

EX29.18

Decision Letter

Budget Committee

Meeting No.	36	Contact	Josephine Archbold, Administrator
Meeting Date	Friday, November 10, 2017	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 1, City Hall	Chair	Councillor Gary Crawford

BU36.1	ACTION	Amended		Ward:All
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2018 Rate Supported Budgets - Toronto Water and 2018 Water and Wastewater Consumption Rates and Service Fees

Committee Decision

The Budget Committee recommends that:

1. City Council consider the report (October 27, 2017) from the Acting Chief Financial Officer and the General Manager, Toronto Water concurrently with the 2018-2027 Toronto Water Capital Plan and the 2018 Toronto Water Operating Budget.

Rates and Fees

2. City Council adopt:
 - a. Effective January 1, 2018, the combined water and wastewater consumption rates charged to metered consumers as shown below and in Appendix B attached to the report (October 27, 2017) from the Acting 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 of water, including the first 5,000 cubic metres per year consumed by Industrial users ("Block 1 rate")	3.8036	4.0037
Block 2 - Industrial process – use water consumption over 5,000 cubic metres per year, representing a 30% reduction from the Block 1 Rate ("Block 2 rate")	2.6623	2.8024

- b. Effective January 1, 2018, an increase of 5 percent to the water and wastewater consumption rates charged to flat rate consumers, as set out in Appendix B to the report (October 27, 2017) from the Acting Chief Financial Officer and the General Manager, Toronto Water;

- c. Effective January 1, 2018, the water and wastewater service fees, as set out in Appendix C to the report (October 27, 2017) from the Acting Chief Financial Officer and the General Manager, Toronto Water; and
 - d. Effective January 1, 2018, the water rebate for eligible low-income seniors and low-income disabled persons be set at a rate of \$1.1410/m³, representing a 30 percent reduction from the Block 1 rate (paid on or before the due date).
3. City Council direct that all the rates, fees and charges set out in Appendices B and C to the report (October 27, 2017) from the Acting Chief Financial Officer and the General Manager, Toronto Water, and the water rate rebate, adopted by Council in recommendation 2 above, continue in full force and effect until such time as they are amended or repealed by Council.
 4. City Council authorize that the necessary amendments be made 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, and any other necessary Municipal Code Chapters as may be required, to give effect to these Recommendations.
 5. City Council grant authority 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 Chief Financial Officer and General Manager, Toronto Water.
 6. City Council authorize and direct the appropriate City officials to take the necessary actions to give effect thereto.

Capital Budget

7. City Council approve the 2018 Recommended Capital Budget for Toronto Water with a total project cost of \$1.842 billion, and 2018 cash flow of \$ 964.089 million and future year commitments of \$ 5.157 billion comprised of the following:
 - a. New Cash Flow Funds for:
 - i. 335 new / change in scope sub-projects with a 2018 total project cost of \$1.842 billion that requires cash flow reduction of \$146.796 million in 2018 and future year cash flow commitments of \$433.544 million for 2019; \$434.355 million for 2020; \$370.877 million for 2021; \$259.002 million for 2022; \$182.901 million for 2023; \$88.646 million for 2024; \$40.737 million for 2025; \$107.083 million for 2026; and \$71.985 million for 2027;
 - ii. 286 previously approved sub-projects with a 2018 cash flow of \$1.012 billion; and future year cash flow commitments of \$811.796 million for 2019; \$616.290 million for 2020; \$442.761 million for 2021; \$357.754 million for 2022; \$320.691 million for 2023; \$280.639 million for 2024; \$244.423 million for 2025; and \$93.968 million for 2026;
 - b. 2017 approved cash flow for 183 previously approved sub-projects with carry forward funding from 2017 into 2018 totalling \$98.868 million.

8. City Council approve the 2019 - 2027 Recommended Capital Plan for Toronto Water totalling \$6.702 billion in project estimates, comprised of \$202.994 million for 2019; \$411.500 million for 2020; \$558.996 million for 2021; \$618.112 million for 2022; \$795.058 million for 2023; \$874.430 million for 2024; \$992.793 million for 2025; \$1.072 billion for 2026 and \$1.176 billion in 2027.

9. City Council consider the operating costs of \$1.496 million net in 2018; \$0.984 million net in 2019; \$1.494 million net in 2020; \$0.848 million net in 2021; \$2.203 million net in 2022; \$0.050 million net in 2023; and \$1.0 million net in 2025, resulting from the approval of the 2018 Recommended Capital Budget for inclusion in the 2018 and future year operating budgets.

