

THE CITY OF TORONTO

City Clerk's Division

Minutes of the Policy and Finance Committee and the Works Committee

Meeting No. 2

Tuesday, November 19, 2002

A special joint meeting of the Policy and Finance Committee and the Works Committee was held on Tuesday, November 19, 2002, in the Council Chamber, City Hall, Toronto, commencing at 9:40 a.m.

Members Present:

Policy and Finance Committee	9:40 a.m.-12:28 p.m.	2:12 p.m.-6:15 p.m.
Mayor Mel Lastman, Chair		
Councillor Case Ootes, Vice-Chair	x	x
Councillor Sandra Bussin	x	x
Councillor Frank Di Giorgio	x	x
Councillor Norm Kelly	x	x
Councillor Pam McConnell	x	x
Councillor Ron Moeser		
Councillor Frances Nunziata	x	x
Councillor Sherene Shaw		x
Councillor David Shiner	x	x

Works Committee	9:40 a.m.-12:28 p.m.	2:12 p.m.-6:15 p.m.
Councillor Brad Duguid, Chair	x	x
Councillor Jane Pitfield, Vice-Chair	x	x
Councillor Bas Balkissoon	x	x
Councillor Frank Di Giorgio	x	x
Councillor Irene Jones	x	x
Councillor Jack Layton	x	x
Councillor Gloria Lindsay Luby	x	x
Councillor Peter Li Preti	x	x

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

Also Present:

Councillor Raymond Cho
Councillor David Miller
Councillor Michael Walker

Councillor Brad Duguid, Chair, Works Committee, in the Chair.

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

2.1 Establishment of the Toronto Water Board.

The Policy and Finance Committee and the Works Committee had before them a report (October 21, 2002) from the Chief Administrative Officer recommending that:

- (1) Council establish a municipal service board for water and wastewater services having the characteristics described in this report, including:
 - the City continues to be the employer of the water and wastewater workforce;
 - Council appoints the Board and designates the Chair;
 - Council retains the authority to approve annual operating and capital budgets and multi-year capital plans;
 - Council retains the authority to pass by-laws imposing all fees and charges (i.e., rates) for water and wastewater services; and
 - the service board be named the Toronto Water Board (TWB);
- (2) the Board of the TWB consist of nine members, as follows:
 - (a) four Councillors; and
 - (b) five citizens;
- (3) the Councillor members of the first TWB Board be appointed by Council as follows:
 - (a) the Mayor or his nominated designate;
 - (b) the Water Advocate;
 - (c) a member of the Works Committee (to be nominated by the Works Committee); and
 - (d) another Councillor (to be nominated by the Striking Committee);
- (4) the citizen members of the Board be appointed by Council giving due consideration to the following qualifications:
 - (a) a combination of extensive experience or knowledge with respect to:
 - public health;
 - environmental and watershed management issues;
 - contemporary business practice (specifically in water/wastewater services);
 - financial management;

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

- capital projects planning; and
 - public sector governance;
- (b) independence of judgement;
- (c) personal integrity; and
- (d) qualified to be elected as a member of Council, e.g., at least 18 years of age, a Canadian Citizen and other requirements of the *Municipal Act, 2001* and the *Municipal Elections Act, 1996*;
- (5) in order to have the TWB board members in place as soon as possible to assume operations of Water and Wastewater Services as per the Transition Workplan attached to this report, the Chief Administrative Officer engage a search consultant to recruit qualified citizen candidates for consideration by the TWB Board Selection Committee;
- (6) the TWB Board Selection Committee be appointed by Council to review the citizen candidates recruited by the search consultant and recommend five appointees (including a Chair) to Council, and that the TWB Board Selection Committee consist of:
- the Mayor or his designate;
 - the Chair of the Works Committee;
 - the Water Advocate;
 - the Chair of the Personnel Sub-Committee;
 - the Chief Administrative Officer; and
 - the Commissioner of Works and Emergency Services;
- (7) the remuneration for citizen members of the TWB Board be \$500 per Board meeting attended, to a maximum of \$10,000 per annum, and the remuneration for the Chair be \$10,000 per annum plus \$500 per Board meeting attended, to a maximum of an additional \$10,000 per annum, and reimbursement for board-approved expenses be paid for all members of the Board;
- (8) the current General Manager of Water and Wastewater Services be appointed the Interim General Manager of the TWB upon its establishment;
- (9) the draft by-law establishing the TWB be adopted in the form or substantially in the form set out in Appendix 1 of this report, to come into force July 1, 2003;
- (10) Council approve the Direction to the Board attached to this report (Appendix 2), prescribing the relationship of the TWB to the City of Toronto, including policy objectives and reporting requirements and that, as a condition of its establishment,

