696.23	746.84	810.83	840.17	862.37	893.51
CAPITAL FINANCING												
Capital Spending Level	80%	75%	76%	78%	80%	80%	80%	80%	80%	80%	80%	80%
Net Capital Spending	302.84	283.53	326.34	431.46	498.66	527.99	556.98	597.47	648.66	672.14	689.90	714.81
Capital from Current	302.19	290.08	312.38	362.70	417.95	468.98	533.13	605.09	653.40	672.89	692.97	713.64
Capital from (to) Reserve	0.65	(6.55)	13.96	68.76	80.71	59.01	23.85	(7.62)	(4.74)	(0.76)	(3.07)	1.16
RESERVE closing balance	137.14	205.79	205.99	144.69	74.03	16.95	4.37	12.34	17.71	19.26	23.23	23.05

10 Year Capital Forecast and Sources of Financing

Approval of the 2009 Recommended Capital Budget will result in significant future year commitment funding for new/change in scope projects totalling \$1.567 billion for the period 2009-2017. Future year commitments represent the cash flow funding required beyond the 2009 Recommended Capital Budget.

Net capital expenditures (after grants, subsidies and other revenues) may be financed through capital-from-current, and by drawing down existing cash reserves. Assuming no debt issuance over the 10 year period forecast, there is a significant increase in the financing from the reserves in order to provide sufficient funds for the capital program, without changing the rates.

The capital funding requirements increase significantly in 2010-2011, which requires about 16% of the funding to be provided from the existing cash in the reserves. As a result, the projected reserve balance falls from \$205.8 million in 2009 to \$4.8 million in 2013. The Program starts to make net contributions to the reserve again in 2014, which are fairly minimal and keep the reserve balance at a low level.

The 10 -Year Capital Plan and Forecast addresses the capital requirements of the Program's six sections, which include District Operations, Water Treatment and Supply, Wastewater Treatment, Water Infrastructure Management, Operational Support, and Business Unit Support.

The Recommended 10-Year Capital Plan and Forecast reflects the allocation of significant financial resources to state of good repair projects to address the renewal needs of aging and deteriorating infrastructure. Projects that maintain assets in a state of good repair represent 56.3% or \$4.329 billion of the total new cash flow of \$7.684 billion.

Service improvement projects represent approximately 25.3% or \$1.946 billion of the Recommended 10-Year Capital Plan and Forecast. Examples of service improvement projects include biosolids treatment and disposal; odour control at wastewater treatment plants; Automated Meter Reading (AMR) System; Wet Weather Flow Master Plan; Downspout Disconnection Program; Basement Flooding Work Plan; landscaping; and, plant optimization.

Growth projects account for 15.1% or \$1.162 billion of the Recommended 10-Year Capital Plan and Forecast. Additional capacity will be required to service a projected population of 3 million people by 2031. To address this need, the Recommended 10-Year Capital Plan and Forecast includes initiatives for improving water efficiency; reducing water loss; and, expansion projects required for future water and wastewater service needs.

Legislative projects account for 3.2% or \$247.399 million of the Recommended 10-Year Capital Plan and Forecast. These projects address existing and emerging legislative requirements under provincial legislation (and the regulations thereunder), like the Safe Drinking Water Act, 2002 and the Nutrient Management Act, 2002. Legislative projects also include compliance with the Federal government's Environmental Protection Act. Funding for legislative projects is expected to

increase in future years as regulations governing water and wastewater services continue to become more stringent in the post-Walkerton period.

Reserves/Reserve Fund Adequacy:

There are five reserves and reserve funds that have been created to support a variety of needs and risks for Toronto Water. These include: Water and Wastewater Vehicle and Equipment Replacement Reserve; Water and Wastewater Capital Reserve Funds; and the Water and Wastewater Rate Stabilization Reserves.

