

THE CITY OF TORONTO

City Clerk's Division

Minutes of the Budget Advisory Committee

Meeting No. 17

Wednesday, April 11, 2001

The Budget Advisory Committee met on Wednesday, April 11, 2001, in Committee Room No. 2, City Hall, Toronto, commencing at 9:43 a.m.

Attendance

Members were present for some or all of the time period indicated.

	9:43 a.m. to 1:34 p.m.
Mayor Mel Lastman	X
Councillor David Shiner, Chair	X
Councillor Paul Sutherland, Vice Chair	X
Councillor Olivia Chow	X
Councillor Ron Moeser	X
Councillor Joe Pantalone	R
Councillor Jane Pitfield	X
Councillor David Soknacki	X

Also Present:

Councillor Joanne Flint	Councillor Sherene Shaw
Councillor Frances Nunziata	Councillor Michael Walker
Councillor Case Ootes	

Mayor Mel Lastman made a presentation to the Budget Advisory Committee on the 2001 Operating and Capital Budgets.

**17.1 Water and Wastewater
2001 Capital and Operating Budgets**

The Budget Advisory Committee had before it the following reports:

- (a) (March 28, 2001) from the City Clerk, entitled “Water and Wastewater – 2001-2005 Capital Program”, advising that the Works Committee, at its meeting held on March 28, 2001, recommended to the Budget Advisory Committee:
 - (1) the adoption of the 2001 Capital Program request for Water and Wastewater;
 - (2) that the Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer closely monitor capital expenditures and report to the Works Committee on a quarterly basis, with the agreement that no projects or contracts move forward beyond the level of funding in the Water and Wastewater Reserve;
 - (3) that the Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer be requested to report to the Works Committee by July 2001 on capital financing of the Water and Wastewater Division in terms of long-term planning of the Capital Program; and
 - (4) that the Chief Financial Officer and Treasurer be requested to report to the Works Committee by July 2001 with a recommended financing strategy and resulting cash flow targets for the Water and Wastewater programs for the years 2002-2003;
- (b) (March 28, 2001) from the City Clerk, entitled “Status of the Universal Metering Program and Implementation of a New Modern Meter Reading Technology”, advising that the Works Committee, at its meeting held on March 28, 2001, recommended to the Budget Advisory Committee:
 - (1) the adoption of the joint report dated March 14, 2001, from the Chief Financial Officer and Treasurer and the Commissioner of Works and Emergency Services;

Budget Advisory Committee Minutes
Wednesday, April 11, 2001

- (2) that the Terms of Reference for the Proposal Call be reviewed with Toronto Hydro in order to ensure that the opportunities for synergy are maximized in the research; and
 - (3) that Toronto Hydro be requested to join in the consultant's study and provide input on an ongoing basis in a collaborative context;
- (c) (March 28, 2001) from the City Clerk, entitled "Water and Wastewater - 2001 Operating Budget", advising that the Works Committee, at its meeting held on March 28, 2001, recommended to the Budget Advisory Committee the adoption of the recommended 2001 Water and Wastewater Operating Budget;
- (d) (March 30, 2001) from the Chief Financial Officer and Treasurer, entitled "Water Rate and Financing Options for the 2001 Operating and 2001-2005 Capital Budgets of the Water and Wastewater Program", reporting to the Budget Advisory Committee on setting the context for the 2001 operating and 2001-2005 capital budget requests for the water and wastewater programs by providing an overview of the requests and various funding scenarios in response to these requests including their potential financial impacts, while addressing overall funding issues arising therefrom; and recommending that:
- (1) the Budget Advisory Committee recommend option(s) for review by the Works Committee in their deliberation on the 2002-2005 capital program of Water and Wastewater program and that the Works Committee report back by July 2001 to the Budget Advisory Committee;
 - (2) the Committee approve the 2001 capital financing strategy, including financing an amount not to exceed \$68 million to be debentured, if required, for a term up to, but not exceeding 30 years; and
 - (3) the Chief Financial Officer and Treasurer be directed to prepare a formal rate report recommending the 2002 rate and a multi-year rate strategy by no later than July 2001;
- (e) (March 30, 2001) from the Commissioner of Works and Emergency Services, entitled "2001 Operating Budget – Water and Wastewater Services Division – Works and Emergency Services Department", providing additional information to the Budget Advisory Committee, in response to a request from the Works Committee following the review of the 2001 Water and Wastewater Operating Budget; and recommending that this report be received for information;

