



**STAFF REPORT  
ACTION REQUIRED**

**Amendments to the Municipal Code Chapter 441 - Fees and Charges, Chapter 849 – Water and Sewage Services and Utility Bill and Chapter 681 - Sewers**

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| <b>Date:</b>             | January 16, 2009                                |
| <b>To:</b>               | Public Works and Infrastructure Committee       |
| <b>From:</b>             | Lou Di Gironimo, General Manager, Toronto Water |
| <b>Wards:</b>            | All   |
| <b>Reference Number:</b> | P:\2009\Cluster B\TW\pw09002                    |

**SUMMARY**

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This report recommends several Municipal Code amendments to update various clauses applicable to Toronto Water operations. Specifically addressed within the report are fees established to equitably address current discrepancies in costs charged for the discharge of non-City supplied water to the sanitary sewers when compared to the cost paid by all other users of the sewer system.

The report also rectifies an administrative oversight by incorporating into the appropriate Municipal Code Chapters a fee for minor industrial waste or other appropriate sanitary sewer discharges; the eligibility requirements under the sewer surcharge rebate program related to the industrial use of water; and to update a definition under Municipal Code Chapter 681 - Sewers.

To promote water conservation the need for a Sanitary Sewer Service Discharge Agreement as defined under the Municipal Code Chapter 681 - Sewers will be eliminated when non-City water is used for flushing within washroom facilities.

**RECOMMENDATIONS**

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The General Manager of Toronto Water recommends to the Public Works and Infrastructure Committee that:

1. Municipal Code Chapter 849 - Water and Sewage Services and Utility Bill, ARTICLE I – Rebates, and Article II – Rates, be amended in accordance with the draft amending By-law attached as Appendix “A” to this Report;

2. Municipal Code Chapter 441 – Fees and Charges, Appendix A, Waste Collection and Disposal Fees and Water and Sewer Usage Rates, Schedule 4, Wastewater, be amended in accordance with the draft amending By-law attached as Appendix “B” to this Report;
3. Municipal Code Chapter 681 - Sewers be amended in accordance with the draft amending By-law attached as Appendix “C” to this Report;
4. 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 and General Manager, Toronto Water; and
5. The appropriate City officials be authorized and directed to take the necessary actions to give effect thereto.

## **Financial Impact**

This report updates and harmonizes the sanitary discharge agreement rate to become the same as the current sewer service rate as established by Municipal Code §849-23 or any successor provision. This rate will be established to reflect the cost of treatment for wastewater resulting from private water discharged into the sanitary sewer which is currently set at 57% of the Block 1 water rate. The increase in the rate for 2009 will be offset by a 90% decrease in the volume of water billed for sanitary discharges due to the loss of a major customer. Expected revenue from sanitary discharge agreements for 2009 is \$250,000.

The Acting Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

Section 6 of Municipal Code Chapter §681 - Sewers enables industries to enter into a Sanitary Discharge Agreement with the City to permit the discharge into the City sanitary or combined sewer system water that does not originate from the City water supply system, such as lake water or groundwater, provided that it meets the Sewer Use By-law requirements. This type of water is generally referred to as private water. The 2003 staff report related to this subject can be found at:

<http://www.toronto.ca/legdocs/2003/agendas/committees/wks/wks030924/it001.pdf>

## **ISSUE BACKGROUND**

Municipal Code Chapter 681 - Sewers regulates the discharges to the City’s sewer system. Changes are recommended to address issues of fairness with respect to rates that are charged. Furthermore, amendments are required to Municipal Code Chapter 441 – Fees and Charges for various fees authorized by Council but not incorporated into this

Chapter. Additional amendments are required to promote water conservation activities through the use of rainwater for flushing within washroom facilities.

To incorporate these changes into law, amendments are required to Municipal Code Chapter 441 - Fees and Charges; Municipal Code Chapter 849 - Water and Sewage Services and Utility Bill; and Municipal Code Chapter 681 - Sewers.

## **COMMENTS**

### 1) Sanitary Discharge Rate

Under the Sanitary Discharge Agreement, a sewer surcharge rate of \$0.61 per cubic meter is charged for private water discharged to a sanitary or combined sewer. All other users of the sewer system who discharge City supplied water are charged a sewer service rate of 57% of the combined water and sewer rate to cover the cost of wastewater treatment. This currently equates to \$1.08 per cubic metre at the Block 1 water rate. To be fair and equitable to all sewer users, the private water dischargers should be charged a rate consistent with the sewer service rate calculated at the Block 1 water rate in accordance with the draft amending By-law attached as Appendix "A" to this report.