Vehicle and Equipment Replacement Reserve

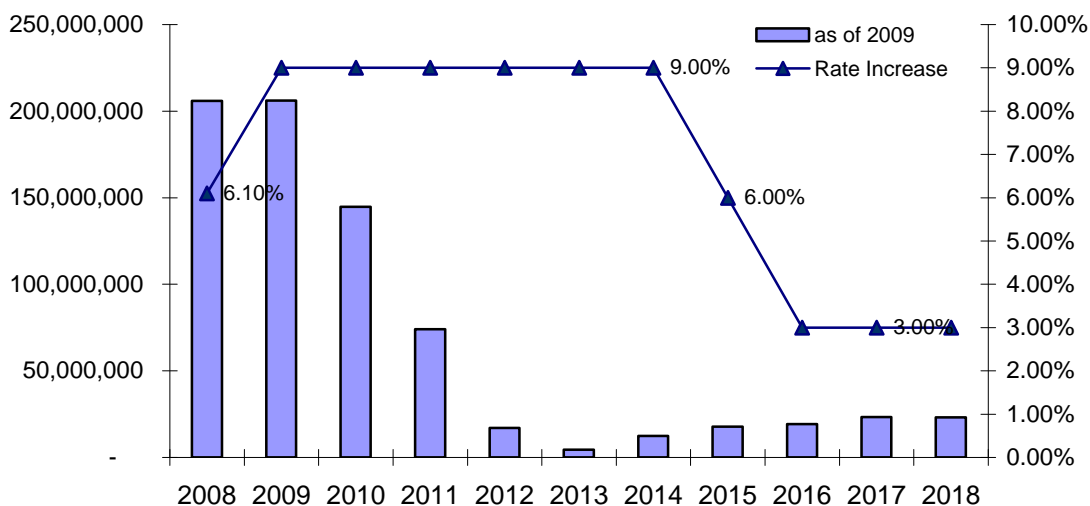
The purpose of the Vehicle and Equipment Replacement Reserve is to provide funding to purchase or acquire any vehicles or equipment for the Program, and to moderate large fluctuations in the annual cost of replacement of vehicles and equipment. These reserves are essentially zero based in that the annual contribution is matched against the funds required for annual replacement purchases. There are no current issues associated with these reserves.

Capital Reserve Funds

The purpose of the Capital Reserve Funds is to provide funding for the capital needs of the Program. The rate modelling is predicated on replenishment through capital-from-current sufficient to ensure that an adequate balance is maintained in these reserve funds.

Chart 4 below shows the capital reserve fund balance for the period 2008-2018 and the applied rate increases. On a per capita basis, Toronto’s capital reserves currently stand at approximately \$75 per capita, or approximately \$195 million. In comparison with surrounding municipalities, this balance is generally in the lower end of per capita reserve balances. Infrastructure renewal pressures will result in increased financing of the capital program from the reserves which will put pressure on the reserve balances and leave little room for unanticipated emergencies.

Chart 4 -Capital Reserve Fund Balance Projection



Rate Stabilization Reserves

The purpose of the Rate Stabilization Reserves is to provide funding to offset unanticipated operating budget variances, primarily arising from revenue shortfalls due to uncontrollable circumstances driving water consumption below budgeted levels and emergency capital. Circumstances giving rise to lower than forecasted consumption include loss of major water consumers, and unusually wet summers.

As of January 1, 2008 the Rate Stabilization Reserve Balance was \$34.8 million, which is above the target balance of \$30 million. Given that the 2008 revenues will be significantly below the budgeted revenues, due to low water consumption, a withdrawal from the stabilization reserve is anticipated at the beginning of 2009, when the actual 2008 revenue shortfall will be known. At that time, necessary provisions to replenish the reserve will be made.

Rate Restructuring

In June 2007, City Council adopted a new water rate structure which took effect January 1, 2008. The new rate structure provides for a single uniform rate for the domestic consumption of water, and provides for an available lower second Block rate for industrial process consumption of water, subject to certain conditions. The target is to achieve a difference in water rate of 30% below the domestic consumption rate by limiting the increases on the industrial process rate to one-third of the increases in the Block 1 rate until this target is achieved. This new rate structure addresses key concerns such as providing an equitable rate for the domestic uses of water and towards positioning the City competitively with regards to its manufacturing sector.

Given the recommended 2009 Toronto Water Operating and Capital Budgets, and updated consumption forecast, the 2009 water and wastewater service Block 1 domestic-use rate for all consumers has been determined to be \$1.8914 per cubic meter, and the Block 2 process-use rate for eligible industrial users on their volumes over 6,000 m³/year will be \$1.4297 per cubic meter.

On the basis of the 9% per annum required water rate increases, it is projected that the 30% differential for industrial users will be for practical purposes (29%) achieved in the 2010 billing year. Chart 5 below shows projected Block 1 and Block 2 rates for the period 2009-2013. Block 1 rates are projected to increase by 9% annually over the 5 year period, while Block 2 rates will be subject to 3% increase in 2009 and 2010, 6.81% in 2011, followed by the same rate increase as Block 1 from 2012 and forward.