Budget Advisory Committee Minutes
Wednesday, April 11, 2001

- (f) (February 28, 2001) from the City Clerk, entitled “No Fault Flood Grant Program: Basement Flooding Damages and Clean-Up Cost”, advising that the Works Committee at its special meetings held on February 21 and 28, 2001, recommended to the Budget Advisory Committee the adoption of Recommendations Nos. (1), (2) and (5) embodied in the joint report (January 24, 2001) from the Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer; and
- (g) (March 14, 2001) from the City Clerk, advising that City Council, at its meeting held on March 6, 7 and 8, 2001, had before it Clause No. 7 of Report No. 3 of The Works Committee, headed “Other Items Considered by the Committee”, directed that the item, entitled “No-Fault Flood Grant Program: Basement Flooding Damages and Clean-up Costs”, embodied in the aforementioned Clause, be struck out and referred back to the Budget Advisory Committee for consideration and the hearing of deputations by members of Council only.

The Budget Advisory Committee also had before it during consideration of the foregoing matter the following communications, and copies thereof are on file in the office of the City Clerk:

- (a) (February 27, 2001) from Councillor Joanne Flint, Ward 25 Don Valley West, entitled “Drainage Study - Hogg’s Hollow”, requesting the Budget Advisory Committee to allocate \$50,000.00 to hire consultants for the purpose of providing a drainage study for Hogg’s Hollow;
- (b) (April 2, 2001) from Mr. Brian Cochrane, President, Toronto Civic Employees’ Union Local 416 CUPE, entitled “Water and Wastewater Capital and Operating Budget”, expressing opposition to the short turnaround time of this budget; and
- (c) (April 11, 2001) from Councillor John Filion, Ward 23 Willowdale, requesting the Budget Advisory Committee to maintain the North York “no fault” grant until such time as the City does the necessary sewer work to correct the problem in the area.

Capital

Councillor Shiner appointed Councillor Sutherland Acting Chair and vacated the Chair.

- A. Councillor Shiner moved that the Budget Advisory Committee submit to the Policy and Finance Committee, and Council, without recommendation, the 2001 Capital Budget for Water and Wastewater.

(Carried)

Budget Advisory Committee Minutes
Wednesday, April 11, 2001

Operating

- B. Councillor Shiner moved that the Budget Advisory Committee:
- (1) recommend to the Policy and Finance Committee, and Council, the adoption of the 2001 Operating Budget, as presented, subject to the following approximately \$6.6 million of adjustments:
 - (a) adjustments to salary/benefits for additional gapping savings of \$1.1 million;
 - (b) reductions of \$698,100.00 for technical and support service charges from WES;
 - (c) revised estimate of interest earnings of \$2.2 million;
 - (d) decrease in non salary expense of \$1.9 million, based on review of 2000 actual expenses; and
 - (e) reductions in the Inter-Departmental charges of \$0.741 million from Finance – Revenue Division for billing, collection and client services;
 - (2) request the Commissioner of Works and Emergency Services to report to the Works Committee on further savings that can be achieved for the purchase of chlorine, to include purchasing in bulk and the transportation of the containers; and
 - (3) request the Commissioner of Works and Emergency Services to report to the Works Committee and the Budget Advisory Committee in July or sooner providing a five year plan and an update on the 2001 program, the said report to include a risk assessment if the projects do not go forward.

(Carried)

(Lost)

Councillor Shiner resumed the Chair.

Budget Advisory Committee Minutes
Wednesday, April 11, 2001

C. Councillor Soknacki moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, that when the water rate and financing options are presented for the 2002-2006 Capital Budgets of the Water and Wastewater Programs, the Chief Financial Officer and Treasurer and the Commissioner of Works and Emergency Services be requested to report to the Budget Advisory Committee and the Works Committee on same, such options to include:

- (a) the total debt to net expenditure ratio being maintained at current levels;
- (b) rate increases being limited to a maximum of 5 percent per year;

and further the said report also include, but not be limited to:

- (c) realistic expenditure levels; and
- (d) sources of funding.

