

Executive Committee

Meeting No.	25 (Special)	Contact	Patsy Morris, Committee Administrator
Meeting Date	Friday, October 31, 2008	Phone	416-392-9151
Start Time	12:30 PM	E-mail	pmorris@toronto.ca
Location	Committee Room 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*
- *Other action taken by the Committee on its own authority, which does not require Council's approval, is listed in the decision document under the heading "Decision Advice and Other Information" .*
- *Declarations of Interest, if any, appear at the end of an item.*

EX25.1	ACTION	Adopted		Ward: All
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Toronto Water 2009-2018 Capital Program

(October 24, 2008) Report from the Budget Committee

Committee Recommendations

The Executive Committee recommends that:

1. City Council approve the 2009 Recommended Capital Budget for Toronto Water with a total project cost of \$1.567 billion, and 2009 cash flow of \$488.438 million and future year commitments of \$2.224 billion comprised of the following:
 - a. New Cash Flow Funding for:
 - i. 242 new sub-projects with a 2009 total project cost of \$1.567 billion that requires cash flow of \$98.996 million in 2009 and a future year commitment of \$213.091 million in 2010; \$264.294 million in 2011; \$265.069 million in 2012; \$397.681 million in 2013; \$139.629 million in 2014; \$126.292 million in 2015; \$48.297 million in 2016; and, \$14.120 million in 2017;

- ii. 169 previously approved sub-projects with a 2009 cash flow of \$330.842 million and a future year commitment of \$281.541 million in 2010; \$252.605 million in 2011; \$220.187 million in 2012; \$0.420 million in 2013; \$0.220 million in 2014; \$0.242 million in 2015; and, \$0.255 million in 2016;
 - b. 2008 approved cash flow for 49 previously approved sub-projects with carry forward funding from 2008 into 2009 totalling \$58.600 million.
2. City Council approve that no new debt be issued to finance the 2009 cash flow requirement for the capital program and that the 2009 Recommended Toronto Water Capital Budget be fully funded from service charges; available reserve funds; including development charges; and, other revenues.
3. City Council approve the 2010-2013 Capital Plan for Toronto Water totalling \$963.492 million in project estimates, comprised of \$140.449 million in 2010; \$205.051 million in 2011; \$258.630 million in 2012; and, \$359.362 million in 2013.
4. City Council approve operating impacts of (\$31.966) million from 2009 to 2014 emanating from the approval of the 2009 Recommended Capital Budget, be approved for inclusion in the 2009 and future year operating budgets.
5. City Council approve in principle the 2014-2018 Capital Forecast for Toronto Water totalling \$4.067 billion in project estimates, comprised of \$654.352 million in 2014; \$737.100 million in 2015; \$849.269 million in 2016; \$894.671 million in 2017; and \$931.574 million in 2018; and that this forecast be used as a foundation for preparing a firm 2010 to 2019 Capital Plan and Forecast as part of the 2010 budget process.
6. This report be considered concurrently with the 2009 Water and Wastewater Service Rate Report (October 2008), from the Acting Deputy City Manager and Chief Financial Officer and General Manager for Toronto Water.

Decision Advice and Other Information

Lou Di Gironimo, General Manager, Toronto Water, provided a presentation to the Executive Committee respecting the Toronto Water 2009-2018 Capital Budget, and filed a copy of his presentation material.

Background Information

Toronto Water 2009-2018 Capital Program

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16564.pdf>)

Toronto Water - 2009-2018 Capital Program Analyst Briefing Notes - October 17, 2008

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16573.pdf>)

1a Toronto Water's Infrastructure Renewal Backlog

(October 8, 2008) Report from the General Manager, Toronto Water

Financial Impact

The financial implications arising from this report are reflected in Toronto Water's 2009 -2018 10-Year Capital Plan and Forecast.

