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The Toronto Industry Network

February 13, 2015

EMAILED

Councillor Gary Crawford and
Members of the Budget Committee
10th Floor West, City Hall
100 Queen Street West,
Toronto, Ontario,
M5H 2N2

Attention: Ms. Jennifer Forkes

Dear Committee Members,

Block 2 Water Rate Increase

Soon you will draft important recommendations to Council regarding the proposed annual water rate increase for the next four years. The Toronto Industry Network asks that the increases for the next four years be limited to the annual rate of inflation or capped at 3% for the following reasons:

1. It is critical that Toronto through Mayor Tory speaking on Council's behalf send a signal to the business community that Council is serious about Toronto as a competitive place to invest and do business. You have heard from TIN as well as some of its members or read their company letters indicating what competitive water costs mean to their operations. Manufacturing jobs are very valuable to the city in that generally they are high-paying with benefits attached and help diversify the employment base. Further, each industrial job generates about 3 jobs elsewhere.
2. While limiting the 2015 property tax increase to 2.75% is very commendable, applying 8% water rate increases after 6 years of 9% to Block 2 customers sends a message that deters future investments and raises questions in existing businesses.
3. The increase should be applied to each of the next four years which is the timeline set out by staff to provide some budgeting certainty for Block 2 customers. At that point, a new stormwater management fee may be in place that will influence the overall rate structure.

...2

4. If the City believes it needs to maintain the level of revenue generated by an 8% increase, the revenue differential between 8 and 3% increase for Block 2 users would translate to an annual increase of approximately 8.14% for the Block 1 ratepayers. This small additional increase is justified in order to keep jobs and industrial investment here. Conversely, the increase could be limited to 8% for all Block 1 customers if Toronto Water is willing to defer some non-essential capital projects or consider debenturing.
5. John Cartwright, President of the Toronto and York Labour Council was asked by Councillor Mike Layton at Committee about water rates. Councillor Layton's question and Mr. Cartwright's response taken from the Committee video are below:

Councillor Layton: Thank you very much. Just quickly on the storm water management funding that you had mentioned. The budget calls for an increase in the water, water and waste water fees in order to pay for a back log in the state of good repair. Now we're likely to hear from the industry associations who provided us with a presentation that the rate is too cumbersome for them. They're saying that it makes Toronto not as competitive, that they should be given a lower rate as a result. And I assume that they would still want the state of good repair work, the capital work to be done, so we would have to raise everyone's rates as a result. Do you think it would be appropriate for us to reduce the industrial water and waste water rate even more than it already is to accommodate their request?

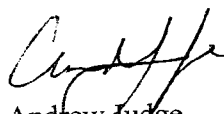
John Cartwright: We got mixed feelings on that. If the industry has chosen to do a serious water reduction program they can and the example of that is Redpath they've reduced their water use by 40% in the last number of years and Campbell Soup has been able to reduce theirs significantly. But we do want to be able to have industrial jobs here in Toronto and those that rely on water use we do believe there should be an understanding that that's part of the economic necessity of being competitive. So there's some tension there. We've said often in looking at the question of environmental sustainability whether it's in your built operation or your actual process operation there should be rewards for business that become more energy or water efficient...

Councillor Layton's Motion

TIN respectfully asks that the Budget Committee refer to staff Councillor Layton's motion that would change the current policy of charging for the highest value parameter of four covered under the Sewer Surcharge Agreement to charging for all four of them. Given the very competitive environment many of Toronto's manufacturers are experiencing, it would be of value for staff to examine this kind of charge in relation to our City's competitive position and report back for inclusion in the next budget cycle.

I thank you for your attention.

Sincerely,


Andrew Judge,
President