(Carried)

D. Councillor Pitfield moved that:

- (1) Councillor Shiner's motion B. be amended by adding the following:
 - (a) \$50,000.00 be approved to hire consultants for a drainage study at Hogg's Hollow, such study to be funded within the existing operating expenditure as outlined by staff;
 - (b) the adoption of Recommendations Nos. (1), (2) and (5) of the joint report (January 24, 2001) from the Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer, as recommended by the Works Committee, embodied in the report (February 28, 2001) from the City Clerk, respecting the No Fault Flood Grant Program: Basement Flooding Damages and Clean-up Cost; and
- (2) the Chief Financial Officer and Treasurer be requested to report to the Works Committee by June 2001, providing:

Budget Advisory Committee Minutes
Wednesday, April 11, 2001

- (a) details on the costs of services provided to the Water/Wastewater Program by the Revenue Division of Finance;
 - (b) City initiatives that can be undertaken to reduce these costs charged in 2002 and future years;
 - (c) initiatives with the Region of Peel and other service delivery providers to reduce the costs of Finance Services; and
 - (d) details of the corporate charges and initiatives to reduce these costs, if possible; and
- (4) the Commissioner of the Works and Emergency Services be requested to include in the report respecting Wet Weather Flow Master Plan to be presented to the Works Committee meeting scheduled to be held on July 4, 2001, on the options with respect to increasing water rates over a five year period to allow for a 1 percent renewal of pipe infrastructure without increasing the debt.

(Carried)

- E. Councillor Moeser moved that Councillor Shiner's motion B. be amended by the adoption of the recommendations of the Works Committee, embodied in the report (March 28, 2001) from the City Clerk, respecting the Universal Metering Program and Implementation of a New Modern Meter Reading Technology.

(Carried)

- F. Councillor Chow moved that the Budget Advisory Committee:

- (1) request the Commissioner of Works and Emergency Services to include in the report respecting Wet Weather Flow Master Plan to be presented to the Works Committee meeting scheduled to be held on July 4, 2001, regarding an aggressive and speedy downspout disconnection plan for the City that would clear the two year backlog; and further identify the avoided cost of building and replacing tunnels as a result of the implementation of this plan; and

Budget Advisory Committee Minutes
Wednesday, April 11, 2001

- (2) request the Commissioner of Works and Emergency Services to report to the Works Committee on projects that improve water efficiency and water conservation being rated as high priority in the five year Capital Water and Wastewater report, including how it affects the currently ranked prioritized list of other City departments.

(Carried)

G. Councillor Sutherland moved that the Budget Advisory Committee:

- (1) request the Commissioner of Works and Emergency Services to provide an update on the ongoing discussions with the Region of York respecting the sale of water to the July 4, 2001 meeting of the Works Committee;
- (2) receive the aforementioned reports and communications:
 - (i) (February 27, 2001) from Councillor Joanne Flint respecting a drainage study for Hogg's Hollow;
 - (ii) (April 2, 2001) from the President, Toronto Civic Employees' Union Local 416 CUPE expressing opposition to the short turnaround time of this budget;
 - (iii) (March 30, 2001) from the Commissioner of Works and Emergency Services providing information to the Budget Advisory Committee, in response to a request from the Works Committee following the review of the 2001 Water and Wastewater Operating Budget; and recommending that this report be received for information;
 - (iv) (March 14, 2001) from the City Clerk advising that City Council, at its meeting held on March 6, 7 and 8, 2001, directed that Clause No. 7(b) of Report No. 3 of The Works Committee, entitled "No-Fault Flood Grant Program: Basement Flooding Damages and Clean-up Costs", be struck out and referred back to the Budget Advisory Committee for consideration and the hearing of deputations by Members of Council only; and

Budget Advisory Committee Minutes
Wednesday, April 11, 2001

- (v) (April 11, 2001) from Councillor John Filion, Ward 23 Willowdale, requesting the Budget Advisory Committee to maintain the North York “no fault” grant until such time as the City does the necessary sewer work to correct the problem in the area; and

(Carried)

- (3) recommend to the Policy and Finance Committee, and Council, the following:

- (a) the adoption of Recommendation No. (3) of the joint report (February 28, 2001) from the Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer, as recommended by the Works Committee, embodied in the report (February 28, 2001) from the City Clerk, subject to amending the set at \$500,000.00; and

- (b) the adoption of Recommendation No. (4) of the joint report (February 28, 2001) from the Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer, as recommended by the Works Committee, embodied in the report (February 28, 2001) from the City Clerk, subject to adding the following recommendation:

“(vii) \$750,000.00 funding be provided by reducing the Drain Grant Program from \$2.3 million to \$1.55 million in 2001, \$750,000.00 of which to be applied to the No Fault Flood Grant Program.”

(Lost)

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer;
Commissioner of Works and Emergency Services – April 12, 2001)

Budget Advisory Committee Minutes
Wednesday, April 11, 2001

The Budget Advisory Committee adjourned its meeting at 1:34 p.m.

Chair