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The Toronto Industry Network

December 13, 2016

E-MAILED

Mayor John Tory and Members of Council,
10th - West Tower, City Hall,
100 Queen Street West,
Toronto, Ontario,
M5H 2N2.

Attention: Ms. Marilyn Toft

Dear Mayor Tory and Council Members:

Re: Ex20.22 - 2017 Rate Supported Budgets - Toronto Water and Recommended 2017 Water and Wastewater Consumption Rates and Service Fees

The Toronto Industry Network is writing to ask that you not support Councillor Layton's motion to have Toronto Water charge for all four parameters under the Sewer Surcharge Agreement (SSA).

The SSA covers four compounds - TSS, BOD, TP and TKN which sometimes are discharged overstrength by companies. These are all readily treatable by Toronto's sewage plants. About 276 companies currently participate in the SSA program.

Toronto Water currently charges for the highest parameter. If Toronto Water were to charge for all four parameters, more than half of the companies in the program would see their charges double.

In 2012, the staff recommendation was to charge subject companies for all four parameters which was recommended in the Auditor-General's report. Recognizing that this would place a significant cost on some companies, Council chose to have Toronto Water charge only for the highest parameter.

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This way of charging has been the practice since with one rate increase in 2015. The difference in not charging for all four parameters is about $1.6-Million annually which is a cost of about $1.34 per residential ratepayer. While commercial and industrial properties account for 20% of the current value assessment they contribute over 40% of the municipal tax revenue which lowers residential taxes.

Toronto, which is an expensive place to do business, has to compete with many other jurisdictions in North America to retain manufacturing jobs and attract investment. The City has few tools to do this: a slowly declining industrial tax ratio, the industrial Block 2 water rate, no development charges on new industrial construction and the IMIT program that defers property taxes on new building construction/expansion in targeted sectors and areas in Toronto..

Manufacturers in Toronto face very real costs pressures such as very expensive electricity, the new cap and trade tax (January 1, 2017), labour costs, etc. Manufacturers counteract these pressures by deferring capital and operating expenditures or reducing staff levels. These measures are counterproductive to City-growing.

Toronto needs to be able to offer its manufacturers modest incentives to re-invest in the City to provide good jobs and create wealth. Changing the current policy for the Sewer Surcharge Agreement program would send the wrong message to Toronto's businesses. Retaining manufacturing is good for the socio-economic health of the City overall as highlighted in the *State of Manufacturing in Toronto Report Update - 2016:*

> "In an increasingly competitive global economy, Toronto manufacturers face issues and pressures that require them to have a stable yet flexible, cost-competitive and supportive operating environment, so they can survive, innovate and expand. With focussed and collaborative efforts in recognizing challenges and building on opportunities, Toronto is well positioned to capitalize on its unique advantages and on the strengths of its diverse manufacturing sector, to build on emerging trends, and to continue to enhance the health and vitality of this important sector."

We thank you for your attention.

Sincerely,

Andrew Judge
President