



REPORT FOR ACTION

2018 Rate Supported Budgets - Toronto Water and 2018 Water and Wastewater Consumption Rates and Service Fees

Date: October 27, 2017
To: Budget Committee
From: Acting Chief Financial Officer
General Manager, Toronto Water
Wards: All

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% water and wastewater consumption rate increases in 2015 and 2016 followed by successive 5% 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% 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.

RECOMMENDATIONS

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

1. City Council consider this report concurrently with the 2018-2027 Toronto Water Capital Plan and the 2018 Toronto Water Operating Budget.
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 this report;

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% to the water and wastewater consumption rates charged to flat rate consumers, as set out in Appendix B attached to this report;
 - c. Effective January 1, 2018, the water and wastewater service fees, as set out in Appendix C attached to this report;
 - 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% 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 & C to this report 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.

FINANCIAL IMPACT

The City of Toronto Water and Wastewater Program (the “Program”) is currently fully funded on a ‘pay-as-you-go’ basis through a combined water and wastewater rate without any reliance on property taxes or borrowing/debenture financing. The property tax supported budget is not impacted by adoption of the recommendations contained in this report.

Based on the recommended 2018 Toronto Water Operating and Capital Budgets, the updated water consumption forecast, and Council's direction that the Capital Plan be predicated on 5% rate increase in 2018 for planning purposes, a rate increase of 5% for 2018 is recommended for Block 1 consumers and Block 2 industrial process-use consumers. A 5% increase in 2018 will raise an additional \$54.4 million revenue for the Toronto Water Program.

The Toronto Water 2018 Operating and Capital Budget requires a combined water and wastewater expenditure level of \$1.289 billion, which is fully funded from the recommended 2018 water and wastewater consumption rates and service fees.

As shown in Chart 1 below, the recommended rate increase impact on an average home consuming 260 m³/year, billed at the Block 1 Rate, will be 5% or \$47 over the calendar year (from \$942 in 2017 to \$989 in 2018). The impact of the 5% increase on a commercial consumer at the Block 1 rate and an industrial consumer at the Block 2 rate with annual consumption of 100,000 m³ will be \$18,113 and \$13,005 respectively, the latter reflecting a 30% discount over Block 1 rates for eligible industrial consumers. The rate increase impact on a large industrial consumer of 1,000,000 m³ eligible for the Block 2 rate will be \$127,115.

Chart 1- Impact of Recommended 5% Rate Increase Implemented January 1, 2018

Type of Property	Average Consumption	2017 Cost	2018 Projected Cost	2017 Rate Increase Impact	
Residential	260	\$942	\$989	\$47	5.0%
Commercial	100,000	\$362,260	\$380,373	\$18,113	5.0%
Industrial	100,000	\$260,099	\$273,104	\$13,005	5.0%
Large Industrial	1,000,000	\$2,542,304	\$2,669,419	\$127,115	5.0%

The recommended increases to certain water and wastewater service fees set out in Appendix C are expected to generate additional revenue of approximately \$23,800 which is intended to offset the cost increases associated with delivering these services.

DECISION HISTORY

At its meeting on December 13, 2016, City Council adopted the water and wastewater consumption rates and service fees to be charged to metered and flat rate consumers for 2017. The 2017 Water and Wastewater Rates and Service Fees report, adopted by Council, can be viewed at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.22>

COMMENTS

ISSUE BACKGROUND

The City adopts annually a by-law to establish its water and wastewater consumption rates and service fees. Adoption of the concurrent recommended Toronto Water 2018 Operating and 2018-2027 Capital Budgets, will necessitate an increase in the 2018 water and wastewater rates as outlined in this report.

The Program also provides water and wastewater services directly to customers for which it charges a fee generally based on cost recovery. Most water and wastewater service fees are recommended to be increased by the applicable rate of inflation for 2018, except for those that are based on contracts for procured services, and which increase, therefore, reflects the actual contract price.

Given that 2018 is an election year and the first meeting of the new Council usually takes place in February of the following year, this report recommends that the rates, fees and charges adopted by Council effective January 1, 2018 continue in full force and effect until such time as they are amended or repealed by Council.

In 2006, City Council adopted a 10 year capital plan (2006-2015) based on 9 year plan of 9% rate increases to address the backlog of state of good repair projects and rapidly changing priorities related to wet weather flow management. The intention was to bring the water rate increases to the rate of inflation in 2015. However, the systematic decline in water consumption had resulted in a \$1 billion shortfall in capital funding. In order to address this shortfall, during the 2015 budget approval process, City Council adopted a motion to amend the Capital Plan for planning purposes, to reflect an 8% rate increase in 2015-2016, followed by 5% increase in 2017-2018, in order to allow for the unfunded \$1 billion of capital projects to be included in the 10 year Capital Plan. With these increases the Operating and Capital Plans are on track.

