

## EX10.23.3

Feb 2, 2015

**BY E-MAIL**  
**buc@toronto.ca**

Budget Committee  
City of Toronto,  
10<sup>th</sup> Floor, West Tower, City Hall  
100 Queen Street West,  
Toronto, ON, M5H 2N2

Attention: Ms. Jennifer Forkes, Administrator, Budget Committee

Dear Chair and Members of the Budget Committee,

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

We wish to express our concern regarding the proposed 8% increase in the water rate for 2015, and request that Committee limit the increase to the annual rate of inflation, similar to the annual operating budget increase.

The South Etobicoke Industrial Employers Association (SEIEA) represents a group of industrial businesses and manufacturers located in South Etobicoke who employ approximately 2000 people. These companies compete across North America and globally. They carefully manage their input costs, and regularly meet their own internal cost reduction targets. Many South Etobicoke manufacturers use large amounts of city water in their manufacturing processes and are significantly impacted by the cost of water.

The multi-year program of water cost increases of 9% per year was planned to end in 2014. The City's 2013 projection showed water costs increases returning to more 'normal' levels with 3.6% in 2015 and 3% per year after that. Yet, the current proposed budget contains 8% increases for the next two years. Continued increases of this level significantly impact the competitiveness of South Etobicoke manufacturers, and must be reduced to more reasonable levels.

Alternative approaches for long term infrastructure spending which do not place the entire burden for these future benefits on today's water users must be implemented. SEIEA also recommends that Toronto Water develop alternate models for allocating stormwater costs, other than simply funding through water rates. The staff report states that current high volume water users pay disproportionately for stormwater costs.

Additionally, with regard to the proposed amendment which seeks to charge surcharge costs for all treated parameters in order to achieve full cost recovery, SEIEA urges Committee to reject this amendment on the basis that it adds additional costs to manufacturers who already pay more than their fair share of the water budget costs. The staff report acknowledges this.

In terms of cost recovery, water users pay 2.4 times the operating cost of Toronto Water, so costs are recovered several times over. Additionally, surcharge costs contain a capital component, which users including manufacturers have already contributed to. Furthermore, the treatment process for one parameter often treats other parameters, so surcharging for multiple parameters should not be implemented without reconsidering the cost structure.

We request that Budget Committee reject the surcharge amendment and not accept the 8% water rate increase, and hold the annual increase to an inflationary level, in line with the general operating budget increase.

Thank you.  
Yours very truly,

A handwritten signature in black ink, appearing to read "Al Brezina". The signature is written in a cursive style with a large initial "A" and "B".

South Etobicoke Industrial Employers' Association  
Al Brezina, Executive Director

Cc Councillor Mark Grimes, Ward 6