

BUDGET **TO**



Toronto Water

2021 Operating Budget and
2021-2030 Capital Budget & Plan
2021 Water Rate

Briefing to Budget Committee
November 6, 2020

Toronto Water

- Toronto Water manages one of the largest utilities in North America, operating 24 hours a day, seven days a week.
- We serve 3.6 million residents and businesses in Toronto, and portions of York and Peel protecting public health, safety and property in an environmentally and a fiscally responsible manner.
- The following services are delivered to Toronto residents, businesses and visitors:



Safe drinking water



Wastewater collection and treatment



Stormwater management



Overview

Description

Toronto Water manages one of the largest water, wastewater and stormwater systems in North America, 24 hours a day, seven days a week. Toronto Water's services ensure that over 3.6 million residents and businesses in Toronto, and portions of York and Peel have access to safe drinking water, safely treated wastewater and stormwater management.



Why We Do It

Drinking water is delivered to people (residents, businesses, visitors and the Industrial, Commercial, Institutional sector in Toronto and York Region) in a safe and reliable manner to protect public health.

Wastewater is collected from people (residents, businesses and the Industrial, Commercial, Institutional sector in Toronto and Peel Region) and treated in a safe and environmentally sustainable way to protect public health.

Stormwater (rain and melted snow) is collected or diverted to help prevent the risk of property flooding, control erosion and improve water quality to protect public health and Toronto's waterways.

What Services We Provide

Water Treatment & Supply

Who We Serve: Water account holders, water consumers

What We Deliver: Supply +435 billion litres annually of safe potable water. Continuous distribution of potable water through +6,100 km of watermains and City-owned water services.

How Much Resources (gross operating budget): \$196 Million (2021)

Wastewater Collection & Treatment

Who We Serve: Wastewater account holders, wastewater producers, public & private landowners

What We Deliver: Return to Lake Ontario +400 billion litres annually of treated wastewater. Continuous conveyance of wastewater through +5,100 km of sewers.

How Much Resources (gross operating budget): \$230 Million (2021)

Stormwater Management

Who We Serve: Public and private landowners

What We Deliver: Continuous conveyance of stormwater (rainwater and melted snow) through +4,900 km of storm sewers.

How Much Resources (gross operating budget): \$43 Million (2021)

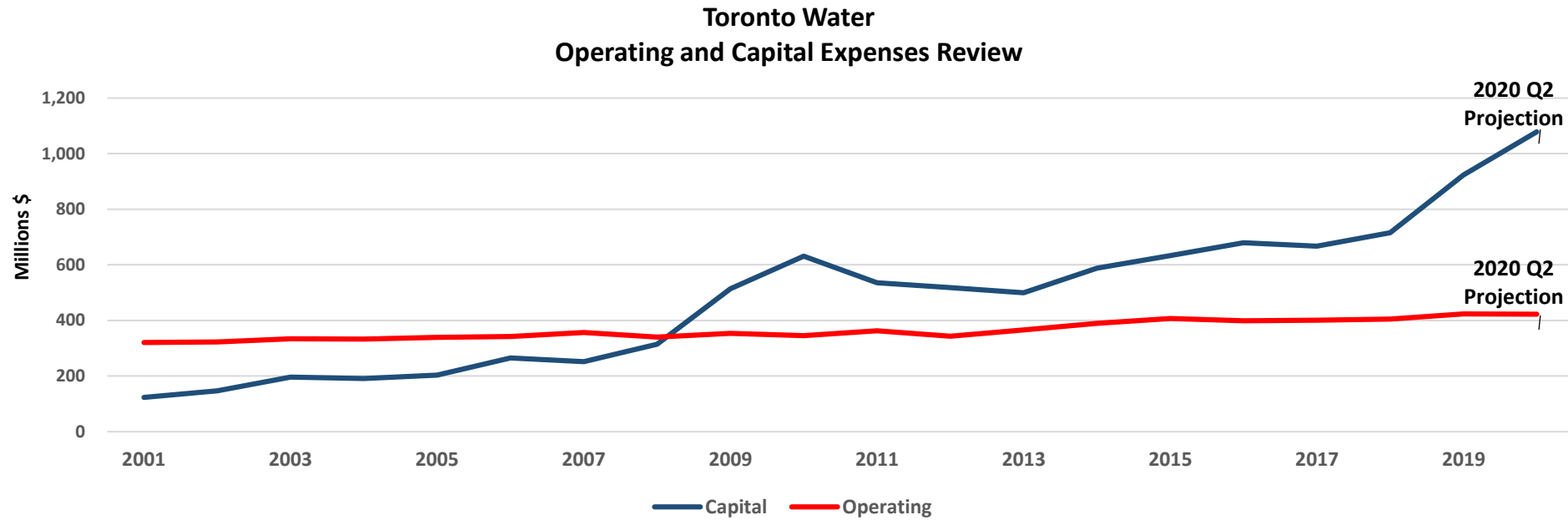
How Much Resources We Have

Operating Budget						
\$ Millions	2020 Projection	2021 Budget	2021 Vs. 2020		OUTLOOKS	
			\$'s	%	2022	2023
Revenues	\$1,372.7	\$1,415.3	\$42.6	3.1%	\$1,442.6	\$1,473.8
Gross Expenditures	\$444.2	\$468.8	\$24.6	5.5%	\$474.8	\$484.4
Capital Contribution	\$928.5	\$946.5	\$18.0	1.9%	\$967.8	\$989.4
Approved Positions	1,841.3	1,841.3		0.0%	1,856.3	1,857.3

10 Year Capital Budget & Plan			
\$ Millions	2021	2022-2030	Total
Gross Expenditures	\$ 1,343.7	\$ 13,441.1	\$ 14,784.8
Debt	\$0.00	\$0.00	\$0.00

Note: Includes 2020 carry forward funding to 2021

Financial Performance (Actual Costs)



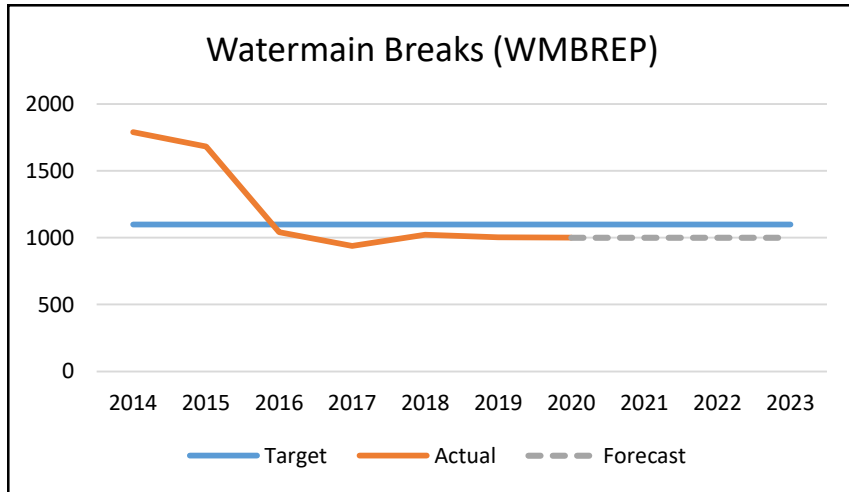
Stable Operating Costs

- Operating costs have been growing relatively slowly over the past 20 years.

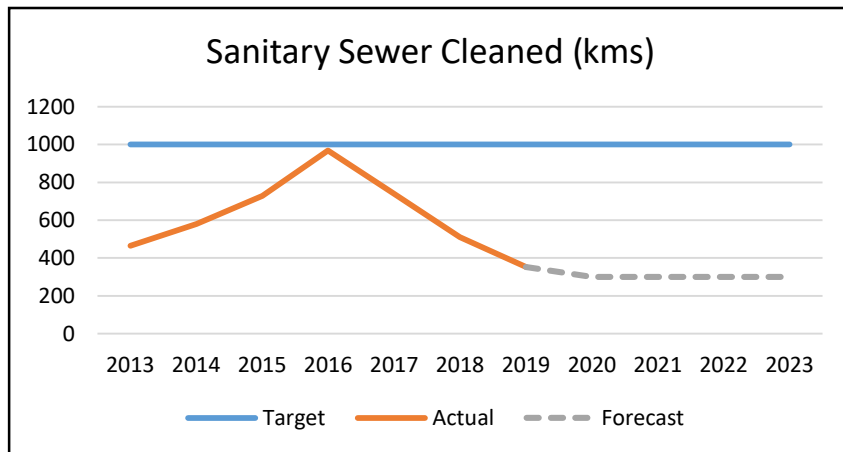
Capital Spending

- Increased revenue generated by rate increases have been reinvested in infrastructure.
- 2019 and Projected 2020 capital spending (\$923M) and (\$1,079M) are the highest in Toronto Water history.

How Well We Are Doing – Behind The Numbers



- Toronto Water currently operates over 5,500km of water distribution pipes that provide safe and reliable drinking water to the residents, businesses and visitors of Toronto and York Region.
- Toronto Water has made significant capital investments in infrastructure renewal projects (i.e. watermain replacement, cathodic protection and structural lining) that have contributed to the gradual decline in watermain breaks.
- Inclement weather (extreme cold or temperature fluctuations) continues to be the leading cause of watermain breaks followed by excavation activities, corrosive soils and ground settling.
- Toronto Water is investing \$2.2B in the 2021-2030 budget for capital improvements that will contribute towards ensuring an overall good condition of the water distribution network.



- Toronto Water currently maintains a wastewater collection network of over 5,600km and invests in Capital Improvement Projects to address the renewal needs of aging infrastructure.
- As part of ongoing infrastructure management, Toronto Water performs regular cleaning and maintenance to ensure the reliable operation of its sanitary system.
- In 2016, Toronto Water implemented Acoustic Pipe Inspection, which pre-determines whether a particular portion of the sewer needs to be flushed. This process has reduced the number of unnecessary cleanings and has redirected resources elsewhere for proactive system maintenance.
- Toronto Water is investing \$2.0B in capital in the 2021-2030 budget along with an annual operating budget of approximately \$6.5M for corrective and predictive sewer maintenance.

How Well We Are Doing

Service	Service Measure	2018 Actual	2019 Actual	2020 Target	2020 Projection	2021 Target	2022 Target	Status
Outcome Measures								
Water Treatment & Supply	Water Treatment Non-Compliance Events	0	0	0	0	0	0	●
Water Treatment & Supply	Target Pressure Limits (Pressure Maintenance)	97.20%	97.00%	99.50%	95.00%	99.50%	99.50%	●
Wastewater Collection & Treatment	Pumping Station Outages	0	0	0	0	0	0	●
Wastewater Collection & Treatment	Wastewater Treatment Non-Compliance Events	0	1	0	0	0	0	●
Stormwater Management	Number stormwater ponds inspected/maintained	970	1069	990	1080	990	990	●
Other Measures								
Water Treatment & Supply	Electrical kWh per ML of Water Pumped	342 kWh per ML	344 kWh per ML	330 kWh per ML	330 kWh per ML	330 kWh per ML	330 kWh per ML	●
Wastewater Collection & Treatment	Percent Biosolids Beneficially Used (ABTB)	100%	100%	100%	100%	100%	100%	●
Stormwater Management	Water Course Inlet/Outlet Inspections	3,526	4025	3,000	4,160	3,000	3,000	●

How Well We Are Doing

Service	Service Measure	2018 Actual	2019 Actual	2020 Target	2020 Projection	2021 Target	2022 Target	Status
Service Level Measures								
Water Treatment & Supply	Watermain Breaks per 100 km of Water Distribution Pipe	16.8 per 100km	16.5 per 100km	22.0 per 100km	22.0 per 100km	22 per 100km	22 per 100km	●
Water Treatment & Supply	Drinking Water Non-Compliance	0	0	0	0	0	0	●
Water Treatment & Supply	Percent Time Operating Within 276 kPA to 793 kPA Requirements	97.20%	97.00%	99.50%	95.00%	99.50%	99.50%	●
Wastewater Collection & Treatment	Non-Compliance Events (WWT)	0	1	0	0	0	0	●
Wastewater Collection & Treatment	Mainline Backups per 100 KM of Pipe	3.3	3.6	4.0	4.0	4.0	4.0	●
Stormwater Management	ML of Dedicated (designed) Stormwater Storage Capacity	1,248 ML	1,248 ML	1,248 ML	1,248 ML	1,248 ML	1,248 ML	●

COVID-19 Impacts and Recovery - 2021 Projections

Financial Impact (Operating)

- There is a projected \$19.1 million in loss or foregone revenue in 2021. In response to these financial pressures and the challenges being faced by Toronto residents and businesses a 1.5% rate increase for 2021 is being recommended rather than the planned 3% rate increase (3% is planned for future years). The impact to planned revenue is addressed through mitigating actions detailed in this presentation.
- To manage the 1.5% rate increase, adjustments were made to the operating budget through a combination of efficiencies, reductions and reduced forecasted revenue in 2021 with no impact or deferrals to the 2021 capital program as a result of the recommended rate. Mitigation efforts to address COVID-19 financial impacts include:
 - \$5.0 million projected cost savings in salaries and benefits due to hiring slow-downs and voluntary separation program.
 - \$1.1 million savings from cancellation of non-union progression pay.
- Reductions noted above offset \$0.9 million in additional costs for health and safety supplies and protocols.