Summary

A detailed analysis was undertaken to update estimates of Toronto Water's water and wastewater infrastructure renewal backlog and is summarized in this report. The total backlog has been estimated to be \$1.8 billion: \$1.3 billion in existing sewer and watermain infrastructure and \$0.55 billion for water and wastewater treatment plants and facilities.

The analysis shows that an average investment estimated at \$253 million per year is required, for the next 10 years, to prevent any further growth in the infrastructure renewal backlog. Toronto Water's 2009-2018 Capital Budget Submission, includes an increase in state of good repair investment from \$283 million in 2009 to more than \$500 million in 2018, for a total investment of \$4.2 billion over the 10 year period which will substantially clear the existing water and wastewater infrastructure renewal backlog by 2018.

Background Information

Toronto Water's Infrastructure Renewal Backlog
<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16566.pdf>

EX25.2	ACTION	Adopted		Ward: All
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Toronto Water 2009 Operating Budget

(October 24, 2008) Report from the Budget Committee

Committee Recommendations

The Executive Committee recommends that:

1. City Council approve the 2009 Recommended Operating Budget of \$698.703 million with gross operating expenditures of \$386.324 million and a capital-from-current contribution of \$312.380 million, as funded by the water and wastewater user rates and other recoveries, comprised of the following services:

Services:	Gross (\$Thousands)	Net (\$Thousands)
Water Supply & Treatment	65,935	0.0
Wastewater Treatment	111,553	0.0
District Operations	102,474	0.0
Water Infrastructure Management	9,455	0.0
Capital-from-Current Contribution	312,380	0.0
Business Support	15,382	0.0
Operational Support	20,151	0.0
Program Support	61,373	0.0
Total Toronto Water	698,703	0.0

2. This report be considered concurrently with the 2009 Water and Wastewater Service Rate Report (October 2008) from the Acting Deputy City Manager and Chief Financial Officer and General Manager for Toronto Water.

Decision Advice and Other Information

Lou Di Gironimo, General Manager, Toronto Water, provided a presentation to the Executive Committee respecting the Toronto Water 2009 Operating Budget, and filed a copy of his presentation material.

Background Information

Toronto Water 2009 Operating Budget

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16567.pdf>

Toronto Water - 2009 Operating Budget Analyst Briefing Notes - October 17, 2008

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16595.pdf>

EX25.3	ACTION	Adopted		Ward: All
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2009 Water and Wastewater Service Rate

(October 24, 2008) Report from the Budget Committee

Committee Recommendations

The Executive Committee recommends 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.

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 2008 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.

Summary

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

Background Information

2009 Water and Wastewater Service Rate

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16568.pdf>)

EX25.4	ACTION	Adopted		Ward: All
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Solid Waste Management Services 2009-2018 Capital Program

(October 24, 2008) Report from the Budget Committee

Committee Recommendations

The Executive Committee recommends that:

1. City Council approve the 2009 Recommended Capital Budget for Solid Waste Management Services with a total project cost of \$116.121 million and a 2009 cash flow of \$59.074 million and future year commitments of \$93.673 million. The 2009 Recommended Capital Budget consists of the following:
 - a. New Cash Flow Funding for:
 - i. 19 new sub-projects with a 2009 total project cost of \$116.121 million that requires cash flow of \$37.401 million in 2009 and future year commitments of \$36.250 million in 2010, \$35.770 million in 2011 and \$6.700 million in 2012;
 - ii. 8 previously approved sub-projects with a 2009 cash flow of \$18.879 million and future year commitments of \$12.364 million in 2010, \$2.089 million in 2011 and \$0.500 million in 2012;
 - iii. 1 previously approved sub-project with carry forward funding from 2007 requiring 2009 cash flow of \$0.175 million, that requires Council to reaffirm its commitment; and
 - b. 2008 approved cash flow for 4 previously approved sub-projects with carry forward funding from 2008 into 2009 totalling \$2.619 million.
2. City Council approve the operating impacts of \$8.908 million in 2009 to 2013 that emanate from the approval of the 2009 Recommended Capital Budget be considered within the overall scope of Solid Waste Management Services' 2009 Operating Budget and future year operating budgets.
3. City Council approve that all sub-projects with potential private vendor capitalization be approved conditionally, subject to the receipt of such funding during 2010 and if such financing is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.
4. City Council approve the 2010-2013 Capital Plan for Solid Waste Management Services totalling \$290.988 million in project estimates, comprised of \$53.200 million in 2010, \$133.042 million in 2011, \$77.912 million in 2012, and \$26.834 million in

2013.