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

the Board must act in compliance with the Direction;

- (11) Council approve the TWB Transition Workplan, attached to this report (Appendix 3) and authorize the CAO to appoint a Transition Team with the mandate to undertake the matters referred to in the Workplan, including the preparation of the TWB Procedural, Financial Control and Purchasing By-laws for presentation to the Board;
- (12) the CAO report back, through the 2003 budget process, on the administrative issues relating to inter- and intra-departmental charges and recoveries for water and wastewater services and a process to deal with their implications for the 2004 budget, and that this report be in the context of the requirements of Provincial Bill 175 (the *Sustainable Water and Sewage Systems Act, 2002*);
- (13) the recommendations for the establishment of a Water Advisory Team for Enhanced Responsibility (WATER) and for the creation of a Toronto Water Code, both embodied in the report from the Water Advocate entitled "Safe, Clean, Accountable", be referred to the TWB for further development;
- (14) the City Clerk maintain a list for public inspection of the requirements Council has imposed on the TWB (as required by Section 201(2) of the *Municipal Act, 2001*);
- (15) Municipal Code Chapter 71, Financial Control, be amended effective July 1, 2003, in subsection 71-14H to include advances to the TWB on account of capital works; and
- (16) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto, including the introduction of any necessary bills in Council.

The Policy and Finance Committee and the Works Committee also had before them a report (October 18, 2002) from the City Solicitor responding to the issues raised by deputants in their submissions to the joint meeting of the Policy and Finance and Works Committees on June 11 and 12, 2002, with respect to the impact of the General Agreement on Trade in Services (GATS) and the North American Free Trade Agreement (NAFTA) on the proposed change in governance structure for water and wastewater services; and recommending that this report be received for information.

The Policy and Finance Committee and the Works Committee also had before them a memorandum (November 19, 2002) from the Chief Administrative Officer commenting on the issues raised at the public Information Session held on November 6, 2002, and providing additional clarification with respect thereto; and forwarding a copy of the Minutes of the Information Session.

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

The Policy and Finance Committee and the Works Committee also had before them a communication (November 18, 2002) from the Secretary, Board of Health, advising that at its meeting held on November 18, 2002, the Board of Health had before it a report (November 13, 2002) from the Medical Officer of Health, providing comments from a public health perspective on the Toronto Water Board as proposed in the two reports dated May 31, 2002, and October 21, 2002, from the Chief Administrative Officer; and that the Board of Health recommended that City Council ensure, if the proposed governance change is adopted, that a strong public health perspective is integrated into the Toronto Water Board by:

- (a) amending the composition of the Toronto Water Board to include a Councillor member of the Board of Health, nominated by the Board of Health, in the place of the currently proposed Councillor to be nominated by the Striking Committee;
- (b) amending the composition of the Selection Committee for citizen members of the Toronto Water Board to include the Medical Officer of Health, bringing the total number of members of the Committee to seven; and
- (c) amending Article 3.3(c) of the proposed Direction to the Board of the TWB by adding "Toronto Public Health" to the list of City services that must be utilized by the TWB.

The Policy and Finance Committee and the Works Committee also had before them a report (November 18, 2002) from Councillor Irene Jones, Water Advocate, entitled "Safe, Clean, Accountable - Water Advocate's Solution to the Current Debate on Water Governance", submitting recommendations to provide an alternative to the options under consideration.

The Policy and Finance Committee and the Works Committee also had before them the following communications:

- (i) (November 4, 2002) from Ms. Madeleine McDowell, Chair, Humber Heritage Committee, advising that the Humber Heritage Committee is of the view that the public interest regarding water services is not best served by an agency, board or commission, but that the infrastructure and the services for sewage and water supply should be maintained as a department of the City;
- (ii) (November 4, 2002) from Ms. Kathleen Chung, Toronto, Ontario, in opposition to the establishment of an arm's-length corporation for the water system, and in support of a publicly controlled system;