Financial Impact (Capital)

- 2021 requested cash flows updated to align with current delivery forecasts.

Service Level Changes

- No changes to service levels.

2021 Challenges and Priorities

Key Risks and Challenges

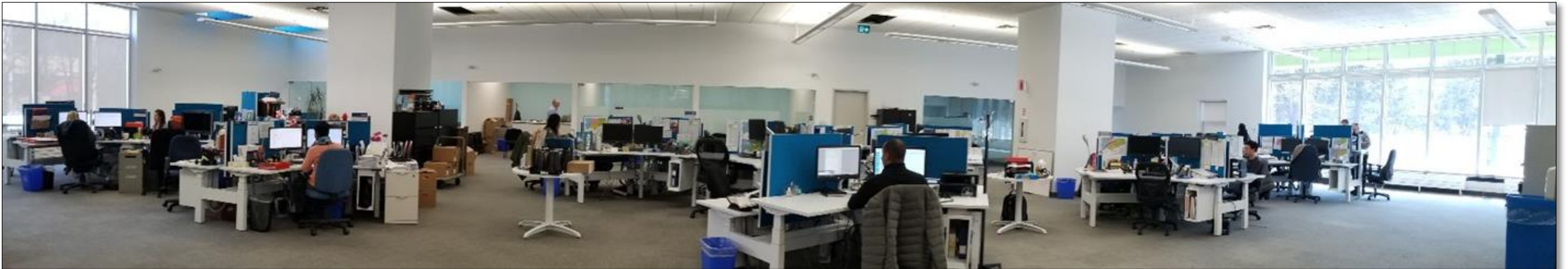
- **Managing Reserve Balances:** Critical need to maintain adequate capital reserves to fund the state-of-good-repair (SOGR) 10-year capital program. 10-year capital plan relies on 3% water rate increases (1.5% in 2021, followed by planned 3% rate increases).
- **Aging Infrastructure:** Significant SOGR for underground assets/water and wastewater treatment plants and facilities.
- **Modernization:** An aging suite of information technology tools and databases require significant investment. There is a critical need to keep pace with upgraded technology requirements especially Geographic Information Systems, enhanced data management tools and artificial intelligence including Enterprise Work Management System. This System will replace several legacy software applications with an enterprise solution that will improve the coordination of daily maintenance related activities across the City's four largest operating divisions, Parks, Forestry and Recreation, Solid Waste Management, Toronto Water and Transportation Services.
- **Basement Flooding:** Significant investment is required to manage basement flooding across the city. There are complex program challenges including coordination, uncertainty of timing of rain events, acceleration of Environmental Assessments, and a Council approved \$32K per property funding criteria.
- **Planning for growth:** Rapid growth in the city core and mid-town are putting pressure on existing linear infrastructure. Long-term strategies are needed to keep up with growth. Significant groundwater issues have occurred over the past three years as deeper parking structures are being built. As a result of City Council development charge exemptions, \$575.158 million is drawn from Toronto Water's capital reserves to accommodate development growth over the next 10 years.



2021 Challenges and Priorities (cont'd.)

Priority Actions for 2021

- **Customer Service:** Ensure efficient and effective response times for customer service demands including improved customer service culture, technology and infrastructure.
- **Workforce Strategies:** Ongoing development of hiring strategies during the hiring slow down period for critical, vulnerable and hard to fill positions including on-the-job training programs and planning for demographic changes.
- **SOG:** Continued long-term investment in SOG projects and reducing the backlog to \$132.304 million by 2030, effectively eliminating the backlog.
- **Growth:** Development of strategy to manage pressure on linear infrastructure in growth areas.
- **Resiliency:** Long-term significant investment in Council approved Wet Weather Flow Master Plan projects to protect the environment and lake, river and stream water quality including \$2.204 billion for the Basement Flooding Protection Program, completion of Environmental Assessments for all Basement Flooding Studies Areas by 2024 and investing \$1.417 billion over the 10 years to implement the Don River and Central Waterfront project, with all project phases forecasted for completion in 2038.
- **Modernization:** Planning for resources to implement, support and maintain new technologies.

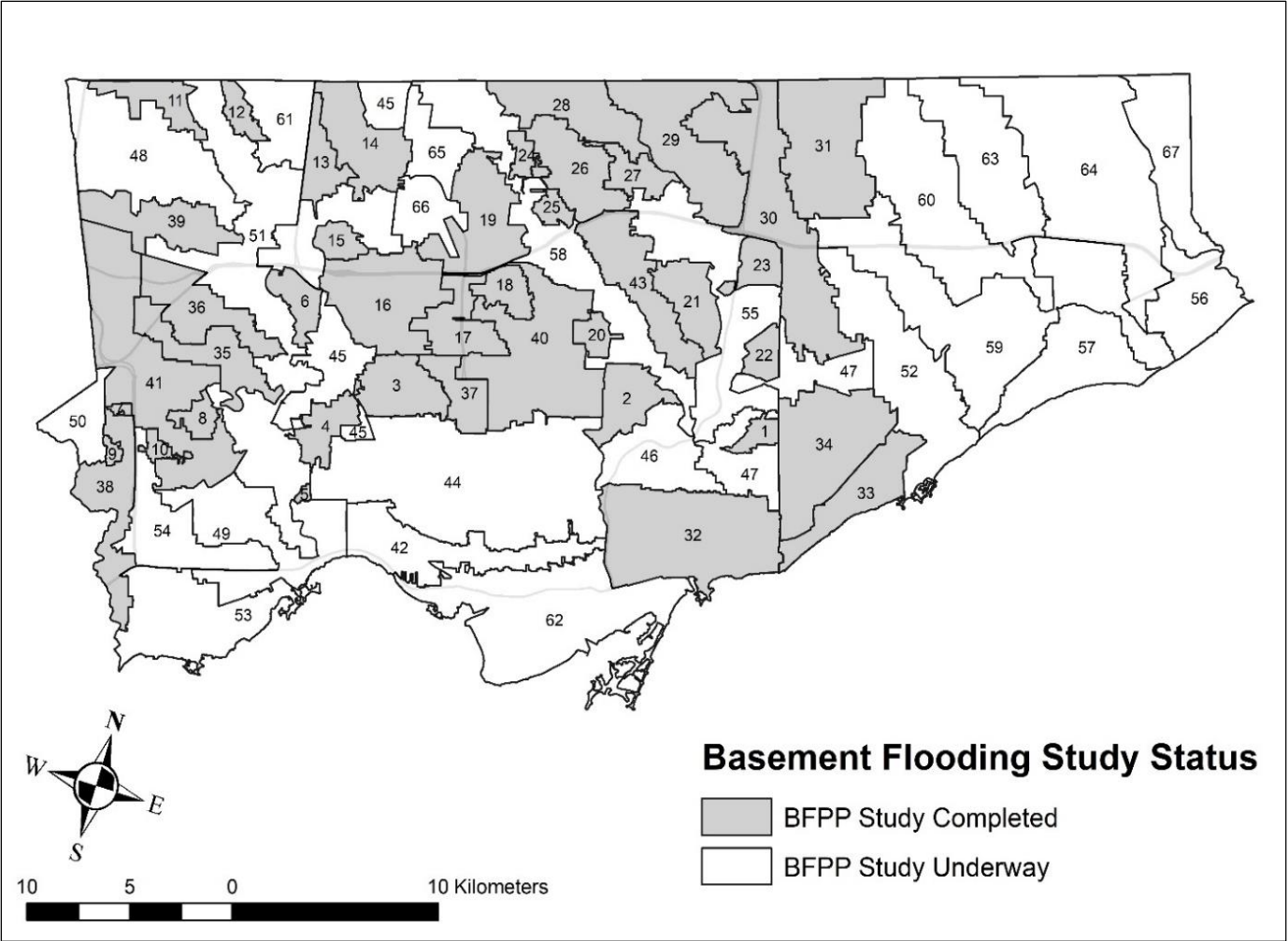


Toronto Water Customer Care Centre

Extreme Weather Events

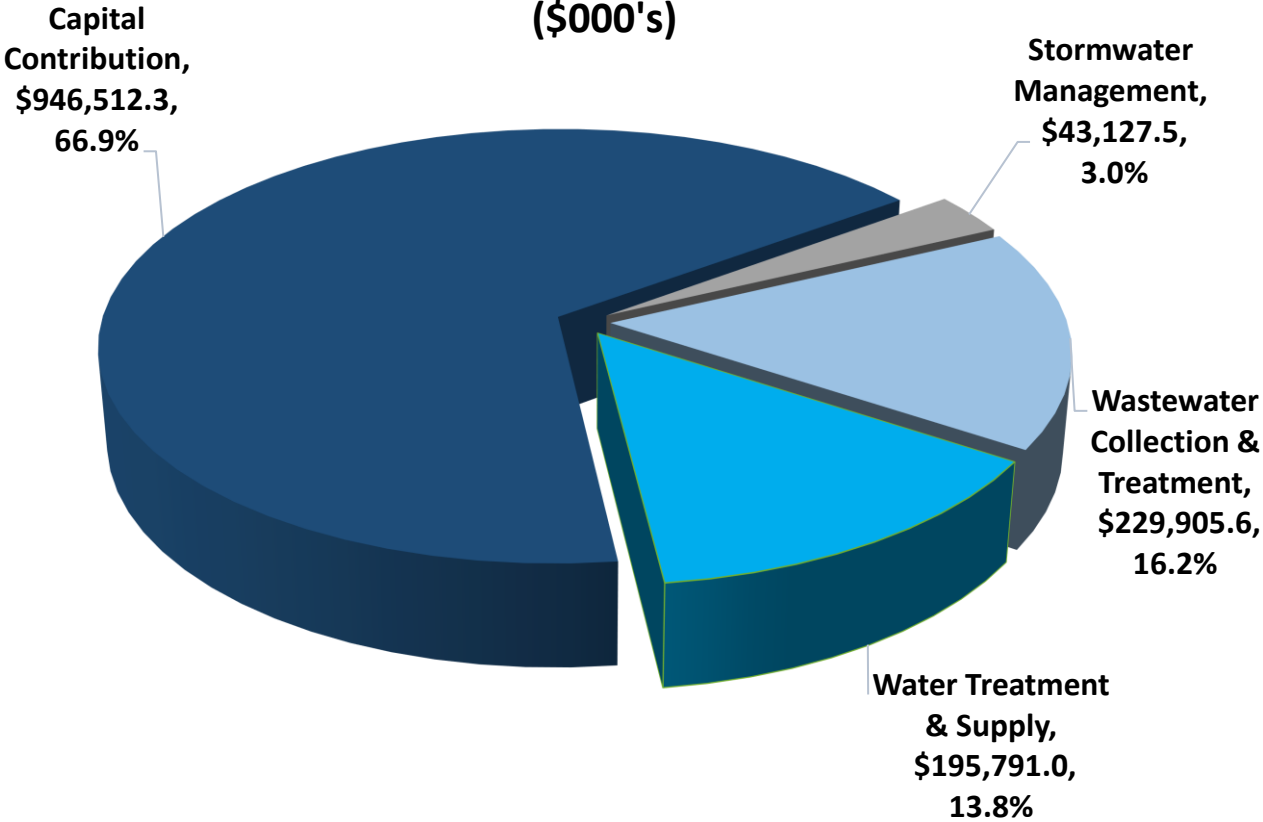
What is Toronto Water doing to help mitigate the impact of extreme weather events?

- The City Council approved Basement Flooding Protection Program (BFPP) is a multi-year program to help reduce the risk of flooding through improvements to the sewer system and overland drainage routes. The City Council approved Basement Flooding Protection Program (BFPP) is a multi-year program to help reduce the risk of flooding through improvements to the sewer system and overland drainage routes.
- The program includes 67 basement study areas across the city and significant investment is required to manage basement flooding issues (42 study areas are completed/25 are ongoing study areas underway and scheduled for completion in 2022 and 2023).
- Over the next ten years, the BFPP will invest more than \$2.2 billion to help reduce basement flooding.
- The primary goal is to protect the greatest number of properties, within approved budgets, and in coordination with other capital projects in the area.
- The BFPP directly focuses on improving urban drainage systems and provides subsidies to homeowners to help prevent basement flooding.
- In 2019, the City was successful in securing \$110.36 million from the Government of Canada’s Disaster Mitigation and Adaptation Fund (DMAF) for two significant storm sewer projects (Midtown Toronto & Fairbank-Silverthorn).