Chart 5 – Projected Rates

2009 Projections	2008	2009	2010	2011	2012	2013
Increase - Block 1 and Flat Rate		9.00%	9.00%	9.00%	9.00%	9.00%
Increase - Block 2		3.00%	3.00%	6.81%	9.00%	9.00%
<i>Effective Rate Revenue Increase</i>		8.59%	8.60%	8.86%	9.00%	9.00%
Block 1 Rate	1.7352	1.8914	2.0616	2.2471	2.4494	2.6698
Block 2 Rate	1.3881	1.4297	1.4726	1.5730	1.7146	1.8689
<i>Differential below Block 1 Rate</i>	-20%	-24%	-29%	-30%	-30%	-30%

As of January 2008, there were 349 properties eligible for the industrial Block 2 rate that were billed at that rate. As one of the conditions for eligibility, the industries were to submit a water

conservation plan by June 30, 2008 in order to continue to be charged at Block 2 rate. The City received so far 80 water conservation plans. Toronto Water staff will evaluate the submitted conservation plans by the end of October and the customers which conservation plans are approved will receive the Block 2 rate for the remainder of 2008 and be eligible for Block 2 rate in 2009.

Once the targeted 30% differential between Block 1 and Block 2 rate is achieved, the City will review the water rate structure and consider other options if appropriate.

Flat-rate Accounts: Currently, there are approximately 70,000 flat-rate accounts remaining in the City of Toronto. Most of these are single-family residential homes. For 2009, given the effective 9% rate increase on the average metered home, this report recommends a similar 9% increase on the water rates imposed on flat-rate accounts.

Council at its meeting of June 23 and 24, 2008, approved the Automated Meter Reading System. The AMR System includes a systematic, City-wide water meter replacement program coupled with the concurrent installation of an automated meter reading technology over a 6 year period, starting in 2009. At the end of the 6-year period all flat-rate accounts will be metered.

Assistance for Low-Income Seniors and Low-Income Persons with Disabilities

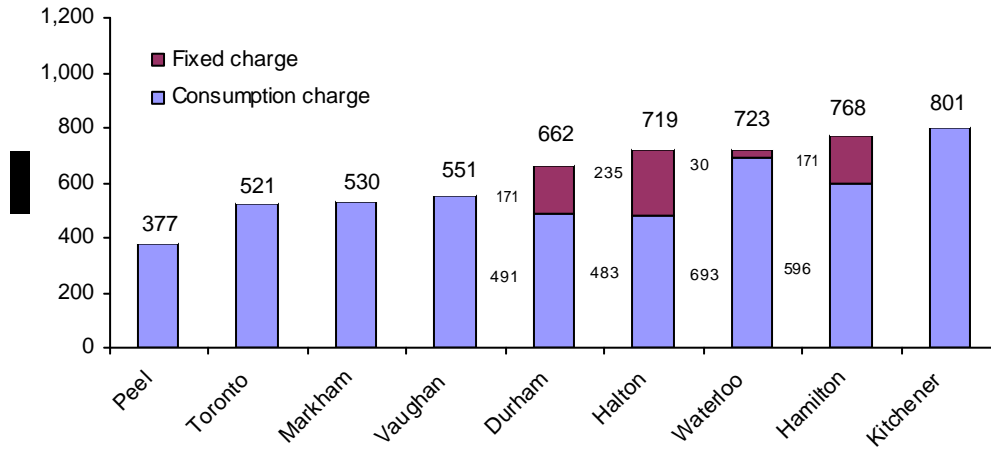
As part of the water restructuring policy, Council approved a water rate rebate program for low-income seniors and low-income persons with disabilities who meet the eligibility criteria as prescribed in the Municipal Code, Chapter 849, which is based on criteria similar to the City's existing property tax relief programs for low-income seniors and low-income disabled persons. This rebate is set at the difference between Block 1 and Block 2 rate – the same as for industrial process consumption - which started with a differential of 20% from the uniform domestic use rate. The differential will increase to 30% as future water rate increases are phased-in at one-third of the increases in the first Block rate and in 2009 the effective rebate will provide 24.4% reduction. The rebate is only applicable if the household annual consumption is less than 300 m³, to limit eligibility to those most in need.

