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## Budget Committee

**Meeting No.** 55  
**Meeting Date** Friday, October 23, 2009  
**Start Time** 9:30 AM  
**Location** Committee Room 1, City Hall

**Contact** Merle MacDonald,  
Committee Administrator  
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<b>Budget Committee</b>		
Councillor Shelley Carroll (Chair) Councillor Paul Ainslie (Vice-Chair) Councillor Maria Augimeri	Councillor A. A. Heaps Councillor Joe Mihevc	Councillor Gord Perks Councillor Kyle Rae

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**Declarations of Interest under the Municipal Conflict of Interest Act****Communications/Reports**

BU55.1	ACTION			Ward: All
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**Toronto Water 2010-2019 Capital Program****Origin**

(October 19, 2009) Report from City Manager and Chief Financial Officer

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for Toronto Water with a total project cost of \$1.491 billion, and 2010 cash flow of \$720.672 million and future year commitments of \$2.894 billion comprised of the following:
  - a. New Cash Flow Funding for:
    - i. 239 new/change in scope sub-projects with a 2010 total project cost of \$1.491 billion that requires cash flow of \$114.417 million in 2010 and a future year commitment of \$220.295 million in 2011; \$238.098 million in 2012; \$157.527 million in 2013; \$322.225 million in 2014; \$120.454 million in 2015; \$105.022 million in 2016; \$87.163 million in 2017; \$67.065 million in 2018; and, \$58.837 million in 2019;
    - ii. 201 previously approved sub-projects with a 2010 cash flow of \$555.488 million and a future year commitment of \$513.422 million in 2011; \$452.962 million in 2012; \$355.610 million in 2013; \$104.954 million in 2014; \$76.534 million in 2015; \$13.552 million in 2016; and, \$0.620 million in 2017;
  - b. 2009 approved cash flow for 36 previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$50.767 million.
2. Council approve that no new debt be issued to finance the 2010 cash flow requirement for the capital program and that the 2010 Recommended Toronto Water Capital Budget be fully funded from service charges; available reserve funds; Infrastructure Stimulus Fund (IFS); development charges; and other revenues.
3. Council approve the 2011-2019 Recommended Capital Plan for Toronto Water totalling \$8.016 billion in project estimates, comprised of \$791.863 million in 2011; \$827.695 million in 2012; \$835.068 million in 2013; \$873.154 million in 2014; \$907.109 million in 2015; \$918.496 million in 2016; \$913.508 million in 2017; \$959.178 million in 2018; and, \$989.930 million in 2019.

4. Council approve operating impacts of (\$29.884) million from 2010 to 2019 emanating from the approval of the 2010 Recommended Capital Budget, be approved for inclusion in the 2010 and future year operating budgets.
5. This report be considered concurrently with the 2010 Water and Wastewater Service Rate Report (October 2009), from the Deputy City Manager and Chief Financial Officer and General Manager for Toronto Water.

### Summary

Forwarding the Toronto Water 2010-2019 Capital Program. (Previously distributed)

### Background Information

Toronto Water 2010-2019 Capital Program Recommendations  
<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24340.pdf>

## 1a Water and Wastewater Development Charges in the Greater Toronto Area

### Origin

(October 5, 2009) Report from Deputy City Manager and Chief Financial Officer

### Summary

This report provides information regarding water and wastewater development charges in the Greater Toronto Area (GTA). Development charges for these services are predominantly collected by upper tier municipalities in the GTA. Most lower tier municipalities either impose no charge for water and wastewater services, or impose a charge that applies only to limited areas within the municipality.

The new development charge by-law adopted by Council earlier this year provided a freeze in the development charge rates for two years and a phase-in of the increase starting in 2011. As a result, Toronto's water and wastewater charges are currently the lowest in the GTA.

### Background Information

Water and Wastewater Development Charges in the Greater Toronto Area  
<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24330.pdf>

BU55.2	ACTION			Ward: All
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## Toronto Water 2010 Operating Budget

### Origin

(October 19, 2009) Report from City Manager and Chief Financial Officer

## Recommendations

The City Manager and Chief Financial Officer recommend that:

1. The 2010 Recommended Operating Budget of \$767.708 million with gross operating expenditures of \$384.516 million and a capital-from-current contribution of \$383.192 million, as funded by the water and wastewater user rates and other recoveries, comprised of the following services be approved (See Recommendations in Analyst Notes for Toronto Water 2010 Operating Budget).
2. This report be considered concurrently with the 2010 Water and Wastewater Service Rate Report (October 2009) from the Deputy City Manager and Chief Financial Officer and General Manager for Toronto Water; and,
3. The information contained in confidential attachment I remain confidential until Council's approval of the Toronto Water 2010 Operating Budget.