2021 Operating Budget Submission

2021 Base Operating Budget by Service \$1.415 Billion



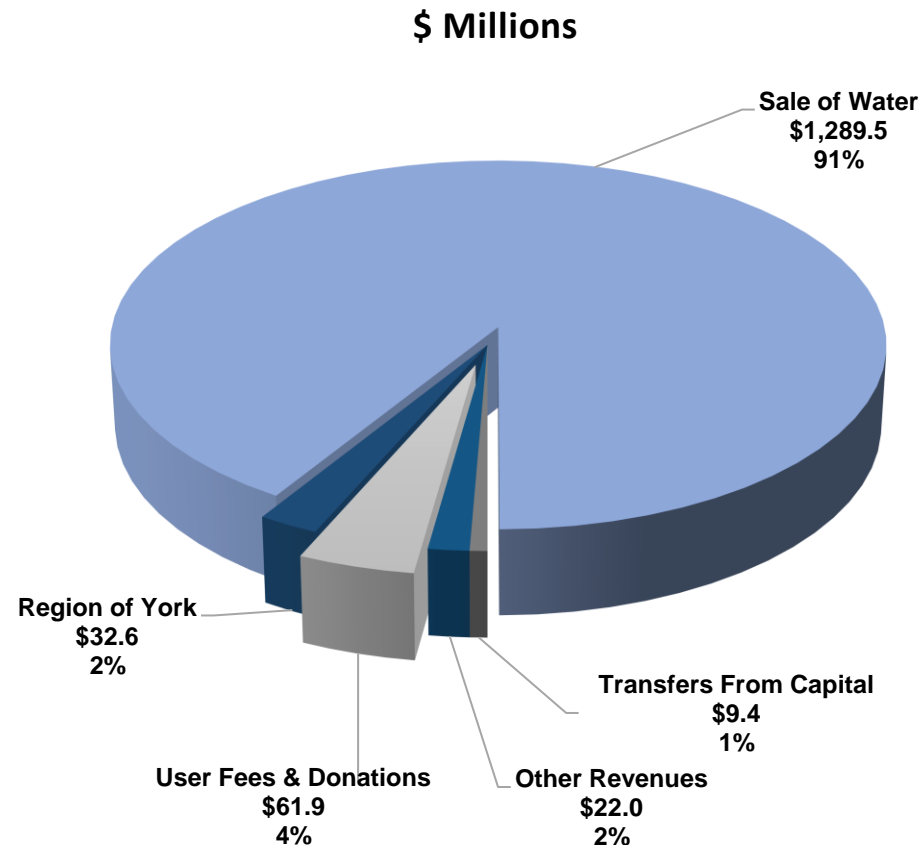
2021 Operating Budget Submission

(In \$000s)	2019 Actual	2020 Budget	2020 Projection	2021 Budget Request	Change v. 2020 Projection	
By Service	\$	\$	\$	\$	\$	%
Revenues						
Water Treatment & Supply	588,864.4	614,548.8	600,704.0	619,109.7	18,405.7	3.1%
Wastewater Collection & Treatment	749,591.3	770,181.3	764,370.2	785,617.5	21,247.3	2.8%
Stormwater Management	7,545.8	5,819.5	7,670.4	10,609.2	2,938.8	38.3%
Total Revenues	1,346,001.5	1,390,549.7	1,372,744.6	1,415,336.3	42,591.7	3.1%
Expenditures						
Water Treatment & Supply	200,630.2	203,667.2	189,233.7	195,791.0	6,557.3	3.5%
Wastewater Collection & Treatment	205,812.5	234,585.7	219,459.4	229,905.6	10,446.2	4.8%
Stormwater Management	27,837.9	32,426.7	35,534.1	43,127.5	7,593.3	21.4%
Subtotal - Gross Expenditures	434,280.6	470,679.6	444,227.2	468,824.0	24,596.8	5.5%
Capital Contribution	911,720.9	919,870.1	928,517.4	946,512.3	17,994.9	1.9%
Total Gross Expenditures	1,346,001.5	1,390,549.7	1,372,744.6	1,415,336.3	42,591.7	3.1%
Approved Positions	1,678.3	1,841.3	1,841.3	1,841.3	0.0	

* 2020 Projection based on 6 Month Variance

How the Budget is Funded

Where the Money Comes From



Key Points

Sale of Water

Represents 91% of total operating revenue

Sale of Water Consumption Forecast

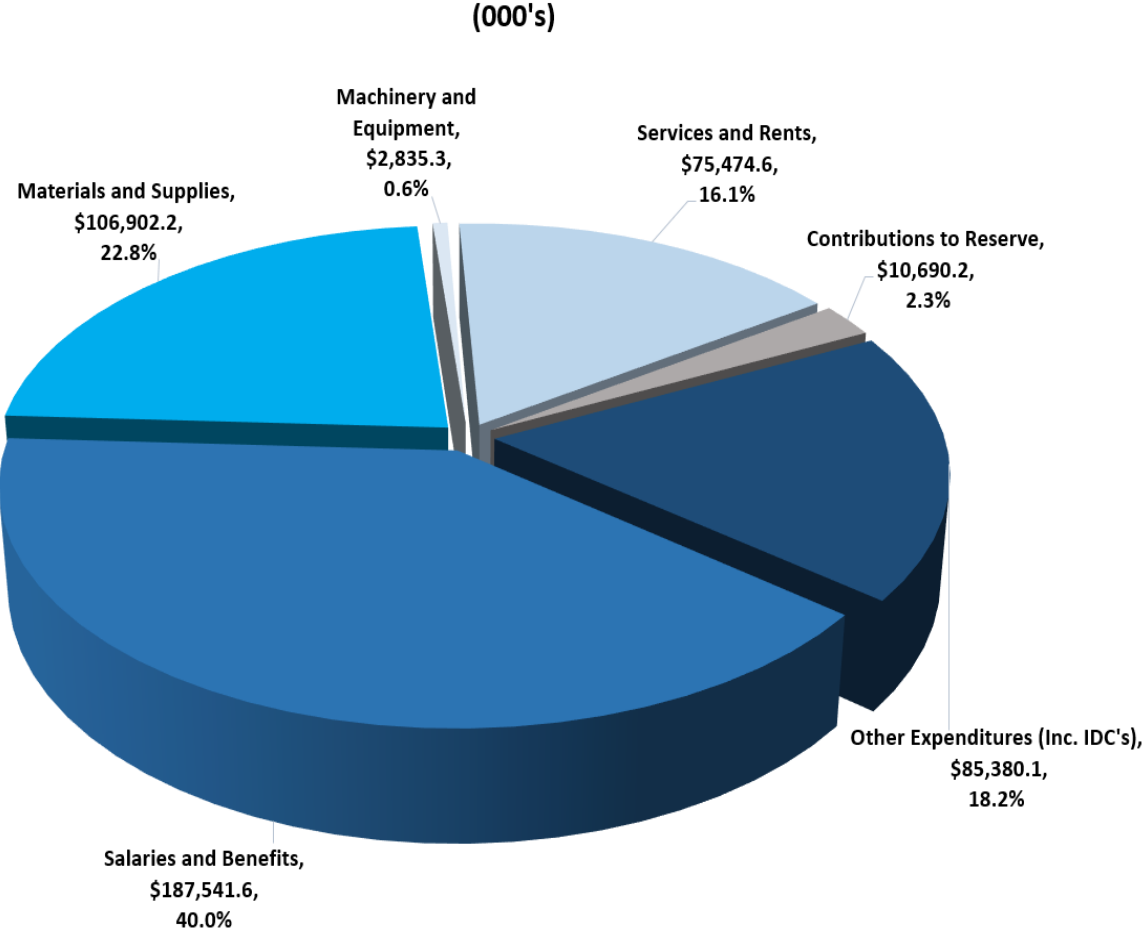
2021 and forward: 0.5% decrease per year (over 2020 budget)

Rate Increases

2021 Rate: 1.5%
Future years: 3%

Daily average cost for residential drinking water, wastewater and stormwater services \$2.61 per day.

2021 Operating Budget by Expenditure \$468.8 Million (Gross)



Key Cost Drivers – Base Budget (Actual)

Key Cost Drivers	2019 Actuals	2020 Projection	2021 Base Budget Submission	YoY Changes		Key Drivers to Preserve Service Levels and Address Issues
				\$	%	
Expenditures						
Salaries and Benefits	176,938.9	179,697.4	187,541.6	7,844.2	4.4%	Salaries and Benefits: Inflationary increases on existing staffing cost and annualization of staffing costs from new positions created in 2020, including 21 positions to deliver transit expansion projects, fully funded by Metrolinx. Reductions to salary and benefit costs have been made to account for vacancies in 2021 resulting from mitigation efforts to address COVID-19 financial impacts.
Materials and Supplies	94,819.6	96,112.8	106,902.2	10,789.4	11.2%	
Machinery and Equipment	3,151.7	2,767.8	2,835.3	67.5	2.4%	
Service and Rent	66,552.4	70,300.6	75,474.6	5,173.9	7.4%	
Contribution To Reserves	10,674.3	10,706.3	10,690.2	(16.1)	-0.2%	
Other Expenditures (Inc. IDC's)	82,143.7	84,642.3	85,380.1	737.9	0.9%	
Subtotal - Gross Expenditures	434,280.6	444,227.2	468,824.0	24,596.8	5.5%	Materials and Supplies: Energy and chemical inflationary increases higher than CPI and CPI increases on existing material contracts (\$5.2 million), offset by ongoing hydro savings and efficiencies (\$4.5 million) through implementation of various utility conservation oriented initiatives. 2020 spending also has been impacted by the pandemic, including lower consumption of hydro correlated to lower production of water.
Capital Contribution	911,720.9	928,517.4	946,512.3	17,994.9	1.9%	
Total Expenditures	1,346,001.5	1,372,744.6	1,415,336.3	42,591.7	3.1%	Services and Rents: Inflationary increases on existing service contracts.
Revenues						
Sale of Water	1,226,547.3	1,253,711.4	1,289,493.8	35,782.4	2.9%	The 2021 budget also includes provisions for contingencies and estimates based on fluctuating weather conditions and demands. 2020 projections reflects actual projected spending.
User Fees & Donations	70,696.6	62,691.6	61,899.9	(791.7)	-1.3%	
Transfers From Capital	7,296.6	8,905.7	9,364.3	458.6	5.1%	
Other Revenues (Inc. IDR's)	41,461.1	47,435.9	54,578.3	7,142.4	15.1%	
Total Revenues	1,346,001.5	1,372,744.6	1,415,336.3	42,591.7	3.1%	Contribution to Capital: Approximately 67% of the 2021 Operating Budget will go towards the annual capital reserve contribution to support the 10-Year Capital Plan. Impacts from water rates and consumption forecasts results in lower contribution to capital.
Approved Positions	1,678.3	1,841.3	1,841.3			Revenue Changes: 2021 water rate increase of 1.5% will go towards the Contribution to Capital. Water consumption is expected to rebound as restrictions ease and return to operations of non-essential businesses. Additional revenue to reflect price of water sold to Region of York, increase in new water connections and private water agreements.

2021 Balancing Actions

(\$000s)								
Recommendation	Savings Type	2021				2022		
		Revenue	Gross	Net	Positions	Gross	Net	Positions
Reduction in Base Expenditures/ Realignment of Energy Efficiencies	Line By Line Efficiencies		(4,785.1)	(4,785.1)				
Region of York - Rate and Volume	AG Recs		(4,487.4)	(4,487.4)				
Revenue Increase (User Fees-Rate and Volume)	Revenue Increase (User Fees)	1,731.1		(1,731.1)			(431.6)	
Revenue Increase (Other)	Revenue Increase (Other)	6,674.2		(6,674.2)				
Hiring Slow-down	Other	4,098.9		(4,098.9)				
Voluntary Separation Program	Other		(2,762.6)	(2,762.6)				
Cancellation of Non-Union Performance Pay	Other		(2,165.7)	(2,165.7)				
			(1,115.9)	(1,115.9)				
Total Balancing Actions		12,504.2	(15,316.7)	(27,820.9)	-		(431.6)	-

Line-by-Line: A reduction in base expenditures in materials and supplies and other non-salary costs contributes to Toronto Water's efforts to manage continuous cost increases from internal and external sources.