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

- (iii) (November 13, 2002) from Ms. Helen Hansen and Mr. Robert Hansen, Toronto, Ontario, expressing concern about the proposed Water Board, and the possibility that such change may reduce accountability for water safety and public health;
- (iv) (November 15, 2002) from Mr. Brian Maguire, Secretary, North Hill District Home Owners' Association, advising that the Association is not in favour of the establishment of a Toronto Water Board, and supports the continuance of the present system of governance;
- (v) (November 15, 2002) from Mr. David Vallance, Chair, Confederation of Resident and Ratepayer Associations in Toronto (CORRA), expressing concerns with respect to the proposal to establish a Toronto Water Board, and advising that CORRA cannot see any advantages to transferring the management of Toronto's water and wastewater systems to an independent board;
- (vi) (November 18, 2002) from Mr. David Vallance, Toronto, Ontario, submitting comments in opposition to the establishment of the Toronto Water Board;
- (vii) (November 18, 2002) from Mr. Rene Moreau, Toronto, Ontario, expressing concern with respect to the probable make-up of the municipal services board;
- (viii) (November 19, 2002) from Ms. Sylvia Hall and Ms. Margaret Watson, Co-Chairs, Metro Chapter, CPC - Canadian Pensioners Concerned, Inc., expressing concern at the proposal for a Toronto Water Board;
- (ix) (November 19, 2002) from Mr. M. Tbrovich, Toronto, Ontario, in opposition to the establishment of a Toronto Water Board; and
- (x) (November 19, 2002) from Ms. Marilyn Churley, MPP – Toronto-Danforth, expressing concern over the direction being considered by the City of Toronto for the governance of its water system; and commenting on water bills currently being debated at the Ontario Legislature, the Safe Drinking Water Act and the Sustainable Water and Sewage Systems Act.

The following persons appeared before the Policy and Finance Committee and the Works Committee with respect to the foregoing matter:

- Mr. Andy Manahan, Universal Workers Union Local 183, and submitted a communication with respect thereto;

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

- Ms. Helen Riley, and submitted a communication with respect thereto;
- Mr. Bill Roberts, CORRA (Confederation of Resident and Ratepayer Associations);

- Mr. Sean Meagher, Water Watch;

- Ms. Ann Dembinski, President, Toronto Civic Employees' Union, CUPE Local 79, and submitted a communication with respect thereto;

- Mr. Brian Cochrane, President, Toronto Civic Employees' Union, CUPE Local 416;

- Mr. John Cartwright, President, Toronto and York Region Labour Council;

- Ms. Christine Elwell, Canadian Institute for Environmental Law and Policy, and submitted material with respect thereto;

- Ms. Shelley Petrie, Toronto Environmental Alliance;

- Ms. Sarah Miller and Ms. Michelle Swenarchuk, Canadian Environmental Law Association, and submitted material with respect thereto;

- Ms. Phyllis Creighton and Ms. Joan Harvey, Toronto Raging Grannies, and filed a submission with respect thereto;

- Mr. Steve McMinn, and submitted a communication with respect thereto;

- Mr. Doug Lowry, and submitted a communication with respect thereto;

- Mr. Robert Gullins;

- Ms. Sonia Reynolds, President, Service Employees' International Union, Local 777;

- Ms. Kathy Walker;

- Mr. Julius Deutsch;

- Mr. Wade Rathke, Chief Organizer, SEIU Local 100, New Orleans, La., and showed a videotape by Mr. Ronald Guidry, Sr., New Orleans Sewage and Water Board;

- Mr. Richard Majkot, Executive Director, COTAPSAI, and submitted a communication with respect thereto;

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

- Mr. David Greig, and submitted a communication with respect thereto;
- Ms. Janet Davis;

- Mr. Eric MacDonald, Chairman, Consulting Engineers of Ontario;

- Mr. Barry Stevens, International Brotherhood of Electrical Workers, Local 353;

- Mr. Jay Peterson, Toronto Building Trades Council;

- Mr. John Lipscombe;

- Mr. Gregory Kerr;

- Mr. David Hanna;

- Mr. Doug Jones;

- Mr. Richard Troy;

- Mr. Dalton Shipway;

- Mr. Chai Kalevar;

- Ms. Patty Barrera and Mr. Eugene Yao, who read a statement by Dr. Joseph Wong, former President, United Way, and submitted a copy of such statement;

- Mr. Ben Buwaneswaran;

- Mr. Robert Campbell;

- Mr. Frank Morrissey, Local 416, Chair, Water and Wastewater Division;

- Mr. Jim Tracy, Operator, Ashbridges Bay Treatment Plant;

- Mr. Joe Healy;

- Ms. Sandra Richardson;

- Ms. Rhona Swarbrick;

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

- Mr. Bryan Timm;
- Ms. Karey Shinn;
- Ms. Karen Buck, and submitted a communication with respect thereto;
- Mr. Michael McMahon, and submitted material with respect thereto;
- Ms. Olga Kremko; and
- Ms. Ronny Yaron, St. Lawrence Neighbourhood Association.

