



Budget Committee

Meeting No. 16 (Special) **Contact** Merle MacDonald, Committee Administrator
Meeting Date Thursday, November 10, 2011 **Phone** 416-392-7340
Start Time 9:30 AM **E-mail** buc@toronto.ca
Location Committee Room 1, City Hall **Chair** Councillor Mike Del Grande

BU16.1	ACTION	Adopted		Ward:All
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2012 Water and Wastewater Rates and Service Fees

Committee Decision

The Budget Committee recommends to the Executive Committee that:

1. City Council consider the report (November 9, 2011) from the Deputy City Manager and Chief Financial Officer, and the General Manager, Toronto Water, respecting the 2012 Water and Wastewater Rates and Service Fees concurrently with the 2012-2021 Capital Plan and the 2012 Operating Budget, and that:
 - a. Effective January 1, 2012, the combined water and wastewater rates charged to metered consumers shall be as shown below and in Appendix B attached to the report (November 9, 2011) 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
Block 1 - All consumers, including Industrial consumption of first 6,000 m ³	\$2.4897	\$2.6209
Block 2 - Industrial tax class, volumes consumed over 6,000 m ³ , representing 30 percent reduction from the Block 1 Rate	\$1.7428	\$1.8345

- b. The water and wastewater rates charged to flat rate consumers be increased by 9 percent, effective January 1, 2012, to the rates shown in Appendix B attached to the report (November 9, 2011) from the Deputy City Manager and Chief

Financial Officer, and the General Manager, Toronto Water;

- c. Effective January 1, 2012, the water and wastewater service fees shall be as shown in Appendix C attached to the report (November 9, 2011) from the Deputy City Manager and Chief Financial Officer, and the General Manager, Toronto Water;
- d. Effective January 1, 2012, an inspection fee be charged for the reuse of residential City sewer connection up to 150 mm with the fee to be set at \$500.00 per service to be reused, as set out in Appendix C - Schedule 3, Wastewater Services, Ref. No. 15, attached to the report (November 9, 2011) from the Deputy City Manager and Chief Financial Officer, and the General Manager, Toronto Water;
- e. Effective January 1, 2012, a fee be charged for Technical Review by Toronto Water staff – Application to Toronto Water for exemption to permit the construction of a driveway sloped downwards towards a residential building with the fee to be set at \$1,500.00 per application, as set out in Appendix C - Schedule 3, Wastewater Services, Ref. No. 16, attached to the report (November 9, 2011) from the Deputy City Manager and Chief Financial Officer, and the General Manager, Toronto Water;
- f. Effective January 1, 2012, a fee be charged for Technical Review by Toronto Water staff – Application to Toronto Water for new connection or relocation of storm, sanitary or water supply connection with the fee to be set at \$300 minimum fee; additional \$74/hour for each hour after 4 hours to a maximum fee of \$1,500 per application, as set out in Appendix C - Schedule 3, Wastewater Services, Ref. No. 17, attached to the report (November 9, 2011) from the Deputy City Manager and Chief Financial Officer, and the General Manager, Toronto Water;
- g. Effective January 1, 2012, a fee be charged for Technical Review by Toronto Water staff - Application to Toronto Water for request to encroach within a City permanent or temporary easement (related to City water and sewer infrastructure) with the fee to be set at \$300 minimum fee; additional \$74/hour for each hour after 4 hours to a maximum fee of \$1,500 per application, as set out in Appendix C - Schedule 3, Wastewater Services, Ref. No. 18; attached to the report (November 9, 2011) from the Deputy City Manager and Chief Financial Officer, and the General Manager, Toronto Water;
- h. Effective January 1, 2012, a fee be charged for Technical Review by Toronto Water staff – Application to Toronto Water for request to release from title a City easement (related to City water and/or sewer infrastructure) with the fee to be set at \$300 minimum fee; additional \$74/hour for each hour after 4 hours to a maximum fee of \$1,500 per application, as set out in Appendix C – Schedule 3, Wastewater Services, Ref. No. 19; attached to the report (November 9, 2011)

from the Deputy City Manager and Chief Financial Officer, and the General Manager, Toronto Water.