Efficiencies: Ongoing hydro savings and efficiencies that Toronto Water has been able to achieve through implementation of various utility conservation oriented initiatives.





Auditor General Recommendations: In accordance with the Water Supply Agreement between the City of Toronto and the Regional Municipality of York of January 1, 2019, the expected 2021 wholesale water rate has increased in accordance with the Agreement. The review of the Agreement considered recommendation from Auditor General Office.

Revenue Increase (User Fees and Other): Various user fees and other revenue increased to align to projected actual volume and inflationary rate increases.

Hiring Slow-Down, Voluntary Separation Program, and Cancellation of Non-Union Performance Pay: Mitigation efforts to address COVID-19 financial impacts.

2022 & 2023 Outlooks

(\$000s)	2020 Projection	2021 Budget Request	2022 Outlook	2023 Outlook
Revenues	1,372,744.6	1,415,336.3	1,442,576.5	1,473,808.8
Gross Expenditures	444,227.2	468,824.0	474,758.8	484,384.4
Capital Contribution	928,517.4	946,512.3	967,817.7	989,424.3
Approved Positions	1,841.3	1,841.3	1,856.3	1,857.3

	2022 Drivers	2023 Drivers
 Salaries & Benefits:	\$3.4M	\$3.1M
 Non-Salary Inflation Impact:	\$6.7 M	\$6.7 M
 Permanent Restoration (IDC)	(5.3M)	(\$1.4M)
 Reserve Contribution:	\$21.3M	\$21.6 M

2021 – 2030 Capital Budget & Plan Submission

Capital Assets to Deliver Services (\$28.6B)*



Water – \$9.2 Billion

- 4 water filtration plants
- 11 reservoirs and 4 elevated storage tanks
- 5,569 km of distribution watermains and 532 km of trunk watermains
- 67,501 valves and 41,923 hydrants
- 515,719 water service connections, plus York Region (population served: 600,000)
- 18 water pumping stations



Wastewater – \$11.5 Billion

- 4 wastewater treatment plants
- 3,727 km sanitary sewers, 1,517 km combined sewers
- 251 km sanitary trunk, 121 km combined trunk
- 59,475 sanitary maintenance holes, 24,006 combined maintenance holes
- 522,456 sewer service connections
- 67 sanitary pumping stations, 8 combined pumping stations



Stormwater – \$7.9 Billion

- 7 storage and detention tanks
- 4,896 km of storm sewers, and 27.5 km of trunk sewers
- 77,487 maintenance holes
- 371 km of watercourses, 84 stormwater management ponds
- 1,873 outfalls and 188,225 catch basins
- 12 stormwater pumping stations

* Asset management plans for critical infrastructure (water, roads, bridges) are to be submitted to the Province by July 1, 2021. Toronto Water will present a staff report to Council in advance of that deadline.

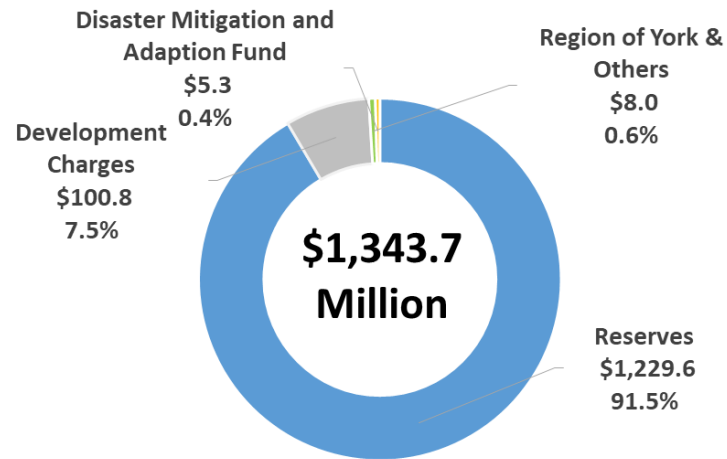
2021- 2030 Capital Program Breakdown

What This Buys

- 46% (\$6,849 M) of the gross 2021-2030 budget request is allocated to State-of-Good-Repair (SOGR) projects with focus on continued improvement and upgrading aging infrastructure
- 35% (\$5,207 M) is for Service Improvement projects
- 11% (\$1,673 M) is for Growth Related projects






Where the Money Comes From

2021 Capital Budget (\$ Millions)

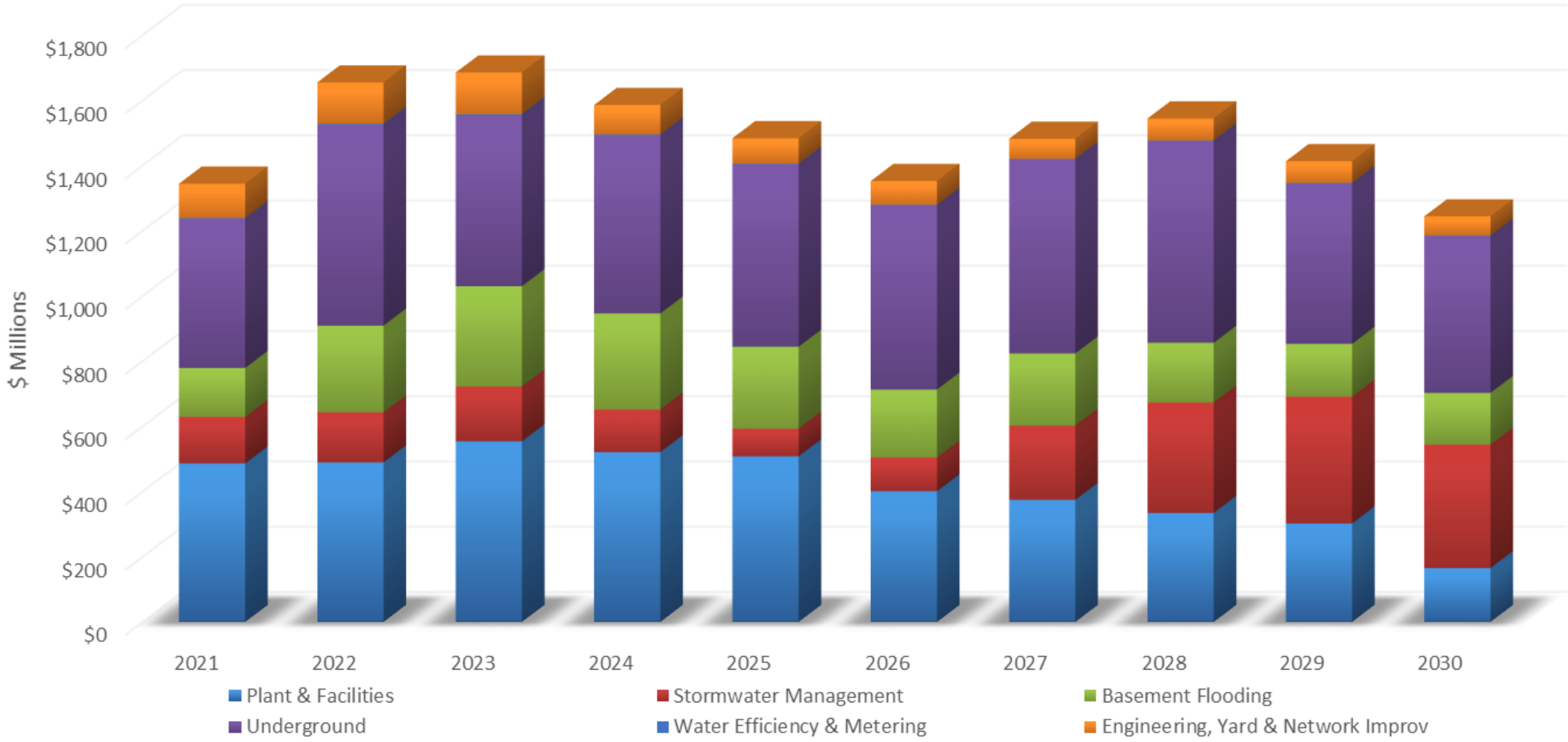


Ashbridges Bay Landform Project: Joint initiative between City of Toronto and TRCA. This project will provide erosion and sediment control to improve passage for boats, eliminating the need for regular dredging in the Coatsworth Cut area of Ashbridges Bay. It will also be the site of the high-rate treatment facility and a stormwater treatment wetland. The high-rate treatment facility is designed specifically to provide treatment of combined sewer overflows intercepted by the new Don River and Central Waterfront tunnel system.

\$14.8 Billion 10-Year Gross Capital Program

				
<p>Plant & Facilities</p>	<p>Underground Infrastructure</p>	<p>Stormwater Management</p>	<p>Basement Flooding Protection Program</p>	<p>Engineering, Yard & Network Improvements</p>
<p>\$4.133B 28%</p>	<p>\$5.447B 37%</p>	<p>\$2.115B 14%</p>	<p>\$2.204B 15%</p>	<p>\$0.885B 6%</p>
<p>Water Filtration Plants; Wastewater Treatment Plants; Pumping Stations; and Storage & Reservoirs</p>	<p>Watermain and Sewer Replacement/ Rehabilitation; Water Service Replacement; and New Connections</p>	<p>Wet Weather Flow Projects (end of pipe, infrastructure erosion protection); Don River & Central Waterfront</p>	<p>Engineering Studies; Implementation Basement Flooding Protection; Subsidy Program</p>	<p>Engineering Support; Business & Technology; Yards & buildings; Water Efficiency & Metering</p>

2021 – 2030 Capital Plan by Asset Class



How the Capital Program is Funded

City of Toronto		Provincial Funding	Federal Funding	
\$ 14,674.7M 99.3%		\$0.0M 0%	\$110.1M 0.7%	
Reserve Draws	\$ 13,608.7M		Disaster Mitigation and Adaptation Fund (DMAF)	\$ 110.1M
Development Charges	\$ 967.1M			
Region of York and Other*	\$ 98.9M			

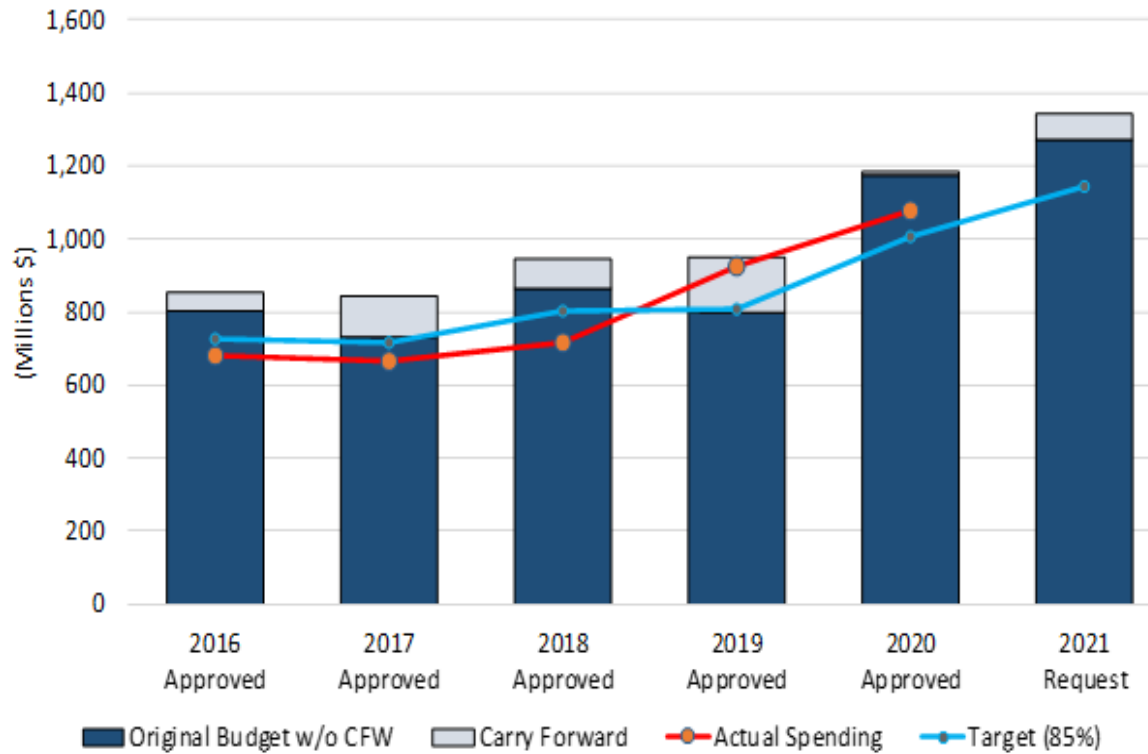


Ashbridges Bay Treatment Plant - New Outfall: Offshore platform in Lake Ontario. The new Outfall will improve capacity and better convey effluent from the Plant to Lake Ontario. Outfall is tunneled 85 meters deep beneath the lakebed, 3.5 km long; 50 risers to disperse treated and disinfected effluent to Lake Ontario.

