



Member Motion

City Council

Motion without Notice

MM37.45	ACTION			Ward:All
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Investing in Toronto Water Infrastructure - by Councillor Janet Davis, seconded by Councillor Mike Layton

** This Motion has been deemed urgent by the Chair.*

** This Motion is not subject to a vote to waive referral.*

** This Motion has been added to the agenda and is before Council for debate.*

Recommendations

Councillor Janet Davis, seconded by Councillor Mike Layton, recommends that:

1. City Council direct the General Manager, Toronto Water, in consultation with the Deputy City Manager and Chief Financial Officer, to report to the October 30, 2013 meeting of the Executive Committee with financing options for increased investment in Toronto Water Infrastructure, particularly for Wet Weather Flow Management Master Plan and Basement Flooding projects, as previously directed by Council.
2. City Council request the General Manager, Toronto Water to undertake any necessary additional consultations with stakeholders and the public on the proposed options in preparation of the report requested in Recommendation 1 above.

Summary

In 2012, Toronto Water's Capital Plan was reduced by \$1.132 billion or 14 percent compared to the 2011 – 2020 Approved Capital Plan, in order to replenish the Water Stabilization Reserve and re-establish a sufficient Water Capital Financing Reserve balance by 2014.

As a result, the following projects were reduced:

1. Watermain Renewal (Replacement & Rehabilitation) projects to address state of good repair issues were reduced by a total of \$185.493 million from 2012 to 2020.
2. Wet Weather Flow Master Plan projects were reduced by a total of \$436.578 million from 2012 to 2020.
3. Storage and Pumping Facilities projects were reduced by a total of \$370.768 million from 2012 to 2020.
4. Transmission Watermain projects were reduced by a total of \$308.474 million from

2012 to 2020.

5. Basement flooding program projects were reduced by a total of \$127.306 million from 2012 to 2020.

Along with deferring \$1.132B in capital projects, Toronto Water has unbudgeted projects with cost pressures of \$540 million, bringing the unbudgeted pressures to close to \$1.7 billion. The estimated infrastructure renewal backlog at the end of 2012 was \$1.636 billion.

There is growing pressure to increase investment to address extreme weather events and climate change adaptation, including the Basement Flooding Protection Program and the Wet Weather Flow Master Plan implementation.

At its meeting of November 29, 30 and December 1, 2011, City Council directed the Deputy City Manager and Chief Financial Officer, and General Manager, Toronto Water to report to the Executive Committee on new financing options in June 2012, in advance of Toronto Water's Long Term Capital Plan.

As directed by City Council, Toronto Water staff also undertook consultations with residents and stakeholders in the summer of 2012 to seek input on a range of new financing mechanisms.

The options to be considered include:

1. Water Rate increases, beyond the existing plan of 3%, beginning in 2015.
2. Debenture financing for large scale, long service period projects beginning in 2014, with all debt service costs to be paid from water rate revenue.
3. Introducing a fixed charge to provide a dedicated reserve for wet weather flow control projects including basement flooding protection, beginning in 2015.
4. Increasing development charge recoveries which may be realized through the forthcoming update to the 2013 Development Charges Background Study.
5. Opportunities to secure funding from the Federal and Provincial Governments for Lake Ontario water quality improvement projects.

City staff reported back to City Council on October 30, 31 and November 1, 2012 on the various options on a possible new financing strategy to support Toronto Water's long term Capital Plan as noted above. Council directed staff to report back to the Executive Committee in June 2103 in advance of Toronto Water's 2014 Capital Budget submission. And the preparation of that report has been delayed.

In light of the recent storms and the significant impact on our transportation, hydro, transit and public and private infrastructure, I believe it is urgent that City Council consider proposed financing options to increase the multi-year capital plan for Toronto Water prior to the 2014 Capital Budget, as approved by Council.

(Submitted to City Council on July 16 and 17, 2013 as MM37.45)

Background Information (City Council)

Member Motion MM37.45