Financial Model

The financial model used to forecast water and wastewater rates is premised upon the objective that the Program remains fully self-funded and financially stable, with both operating and capital needs being met without excessive year-over-year fluctuations over the long term.

During the 2018 budget review process, staff updated the 10 year Capital Plan that will allow Toronto Water to deliver on key priorities, while also addressing emerging service improvement projects. In order to provide the necessary revenue stream for the recommended 2018-2027 Capital Plan in accordance with its project delivery schedule, staff are recommending 5% rate increases in 2018, followed by inflationary rate increase of 3% in the remaining years of the ten year plan.

Recommended Water and Wastewater Service Rate Increases

<i>Year</i>	<i>Rate Increase</i>
2018	5%
2019+	3%

Toronto Water's recommended 2018 Operating and Capital Budget, and 10-Year Capital Plan, are considered together with the projected water consumption to generate the water and wastewater rates which will self-finance the Program over the ten-year planning period, including reserve contributions. The current financing model does not rely on any debt issuance.

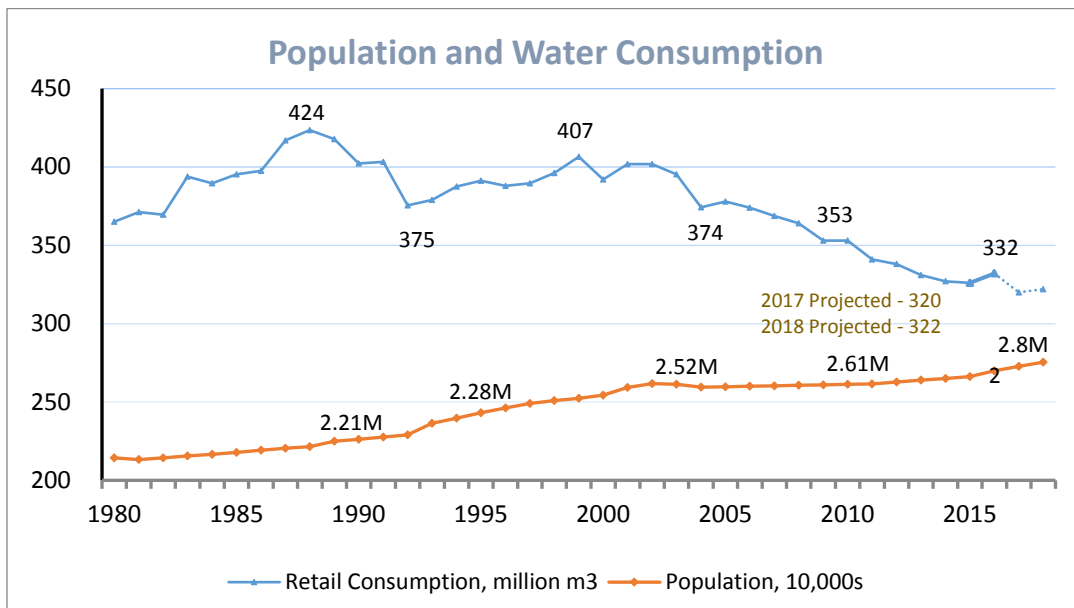
The 2018 financial model also assumes that 85% of the net Capital Budget (after grants, subsidies and other capital contributions) will be drawn from Toronto Water's Capital Reserve, based on the current capital completion level experienced by the Program, so as not to overstate actual projected funding requirements.

Water Consumption Forecast

Over the last decade, despite the increase in population, there has been a trend towards reduced consumption, as shown in Chart 2 below. Toronto's water consumption projected to 2017 year-end is estimated at 320 million cubic metres, which represents a substantial drop from 374 million cubic meters in 2005.

As can be seen from the graphs on Chart 2 and 3, we had an unusually high consumption in 2016, attributed to the hot and dry summer, and significantly lower consumption in the first 8 months of 2017, attributed to a cool and wet spring and summer.