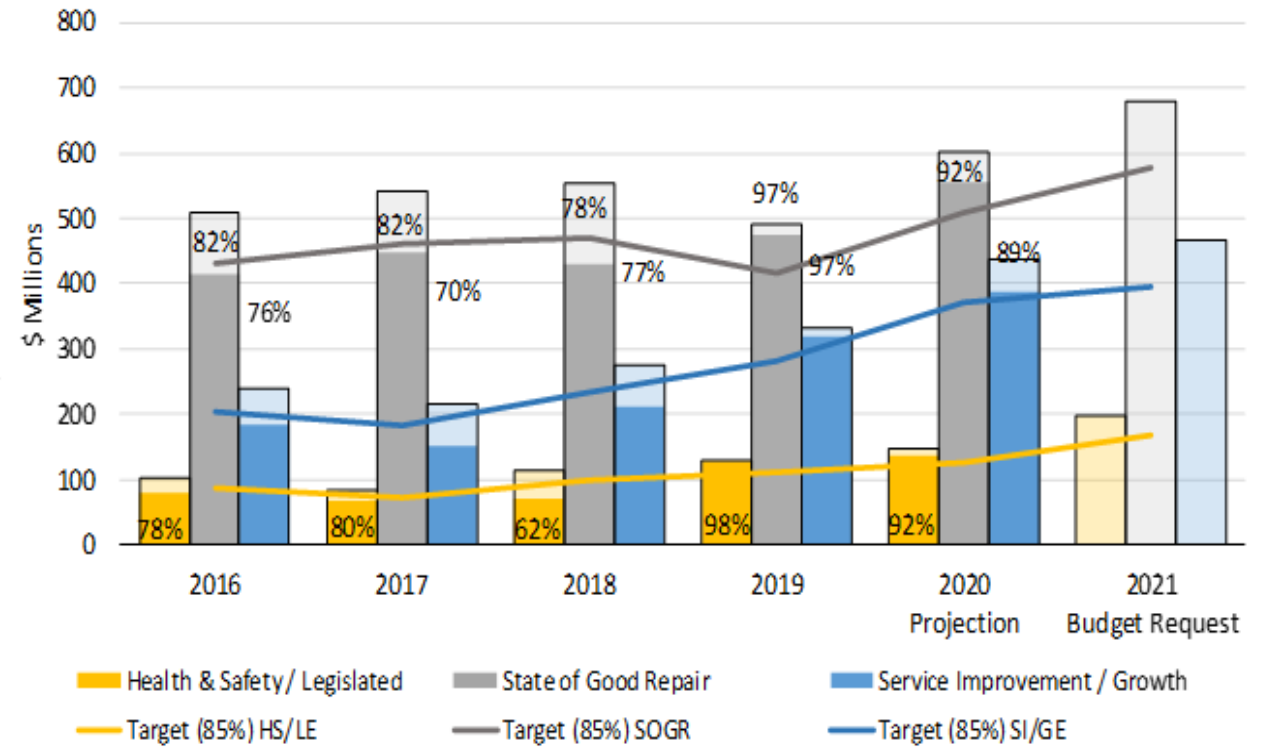
* Toronto Water's 10-Year Capital Plan includes forecasted funding of \$79 million for the expected Toronto Region & Conservation Authority (TRCA) Watercourse Erosion Control project, to be spent between 2022 and 2030. It is assumed that approximately 67% (\$53 million) will be funded by other orders of government. The funding has yet to be secured.

Capacity to Spend

Carry Forward Impact Vs. Capacity to Spend



Budget Vs. Actual Spending by Category



Capacity to Deliver

Status Category	2021 incl. C/Fwd	% Of 2021 Cashflow	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total (\$K)
AWARDED AND/OR ON-GOING	841,425	63%	660,123	428,235	236,835	108,009	34,492	16,938	10,414	9,738	6,590	2,352,799
2020 / 2021 TENDER	294,361	22%	572,112	516,857	347,580	209,325	92,140	53,622	20,323	14,983	10,731	2,132,034
IDC / GRANT / TRANSFER	90,945	7%	93,830	83,686	74,519	74,539	68,468	67,746	68,975	70,216	71,862	764,786
IN PROCUREMENT	110,955	8%	117,033	72,390	26,293	7,636	7,575	7,726	6,650	3,825	1,375	361,458
ANNUAL OR FUTURE	5,990	0%	211,269	583,505	899,919	1,083,712	1,149,372	1,335,658	1,437,291	1,313,961	1,153,051	9,173,728
TOTAL	1,343,676	100%	1,654,367	1,684,672	1,585,145	1,483,221	1,352,047	1,481,691	1,543,653	1,412,723	1,243,609	14,784,804

- **Volume of on-going and awarded contracts:** As of October, Toronto Water has approximately \$2.2 billion in funds committed associated with awarded contracts. Approximately 63% of the 2021 Cashflow will support the continued delivery of awarded or on-going projects, with an additional 8% of 2021 Cashflow associated with projects currently in the procurement process.
- **Payments to Third Parties:** Approximately 7% of the 2021 Cashflow is associated with Payments to Third Parties, including IDCs, Grants, Subsidies, Salary Recoveries and payments to Third Parties (such as Metrolinx, Waterfront Toronto, TCHC, TRCA, etc)
- **85% delivery target:** The 2021 financial model assumes that 85% of the net Capital Budget will be drawn from Toronto Water's Capital Reserve, so as not to overstate actual projected funding requirements.

Capital Needs Constraints

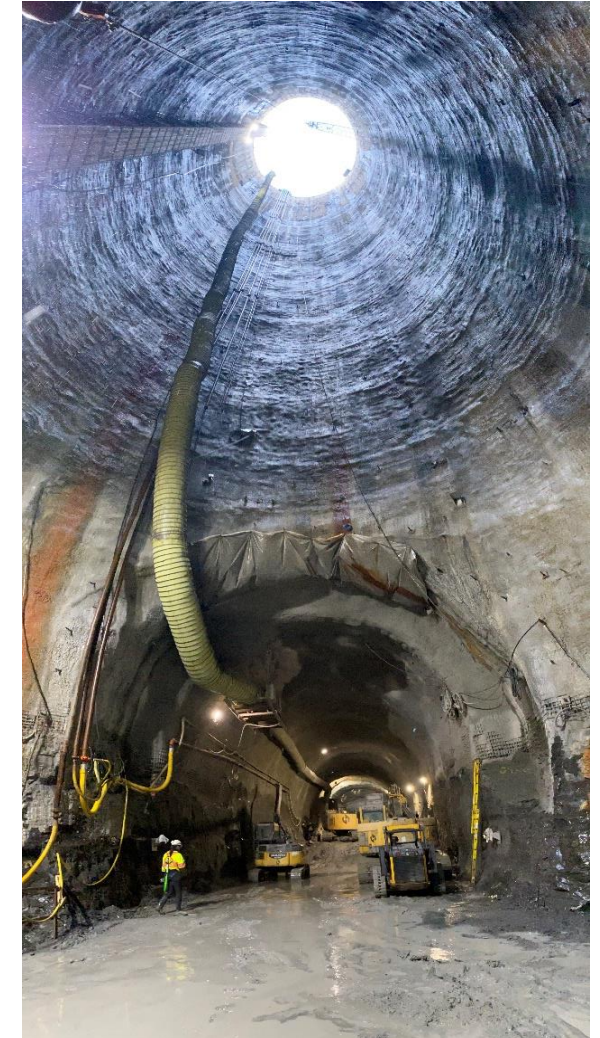
- The 2021-2030 Capital Budget and Plan is based on the capacity to deliver (85 per cent spending rate included for planning purposes).
- Toronto Water does not have any unmet needs over the 10-year planning horizon.



Don River & Central Waterfront Project - Ashbridges Bay Treatment Plant New Outfall: Above, tunnel boring machine being lowered into the shaft. The new outfall will improve capacity and better convey effluent from the Plant to Lake Ontario. Outfall is tunneled 85 meters deep beneath the lakebed, 3.5 km long; 50 risers to disperse treated and disinfected effluent to Lake Ontario. (Right: outfall tunnel entrance.)



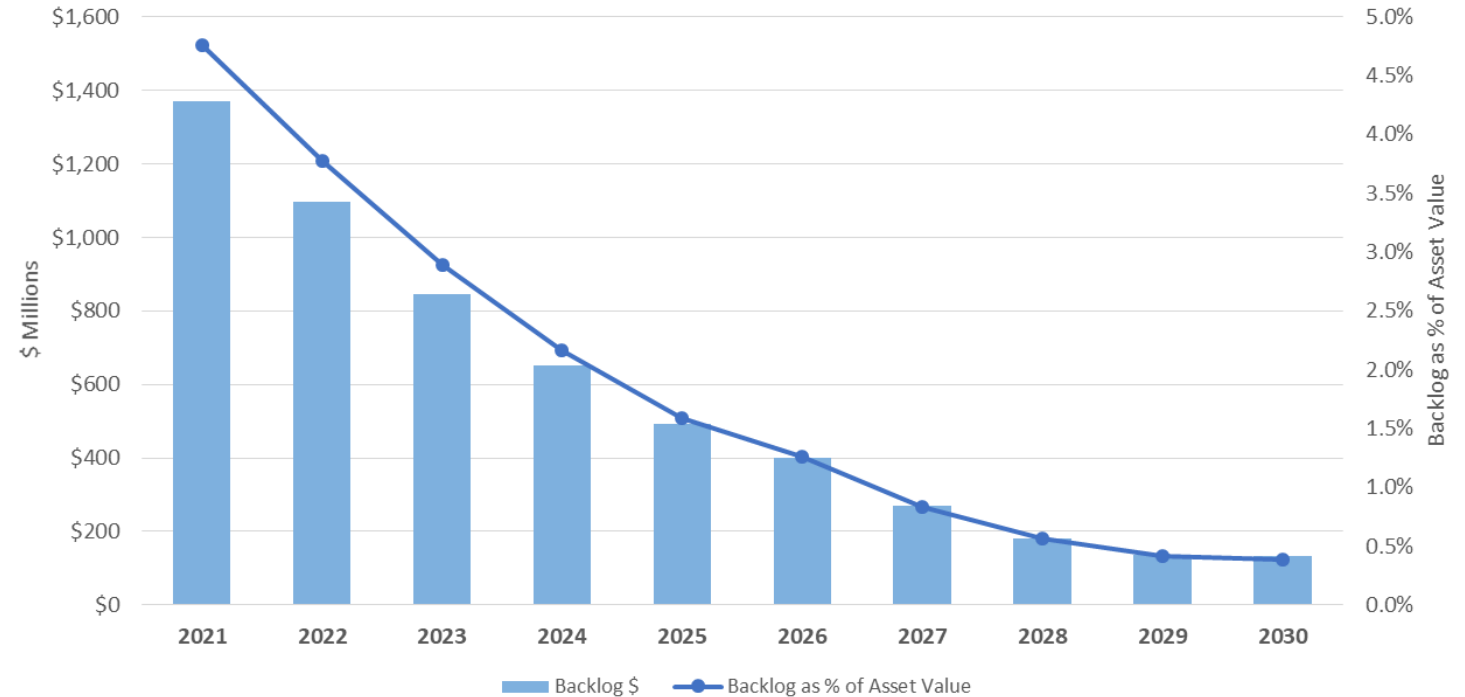
Don River & Central Waterfront Project - New Integrated Pumping Station: Will manage millions of litres of sewage flows daily from numerous trunk sewers to the Ashbridges Bay Treatment Plant for treatment.