The following Members of Council also appeared before the Policy and Finance Committee and the Works Committee in connection with the foregoing matter:

- Councillor Raymond Cho, Ward 42 – Scarborough-Rouge River;
- Councillor David Miller, Ward 13 – Parkdale-High Park; and
- Councillor Michael Walker, Ward 22 – St. Paul’s.

The Policy and Finance Committee and the Works Committee recommended to Council that:

- (1) the aforementioned report (October 21, 2002) from the Chief Administrative Officer be received;
- (2) the preferred governance model be a Committee of seven Councillors reporting directly to Council having:
 - (i) responsibility solely for Water and Wastewater matters and being composed of Councillors to be drawn from those appointed to the Board of Health, the Toronto and Region Conservation Authority, the Economic Development and Parks Committee, the Planning and Transportation Committee, the Works Committee and the Water Advocate; and
 - (ii) appropriate delegated powers to award in a timely fashion capital and operating contracts within the approval capital and

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

- operating budgets to meet operational needs in the Water and Wastewater area;
- (3) the governance model include two advisory committees reporting to the Committee responsible for Water and Wastewater matters, one to be a technical advisory committee providing advice on the operational needs of the Water and Wastewater Services Division, and the other being a citizen advisory committee comprised of citizens, labour unions, environmental groups, water and sewer main construction organizations, representatives of the business and financial communities, health advocates and resident associations to provide guidance and support to the City;
 - (4) the Chief Administrative Officer in consultation with the Commissioner of Works and Emergency Services and the City Solicitor report, as part of the Council Committee Structure review in April 2003, on implementation of the model referred to in Recommendation No. (2)(i) and (ii), including scope of the delegated authority, necessary amendments of Municipal Code Chapter 27, Council Procedures, and identification of staff and other resources required to support the work of the Committee;
 - (5) the Water and Wastewater Services Division be afforded “Business Unit” status within the Works and Emergency Services Department consistent with the model described in the report of the Chief Administrative Officer dated May 31, 2002;
 - (6) the current review of inter- and intra-departmental charges ensure that the services provided meet the special business needs of the Water and Wastewater Services Division, that the costs imposed reflect the service provided and that the review include an analysis of the interdepartmental impacts of the changes to the charges;
 - (7) the City Auditor’s study on procurement, currently under way, address the special procurement needs of Water and Wastewater in the implementation of their capital and operating programs and make recommendations on changes that would provide the appropriate delegated powers to award contracts within the approved capital and operating budgets;

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

- (8) any contracting out be in accord with any City policies on alternative service delivery and the relevant collective agreements;

(Motions (1) to (8) by Councillor Jones, carried on the following recorded vote:

FOR: Balkissoon, Bussin, Di Giorgio, Duguid, Jones, Layton, Lindsay Luby, Li Preti, McConnell, Nunziata, Ootes, Pitfield, Shaw, Shiner

AGAINST: Kelly)

- (9) the Chief Administrative Officer, as part of the review scheduled for April 2003, include details of the "Business Unit", referred to in Recommendation No. (5); the review on inter- and intra-departmental charges, referred to in Recommendation No. (6); and the City Auditor's study on procurement, referred to in Recommendation No. (7);

(Motion by Councillor Balkissoon)

- (10) the proposed Committee responsible for Water and Wastewater matters be requested to develop a Business Plan for submission to Council as soon as possible; and

(Motion by Councillor Lindsay Luby)

- (11) the appropriate City officials be authorized to take the necessary action to give effect thereto, including the introduction of any necessary bills in Council.

The Policy and Finance Committee and the Works Committee also requested that the Commissioner of Works and Emergency Services submit a report to the next meeting of the Works Committee, scheduled to be held on December 10, 2002, on whether the establishment of the water rate is based on plant cash flows or the actual cost of the services provided.

(Motion by Councillor Pitfield)

Policy and Finance Committee and
Works Committee Minutes
Tuesday, November 19, 2002

The following motion by Councillor Layton was voted on and **lost**:

“That the Chief Administrative Officer, in consultation with the Water Advocate, consider and present through the budget process the provision of resources appropriate to the Water Advocate’s role for next year’s budget.”

(Clause No. 1, Joint Report No. 3)

The Policy and Finance Committee and the Works Committee adjourned their meeting at 6:15 p.m.

Chair.