2. With respect to assistance for low-income seniors and low-income disabled persons:
 - a. The rebate for eligible low-income seniors and low-income disabled persons be set at a rate of \$0.7469 /m³, effective January 1, 2012, representing a 30 percent reduction from the Block 1 Rate (paid on or before the due date).
3. City Council authorize, effective January 1, 2012, amendments to Municipal Code Chapter 849 – 18 "Eligibility for Block 2 Rate" by way of removing the eligibility criteria for Block 2 rate customers contained in sections 849 - 18 (C), (D) and (E) pertaining to
 - a. compliance with the City's Sewers By-law;
 - b. installing effluent monitoring equipment accessible to City staff on a twenty-four hour basis; and
 - c. providing a comprehensive water conservation plan.
4. City Council authorize staff to consult with the City's major water stakeholders on funding options to address the capital funding deficiencies of the Program, including potential changes to the water rate pricing structure, and report back through the appropriate Committee in June 2012 so that any approved changes can be incorporated into the 2013 Toronto Water Budget and Rate Setting Process.
5. City Council authorize the necessary amendments to Municipal Code Chapter 441, Fees and Charges and Municipal Code Chapter 849, Water and Sewage Services and Utility Bill, and any other necessary Municipal Code Chapters as may be required, to give effect to Recommendations (1), (2) and (3) above.
6. City Council authorize 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 & Chief Financial Officer and General Manager, Toronto Water.
7. City Council authorize and direct the appropriate City officials to take the necessary actions to give effect thereto.

Toronto Water - 2012 Recommended Operating Budget

8. City Council approve the 2012 Recommended Operating Budget for Toronto Water of \$381.553 million gross and \$511.780 million in capital-from-current contribution, as funded by the water and wastewater user rates and other recoveries, comprised of the following services:

<u>Service(s)</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Water Supply & Treatment	66,916.0	0
Wastewater Treatment	103,356.4	0
District Operations	88,969.0	0
Water Infrastructure Management	9,557.8	0
Business Operations Management	17,961.6	0
Operational Support	36,398.1	0
Program Support	58,667.3	0
Capital—from—Current Contribution	<u>511,779.7</u>	<u>0</u>
Total Program Budget	<u>893,332.9</u>	<u>0</u>

9. City Council maintain the information in Confidential Attachment 1 as confidential until the outcome of City Council's decision has been communicated to the Union and affected staff.

Toronto Water – 2012-2021 Capital Plan

10. City Council approve the 2012 Recommended Capital Budget for Toronto Water with a total project cost of (\$84.206 million), and 2012 cash flow of \$607.517 million and future year commitments of \$1.876 billion comprised of the following:
- a) New Cash Flow Funding for:
 - i) 258 new/change in scope sub-projects with a 2012 total project cost of (\$84.206 million) that requires cash flow of \$31.181 million in 2012 and a future year commitment/commitment adjustment of (\$46.332 million) in 2013, (\$116.851 million) in 2014, (\$71.573 million) in 2015, \$34.857 million in 2016, (\$6.715 million) in 2017, \$34.232 million in 2018, \$32.688 million in 2019, (\$9.625 million) in 2020 and \$33.932 million in 2021; and
 - ii) 208 previously approved sub-projects with a 2012 cash flow of \$576.336 million and a future year commitment of \$574.174million in 2013, \$503.660 million in 2014, \$406.285 million in 2015, \$171.223 million in 2016, \$121.741 million in 2017, \$89.599 million in 2018, \$69.707 million in 2019 and \$54.928 million in 2020;
11. City Council approve the 2013-2021 Recommended Capital Plan for Toronto Water totalling \$5.393 billion in project estimates, comprised of \$128.956 million in 2013; \$351.171 million in 2014; \$432.900 million in 2015; \$568.497 million in 2016;

\$659.022 million in 2017; \$694.189 million in 2018; \$769.076 million in 2019; \$883.792 million in 2020; and \$905.115 million in 2021;

12. City Council consider operating impacts of \$0.150 million in 2014; \$0.397 million in 2015; \$0.346 million in 2016; \$0.152 million in 2017; \$0.053 million in 2018; \$0.115 million in 2019; \$6.990 million in 2020; and, \$4.878 million in 2021 emanating from the approval of the 2012 Recommended Capital Budget for inclusion in the 2012 and future year operating budgets;
13. City Council approve the transfer of \$18.455 million to the Water Capital Financing Reserve (XR6003) from the Toronto Universal Metering project (CPW515-1);
14. City Council approve the transfer of \$13.760 million to the Wastewater Capital Financing Reserve (XR6004) from the 2004 Sewer Development Charge Reserve (XR2026); and
15. City Council request the General Manager of Toronto Water in consultation with the Deputy City Manager and Chief Financial Officer to report to the Budget Committee in June 2012 on strategies to maximize funding capacity and/or provide reductions in current project costs to address existing and emerging unfunded capital priorities for consideration prior to the 2013 Capital Budget process.