State of Good Repair (SOGR) Funding and Backlog



Scarborough Transmission Watermain



	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Backlog \$	1,369	1,098	846	651	494	399	269	182	135	132
Backlog as % of Asset Value	4.8%	3.8%	2.9%	2.2%	1.6%	1.3%	0.8%	0.6%	0.4%	0.4%

- Over 57 per cent of Toronto Water's infrastructure backlog is associated with aging linear watermain and sewer infrastructure
- The 2021-2030 Budget and Capital Plan allocates:
 - \$4.429 billion to address deteriorated linear infrastructure
 - \$2.421 billion for infrastructure renewal projects at water and wastewater treatment facilities

2021 Recommended Water Rate

Water Rate Model Assumptions for 2021

Consumption Forecast

- 2020: 0.4% below 2019 actual
- 2021 flat (0.5% decrease over 2020 budget); forward 0.5% decrease per year

Capital Expenditure Rate Forecast

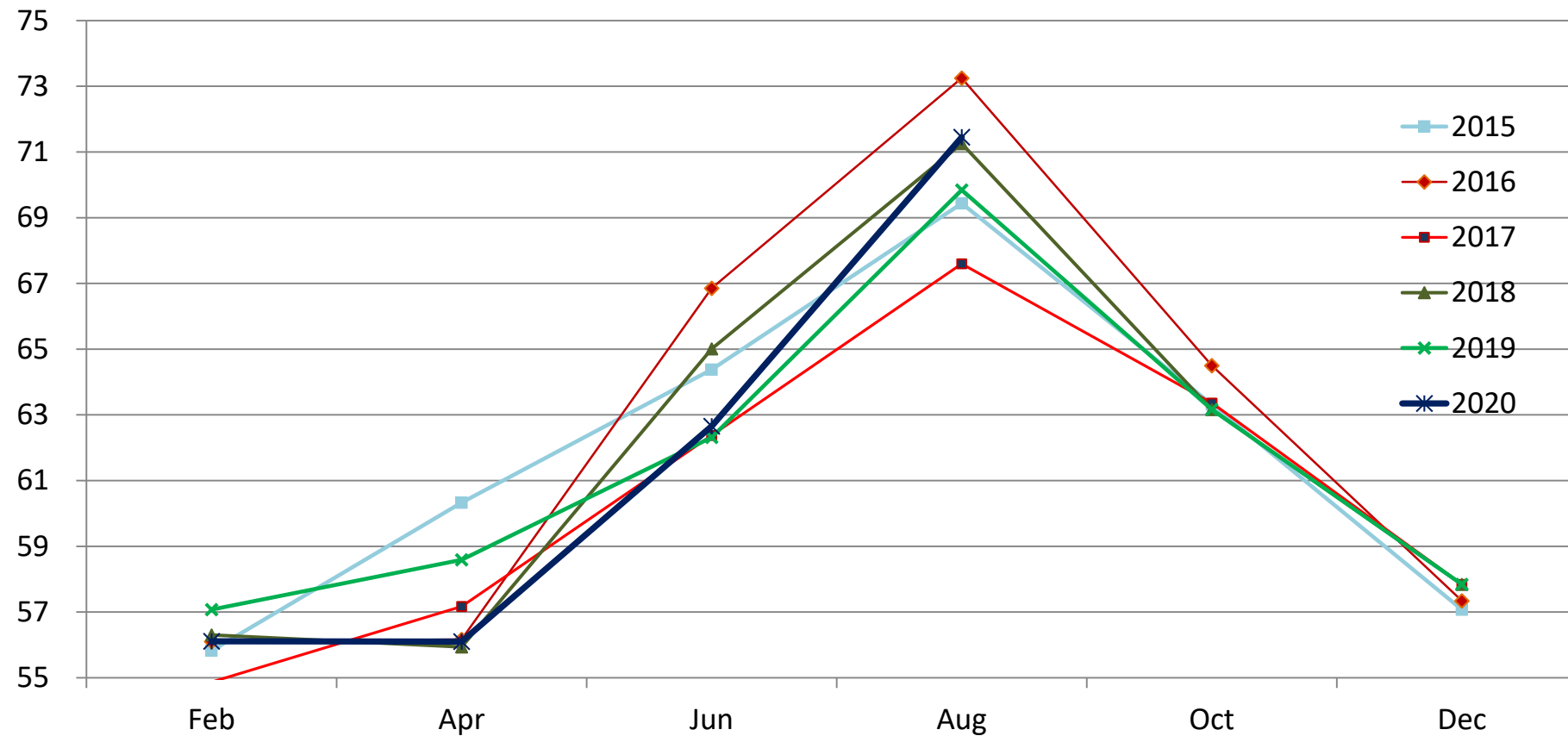
- 2020: 90%
- 2021 and forward: 85%

Rate Increases

- 2021: 1.5% (3% future years)