Chart 2 - Toronto Retail Water Consumption

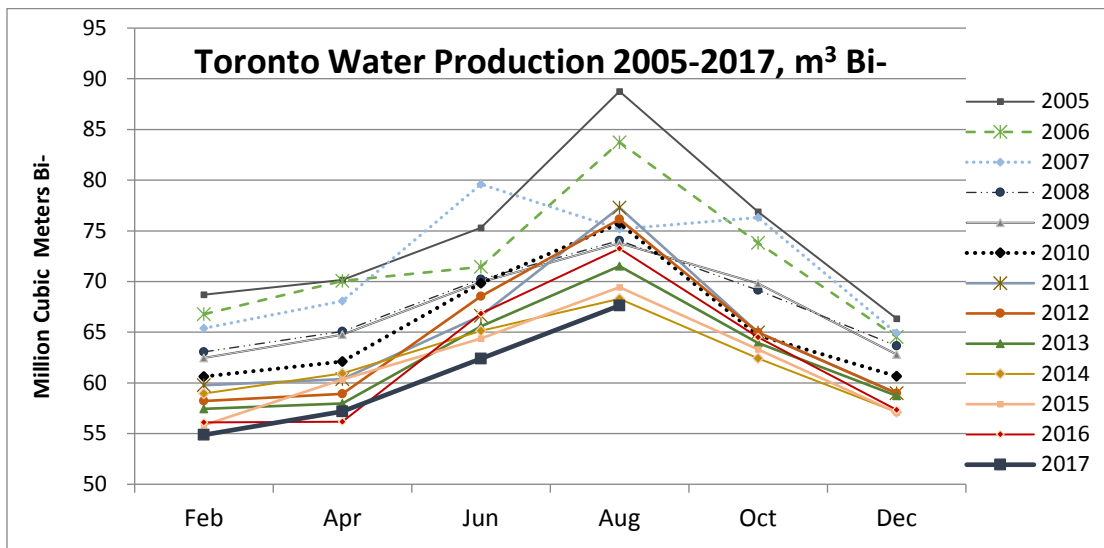


The consumption analysis of the shoulder seasons from October to April (excluding summer months) confirms that there has been a systematic reduction in base consumption. Chart 3 shows that over the last 10 full years (2007-2016), base water consumption has fallen over 15%, or 1.6% annually on average. However, in the last 5 years the average drop in winter consumption is below 1%, which shows a trend of reduced decline.

Summer consumption, although more weather dependent, also shows a reduction over the same period of over 9%, or 1% annually. The lower decline in summer consumption can be attributed to the significant fluctuations of over 7% over the last two summers. The summer consumption in 2017 was the lowest consumption in the summer months over the last 10 years, associated with the cool and wet spring and summer. It was 3% lower than 2015 and 7.0% lower than in 2016.

Although weather conditions can have an effect on consumption, the observed systematic decline in water consumption is predominantly attributed to water efficiency measures and other economic factors.

Chart 3 –Water Production (2005 to 2017)



Given that 2016 was a year with exceptionally high consumption, 2017 and 2018 consumption projections are based on 2015 actual consumption. Staff project 2017 total consumption to be 2.5% lower than 2015 actual consumption, based on the billing data to the end of August 2017, and 2018 consumption is projected to be 1.5% below 2015 actual (applying a 0.5% decrease a year). The cool and wet spring and summer in 2017 contributed to the 1.2% lower projected than budgeted consumption. Similar to previous years, staff are projecting a 0.5% decline per annum for the 10 year planning period.

2018 Operating Budget and 2018 - 2027 Capital Plan

The concurrent Toronto Water 2018 Operating and Capital Budget Notes provide details on Toronto Water’s proposed 2018 Operating and Capital Budgets. A summary of the 2018 Operating Budget and Forecast, the 2018-2027 Capital Plan, and the resulting rate requirements are presented in Appendix A, attached

to this report, together with the sources of capital financing and corresponding reserve balances.

2018 Operating Budget

The 2018 Recommended Operating Budget gross expenditure of \$446.383 million is outlined in detail in the concurrent Toronto Water 2018 Operating Budget Notes. The 2018 net expenditures inclusive of capital from current to be funded by the water rate is \$1.198 billion. A further \$90.083 million is expected to be generated from the sale of water to the Region of York (\$23.557 million) and user service fees (\$66.529 million), for a total program expenditure and revenue of \$1.289 billion. The recommended capital contribution from operations for 2018 is \$842.594 million.

2018 Recommended Operating Budget

	\$ Millions
Gross Operating Cost	\$446.383
Capital from Current	\$842.594
	\$1,288.977
Other Revenues	(\$90.083)
Net Expenditure to be Financed from Water Rates	\$1,198.893

2018 - 2027 Capital Plan

Toronto Water’s Capital Program continues to be 100% self-sustaining, largely through water revenues, with no debenture financing and no impact on the municipal property tax levy. However, declining water consumption and a number of competing infrastructure priorities have placed significant pressure on the long term capital program.

