



Decision Letter

EX10.23b

Budget Committee

Meeting No.	14 (Special)	Contact	Jennifer Forkes, Committee Administrator
Meeting Date	Tuesday, November 24, 2015	Phone	416-392-4666
Start Time	1:30 PM	E-mail	buc@toronto.ca
Location	Committee Room 2, City Hall	Chair	Councillor Gary Crawford

BU14.1	ACTION	Amended		Ward:All
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2016 Rate Supported Budgets - Toronto Water and Recommended 2016 Water and Wastewater Rates and Service Fees

Committee Decision

The Budget Committee recommends that:

Rates and Fees:

1. City Council consider the report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water concurrently with the 2016 - 2025 Toronto Water Capital Plan and the 2016 Toronto Water Operating Budget.
2. City Council adopt:
 - a. Effective January 1, 2016, the combined water and wastewater consumption rates charged to metered consumers as shown below and in Appendix B to the report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water;

Annual Consumption	Paid on or before the due date, \$/m3	Paid after the due date, \$/m3
Block 1 - All consumers of water, including the first 5,000 cubic metres per year consumed by Industrial users ("Block 1 rate")	3.4500	3.6316
Block 2 - Industrial process – use water consumption over 5,000 cubic metres per year, representing a 30% reduction from the Block 1 Rate ("Block 2 rate")	2.4149	2.5419

- b. Effective January 1, 2016, an increase of 8% to the water and wastewater consumption rates charged to flat rate consumers, as set out in Appendix B to the report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water;

c. Effective January 1, 2016, the water and wastewater service fees, as set out in Appendix C to the report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water;

d. Effective April 1, 2016, wastewater services fees Ref. No 1.1, 1.2, 1.3 and 1.4 as shown below and in Appendix C to the report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water; and

Ref. No.	Fee Description	Fee basis	Proposed 2016 fee
1.1	Industrial Waste Surcharge - Biochemical Oxygen Demand (BOD) or Phenolics (4AAP)	Per Kilogram	\$0.64
1.2	Industrial Waste Surcharge - Total Suspended Solids (TSS)	Per Kilogram	\$0.70
1.3	Industrial Waste Surcharge - Total Phosphorus (TP)	Per Kilogram	\$2.24
1.4	Industrial Waste Surcharge - Total Kjeldahl Nitrogen (TKN)	Per Kilogram	\$1.43

e. Effective January 1, 2016, the water rebate for eligible low-income seniors and low-income disabled persons be set at a rate of \$1.035 /m³, representing a 30% reduction from the Block 1 rate (paid on or before the due date).

3. City Council authorize that effective January 1, 2016 the Block 2 process use rate for eligible properties in the industrial property tax class be applicable to volume of water consumed over 5,000 cubic metres per year (m³/year), and as such, that the eligibility criteria for the Block 2 rate be changed to require that an eligible customer must have an annual consumption of over 5,000 m³/year instead of 6,000 m³/year.

4. City Council authorize that the necessary amendments be made to Municipal Code Chapter 441 - Fees and Charges, Municipal Code, Chapter 849 - Water and Sewage Services and Utility Bill, and Municipal Code Chapter 681- Sewers, and any other necessary Municipal Code Chapters as may be required, to give effect to these Recommendations.

5. City Council grant authority to the City Solicitor to introduce any necessary Bills required to implement these recommendations, subject to any necessary refinements, including stylistic, format and organization, as may be identified by the City Solicitor, the Deputy City Manager and Chief Financial Officer and General Manager, Toronto Water.

6. The appropriate City officials be authorized and directed to take the necessary actions to give effect thereto.

Capital Budget:

7. City Council approve the 2016 Recommended Capital Budget for Toronto Water with a total project cost of \$738.789 million, and 2016 cash flow of \$849.081 million and future year commitments of \$2.921 billion comprised of the following:

a. New Cash Flow Funds for:

i. 316 new / change in scope sub-projects with a 2016 total project cost of \$738.789 million that requires a cash flow reduction of \$48.483 million in 2016 and future year cash flow commitments of \$117.947 million for 2017; \$131.350 million for 2018; \$148.892 million for 2019; \$60.550 million for 2020; \$59.582 million for 2021; \$91.862 million for 2022; \$52.813 million for 2023; \$68.646 million for 2024; and \$55.630 million for 2025; and

ii. 250 previously approved sub-projects with a 2016 cash flow of \$848.766 million; and future year cash flow commitments of \$755.157 million for 2017; \$468.080 million for 2018; \$297.114 million for 2019; \$221.302 million for 2020; \$185.393 million for 2021; \$86.507 million for 2022; \$80.520 million for 2023; and \$39.930 million for 2024; and

b. 2015 approved cash flow for 44 previously approved sub-projects with carry forward funding from 2015 into 2016 totalling \$48.798 million.