Decision Advice and Other Information

The Budget Committee:

1. Held a public meeting on Thursday, November 10, 2011, and notice was given in accordance with the Municipal Code, Chapter 441, Fees.
2. Requested the Deputy City Manager and Chief Financial Officer, and the General Manager, Toronto Water, to provide Briefing Notes to the Executive Committee at its meeting on November 21, 2011, on the following:
 - a. Implementation of Automated Meter Reading as a result of the transfer of \$18 million to the Capital Reserve.
 - b. Cost assumptions for the projected revenue loss associated with eliminating the eligibility criteria for Block 2 rate customers.
3. Received the presentation from the General Manager, Toronto Water, entitled "2012 Recommended Operating Budget and 2012 – 2021 Capital Plan," and the 2012 Capital Budget Briefing Note on the Basement Flooding Protection Program - Project List: 2012 to 2016.

Origin

(November 9, 2011) Report from the Deputy City Manager and Chief Financial Officer and General Manager, Toronto Water

Background Information

(November 10, 2011) Presentation by General Manager, Toronto Water on the Toronto Water 2012 Recommended Operating Budget and 2012 - 2021 Capital Plan
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42269.pdf>)

(November 9, 2011) Report and Appendix A from the Deputy City Manager and Chief Financial Officer and General Manager, Toronto Water on the 2012 Water and Wastewater Rates and Service Fees
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42240.pdf>)

(November 9, 2011) Appendix B - 2012 Water Rates for Metered and Flat Rate Customers and Appendix C 2012 Water and Wastewater Service Fees
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42241.pdf>)

(November 2, 2011) Public Notice: Proposed Amendments to the City of Toronto Municipal Code for Increases to the Water and Wastewater Consumption Rates and Certain Water and Wastewater Service Fees and the Introduction of New Service Fees
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42149.pdf>)

(November 2, 2011) Appendices A and B of the Public Notice for Schedules 1, 2 and 3 for the Water and Wastewater Consumption Rates
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42150.pdf>)

(November 4, 2011) City Budget 2012 Toronto Water Capital Budget Analyst Notes
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42266.pdf>)

(November 4, 2011) City Budget 2012 Toronto Water Operating Budget Analyst Notes
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42267.pdf>)

(November 10, 2011) Revised Toronto Water Program Appendix 3 - 2012 Recommended Capital Budget; 2013 to 2021 Capital Plan
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42276.pdf>)

(November 10, 2011) Revised Toronto Wastewater Program Appendix 3 - 2012 Recommended Capital Budget: 2013 to 2021 Capital Plan
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42277.pdf>)

(November 10, 2011) Appendix 4 - Toronto Water Capital Program - 2012 Recommended Cash Flow and Future and Year Commitments
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42280.pdf>)

(November 10, 2011) Appendix 4 - Toronto Wastewater Capital Program - 2012 Recommended Cash Flow and Future Year Commitments
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42281.pdf>)

(November 10, 2011) Appendix 5 - Toronto Water Capital Program - 2012 Recommended Capital Project with Financing Details
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42282.pdf>)

(November 10, 2011) Appendix 5 - Toronto Wastewater Capital Program - 2012 Recommended Capital Project with Financing Details
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42283.pdf>)

(November 10, 2011) Appendix 3 - Toronto Water Operating Program - Summary of 2012 Recommended Service Changes
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42291.pdf>)

(November 10, 2011) Appendix 4 - Toronto Water Operating Program - Summary of 2012 Recommended New/Enhanced Service Priority Actions
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42292.pdf>)

(November 4, 2011) Report from the Deputy City Manager and Chief Financial Officer on the 2012 Water and Wastewater Rates and Service Fees - Notice of Pending Report
(<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-42154.pdf>)

Communications

(November 9, 2011) Submission from Gerry W. Cooper, Public Policy Advisor, People for Safe Drinking Water (BU.Supp.BU16.1.1)

(November 10, 2011) Submission from Frank Moir, Highland Creek (BU.New.BU16.1.2)

(November 10, 2011) Submission from Paul Lewkowicz, Centennial Community and Recreation Association and petition on file (BU.New.BU16.1.3)

<http://www.toronto.ca/legdocs/mmis/2011/bu/comm/communicationfile-26843.pdf>

Speakers

Frank Moir

Gerry Cooper, Public Policy Advisor for People for Safe Drinking Water and Resident of Ward 25

Karen Buck

Paul Lewkowicz, Centennial Community & Recreation Association

Heather Marshall, Toronto Environmental Alliance

Aliss Terpstra

Councillor Janet Davis

Councillor Shelley Carrol

Councillor Gord Perks