The 2018–2027 Recommended Capital Plan of \$12.823 billion ((including the 2017 carry forward funding) is based on the available funding provided by the current capital financing plan that is based on 5% water consumption rate increases in 2018 and predominantly inflationary-related water rate increases in 2019 and beyond.

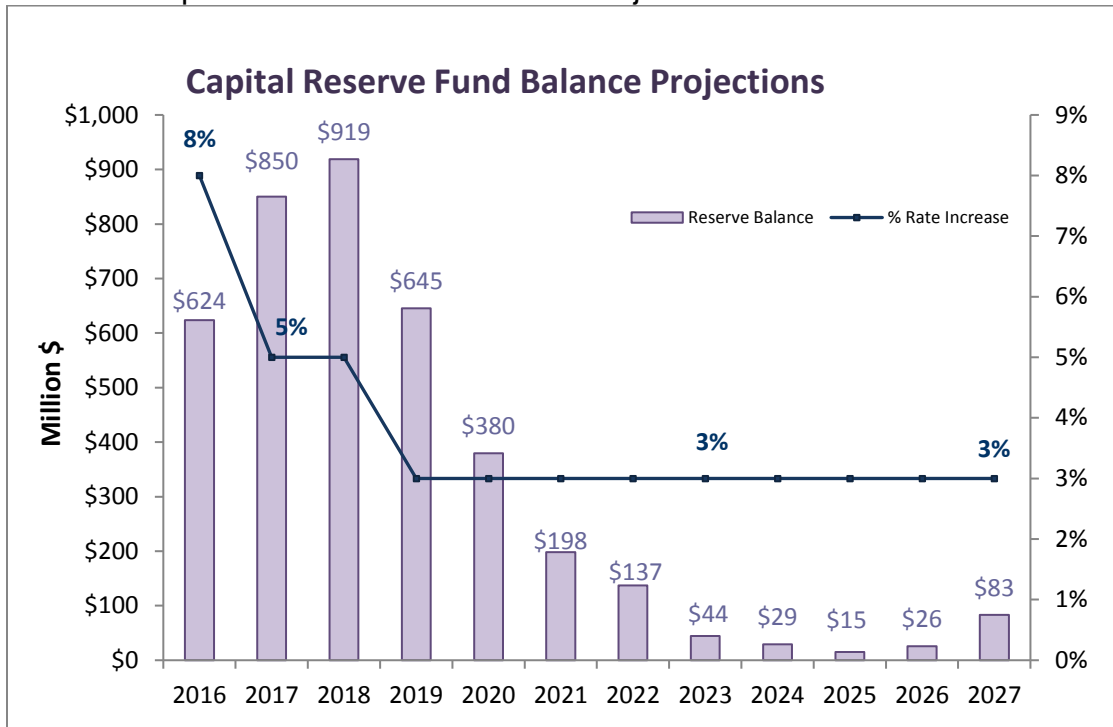
The concurrent Toronto Water 2018 Capital Budget Notes provide details on Toronto Water’s proposed 2018-2027 Capital Plan.

Capital Reserve Funds

The purpose of the Capital Reserve Funds (Water and Wastewater) is to provide funding for the capital needs of the Program. The rate model is predicated on replenishment through annual funding from Toronto Water operating budget ("capital-from-current") sufficient to ensure that an adequate balance is maintained in these reserve funds.

Chart 4 below shows the capital reserve fund balance for the period 2017-2027 and the projected annual rate increases outlined in this report. The capital reserve is being replenished to above \$600 million following the two consecutive years of 8% increases. The reserve decreases significantly after 2019 when the Capital Program is projected at above \$1.2 billion a year, incorporating all priority projects. The Capital reserve is expected to drop to about \$15 million towards the end of the 10 year planning period. Toronto Water manages and maintains assets valued at \$28 billion and a reserve of \$15 million representing only 0.05% of the infrastructure asset is considered low in case of emergencies and increasing cost of maintaining aging infrastructure.

Chart 4 - Capital Reserve Fund Balance Projection



Rate Stabilization Reserves

The purpose of the Rate Stabilization Reserves (Water and Wastewater) is to provide funding to offset unanticipated operating budget variances, primarily arising from revenue shortfalls due to uncontrollable circumstances that result in

water consumption below projected levels. Circumstances giving rise to lower than forecasted consumption can include loss of major water consumers, and unusually wet summers.

At its meeting on December, 2007, Toronto City Council directed that 1% of budgeted water user revenue, be contributed to the Water & Wastewater Stabilization reserves, apportioned as 43% to Water and 57% to Wastewater, until such time that a minimum combined balance of \$30 million be reached between them. Any excess amounts are transferred to the Capital Reserves in order to use those additional funds for capital projects.

