

EX20.22a



Decision Letter

Budget Committee

Meeting No.	26	Contact	Jennifer Forkes, Committee Administrator
Meeting Date	Friday, November 18, 2016	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 1, City Hall	Chair	Councillor Gary Crawford

BU26.1	ACTION	Amended		Ward:All
--------	--------	---------	--	----------

2017 Rate Supported Budgets - Toronto Water and Recommended 2017 Water and Wastewater Consumption Rates and Service Fees

Confidential Attachment - The security of the property of the municipality or local board and labour relations or employee negotiations

Committee Decision

The Budget Committee recommends that:

1. City Council consider the report (November 3, 2016) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water concurrently with the 2017 - 2026 Toronto Water Capital Budget and Plan and the 2017 Toronto Water Operating Budget.

Rates and Fees

2. City Council adopt:
 - a. Effective January 1, 2017, the combined water and wastewater consumption rates charged to metered consumers as shown below and in Appendix B to the report (November 3, 2016) 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")	3.6225	3.8131
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')	2.5356	2.6690

b. Effective January 1, 2017, an increase of 5 percent to the water and wastewater consumption rates charged to flat rate consumers, as set out in Appendix B to the report (November 3, 2016) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water;

c. Effective January 1, 2017, the water and wastewater service fees, as set out in Appendix C to the report (November 3, 2016) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water;

d. Effective May 1, 2017, water service fees Ref. No. 1, 2 and 5, and wastewater service fee Ref. No. 4, 5 and 6, as shown below and in Appendix C to the report (November 3, 2016) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water. Until May 1, 2017, the current fees will remain in effect;

Ref. No.	Fee Description	Fee Basis	Proposed 2017 fee
Water Services			
1	Installing 19 mm New Residential Water Service and meter	Flat fee per connection	\$4,505.00
2	Installing 25 mm New Residential Water Service and Meter	Flat fee per connection	\$5,220.00
5	Disconnection Fee for any residential water service less than or equal to 25 mm	Flat fee per disconnection	\$1,330.00
Wastewater Services			
4	To install new residential sanitary sewer service connection in road allowance	Per Installation	\$11,265.00
5	To install new residential storm sewer service connection in road allowance	Per Installation	\$11,265.00
6	To disconnect residential sanitary sewer service connection in road allowance	Per Disconnection	\$1,390.00

e. Effective January 1, 2017, the water rebate for eligible low-income seniors and low-income disabled persons be set at a rate of \$1.0867 /m³, representing a 30 percent reduction from the Block 1 rate (paid on or before the due date).

3. 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.

4. 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 the General Manager, Toronto Water.

Capital Budget

5. City Council approve the 2017 Recommended Capital Budget for Toronto Water with a

total project cost of \$1.989 billion, and 2017 cash flow of \$859.144 million and future year commitments of \$4.180 billion comprised of the following:

a. New Cash Flow Funds for:

i. 248 new / change in scope sub-projects with a 2017 total project cost of \$1.989 billion that requires cash flow reduction of \$143.338 million in 2017 and future year cash flow commitments of \$413.187 million for 2018; \$365.790 million for 2019; \$334.438 million for 2020; \$197.786 million for 2021; \$179.385 million for 2022; \$187.358 million for 2023; \$188.793 million in 2024; and \$93.968 million in 2025;

ii. 328 previously approved sub-projects with a 2017 cash flow of \$872.903 million; and future year cash flow commitments of \$598.830 million for 2018; \$446.006 million for 2019; \$281.852 million for 2020; \$244.975 million for 2021; \$178.369 million for 2022; \$133.333 million for 2023; \$108.576 million in 2024; and \$55.630 million in 2025;

b. 2016 approved cash flow for 178 previously approved sub-projects with carry forward funding from 2016 into 2017 totalling \$129.579 million.

6. City Council approve the 2018 - 2026 Recommended Capital Plan for Toronto Water totalling \$7.170 billion in project estimates, comprised of \$175.137 million for 2018; \$500.086 million for 2019; \$693.984 million for 2020; \$781.039 million for 2021; \$846.095 million for 2022; \$910.094 million for 2023; \$996.937 million for 2024; \$1.125 billion for 2025 and \$1.142 billion in 2026.