10. City Council approve 3 new temporary capital positions for the delivery of 2018 capital projects and that the duration for each temporary position not exceed the life and funding of its respective projects / sub-projects.

11. All sub-projects with third party financing be approved conditionally, subject to the receipt of such financing in 2018 and if such funding is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

12. City Council consider the 2018 - 2027 Recommended Capital Budget and Plan - Toronto Water concurrently with the report (October 27, 2017) from the Acting Chief Financial Officer and the General Manager, Toronto Water.

Operating Budget

13. City Council approve the 2018 Recommended Operating Budget for Toronto Water of \$446.383 million gross, and \$842.594 million net in capital-from-current contribution for the following services:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Water Treatment & Supply	190,610.2	374,813.4
Wastewater Collection & Treatment	225,396.5	493,356.1
Stormwater Management	30,376.4	(25,575.6)
Total Program Budget	446,383.2	842,593.9

14. City Council approve the 2018 service levels for Toronto Water as outlined on pages 18, 21, and 24 of this report, and associated staff complement of 1,761.65 positions, comprising 56.35 capital positions and 1,705.3 operating positions.

15. City Council consider the 2018 Staff Recommended Operating Budget - Toronto Water concurrently with the report (October 27, 2017) from the Acting Chief Financial Officer and the General Manager, Toronto Water.

Decision Advice and Other Information

The Budget Committee requested:

1. The General Manager, Toronto Water, to report to the Executive Committee on November

29, 2017 with a status update on Wet Weather Flow Management Plan and options for expediting the implementation of the plan.

2. The General Manager, Toronto Water, to report to the Executive Committee on November 29, 2017, with a summary of the climate change mitigation strategies included in the 2018-2027 Toronto Water Capital Plan.

3. The General Manager, Toronto Water, in consultation with the Chief Financial Officer, to report to the Budget Committee, as part of the 2019 Budget process, on strategies to build and maintain adequate water reserve levels.

Origin

(October 27, 2017) Report from the Acting Chief Financial Officer and the General Manager, Toronto Water

Summary

This report presents the recommended 2018 water and wastewater consumption rates and service fees arising from concurrent adoption of the recommended 2018 Toronto Water Operating and Capital Budgets.

Council, as part of 2015 budget approval process, endorsed that the 10 year capital plan be premised on 8 percent water and wastewater consumption rate increases in 2015 and 2016 followed by successive 5 percent increases in 2017 and 2018, in order to reinstate approximately \$1 billion in capital funding lost from a systematic decline in consumption, and to fund emerging projects.

Accordingly, this report recommends a 5 percent water and wastewater consumption rate increase for all metered and flat rate consumers, effective January 1, 2018. In addition, this report recommends inflationary fee increases for certain water and wastewater services.

The recommended 2018 water consumption rates and user fees will allow the Program to remain fully self-funded and financially stable, with both operating and capital needs being met without excessive year-over-year fluctuations over the long term.

Background Information

(October 27, 2017) Report and Appendix A from the Acting Chief Financial Officer and General Manager, Toronto Water on 2018 Rate Supported Budgets - Toronto Water and 2018 Water and Wastewater Consumption Rates and Service Fees

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108372.pdf>

Appendix B - 2018 Water and Wastewater Consumption Rates

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108373.pdf>

Appendix C - 2018 Water and Wastewater Service Fees

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108374.pdf>

(October 27, 2017) Public Notice - 2018 Rate Supported Budgets - Toronto Water and Recommended 2018 Water and Wastewater Consumption Rates and Service Fees

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108439.pdf>

Public Notice - Appendix A - 2018 Rate Supported Budgets - Toronto Water and Recommended 2017 Water and Wastewater Consumption Rates and Service Fees

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108447.pdf>

Public Notice - Appendix B - 2018 Rate Supported Budgets - Toronto Water and

Recommended 2017 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108448.pdf>)

(November 3, 2017) 2018 Staff Recommended Capital Budget Notes - Toronto Water

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108707.pdf>)

(November 3, 2017) 2018 Capital Budget Briefing Note #1 - Basement Flooding Protection Program - Program Status Update and Basement Flooding Protection Program Summary

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108709.pdf>)

(November 3, 2017) 2018 Capital Budget Briefing Note #2 - Basement Flooding Protection Program - Project List: 2018 to 2022

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108710.pdf>)

(November 3, 2017) 2018 Staff Recommended Operating Budget Notes - Toronto Water

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108708.pdf>)

Communications

(November 6, 2017) E-mail from Otto Chan (BU.Supp.BU36.1.1)

Speakers

Derek Moran

Councillor Janet Davis