The rate model is based on the assumption that the combined Stabilization Reserve balance is at \$30 million over the 10 year planning period and any balance above \$30 million is transferred to Capital Reserve.

Industrial Discount Rate

As of October 2017, there were 146 industrial accounts at the Block 2 rate, which receive a 30% discount compared to the Block 1 rate.

Flat-rate Accounts

As of October 2017, there were approximately 516 remaining flat-rate accounts compared to 72,000 flat-rate accounts in 2007. This report recommends a 5% increase to the water and wastewater rates charged to flat-rate consumers, as is the case with metered customers.

The City's Water Meter Program which includes City-wide water meter replacement coupled with the concurrent installation of an automated meter reading technology is now 99% complete. The remaining flat-rate accounts represent around 0.1% of the total number of accounts. The accounts that have refused the installation of an automated water meter have been subject to a flat rate legacy fee since July, 2014, which is recommended to be increased to \$1,175 for 2018.

Assistance for Eligible Low-Income Seniors and Low-Income Disabled Persons

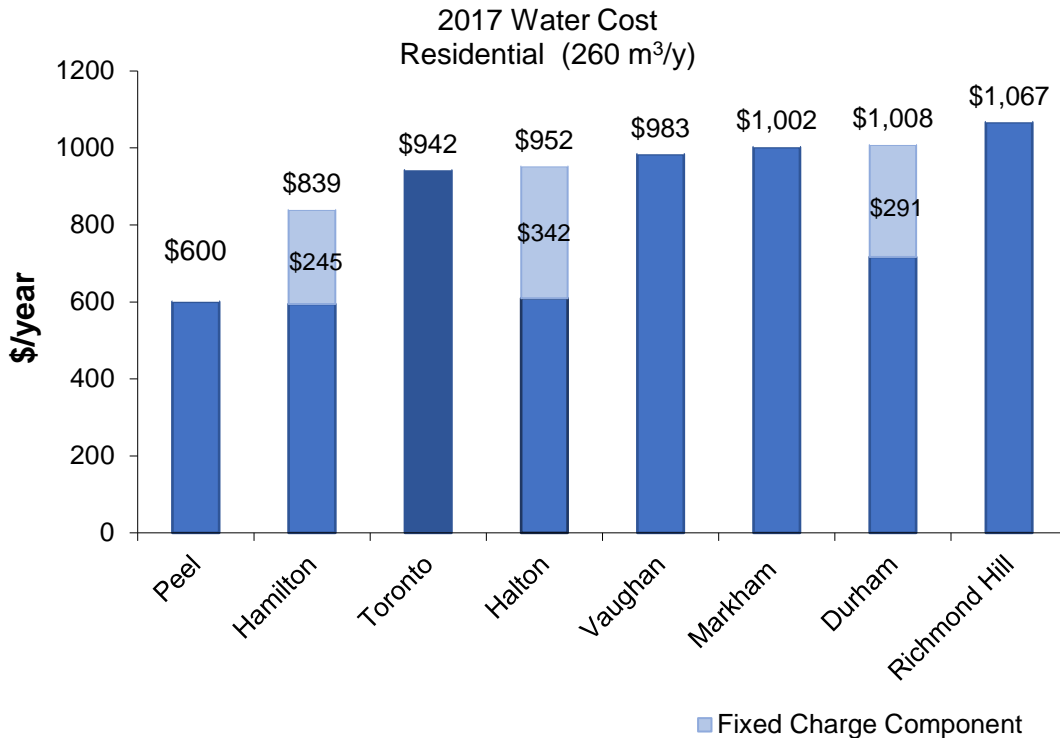
As part of the City's water rate structure, since January 1, 2008, Council has approved a water rebate program for low-income seniors and low-income persons with disabilities who meet the eligibility criteria as prescribed in the Municipal Code, Chapter 849. This rebate is set at the difference between the Block 1 and Block 2 rates, which represents a 30% reduction in their billing (based on the paid on or before due date rate). The rebate is only applicable if the household annual consumption is less than 400 cubic meters per year, to provide assistance to those most in need.

In 2017, the City processed 5,264 low income water rebate applications for a total rebate amount of \$913,311.