## Summary

Forwarding the Toronto Water 2010 Operating Budget. (Previously distributed)

## Background Information

Toronto Water 2010 Operating Budget Recommendations

(<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24341.pdf>)

BU55.3	ACTION			Ward: All
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## 2010 Water and Wastewater Service Rate

### Origin

(October 13, 2009) Report from Deputy City Manager and Chief Financial Officer and General Manager, Toronto Water

### Recommendations

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

1. This report be considered concurrently with the 2010-2019 Capital Plan and the 2010 Operating Budget, and that:
  - a. Effective January 1, 2010, the water and wastewater rates charged to metered consumers shall be as shown below and in Appendix A (Schedule 1) attached to the report (October 13, 2009) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water.

Annual Consumption	Paid on or before the due date, \$/m3	Paid after the due date, \$/m3
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Block 1 - All consumers, including Industrial consumption of first 6,000 m <sup>3</sup>	\$2.0616	\$2.1701
Block 2 - Industrial tax class, volumes consumed over 6,000 m <sup>3</sup> , representing 28.6% reduction from the Block 1 Rate	\$1.4726	\$1.5501

- b. The water and wastewater rates charged to flat rate consumers be, effective January 1, 2010, increased by 9.0%, to the rates shown in Appendix A (Schedule 2) attached to the report (October 13, 2009) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water.
  - 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 a. and b. above.
2. With respect to assistance for low-income seniors and low-income disabled persons:
- a. The 2010 rebate for eligible low-income seniors and low-income disabled persons be set at a rate of \$0.5890 /m<sup>3</sup>, representing a 28.6% reduction from the Block 1 Rate.
  - b. The due date for submitting an actual meter reading to the City and/or allowing access to City staff to obtain an actual meter reading as required under Municipal Code Chapter 849-14.3 be extended from December 31st, of the year for which the rebate is sought, to January 31st of the following year.
  - c. The necessary amendments be made to Municipal Code Chapter 849, Water and Sewage Services and Utility Bill, to give effect to a. and b. 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 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.

### Summary

This report recommends the 2010 water and wastewater service rates arising from concurrent adoption of the 2010 Toronto Water Recommended Operating and Capital Budgets. The 2010 Block 1 rate is recommended to increase by 9%, and in accordance with previously adopted Enhancing Toronto's industrial competitiveness initiatives, Block 2 rate is to be one third of Block 1 rate, resulting in a 3% increase.

### 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 2010 Toronto Water Operating and Capital Budgets, and updated consumption forecast, a rate increase of 9.0% for 2010 is necessitated in the Block 1 domestic-use rate for all consumers (the “Block 1 Rate”) to the rate of \$2.0616 per cubic meter, and a rate increase of 3% is necessitated in the Block 2 process-use rate for eligible industrial users on their volumes over 6,000 m<sup>3</sup>/year (the “Block 2 Rate”) to the rate of \$1.4726 per cubic meter. The effective increase from the combined blocks is 8.6% in rate supported revenue and necessary to support the Program’s recommended 2010 Operating Budget and 2010-2019 Capital Budget requirements.

The average home consuming 300 m<sup>3</sup>/year, being a Block 1 Rate consumer, will see an increase of 9% or \$51 in their water bill (from \$567 in 2009 to \$618 for 2010), which is in the range of annual increases previously forecasted and widely publicized. The average impact for typical consumers is shown in Chart 1 in the report (October 13, 2009) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water.

Pursuant to Council’s previously approved industrial water user competitive strategy, to phase-in their water rate to the target of a 30% reduction over domestic consumers, for 2010, the City’s Block 2 Rate differential below the Block 1 will increase from 24.4% to 28.6%, and this reduced rate increase will continue over the next year when the target of 30% differential below the Block 1 Rate will be achieved. An eligible industrial consumer who, for example, consumes 1,000,000 m<sup>3</sup>/year, will see an effective increase in their water bill of 3.05% in 2010. The policy also provides for a rebate equivalent to the difference between the Block 1 and Block 2 Rates to assist eligible low-income seniors and low-income disabled persons.

## Background Information

2010 Water and Wastewater Service Rate

(<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24329.pdf>)

BU55.4	ACTION			Ward: All
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## Solid Waste Management Services 2010-2019 Capital Program

### Origin

(October 19, 2009) Report from City Manager and Chief Financial Officer

### Recommendations

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for Solid Waste Management Services with a total project cost of \$51.576 million and a 2010 cash flow of \$75.128 million and future year commitments of \$96.389 million. The 2010 Recommended Capital Budget consists of the following:

- a. New Cash Flow Funding for:
    - i. 11 new sub-projects with a 2010 total project cost of \$51.576 million that requires cash flow of \$40.700 million in 2010 and future year commitments of \$8.626 million in 2011, \$1.350 million in 2012 and \$0.900 million in 2013;
    - ii. 13 previously approved sub-projects with a 2010 cash flow of \$21.213 million and future year commitments of \$78.313 million in 2011 and \$7.200 million in 2012; and
  - b. 2009 approved cash flow for 7 previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$13.115 million.
2. Council approve the operating impacts of \$5.790 million in 2011 to 2019 including \$4.774 million in 2011, \$0.195 million in 2012, \$0.228 million in 2013, \$0.103 million in 2014, \$0.105 million in 2015, \$0.107 million in 2016, \$0.053 million in 2017, \$0.111 million in 2018 and \$0.114 million in 2019 that emanate from the approval of the 2010 Recommended Capital Budget be considered within the overall scope of Solid Waste Management Services' 2011 Operating Budget and future year operating budgets.
  3. Council approve that all sub-projects with third party financing be approved conditionally, subject to the receipt of such funding 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. Council approve the 2011-2019 Capital Plan for Solid Waste Management Services totalling \$473.975 million in project estimates, comprised of \$158.249 million in 2011, \$131.326 million in 2012, \$65.078 million in 2013, \$33.409 million in 2014; \$16.250 million in 2015, \$14.852 million in 2016, \$14.918 million in 2017, \$20.193 million in 2018, and \$19.700 million in 2019.
  5. The General Manager of Solid Waste Management Services report to the Public Works and Infrastructure Committee by May 2010, to provide a status update of the assessment appeal related to the Green Lane Land Transfer Tax and on the likelihood of recouping the reserve funding.
  6. This report be considered concurrently with the 2010 Recommended Residential Solid Waste Rate Report (October 2009), from the Deputy City Manager and Chief Financial Officer and the General Manager for Solid Waste Management Services.

## **Summary**

Forwarding the Solid Waste Management Services 2010-2019 Capital Program. (Previously distributed)

## **Background Information**

Solid Waste Management Services 2010-2019 Capital Program Recommendations

<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24342.pdf>

<b>BU55.5</b>	<b>ACTION</b>			Ward: All
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## **Solid Waste Management Services 2010 Operating Budget**

### **Origin**

(October 19, 2009) Report from City Manager and Chief Financial Officer

### **Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. The 2010 Recommended Operating Budget for Solid Waste Management Services of \$319.821 million gross funded by \$319.821 million in solid waste user rates and other recoveries comprised of the following services, be approved:

Service:	Gross (\$000s)	Net (\$000s)
Program Support	66,388.5	(195,743.5)
Collection	109,022.1	104,203.8
Transfer	26,480.8	17,154.2
Processing	52,112.9	30,289.2
Disposal	65,817.2	44,096.3
<b>Total Program Budget</b>	<b>319,821.4</b>	<b>0.0</b>

2. The General Manager of Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer develop a multi-year fee strategy and report to Budget Committee as part of the 2011 Budget process.
3. The General Manager Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer report to Budget Committee as part of the 2010 Year-End Variance Report on the actual net contribution to the Waste Management Reserve Fund.
4. Solid Waste Management Services in consultation with the Financial Planning Division review, the long-term adequacy of the Waste Management Reserve Fund including contribution levels required to fund the Solid Waste Management Capital Plan prior to the 2011 Operating Budget process.
5. This report be considered concurrently with the “Recommended 2010 Solid Waste Rates” (October 2009) report from the Deputy City Manager and Chief Financial Officer and General Manager for Solid Waste Management Services.

### **Summary**

Forwarding the Solid Waste Management Services 2010 Operating Budget. (Previously distributed)



## Background Information

Solid Waste Management Services 2010 Operating Budget Recommendations  
<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24343.pdf>

## 5a Review of Landfill Disposal Fees Delegation

### Origin

(October 19, 2009) Report from General Manager, Solid Waste Management Services

### Summary

As requested by City Council, this report is to provide an annual update to the Budget Committee on the exercise of the delegated authority by the Director of Transfer and Disposal Operations, Solid Waste Management, for the period from October 1, 2008 to September 30, 2009 in determining disposal fees for the Green Lane Landfill.

A second review of a similar nature by the City's Internal Audit Division will take place in 2010.

### Background Information

Review of Landfill Disposal Fees Delegation  
<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24331.pdf>

BU55.6	ACTION			Ward: All
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## Recommended 2010 Solid Waste Rates

### Origin

(October 16, 2009) Report from General Manager, Solid Waste Management Services and Deputy City Manager and Chief Financial Officer

### Recommendations

The General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer recommend that:

1. The 2010 Residential Solid Waste Rates and Solid Waste Management Fees for Agencies, Boards, Commissions and Departments and Schools as set out in Appendix A of the report (October 16, 2009) from the General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer, be approved.

### Summary

This report outlines the proposed 2010 Residential Solid Waste Rates and 2010 Solid Waste Management (SWM) Fees for Agencies, Boards, Commissions and Departments (ABCD's) and Schools. The proposed rates and fees represent a 2% increase from 2009.

**Background Information**

Recommended 2010 Solid Waste Rates

(<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24332.pdf>)

Appendix A

(<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24333.pdf>)

Appendix B

(<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24334.pdf>)

Appendix C

(<http://www.toronto.ca/legdocs/mmis/2009/bu/bgrd/backgroundfile-24335.pdf>)