In 2008 the City has received 2,700 applications for water rebates. The 2009 Toronto Water Operating Budget has a provision of \$584,000 in rebates for estimated 4,000 applicants in 2009.

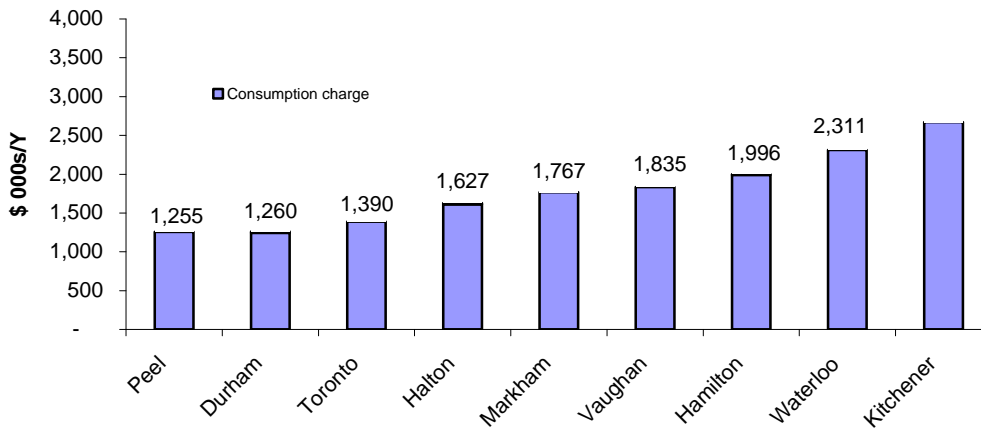
Comparison of Water Rates in GTA Municipalities:

Toronto's 2008 water rate for residential consumers, in comparison to surrounding municipalities, is shown in Chart 6 (2009 rates for surrounding municipalities are not yet available). With the exception of Peel Region, where storm water related projects are funded from property taxes, Toronto is amongst one of the lowest water cost jurisdictions for residential consumers in southern Ontario. Chart 7 provides a similar comparison for large industrial users.

**Chart 6 - Comparison of Water Cost 2008
Residential (300 m3/y)**



**Chart 7 - Comparison of Water Cost 2008
Large Industrial (1,000,000 m3/Y)**



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SIGNATURES:

Cam Weldon
Acting Deputy City Manager and Chief Financial Officer

Lou Di Gironimo
General Manager, Toronto Water

Attachments: Appendix A – Water Rates for Metered Customers
Appendix B – Rates for Flat Rate Customers

**APPENDIX A
SCHEDULE 1
COMBINED WATER AND SEWER SERVICE RATES
FOR METERED CONSUMERS
EFFECTIVE JANUARY 1, 2009**

Consumers who are metered shall pay a combined water rate and sewer service rate based on the volume of water consumed, date of consumption and date of payment of the water rate in relation to the due date, as set out in the following chart:

	Paid on or before the due date date \$/m ³	Paid after the due date \$/m ³
Block 1 - All consumers, including Industrial consumption of first 6,000 m ³	\$1.8914	\$1.9909
Block 2 - Industrial tax class, volumes consumed over 6,000 m ³	\$1.4297	\$1.5049

**APPENDIX B
SCHEDULE 2 – a(i)
LIST OF ANNUAL COMBINED WATER AND SEWER SERVICE RATES FOR FLAT
RATE CONSUMERS IN DWELLING HOUSES AND ROOMING HOUSES IN THE
FORMER CITY OF TORONTO
EFFECTIVE JANUARY 1, 2009**

A. Dwelling houses: rate:

- (1) \$29.60 per room per annum if paid after the due date, and \$28.12 per room per annum if paid on or before the due date. Subject to a minimum charge of \$178.17 if paid after the due date, and \$169.26 per annum if paid on or before the due date.

B. Rooming houses: rate:

- (1) \$51.93 per room per annum if paid after the due date, and \$49.33 per room per annum if paid on or before the due date.