Comparison of Water Rates in GTA Municipalities

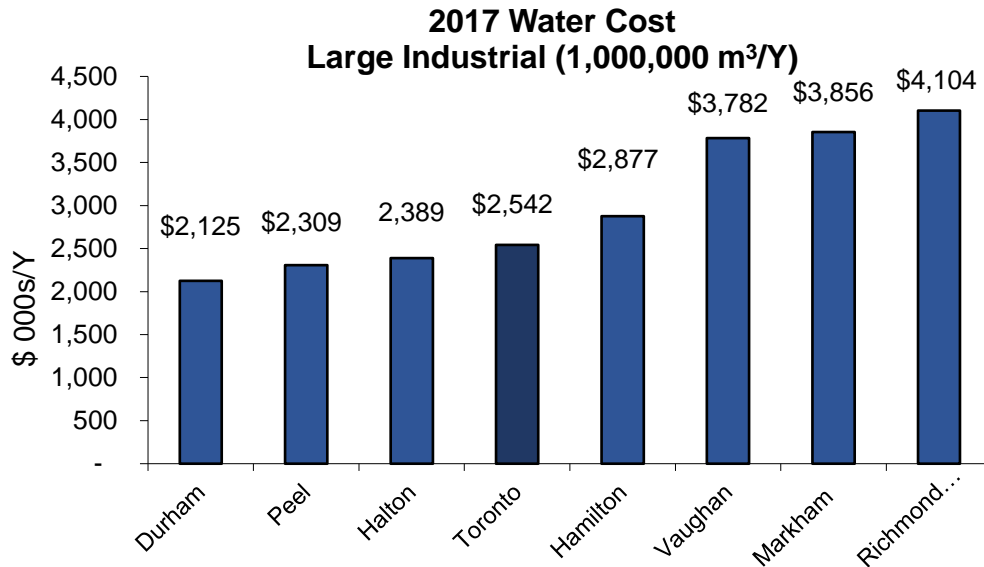
Toronto's 2017 water rate for residential consumers, in comparison to surrounding municipalities, is shown in Chart 5 (2018 rates for surrounding municipalities are not yet available). Toronto is amongst the lowest water cost jurisdictions for residential consumers in southern Ontario, based on average household consumption of 260 cubic metres. It should be noted that in Peel Region, storm water related projects are still funded from property taxes in 2017, except for the City of Mississauga which added a stormwater charge to their water bill in January, 2016. Chart 6 provides a similar comparison for large industrial users, and shows that Toronto offers a reasonably low water cost amongst GTA municipalities.

Chart 5 – GTA Residential Water Cost



Note: Peel stormwater funded by property taxes except for Mississauga's stormwater charge (not included in the chart) since 2016

Chart 6 - GTA Industrial Water Cost



Water and Wastewater Services Fees

As noted earlier, while most of the Program’s revenue is generated through the sale of water, other revenues are also accrued through user fees charged for various specific water and wastewater services. These fees, along with the proposed fee increases, are identified in Appendix C attached to this report.

In order to comply with the City’s full cost recovery policy, it is recommended that certain water and wastewater service fees be increased to recover the increased cost of the services provided. In addition to the fees that are based on the Block 1 water rate, recommended for 5% increase in 2018, most user fees are recommended to be increased by the applicable rate of inflation for 2018, except for those based on contracts for procured services and products, and which increase, therefore, reflects the actual contract price.

Recommended Increases to Existing Water Fees

For 2018, inflationary increases are being recommended to 23 water service fees. Fifteen of those fees, (Reference Numbers: 1, 2, 5, 11, 12, 13, 15, 15.1, 17, 21, 25, 32, 40, 41, 42, 43, 44 and 45) in the attached Appendix C – 2018 Water Services Fees are recommended to be increased by 2.1%, intended to reflect the market conditions and current costs of labour, energy, utilities and materials involved in providing those services by Toronto Water. In addition, 5 Revenue Services Fees (Ref. No. 33, 35, 36, 37 and 39) in the attached Appendix C – 2018 Water Services Fees are recommended to be increased by 2.0% which is the inflationary factor for the Revenue Services Division, mainly reflecting labour cost increase.

All Block 1 rate related user fees are subject to the recommended 5% consumption rate increase.

Chart 7 below summarizes the proposed changes, comparing the 2017 fee and the recommended 2018 fee, as well as the percentage increase and the rationale for the increase:

Chart 7

Ref. No.	Fee Description	2017 fee	Proposed 2018 fee	2018 % Increase	Rationale
1	Installing 19 mm New Residential Water Service and meter	\$4,505.00	\$4600.00	2.1%	Toronto Water inflation
2	Installing 25 mm New Residential Water Service and Meter	\$5,220.00	\$5,330.00	2.1%	Toronto Water inflation
5	Disconnection Fee for any residential water service less than or equal to 25 mm	\$1,330.00	\$1,360.00	2.1%	Toronto Water inflation
9	Metered water provided to construction sites	Block 1 Water rate	Block 1 Water rate	5.00%	Water consumption rate increase
11	Fire hydrant Permit	\$168.77	\$172.31	2.1%	Toronto Water inflation
12	Water meter accuracy test ; Meter less than or equal to 50mm - No Chamber - applied if meter does not over-register	\$168.77	\$172.31	2.1%	Toronto Water inflation
13	Water turn off fee for demolition; (disconnection of old water service not included)	\$84.33	\$86.10	2.1%	Toronto Water inflation
14	Cost of water consumption from last water meter reading to the date of disconnection of service	Block 1 Water rate	Block 1 Water rate	5.00%	Water consumption rate increase
15	Water Turn-off or Turn-on	\$84.33	\$86.10	2.1%	Toronto Water inflation
15.1	Single Service call Turn-off and Turn-on within 30 min	\$84.33	\$86.10	2.1%	Toronto Water inflation

Ref. No.	Fee Description	2017 fee	Proposed 2018 fee	2018 % Increase	Rationale
17	Conduct fire hydrant flow test	\$281.33	\$287.23	2.1%	Toronto Water inflation
18	Unmetered water from each unmetered hydrant-less than or equal to 50 cubic metre	50 cubic metre @ Block 1 Water rate	50 cubic metre @ Block 1 Water rate	5.00%	Water consumption rate increase
19	Metered water received at hydrant	Block 1 Water rate	Block 1 Water rate	5.00%	Water consumption rate increase
21	Unregistered water each day order not complied	\$56.22	\$57.40	2.1%	Toronto Water inflation
25	Annual Seasonal Meter Activation Fee : includes replacement, removal of water meter; 1 turn on, 1 turn off	\$216.40	\$220.94	2.1%	Toronto Water inflation
27	Unmetered water - general or use of non-City supplied meter	Block 1 Water rate	Block 1 Water rate	5.00%	Water consumption rate increase
32	Reuse of residential water service 19 mm to 25 mm	\$281.06	\$287.00	2.1%	Toronto Water inflation
33	Administrative fee to reflect a change in ownership on an existing utility account	\$37.67	\$38.42	2.0%	Revenue Services Inflation
35	Water Special/Final Reading	\$16.14	\$16.46	2.0%	Revenue Services Inflation
36	Water Consumption Statements	\$43.06	\$43.92	2.0%	Revenue Services Inflation
37	Water Consumption Statements	\$26.91	\$27.45	2.0%	Revenue Services Inflation
39	Water Collection Field Visit	\$26.91	\$27.45	2.0%	Revenue Services Inflation
40	Administration of MOECC Municipal drinking Water Licensing Program	\$2,544.62	\$2,598.05	2.1%	Toronto Water inflation
41	Fee for lost or damaged automated meter reading transmitter	\$95.00	\$97.00	2.1%	Actual cost based on increased manufacture cost and \$US exchange rate

Ref. No.	Fee Description	2017 fee	Proposed 2018 fee	2018 % Increase	Rationale
42	Manual water meter reading fee for consumers with water meters refusing installation of a new automatic water meter and associated meter reading equipment	\$86.24	\$88.05	2.1%	Toronto Water inflation
43	Flat rate legacy fee, in addition to any existing water and wastewater flat rates charged, for residential flat rate consumers who refuse the installation of an automatic water meter and associated meter reading equipment	\$1,150.30	\$1,174.45	2.1%	Toronto Water inflation
44	Processing annual water supply backflow prevention device testing reports	\$52.44	\$53.54	2.1%	Toronto Water inflation
45	Water Service Upgrade Fee - Lead Water Service Replacement Programs (19mm to 25mm upgrade only)	\$512.15	\$523.00	2.1%	Toronto Water inflation

Recommended Increases to Existing Wastewater Fees

For 2018, inflationary increases of 2.1% are recommended for 10 wastewater service fees. (Reference Numbers: 4, 5, 6, 15, 16, 17, 18, 19, 20 and 24) in the attached Appendix C – 2018 Wastewater Services Fees intended to reflect the market conditions and current costs of labour, energy, utilities and materials involved in providing those services by Toronto Water.

The sewer surcharge on private water is based on the Block1 water rate and as such is subject to the recommended 5% water and wastewater consumption rate increase in 2017.

Chart 8 below summarizes the proposed changes, comparing the 2017 fee and the recommended 2018 fee, as well as the percentage increase and the rationale for the increase.