8. City Council approve the 2017 - 2025 Recommended Capital Plan for Toronto Water totalling \$7.385 billion in project estimates, comprised of \$217.133 million in 2017; \$487.073 million for 2018; \$762.044 million for 2019; \$882.307 million for 2020; \$944.915 million for 2021; \$928.595 million for 2022; \$981.637 million for 2023; \$1.021 billion for 2024; and \$1.160 billion in 2025.

9. City Council consider the operating costs/ (savings) of \$0.333 million net in 2016; (\$0.021 million) net in 2017; \$1.0 million net in 2018; \$3.115 million net in 2019; \$2.504 million net in 2020; \$0.338 million in 2021; and \$0.228 million in 2022, resulting from the approval of the 2016 Staff Recommended Capital Budget - Toronto Water for inclusion in the 2016 and future year operating budgets.

10. City Council approve 4 new temporary capital positions for the delivery of 2016 capital projects and that the duration for each temporary position not exceed the life and funding of its respective projects / sub-projects.

11. City Council request the Deputy City Manager and Chief Financial Officer in consultation with the General Manager, Toronto Water to advance the 2017 cashflow for the Basement Flooding projects into 2016, should it become evident that greater than planned volume of work can be completed, and that the 2017 - 2025 budgeted cash flows be adjusted accordingly as part of the 2017 Budget process.

12. City Council consider the 2016 Staff Recommended Capital Budget - Toronto Water concurrently with the 2016 Water and Wastewater Rate Report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and General Manager for Toronto Water.

Operating Budget:

13. City Council approve the 2016 Recommended Operating Budget for Toronto Water of \$439.489 million gross, and \$718.990 million net in capital-from-current contribution for the following services:

Gross

Net

Service:	(\$000s)	(\$000s)
Water Treatment & Supply:	194,207.5	317,985.8
Wastewater Collection & Treatment:	221,935.8	420,795.2
Stormwater Management:	23,345.6	(19,791.3)
Total Program Budget	<u>439,488.8</u>	<u>718,989.8</u>

14. City Council approve the 2016 recommended service levels for Toronto Water as outlined on pages 15,18 and 20 of the 2016 Staff Recommended Operating Budget - Toronto Water (Analyst Notes), and associated staff complement of 1,756.65 positions.

15. City Council consider the 2016 Staff Recommended Operating Budget - Toronto Water concurrently with the 2016 Water and Wastewater Consumption Rates and Service Fees Report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and General Manager, Toronto Water.

16. City Council direct that, effective January 1, 2016, the industrial waste surcharge program formula for the calculation of surcharge fees be applied to all treatable parameters that exceed the sewers by-law limits, instead of only the one parameter that exceeds the sewer by-law limits by the greatest amount, allowing full cost recovery for the wastewater services provided by the City, such surcharge to be phased in over a six year period to mitigate impacts to existing companies.

Decision Advice and Other Information

The Budget Committee received Capital Budget Briefing Notes 1 and 2, and BU14.1a for information.

Origin

(November 6, 2015) Report from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water

Summary

The Budget Committee, at its meeting on November 13, 2015:

1. Deferred consideration of the item until the November 24, 2015 meeting of the Budget Committee along with the following motion:

Motion 1 by Councillor Layton

"That City Council direct that, effective January 1, 2016, City Council approve that the industrial waste surcharge program formula for the calculation of surcharge fees be applied to all treatable parameters that exceed the sewers by-law limits, instead of only the one parameter that exceeds the sewer by-law limits by the greatest amount, allowing full cost recovery for the wastewater services provided by the City, such surcharge to be phased in over a six year period to mitigate impacts to existing companies."

Background Information

(November 6, 2015) Report and Appendix A from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water on 2016 Water and Wastewater Consumption Rates and Service Fees

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85846.pdf>

Appendix B to the Report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water on 2016 Water and Wastewater Consumption Rates and Service Fees - 2016 Water and Wastewater Consumption Rates

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85847.pdf>

Appendix C to the Report (November 6, 2015) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water on 2016 Water and Wastewater Consumption Rates and Service Fees - 2016 Water Services Fees

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85845.pdf>

(November 5, 2015) Notice of Public Meeting - 2016 Rate Supported Budgets - Toronto Water and Recommended 2016 Water and Wastewater Rates and Service Fees

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85848.pdf>

(November 5, 2015) Notice of Public Meeting - Appendix A - 2016 Rate Supported Budgets - Toronto Water and Recommended 2016 Water and Wastewater Rates and Service Fees