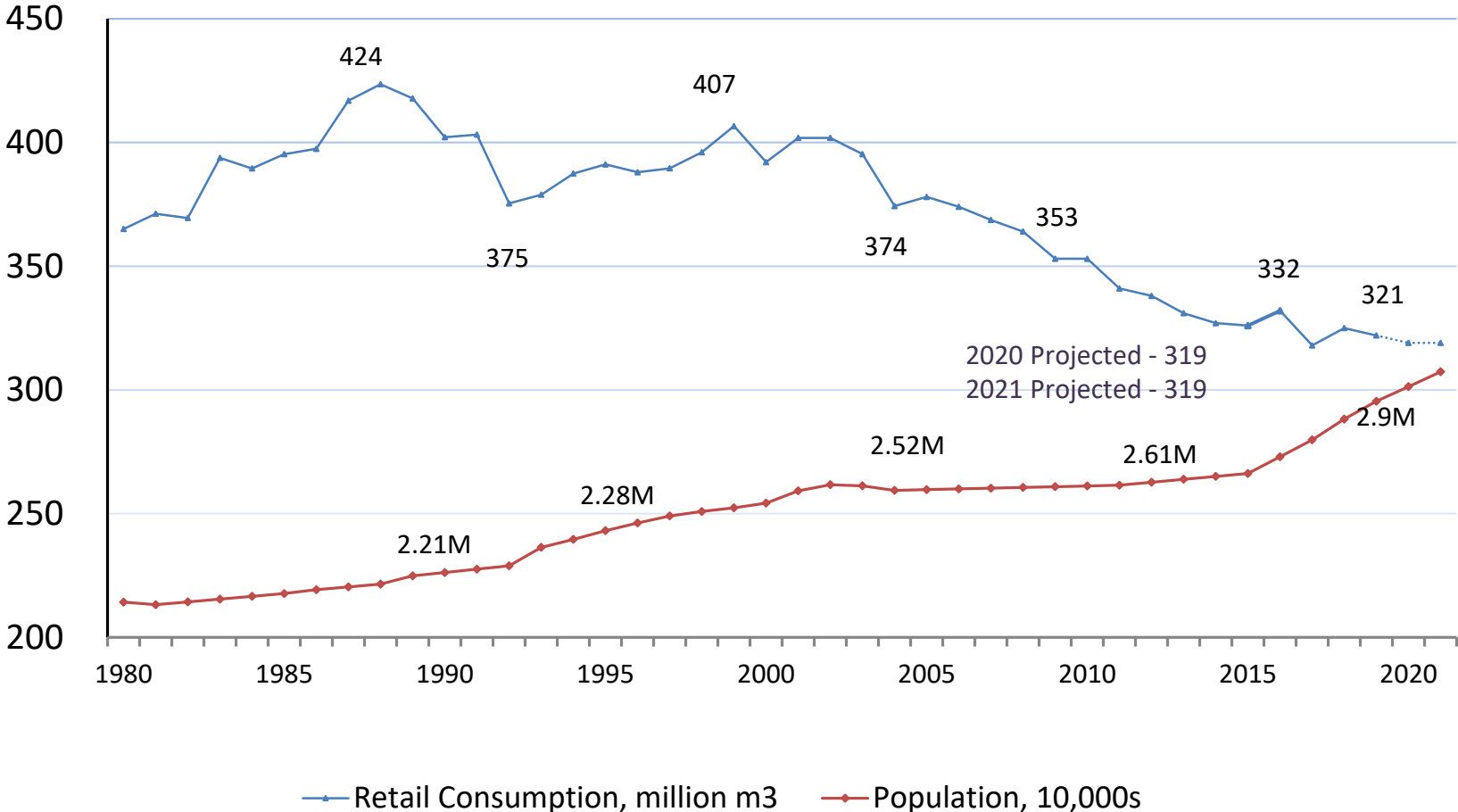
Water Production

Toronto Water Production 2015 -2020, m³ bi-monthly

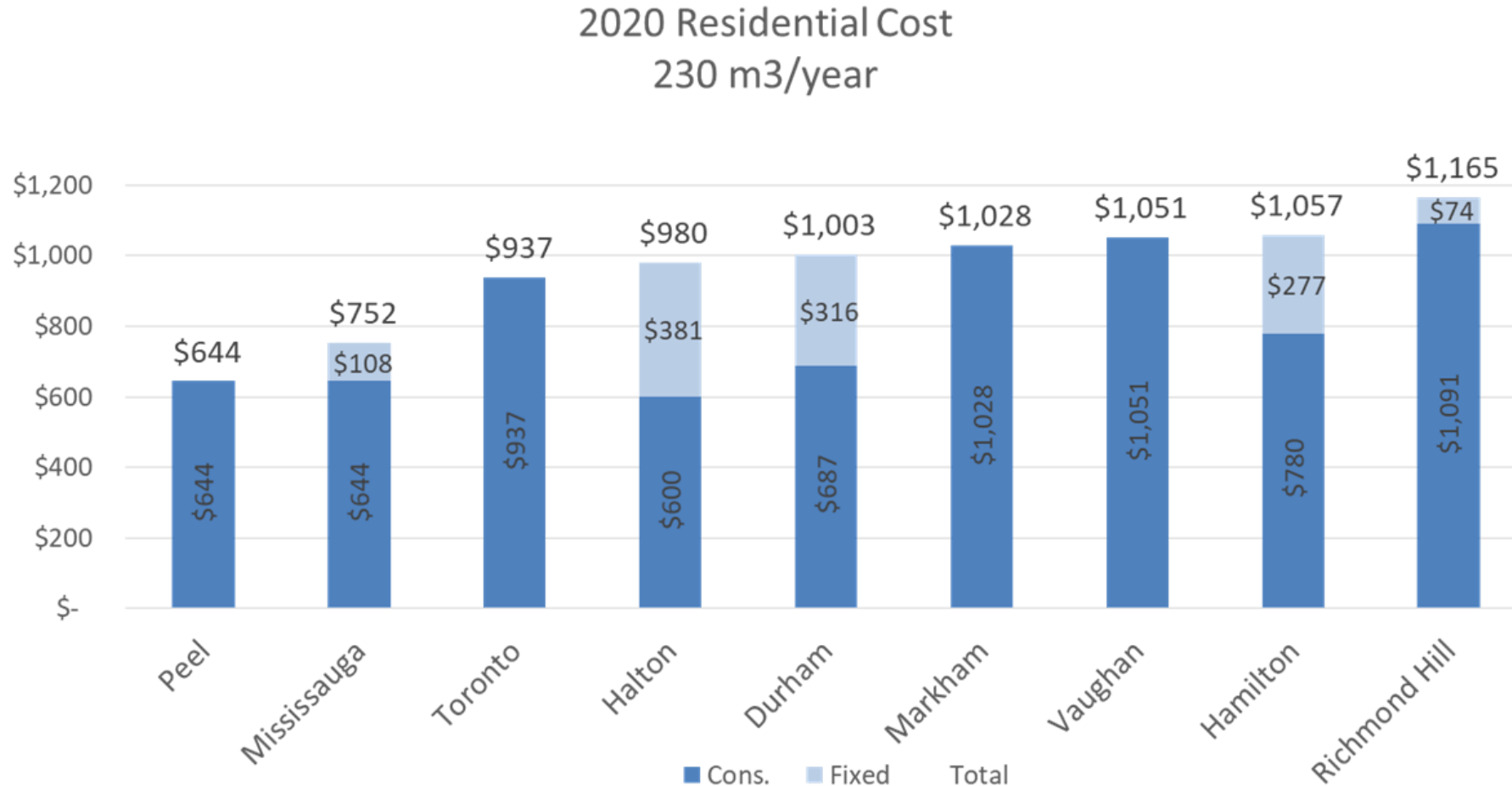


Population & Water Consumption

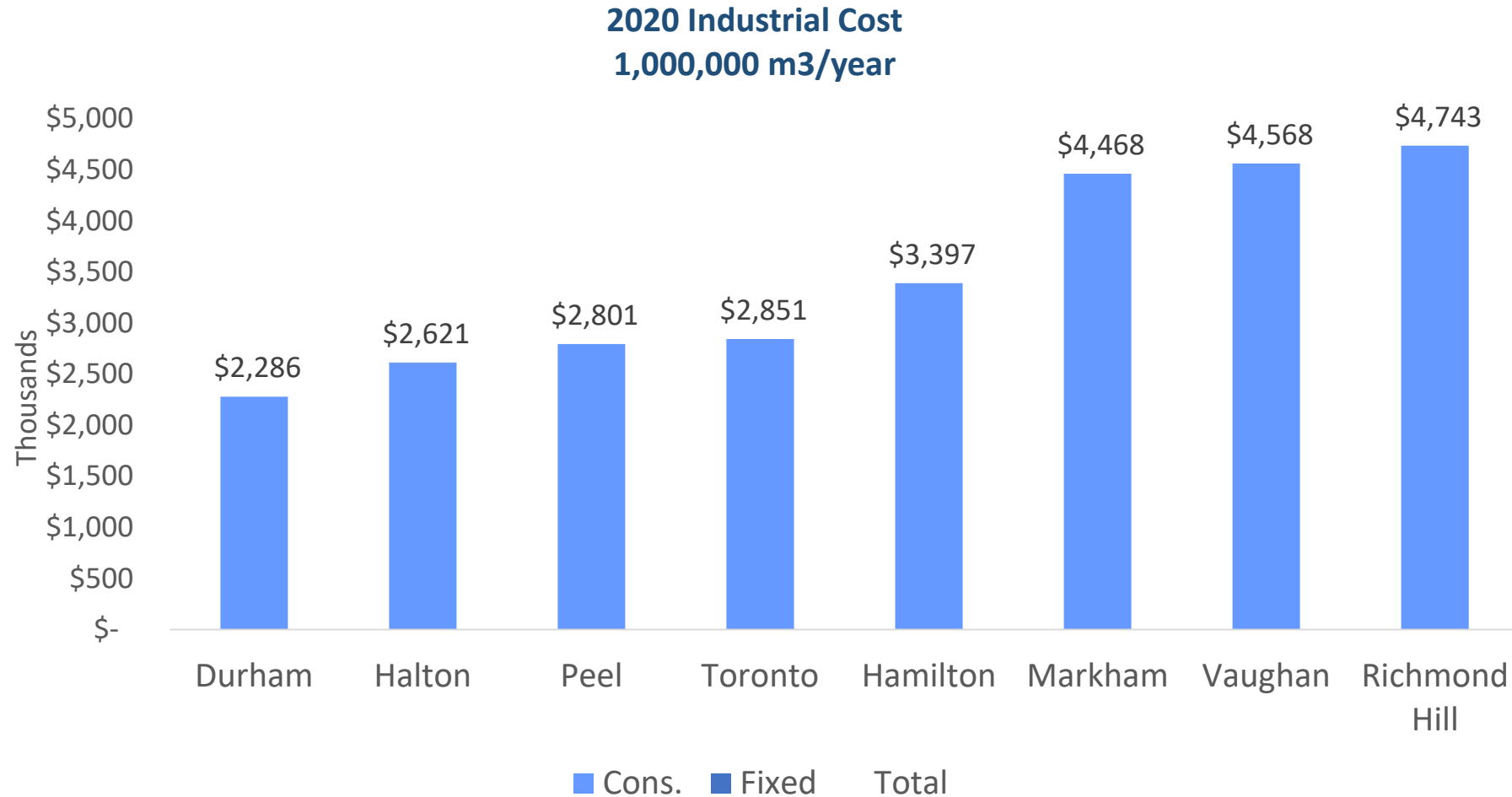
Population and Water Consumption



How Does Toronto Compare

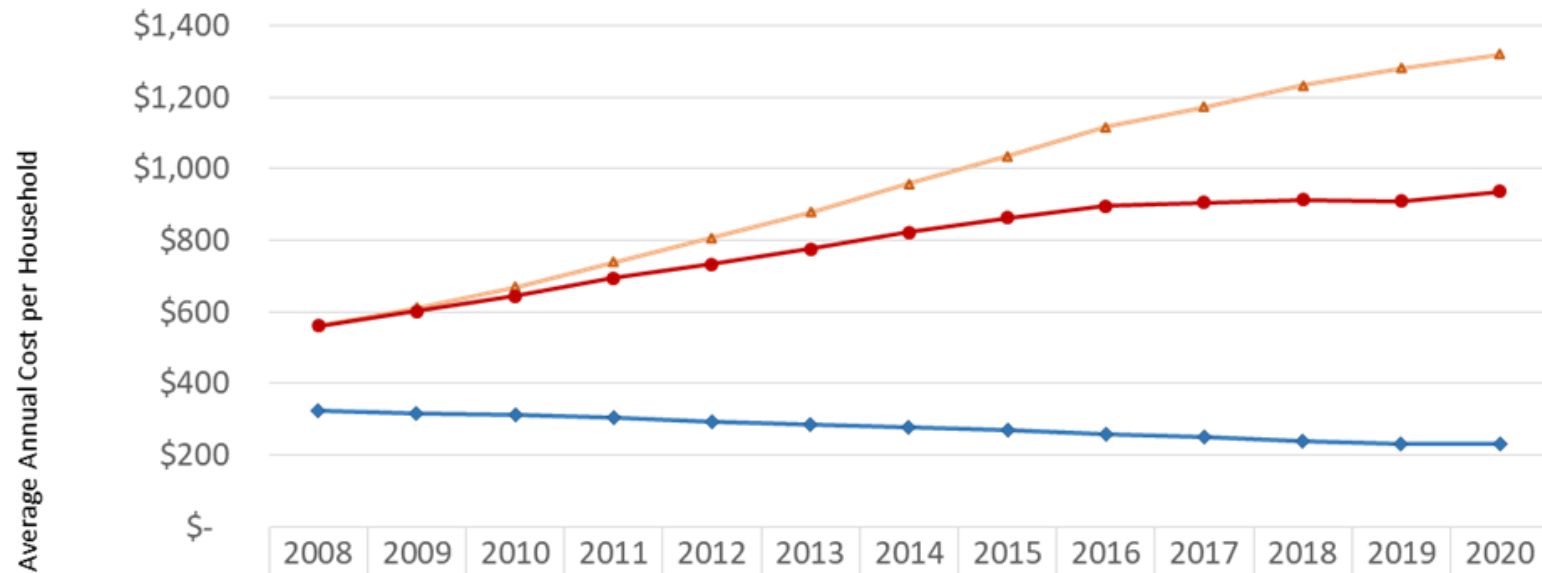


How Does Toronto Compare



Impact of Rate Increases

Average Residential Cost



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential cost with constant consumption at 2008 level, \$/y	\$562	\$613	\$669	\$740	\$807	\$879	\$958	\$1,035	\$1,118	\$1,174	\$1,232	\$1,281	\$1,320
Residential cost with actual consumption \$/y	562	601	645	694	734	776	822	863	897	906	913	910	937
Average annual consumption per household m3/y	324	318	312	304	295	286	278	270	260	250	240	230	230

2021 Water Rate Increase Impact

Type of Property	Consumption	2020 Cost	2021 Projected Cost	2021 Rate Increase Impact	
	m ³ /y	\$/y	\$/y	\$/y	%
Residential	230	\$937	\$951	\$14	1.50%
Commercial	100,000	\$407,350	\$413,460	\$6,110	1.50%
Industrial	100,000	\$291,232	\$295,594	\$4,362	1.50%
Large Industrial	1,000,000	\$2,857,312	\$2,900,104	\$42,792	1.50%

*Average cost for residential drinking water, wastewater and stormwater services \$2.61 per day.

Projected Water Rate Increase

		2021-2030 Plan										
TORONTO WATER	2019 Actual	Projected 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Water Rate Increase	3.98%	3.00%	1.50%	3.00%	3.60%	3.00%	3.00%	3.00%	3.60%	3.00%	3.00%	3.00%
WATER RATE REVENUE, \$M	\$1,231	\$1,276	\$1,296	\$1,328	\$1,361	\$1,402	\$1,437	\$1,472	\$1,509	\$1,555	\$1,593	\$1,632
Water Rate Revenue Increase, %		3.67%	1.57%	2.46%	2.46%	3.06%	2.46%	2.46%	2.46%	3.06%	2.46%	2.46%
CAPITAL RESERVE CLOSING BALANCE	\$1,247	\$1,218	\$1,114	\$773	\$442	\$229	\$121	\$149	\$98	\$48	\$106	\$307

Thank You

Appendices

COVID-19 Financial Impact – Operating

COVID-19 Impacts	(\$000s)					
	2020			2021		
	Revenues	Gross	Net	Revenues	Gross	Net
Revenue Loss						
Sale of Water Volume	(23,500.0)		23,500.0			
Sale of Water (1.5% vs. 3% Rate)				(19,053.3)		19,053.3
Sub-Total	(23,500.0)		23,500.0	(19,053.3)		19,053.3
Expenditure Increase						
Health and Safety Supplies		598.1	598.1		450.0	450.0
Additional Cleaning		72.9			97.2	
Fleet and Equipment Rentals (Physical Distancing)		280.2			312.0	
Other (One-time costs)		316.1				
Price Increases from Limited Supply in Chemical Products		387.0	387.0			
Sub-Total		1,654.3	1,654.3		859.2	859.2
Savings due to Management Actions						
Salaries and Benefits (Hiring Slow Down & VSP)		(6,000.0)	(6,000.0)		(4,928.3)	(4,928.3)
Non-Union Merit Pay					(1,115.9)	(1,115.9)
Sub-Total		(6,000.0)	(6,000.0)		(6,044.2)	(6,044.2)
Total COVID-19 Impact	(23,500.0)	(4,345.7)	19,154.3	(19,053.3)	(5,185.0)	13,868.3

* 2020 Projection based on Q2 Variance

2021 Operating Budget by Revenue/Expenditure Category

Category (In \$000s)	2018 Actual	2019 Actual	2020 Budget	2020 Projected Actual *	2021 Budget	2021 Change from 2020 Projected Actual	
	\$	\$	\$	\$	\$	\$	%
Sale of Water	1,213,071.6	1,226,547.3	1,277,211.4	1,253,711.4	1,289,493.8	35,782.4	2.9%
User Fees & Donations	61,285.5	70,696.6	56,741.8	62,691.6	61,899.9	(791.7)	(1.3%)
Transfers From Capital	6,622.4	7,296.6	8,845.7	8,905.7	9,364.3	458.6	5.1%
Other Revenues	41,062.8	41,275.0	47,434.7	47,119.8	54,263.5	7,143.7	15.2%
Inter-Divisional Recoveries	47.0	186.1	316.1	316.1	314.7	(1.3)	(0.4%)
Total Revenues	1,322,089.4	1,346,001.5	1,390,549.7	1,372,744.6	1,415,336.3	42,591.7	3.1%
Salaries and Benefits	169,773.4	176,938.9	188,197.4	179,697.4	187,541.6	7,844.2	4.4%
Materials and Supplies	94,787.7	94,819.6	108,054.3	96,112.8	106,902.2	10,789.4	11.2%
Machinery and Equipment	2,781.0	3,151.7	3,104.9	2,767.8	2,835.3	67.5	2.4%
Service and Rent	52,015.1	66,552.4	75,179.4	70,300.6	75,474.6	5,173.9	7.4%
Contribution To Reserves	10,130.4	10,674.3	10,706.3	10,706.3	10,690.2	(16.1)	(0.2%)
Other Expenditures	19,038.0	15,753.8	16,959.3	16,464.2	16,816.0	351.8	2.1%
Inter-Divisional Charges	66,550.6	66,389.9	68,478.1	68,178.1	68,564.1	386.0	0.6%
Subtotal Gross Expenditures	415,076.3	434,280.6	470,679.6	444,227.2	468,824.0	24,596.8	5.5%
Capital Contribution	907,013.1	911,720.9	919,870.1	928,517.4	946,512.3	17,994.9	1.9%
Total Gross Expenditures	1,322,089.4	1,346,001.5	1,390,549.7	1,372,744.6	1,415,336.3	42,591.7	3.1%
Approved Positions	1,608.3	1,678.3	1,841.3	1,841.3	1,841.3		