Chart 8

Ref. No.	Fee Description	2017 fee	Proposed 2018 fee	2018 % Increase	Rationale
2	Sewer Surcharge on private water	57% of Block 1 Water Rate	57% of Block 1 Water Rate	5.00%	Water consumption rate increase
4	To install new residential sanitary sewer service connection in road allowance	\$11,265.00	\$11,506.00	2.1%	Toronto Water inflation
5	To install new residential storm sewer service connection in road allowance	\$11,265.00	\$11,506.00	2.1%	Toronto Water inflation
6	To disconnect residential sanitary sewer service connection in road allowance	\$1,390.00	\$1,420.00	2.1%	Toronto Water inflation
15	Inspection fee for the reuse of residential City sewer connection up to 150 mm in diameter	\$563.37	\$575.20	2.1%	Toronto Water inflation
16	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.	\$1,688.55	\$,1724.00	2.1%	Toronto Water inflation
17	Technical Review by Toronto Water staff - Application to Toronto Water for new connection or change or alteration to the existing storm connection, sanitary or water supply connection	\$337.5 minimum fee, additional \$83.27/hour for each hour after 4 hours to a maximum of \$1,688.55	\$344.58 minimum fee, additional \$85.00/hour for each hour after 4 hours to a maximum of \$1,724.00	2.1%	Toronto Water inflation

Ref. No.	Fee Description	2017 fee	Proposed 2018 fee	2018 % Increase	Rationale
18	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)	\$337.5 minimum fee, additional \$83.27/hour for each hour after 4 hours to a maximum of \$1,688.55	\$344.58 minimum fee, additional \$85.00/hour for each hour after 4 hours to a maximum of \$1,724.00	2.1%	Toronto Water inflation
19	Technical Review by Toronto Water staff - Application to Toronto Water for request to release from title a City easement (related to City water and sewer infrastructure)	\$337.5 minimum fee, additional \$83.27/hour for each hour after 4 hours to a maximum of \$1,688.55	\$344.58 minimum fee, additional \$85.00/hour for each hour after 4 hours to a maximum of \$1,724.00	2.1%	Toronto Water inflation
20	Initial fee for establishment of new industrial waste surcharge agreement	\$865.84	\$884.02	2.1%	Toronto Water inflation
24	Record search for Sewers by-law compliance violation	\$102.43	\$104.58	2.1%	Toronto Water inflation

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SIGNATURE

 Joe Farag
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 General Manager, Toronto Water

ATTACHMENTS

Appendix A – Summary of 2018 Operating and Capital Budget and Forecast,
Corresponding Rate Increase and Capital Financing

Appendix B – 2018 Water and Wastewater Consumption Rates

Appendix C – 2018 Water and Wastewater Service Fees

Appendix A – Summary of 2018 Operating and Capital budget and 2018-2027 Capital Plan and Operating Forecast, Corresponding Rate Increases, and Capital Financing, \$ Million

	2017 Budget	2017 Projected	2018 - 2027 Plan									
			2018	2019*	2020	2021	2022	2023*	2024	2025	2026	2027
TORONTO WATER												
Gross Operating Budget	443.79	429.66	446.38	457.54	468.98	480.71	492.72	505.04	517.67	530.61	543.87	557.47
Capital from Current	788.14	791.24	842.59	863.15	891.62	913.40	935.74	958.65	990.26	1,014.47	1,039.26	1,064.67
Net Expenditure to be Financed by Water Rate	1,146.25	1,131.14	1,198.89	1,228.36	1,265.96	1,297.10	1,329.02	1,361.77	1,403.45	1,437.99	1,473.38	1,509.64
WATER RATE INCREASE	5%	5%	5%	3.6%	3%	3%	3%	3.6%	3%	3%	3%	3%
Other Revenues	85.68	89.76	90.08	92.34	94.64	97.01	99.44	101.92	104.47	107.08	109.76	112.50
Total Revenues	1,231.93	1,220.90	1,288.98	1,320.69	1,360.60	1,394.11	1,428.46	1,463.69	1,507.92	1,545.07	1,583.13	1,622.14
CAPITAL FINANCING												
Gross Capital Budget	843.53	843.53	964.09	1,448.33	1,462.15	1,372.63	1,234.87	1,298.65	1,243.72	1,277.95	1,273.03	1,247.68
Net Capital Budget	797.84	796.07	910.75	1,339.45	1,361.89	1,287.15	1,171.92	1,234.88	1,180.58	1,208.04	1,205.96	1,182.63
Capital Reserve Funding Level	85%	77%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Net Capital Spending	678.16	648.37	774.14	1,138.54	1,157.61	1,094.08	996.13	1,049.64	1,003.49	1,026.83	1,025.06	1,005.24
CAPITAL RESERVE CLOSING BALANCE	784.45	850.02	918.85	645.47	379.79	198.50	136.96	44.30	29.30	14.87	25.77	83.36