The Economic Development, Culture & Tourism Division was consulted and agreed to the approach by Toronto Water which ensures all users of the sewer system are treated equitably. A Public Notice was issued the week of January 12, 2009 announcing the recommended rate change. There was also a communication with the Toronto Industry Network to advise their members that in order to be fair and equitable to all sewer users there is the need to change the rate.

The rate increase will have a minimal effect on the business community as approximately 30 businesses will be affected. The average financial impact on their overall operation would amount to approximately \$8,000 per year. The main activity impacted will be those properties undergoing groundwater cleanup and/or site decommissioning where the effluent cannot attain the storm sewer discharge limits as defined in Municipal Code Chapter 681 - Sewers. Typically, this type of discharge can generally comply with the sanitary sewer discharge limits. To complete decommissioning work, businesses need to discharge effluent to the sanitary sewer and it is recommended that they be charged a rate equivalent to that paid by all other users of the sewer system.

This rate change is recommended for incorporation into Municipal Code Chapter 441 - Fees and Charges as defined in the draft amending By-law attached as Appendix "B".

### 2) Minimum Surcharge Fee

On August 15, 1991, Metropolitan Toronto Council adopted Clause 20 Report No. 18 of the Works Committee giving authority to levy a surcharge in the case of a one-time, infrequent or small quantity discharge of private water or industrial liquid waste to the sanitary or combined sewer at a rate of \$500 minimum without requiring a formal agreement.

Due to an administrative oversight this Council decision was not included into Municipal Code Chapter 441 - Fees and Charges and Chapter 681 - Sewers. Authority is requested to incorporate the corresponding fee into Municipal Code Chapter 441 - Fees and Charges as defined in the draft amending By-law attached as Appendix “B” and to amend Municipal Code Chapter 681 - Sewers as described in the draft amending By-law in Appendix “C”.

### 3) Eligibility Criteria for Sewage Rebates

Toronto Water has only approved rebate applications based on the on-site usage of water consumed as a product ingredient or cooling process supported by a detailed engineering report for each company making an application for this program. This approach stems from a former Metropolitan Toronto By-law that was not fully incorporated into Municipal Code Chapter 849 - Water and Sewage Services and Utility Bill at the time of its enactment. An amendment as defined in the draft amending By-law attached as Appendix “A” identifies eligible water consumption processes which are limited to the on-site consumption of water:

- a) as a product ingredient;
- b) in cooling processes; and
- c) not otherwise released onto the consumers land or indirectly to the sanitary or combined sewer system.

### 4) Prohibition of Non-City Water to the Sewer

The City has programs designed to improve its natural environment. One of these programs is the Water Efficiency Program which includes methods and incentives (such as the offering of incentives for the replacement and installation of City approved water efficient toilets) to reduce the use of City supplied water in the residential, industrial, commercial and institutional sectors. Reductions in the use of City supplied water defers the need for the City to expand its water supply and wastewater treatment plants and the associated infrastructure, thereby representing a cost savings to the City while promoting water conservation. The use of rainwater for flushing washroom fixtures is an alternative way for consumers to reduce their use of City supplied water. Since rainwater is a source of non-City water, the use of it for washroom facilities would be subject to a Sanitary Discharge Agreement. The current provisions of Municipal Code Chapter §681 - Sewers may discourage the use of rainwater for this use therefore reducing opportunities in achieving the City’s water conservation objectives. It is recommended that the use of rainwater for washroom facilities be exempt from the requirement in Municipal Code Chapter §681 - Sewers as described in the draft amending By-law in Appendix “C. .

### 5) Definition of Grab Sample

The current definition in Municipal Code Chapter 681 - Sewers that specifies the minimum sample volume required for a grab sample does not reflect the advances in analytical procedures. Analytical laboratories now have the capability to test for certain chemical substances regulated by Municipal Code Chapter 681 - Sewers using

significantly less sample volumes than currently specified. As a result, the definition of a grab sample requires modification as defined in Appendix “C” to reflect these advances.

Legal Services has been consulted in the preparation of this report.

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## **SIGNATURE**

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Lou Di Gironimo  
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Toronto Water

## **ATTACHMENT**

1. Appendix A - List of Proposed Chapter 849 Changes
2. Appendix B – List of Proposed Chapter 441 Changes
3. Appendix C – Proposed Chapter 681 Changes