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85849.pdf>

(November 5, 2015) Notice of Public Meeting - Appendix B - 2016 Rate Supported Budgets - Toronto Water and Recommended 2016 Water and Wastewater Rates and Service Fees

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85850.pdf>

(November 6, 2015) 2016 Staff Recommended Capital Budget - Toronto Water (Analyst Notes)

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85840.pdf>

(November 12, 2015) Revised 2016 Staff Recommended Operating Budget - Toronto Water (Analyst Notes)

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85841.pdf>

(October 16, 2015) 2016 Capital Budget Briefing Note #1 - Basement Flooding Protection Program - Program Status Update and Schedule A - Basement Flooding Protection Program Summary

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85843.pdf>

(October 15, 2015) 2016 Capital Budget Briefing Note #2 - Basement Flooding Protection Program - Project List - 2016 to 2020

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85842.pdf>

(October 29, 2015) Report from the Deputy City Manager and Chief Financial Officer on 2016 Rate Supported Budgets - Toronto Water and Recommended 2016 Water and Wastewater Rates and Service Fees - Notice of Pending Report

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85844.pdf>

(November 13, 2015) Wrap-Up Notes to Budget Committee (November 13, 2015) - 2016 - 2025 Budget Committee Recommended Capital Budget and Plan - Rate Supported Program and Agencies

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85851.pdf>

(November 13, 2015) Wrap-Up Notes to Budget Committee (November 13, 2015) - 2016 Recommended Operating Budget - Rate Supported Programs and Agencies

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85852.pdf>

(November 23, 2015) Wrap-Up Notes to Budget Committee (November 24, 2015) - 2016 - 2025 Budget Committee Recommended Capital Budget and Plan - Rate Supported Program and Agencies

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-86041.pdf>

(November 23, 2015) Wrap-Up Notes to Budget Committee (November 24, 2015) - 2016 Recommended Operating Budget - Rate Supported Programs and Agencies

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-86042.pdf>

Communications

(November 10, 2015) E-mail from John Nicholls (BU.Main.BU14.1.1)

(November 13, 2015) E-mail from Andrew Judge, President, The Toronto Industry Network (BU.Main.BU14.1.2)

<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57342.pdf>

(November 20, 2015) E-mail from Tim Topornicki, Topper Linen and Uniform Service (BU.Supp.BU14.1.3)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57380.pdf>)

(November 23, 2015) E-mail from Ed Godsolve, Bank Bros. and Son, Ltd. (BU.Supp.BU14.1.4)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57387.pdf>)

(November 24, 2015) Letter from Carmen Romano, Plant Manager, National Silicates (BU.Supp.BU14.1.5)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57391.pdf>)

(November 24, 2015) E-mail from Heather Marshall (BU.Supp.BU14.1.6)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57406.pdf>)

(November 23, 2015) E-mail from Neal Lee, Wing's Food Products (BU.Supp.BU14.1.7)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57407.pdf>)

(November 24, 2015) E-mail from Amir Niaz (BU.New.BU14.1.8)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57408.pdf>)

(November 23, 2015) E-mail from Cynthia Lee, Wings Food Products (BU.New.BU14.1.9)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57409.pdf>)

(November 22, 2015) E-mail from Dave Heaven, Plant Manager, Mondelez International (BU.Supp.BU14.1.10)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57392.pdf>)

Speakers

Councillor Glenn DeBaeraemaeker

Declared Interests

The following member(s) declared an interest:

Councillor Mike Layton - as it relates to Toronto Water, as his partner works for an organization that receives grants from the City to operate the Blue Flag program.

1a 2016 Service Level Review - Public Works and Infrastructure Committee Programs

Origin

(June 17, 2015) Letter from the Public Works and Infrastructure Committee

Summary

The Public Works and Infrastructure Committee referred the presentations to the Budget Committee, the City Manager and the Deputy City Manager and Chief Financial Officer, for consideration as part of the 2016 Budget Process.

City Council on May 5, 6 and 7, 2015, in adopting item EX5.18, approved the review of the divisional service levels at appropriate Standing Committees in June 2015 <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX5.18>

Staff will made presentations to the Public Works and Infrastructure Committee on the following:

- Engineering and Construction Services
- Solid Waste Management Services
- Toronto Water

- Transportation Services

Background Information

(June 17, 2015) Letter from the Public Works and Infrastructure Committee on 2016 Service Level Review - Public Works and Infrastructure Committee Programs

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85854.pdf>

(June 17, 2015) Presentation from the General Manager, Toronto Water - 2016 Service Level Review

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85853.pdf>