* 2020 Projection based on Q2 Variance and Council approved in-year adjustments

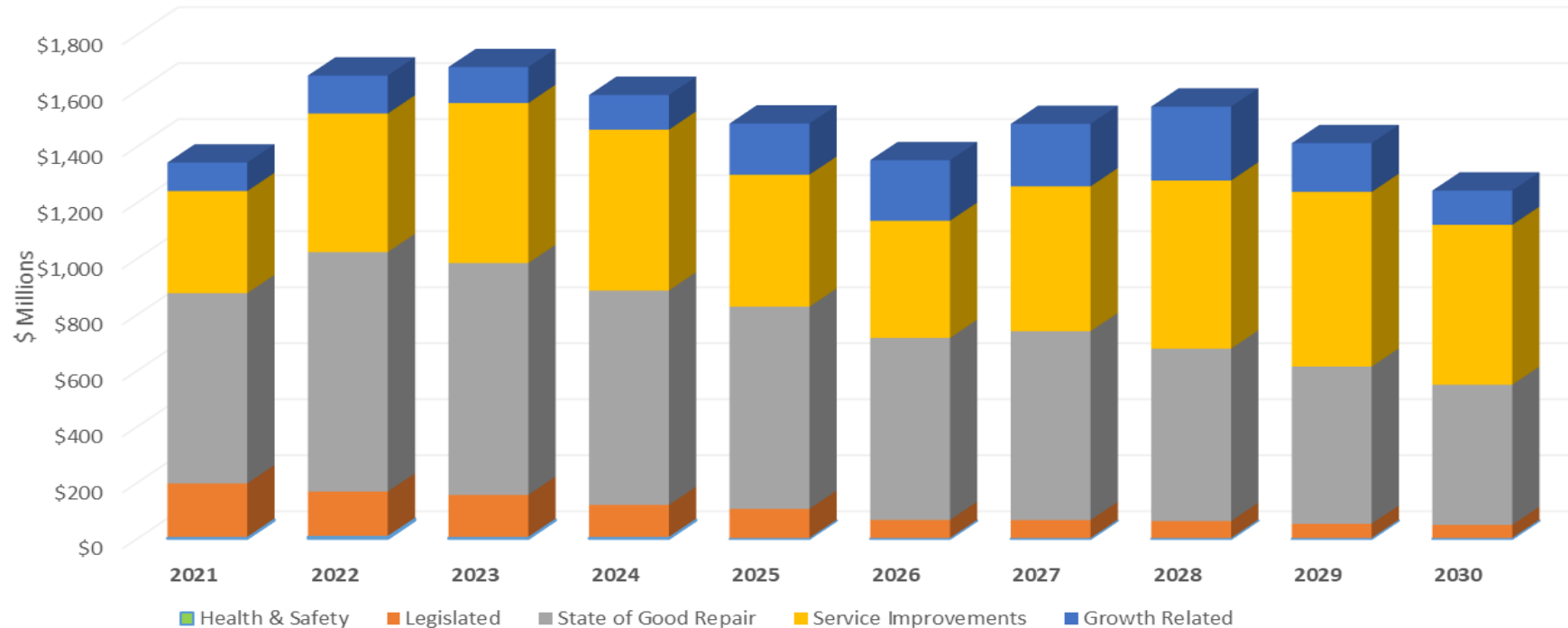
2021 Capital Budget; 2022 - 2030 Capital Plan Including Carry Forward Funding

(In \$000s)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021- 2030 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
ASHBRIDGES BAY WWTP - BUILDING SERVICES & SITE DEV	5,099	2,980	13							1,300	9,392			9,392
ASHBRIDGES BAY WWTP - EFFLUENT SYSTEM	127,058	85,661	54,516	32,271	32,004	85					331,595	323,325		8,270
ASHBRIDGES BAY WWTP - LIQUID TREATMENT & HANDLING	60,760	47,396	66,015	59,147	97,795	127,972	136,800	151,850	169,290	88,658	1,005,683		731,223	274,460
ASHBRIDGES BAY WWTP - O&M UPGRADES	2,543	2,886	2,630	2,710	2,790	2,880	2,960	3,005	3,140	3,240	28,784		28,784	
ASHBRIDGES BAY WWTP - ODOUR CONTROL	1,150	1,145									2,295		2,295	
ASHBRIDGES BAY WWTP - SOLIDS & GAS HANDLING	43,120	58,941	58,770	56,455	59,905	28,704	24,585	10,150	775	725	342,130		335,390	6,740
ASHBRIDGES BAY WWTP REHAB	19,368	51,453	94,257	70,224	44,493	22,925	26,956	27,150	20,160	13,050	390,036	32,848	317,965	39,223
ASHRIDGES BAY TP YR2005	12	255	79								346		346	
BASEMENT FLOODING RELIEF	149,929	266,151	307,785	294,625	251,485	208,616	221,629	183,057	162,092	158,656	2,204,025			2,204,025
BUSINESS IT PROJECTS	106	1,800	1,275	525							3,706			3,706
BUSINESS SYSTEM INFRASTRUCTURE - PW	13,736	14,092	13,419	7,213	3,813	3,344	2,444	3,404	2,474	2,144	66,083		158	65,925
CLARK RESIDUE MGMT. FACILITIES	102	158									260	260		
DIST W/M REHABILITATION	63,179	80,656	74,025	73,906	73,137	72,506	71,406	71,306	71,206	65,460	716,787		716,787	
DIST W/M REPLACEMENT	113,379	152,024	125,494	121,798	125,388	115,500	115,500	115,700	113,500	114,000	1,212,283		1,021,139	191,144
DIST WATER SERVICE REPAIR	48,423	52,231	52,731	53,545	46,445	41,245	41,245	41,245	41,245	41,546	459,901	445,867	14,034	
DISTRICT WATERMANS - NEW	10	500	500	500	500	500	500	500	500	500	4,510			4,510
DON & WATERFRONT TRUNK CSO	77,232	78,041	88,910	66,345	38,560	56,479	164,401	260,750	288,300	298,400	1,417,418			1,417,418
EMERY CREEK POND	17	500									517			517
ENGINEERING	68,480	77,918	77,972	59,724	62,572	64,565	54,863	59,985	61,219	53,538	640,836		640,836	
ENGINEERING STUDIES	510	260	170	70	270	70	70	70	70	70	1,630	300	670	660
EQUIPMENT REPLACEMENT & REHABILITATION	2,150	3,735	42	55							5,982		5,982	
FJ HORGAN W.T.P. R&R	5,428	8,150	2,908	1,829	875	875	805	225	200	200	21,495	504	12,714	8,277
HARRIS W.T.P. R&R	12,225	9,490	6,176	6,255	12,560	11,650	12,550	7,800	500	500	79,706		70,419	9,287
HIGHLAND CREEK WWTP - BUILDING SERV & SITE DEV	1,236	6,092	5,500	5,400	2,400	2,299	3,500	4,157	101		30,685		30,685	
HIGHLAND CREEK WWTP - ODOUR CONTROL	12,932	1,282	1,228	759	417	1,017	6,500	11,300	10,500	5,400	51,335	50,581		754
HIGHLAND CREEK WWTP - SOLIDS & GAS HANDLING	5,108	12,710	30,890	32,650	29,690	35,816	20,150	40			167,054		22,105	144,949
HIGHLAND CREEK WWTP UPGRADES	34,404	37,352	37,452	62,439	76,875	58,385	53,371	46,581	43,620	7,844	458,323	27,865	175,196	255,262
HORGAN TRUNK MAIN EXPANSION	530	15,083	14,650	14,700	15,245	38					60,246			60,246
HUMBER T.P.	158										158			158
HUMBER TP YR2005														
HUMBER WWTP - LIQUID TREATMENT & HANDLING	26,062	13,101	17,500	13,965	1,500	5,150	32,275	35,000	32,000	18,000	194,553		194,553	
HUMBER WWTP - O&M UPGRADES	100	408									508		508	
HUMBER WWTP - ODOUR CONTROL	2,045	1,480	4,450	1,290	5	5	550				9,825	9,825		
HUMBER WWTP UPGRADES	25,253	28,924	27,401	38,486	40,275	26,575	17,875	10,325	100	100	215,314	7,115	127,859	80,340
ISLAND W.T.P. R&R	2,379	5,660	13,674	18,566	17,775	3,397	30				61,481	61,481		
ISLAND W.T.P. R&R	20,999	8,520	11,698	8,333	6,987	4,190	4,792	1,440	375	525	67,859		52,116	15,743

2021 Capital Budget; 2022 - 2030 Capital Plan Including Carry Forward Funding (cont'd.)

(In \$000s)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021- 2030 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
Land Acquisition for Source Water Protect	9,600	11,400	14,467	10,600	7,200	10,900	11,000	11,000	10,948	10,793	107,908			107,908
LAWRENCE ALLAN REVITALIZATION PLAN	1,490	2,285	806	3,592	3,842						12,015			12,015
METERING & METER READING SYS	2,420	3,567	3,600	2,405	1,501	1,501	1,501	1,501	1,501	1,501	20,998			20,998
NEW SERVICE CONNECTIONS	54,580	54,196	46,771	47,610	47,610	47,610	47,610	47,610	47,610	47,610	488,817			488,817
NEW SEWER CONSTRUCTION	6,620	20,140	19,329	14,087	9,500	4,345	1,065	1,100	1,050	1,000	78,236			78,236
NORTH TORONTO WTP UPGRADES	11,555	12,742	11,247	5,083							40,627	13,188		27,439
OPERATIONAL SUPPORT	4,196	8,701	6,235	3,610	2,060	2,060	2,060	2,060	2,060	2,060	35,102		5,250	29,852
PW ENGINEERING	5,891	9,972	7,317	4,775	3,425	2,875	2,645	1,975	975	975	40,825		22,338	18,487
REGENT PARK CAPITAL CONTRIBUTION	100	720	35	1,067	1,088		52	53	53	53	3,221			3,221
RL CLARK W.T.P. R&R	622	1,141	3,107	1,030	255	255	250	250	250	250	7,410		7,410	
SEWAGE PUMPING STATION UPGRADES	5,851	11,345	23,850	20,364	16,135	15,065	8,640	5,400	2,100	3,100	111,850	82,679	24,561	4,610
SEWER ASSET PLANNING	22,986	26,022	22,892	21,304	22,350	22,314	22,150	22,150	22,150	22,150	226,468		173,968	52,500
SEWER REPLACEMENT PROGRAM	22,314	36,387	24,525	24,745	21,494	20,950	20,350	24,025	20,525	20,500	235,815		235,815	
SEWER SYSTEM REHABILITATION	81,316	93,329	76,509	87,320	72,023	72,277	76,277	74,732	75,232	73,339	782,354		773,690	8,664
STREAM RESTORATION & EROSION CONTROL	13,207	17,794	20,227	24,418	21,196	21,058	23,833	18,791	14,941	6,383	181,848		181,848	
SWITCH GEAR TRANSFORMER	2,716	6,032	5,650	5,400	5,230	54					25,082		25,082	
SWM TRCA FUNDING	4,719	4,837	4,958	5,082	5,209	5,339	5,473	5,610	5,778	5,951	52,956			52,956
SWM END OF PIPE FACILITIES	465	1,920	2,513	5,300	2,717	2,200	16,100	37,300	64,000	52,386	184,901			184,901
SWM SOURCE CONTROL PROG	35	20									55			55
TRANSMISSION R&R	25,533	35,552	25,437	27,220	30,833	36,525	17,742	5,985	4,085	5,675	214,587		208,587	6,000
TRUNK SEWER SYSTEM	45,408	83,640	58,236	63,986	108,770	161,187	162,240	180,951	67,868	61,087	993,373		390,118	603,255
TRUNK WATERMAIN	4,149	4,479	11,791	14,692	10,155	5,405	34,455	37,500	29,600	32,100	184,326		178,624	5,702
TRUNK WATERMAIN EXPANSION	6,975	3,297	3				700	1,000	300	1,000	13,275			13,275
W&WW LABORATORIES	3,474	2,215	14,170	14,500	6,235	210	210	210	210	210	41,644		2,654	38,990
WATER EFFICIENCY PROGRAM	633	637	642	520	520	520	520	520	520	520	5,552			5,552
WATER SUSTAINABILITY PROGRAM	2,601	2,244	44								4,889			4,889
WESTERN BEACHES RETROFIT	6,470	12,921	14,486	3,225	100	25					37,227		37,227	
WET WEATHER FLOW MP	31,019	25,665	22,542	15,507	9,777	7,140	6,630	5,110	4,610	4,610	132,610		34,229	98,381
WT&S PLANTWIDE	21,509	34,132	51,153	53,918	30,235	17,444	4,431	13,780	14,990	16,500	258,092		46,244	211,848
Total Expenditure (including carry forward from 2020)	1,343,676	1,654,367	1,684,672	1,585,145	1,483,221	1,352,047	1,481,691	1,543,653	1,412,723	1,243,609	14,784,804	1,055,838	6,849,409	6,879,557

2021- 2030 Capital Budget & Plan by Project Category



2021-2030 Staff Recommended Capital Budget and Plan by Category											
\$ Millions	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Health & Safety	4.2	7.5	4.1	4.0	-	-	-	-	-	-	19.8
Legislated	194.0	161.4	153.2	117.3	107.3	67.8	67.1	63.8	53.9	50.0	1,036.0
State of Good Repair	679.0	855.1	827.5	765.4	721.7	649.5	674.2	615.5	561.1	500.2	6,849.4
Service Improvements	364.6	494.7	571.3	574.3	471.3	418.3	517.3	600.2	623.7	570.9	5,206.7
Growth Related	101.8	135.6	128.5	124.1	182.9	216.3	223.0	264.1	174.0	122.5	1,672.9
Total	1,343.7	1,654.4	1,684.7	1,585.1	1,483.2	1,352.0	1,481.7	1,543.7	1,412.7	1,243.6	14,784.8