5. City Council approve in principle the 2014-2018 Capital Forecast for Solid Waste Management Services totalling \$121.157 million in project estimates, comprised of \$22.964 million in 2014, \$23.005 million in 2015, \$23.217 million in 2016, \$23.642 million in 2017; and that this forecast be used as a foundation for preparing a 2010 to 2019 Capital Plan and Forecast as part of the 2010 budget process.
6. The General Manager of Solid Waste Management Services report to the Public Works and Infrastructure Committee by June 2009, on the strategies to deliver the aggressive 5-Year Capital Plan, addressing the implementation challenges with the with respect to timelines, site locations, environmental assessments, and readiness to proceed for facilities related projects.
7. This report be considered concurrently with the Recommended 2009 Residential Solid Waste Rates Report (October 2008), from the Acting Deputy City Manager and Chief Financial Officer and General Manager for Solid Waste Management Services.

Decision Advice and Other Information

Geoff Rathbone, General Manager, Solid Waste Management Services, provided a presentation to the Executive Committee respecting the Solid Waste Management Services 2009-2018 Capital Budget, and filed a copy of his presentation material.

Summary

At its meeting on October 24, 2008, the Budget Committee considered a report (October 17, 2008) from the Financial Planning Division, entitled “Solid Waste Management Services 2009-2018 Capital Program”.

Background Information

Solid Waste Management Services 2009-2018 Capital Program

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16569.pdf>)

Solid Waste Management - 2009-2018 Capital Program Analyst Briefing Notes - October 17, 2008

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16594.pdf>)

EX25.5	ACTION	Adopted		Ward: All
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Solid Waste Management Services 2009 Operating Budget

(October 24, 2008) Report from the Budget Committee

Committee Recommendations

The Executive Committee recommends that:

1. City Council approve the 2009 Recommended Operating Budget for Solid Waste Management Services of \$320.342 million gross net funded by \$320.342 million in solid waste user rates and other recoveries comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Program Support	61,469.1	(195,562.9)
Collection	112,580.6	107,804.4
Transfer	26,656.4	17,514.6
Processing	49,185.7	20,571.9
Disposal	70,450.0	49,672.0
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Total Program Budget	<u>320,341.8</u>	<u>0.0</u>

2. The General Manager Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer report to Budget Committee as part of the 2009 Year-End Variance Report on the actual net contribution to the Waste Management Reserve Fund as a result of the first full year implementation of new residential Solid Waste rate.
3. Upon a full year implementation of the new residential Solid Waste rates, the General Manager of Solid Waste Management Services, report in September 2009, to Budget Committee on a multi-year fee strategy.
4. The following adjustment be made to the Solid Waste Management Services 2008 Operating Budget:
 - i. City Council decrease the 2008 Solid Waste Management Approved Operating Budget by \$58.079 million (net) to account for the receipt of user fee revenue from the roll-out of the new bins for multi-residential and single-family residential effective July 1, 2008 and November 2008, respectively.
 - ii. City Council increase the 2008 Non Program Approved Operating Budget by \$58.079 million (gross and net) to fund a new tax rebate program for households to refund that portion of property taxes paid for Solid Waste Management

Services.

5. This report be considered concurrently with the “Recommended 2009 Residential Solid Waste Rates” (October 2008) report and the “Solid Waste Management Services 2008 Operating Budget Adjustment” (October 2008) report.

