



Ms. Jennifer Forkes  
Administrator, Budget Committee  
City of Toronto,  
10th Floor, West Tower, City Hall  
100 Queen Street West,  
Toronto, ON, M5H 2N2

February 2, 2015

**Re: BU 3.1 2015 Rate Supported Budgets – Toronto Water and 2015 Water and Wastewater Rates and Service Fees**

Dear Chair and Members of the Budget Committee,

I am writing on behalf of Atlantic Packaging to express our concern regarding the proposed water rate increases of 8% for 2015-2016 and 5% for 2017-2018, and the proposed changes to surcharge agreements expanding fees to all parameters being put forward.

Atlantic Packaging has multiple manufacturing locations in Toronto and has been operating here since 1945. Atlantic directly employs over 1,000 employees in the City of Toronto and is the largest recycler of recovered fibre in the City of Toronto. Our plants compete in commodity markets throughout North America and our manufacturing input costs directly impact our ability to compete and keep jobs in Toronto.

Our mill operations in Toronto must compete against North America. Many jurisdictions where our competition resides can offer long term deals on water, energy, taxes and training. In Toronto the tool kit to compete and keep these good high paying jobs is very limited with water being one of the few items. Our sites are two of the biggest water users in the city and water represents a large input cost of our operations within Toronto. Both mill facilities in the city are Block 2 large water users of over 4000m<sup>3</sup> daily. Current water costs under Block 2 are in the millions of dollars and higher compared to the costs of other Atlantic Packaging locations in Peel and Durham where the water rates are lower by 8.5% and 10.5% respectively inclusive of storm water management never mind our competition in jurisdictions south of the border. Investment and re-investment decisions in Toronto are directly affected by the competitive position of this city versus other jurisdictions.

We understand the City's need to upgrade aging infrastructure, but we believe different approaches must be found for long term infrastructure costs that will not make Toronto uncompetitive.

The proposed Block 2 water increases and changes to surcharge calculations will have a negative effect on the competitive situation of our Toronto based businesses. We believe the existing proposals of Block 2 increases and expanding surcharges is bad for business, bad for jobs, and bad for Toronto. For Toronto's competitiveness and retention of jobs within Toronto we respectfully request that Budget Committee recommend holding the water rate annual increase for Block 2 to no more than the inflation rate and not change the existing surcharge agreement.

Thank you kindly,



Todd Kostal  
Director of Logistics and Purchasing  
Atlantic Packaging  
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cc: Councilor Michael Thompson, Ward 37