C. The following rates are in addition to the above rates:

		Rate Per Year	
		Paid after the due date	Paid on or before the due date
Basins	Each	\$ 57.20	\$ 54.34
Baths	Each	\$ 57.20	\$ 54.34
Bidets	Each	\$ 57.20	\$ 54.34
Saunas connected to water or drains	Each	\$ 57.20	\$ 54.34
Shower baths	Not attached to bath tub, each	\$ 57.20	\$ 54.34
Sinks	Each	\$ 57.20	\$ 54.34
Urinals	Self-acting, each	\$ 67.97	\$ 64.57
Water closets	Self-acting, each	\$ 91.33	\$ 86.76
Laundry tubs	For pair of tubs (in one fixture)	\$ 57.20	\$ 54.34
	For single or additional tub, each	\$ 34.00	\$ 32.30
Washing machines	Each	\$ 57.20	\$ 54.34

**APPENDIX B
SCHEDULE 2 – a(ii)
LIST OF ANNUAL COMBINED WATER AND SEWER SERVICE RATES FOR FLAT
RATE CONSUMERS IN THE FORMER CITY OF TORONTO
EFFECTIVE JANUARY 1, 2009**

- A. Factories, office buildings, stores, garages, warehouses and similar places of business:
- (1) \$91.27 for each flat per annum if paid after the due date, and \$86.71 for each flat per annum if paid on or before the due date.
- B. Private hospitals, rest homes, schools, fraternity houses, clubs, hotels and similar places:
- (1) \$51.93 per room per annum if paid after the due date, and \$49.33 per room per annum if paid on or before the due date.
- C. The following rates are in addition to the above rates in this schedule:

		Rate Per Year	
		Paid after the due date	Paid on or before the due date
Basins	Each	\$113.59	\$ 107.91
Baths	Each	\$113.59	\$ 107.91
Bidets	Each	\$113.59	\$ 107.91
Saunas connected to water or drains	Each	\$113.59	\$ 107.91
Shower baths	Not attached to bath tub, each	\$113.59	\$ 107.91
Sinks	Each	\$113.59	\$ 107.91
Urinals	Self-acting, each	\$135.78	\$128.99
Water closets	Self-acting, each	\$181.63	\$172.55
Laundry tubs	For pair of tubs (in one fixture)	\$113.59	\$ 107.91
	For single or additional tub, each	\$ 57.20	\$ 54.34
Washing machines	Each	\$113.59	\$ 107.91

**APPENDIX B
SCHEDULE 2 – a(iii)**

**LIST OF ANNUAL COMBINED WATER AND SEWER SERVICE RATES FOR FLAT RATE CONSUMERS IN THE FORMER CITY OF TORONTO
EFFECTIVE JANUARY 1, 2009**

The following rates are in addition to the amounts set forth in Schedules 2-a(i) and 2-a(ii):

		Rate Per Year	
		Paid after the due date	Paid on or before the due date
Baptistries	Each	\$38.40	\$36.48
Barber shop or beauty parlour	Each	\$113.59	\$ 107.91
Church buildings used as a place of worship	Each for fixture any such building so used coming within Schedule 2-a(ii)	1/3 of the rates in Schedule 2-a(ii)	
Dental fountains	Each	\$281.72	\$267.63
Commercial dish washers	Each	\$226.31	\$214.99
Drinking fountains	Each	\$113.59	\$ 107.91
Fountains	For 1.6 millimetre orifice or less, each per season	\$181.63	\$172.55
	All others, each per season	\$722.47	\$686.35
Materials used in buildings or in alterations or repairs to buildings and other construction work	Bricks, per 1,000	\$1.96	\$1.86
	Other masonry, including concrete Blocks, tiles and similar materials, on basis of equivalent number of bricks to replace same, per 1,000 bricks	\$1.96	\$1.86
		\$68.34	\$64.92
	Plastering per 1,000 square yards	\$4.76	\$4.52
	Concrete, per cubic yard	\$22.83	\$21.69
	Minimum rate for each building or for repairs or alterations, where any of the above material is used		
Photographic washing tanks	Each	\$113.59	\$ 107.91
Wash racks	Each	\$564.20	\$535.99

SCHEDULE 2 – b(i)
COMBINED WATER AND SEWER SERVICE RATES FOR UNMETERED CONSUMERS
IN THE FORMER CITY OF ETOBICOKE
EFFECTIVE JANUARY 1, 2009

- A. Residential and commercial rates, tri-annual billing; flat rate, single family:
 - (1) \$186.57 if paid after the due date, and \$177.24 if paid on or before the due date.
- B. Hydro substations, tri-annual billing:
 - (1) \$134.21 if paid after the due date, and \$127.50 if paid on or before the due date.
- C. Building water and sewer service rates; not metered up to three months not refundable:
 - (1) \$396.86 if paid after the due date, and \$377.02 if paid on or before the due date.