Decision Advice and Other Information

Geoff Rathbone, General Manager, Solid Waste Management Services, provided a presentation to the Executive Committee respecting the Solid Waste Management Services 2009 Operating Budget, and filed a copy of his presentation material.

Background Information

Solid Waste Management Services 2009 Operating Budget

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16570.pdf>)

Solid Waste Management 2009 Operating Budget Analyst Briefing Notes - October 17, 2008

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16596.pdf>)

5a Solid Waste Management Services 2008 Operating Budget Adjustment

(October 24, 2008) Report from the Budget Committee

Financial Impact

As recommended in the report entitled “Final 2008 Fees - Getting to 70% Diversion by 2010” an additional \$58.1 million in revenues will be generated in 2008 from new user fees. The 2008 Approved Budget does not include the fees or rebate amounts pending the roll out of bins and subsequent rebate of taxes to taxpayers that began in July 2008.

This report recommends that the budget for Solid Waste Management Services be reduced by \$58.1 million to account for the replacement of tax funding with user fee revenue to be generated with the roll-out of the new bins that was completed for multi-residential units in July and is near completion for the single-family residential households in November, 2008.

Also, the Non Program Operating Budget will increase to fund the establishment of a tax rebate program for the portion of property taxes previously paid for Solid Waste Management Services rebates equivalent to the proportion of their property taxes dedicated to Solid Waste Management, as reflected in the following table:

	2008					
	Solid Waste Management			Non-Profit Rebate Program		
	Gross	Revenue	Net	Gross	Revenue	Net
Base Operating Budget	256,379.6	74,221.5	182,158.1			
Sub-total Base User Fee Revenue		58,079.1	(58,079.1)	58,079.1		58,079.1
Total Recommended Base Budget	256,379.6	132,300.6	124,079.0			
New Enhanced Services	20,349.0	20,349.0	-			
Total Recommended Budget	276,728.6	152,649.6	124,079.0	58,079.1		58,079.1

The reduction in the Solid Waste Management Services 2008 Operating Budget is the first phase to remove Solid Waste Management Services from the property tax base. In 2009, user fee revenue will virtually fully fund Solid Waste Management operations, capital work and new initiatives to achieve the 70% waste diversion goal.

Summary

This report recommends budget adjustments to the Solid Waste Management Services and Non Program 2008 Operating Budgets to reflect the 2008 phased implementation of the transition to a user fee supported budget and the introduction of a of property tax rebate program dedicated to Solid Waste Management.

Background Information

Solid Waste Management Services 2008 Operating Budget Adjustment
<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16571.pdf>

EX25.6	ACTION	Adopted		Ward: All
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Recommended 2009 Residential Solid Waste Rates

(October 24, 2008) Report from the Budget Committee

Committee Recommendations

The Executive Committee recommends to City Council that:

1. The 2008 Residential Solid Waste Rates, adopted by Council for 2008, continue unchanged for 2009, as set out in Appendix A of the report (October 9, 2008) from the General Manager, Solid Waste Management Services and the Acting Deputy City Manager and Chief Financial Officer.

Financial Impact

The recommended 2009 Residential Solid Waste Rates are expected to generate \$239.5 million in volume-based rate revenue or \$164.1 million over the 2008 Approved Operating Budget.

This will remove Solid Waste Management Services from the property tax base in 2009 and provide full funding to support Solid Waste Management operations, capital work and the initiatives to achieve the 70% waste diversion goal. The recommended rates are reflected in the recommended 2009 Operating Budget for Solid Waste Management Services.

Summary

This report outlines the proposed 2009 Residential Solid Waste Rates. The proposed rates are unchanged from 2008.

Background Information

Recommended 2009 Residential Solid Waste Rates

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16572.pdf>

Meeting Sessions

Session Date	Session Type	Start Time	End Time	Public or Closed Session
2008-10-31	Afternoon	12:40 PM	2:00 PM	Public