7. City Council consider the operating costs/(savings) of (\$0.114) million net in 2017; \$3.233 million net in 2018; \$3.631 million net in 2019; \$0.483 million net in 2020; \$0.385 million net in 2021; \$1.038 million net in 2022; ; \$1.038 million net in 2022; \$0.050 million net in 2023; and \$1.0 million net in 2024, resulting from the approval of the 2017 Capital Budget for inclusion in the 2017 and future year operating budgets.

8. All sub-projects with third party financing be approved conditionally, subject to the receipt of such financing in 2017 and if such funding is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

9. City Council request the Deputy City Manager and Chief Financial Officer in consultation with the General Manager, Toronto Water to advance the 2018 cashflow for the Basement Flooding projects into 2017, should it become evident that greater than planned volume of work can be completed, and that the 2018– 2026 budgeted cash flows be adjusted accordingly as part of the 2018 Budget process.

10. City Council consider the 2017 - 2026 Recommended Capital Budget and Plan - Toronto Water concurrently with the report (November 3, 2016) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water.

Operating Budget

11. City Council approve the 2017 Recommended Operating Budget for Toronto Water of \$443.206 million gross, and \$778.723 million net in capital-from-current contribution for the following services:

Service:	Gross (\$000s)		Net (\$000s)
Water Treatment & Supply:	193,218.5		349,967.4
Wastewater Collection & Treatment:	221,114.9		463,426.7
Stormwater Management:	28,872.2		(24,671.5)
Total Program Budget	443,205.6		788,722.6

12. City Council approve the 2017 service levels for Toronto Water as outlined on pages 18, 21 and 24 of the 2017 Staff Recommended Operating Budget Notes - Toronto Water, and associated staff complement of 1,752.65 positions.

13. City Council direct the information contained in Confidential Attachment 1 to the 2017 Staff Recommended Operating Budget Notes - Toronto Water, remain confidential until the outcome of City Council's decision has been communicated to Unions and affected staff.

14. City Council consider the 2017 Staff Recommended Operating Budget - Toronto Water concurrently with the report (November 3, 2016) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water.

Decision Advice and Other Information

The Budget Committee:

1. Requested the General Manager, Toronto Water to provide a budget briefing note with background information on the industrial water surcharge policy and recent staff recommendations regarding full cost recovery, and that this briefing note include a list of companies releasing more than 1 treatable parameter, if such information is in keeping with the City's obligations under the Municipal Freedom of Information and Protection of Privacy Act.

Origin

(November 3, 2016) Report from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water

Summary

This report presents the recommended 2017 water and wastewater consumption rates and service fees arising from concurrent adoption of the recommended 2017 Toronto Water Operating and Capital Budgets.

Council, as part of 2015 budget approval process, endorsed that the 10 year capital plan be premised on 8 percent water and wastewater consumption rate increases in 2015 and 2016 followed by successive 5 percent increases in 2017 and 2018, in order to reinstate approximately \$1 billion in capital funding lost from a systematic decline in consumption and to fund emerging projects.

Accordingly, this report recommends a 5 percent water and wastewater consumption rate increase for all metered and flat rate consumers, effective January 1, 2017. In addition, this report recommends inflationary fee increases for certain water and wastewater services, as well as increases reflecting the actual cost for those services based on procurement contracts.

Background Information

(November 3, 2016) Report and Appendix A from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water on 2017 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98288.pdf>)

Appendix B to the report (November 3, 2016) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water on 2017 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98289.pdf>)

Appendix C to the report (November 3, 2016) from the Deputy City Manager and Chief Financial Officer and the General Manager, Toronto Water on 2017 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98290.pdf>)

(November 4, 2016) Notice of Public Meeting - 2017 Rate Supported Budgets - Toronto Water and Recommended 2017 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98027.pdf>)

(November 4, 2016) Notice of Public Meeting - Appendix A - 2017 Rate Supported Budgets - Toronto Water and Recommended 2017 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98028.pdf>)

(November 4, 2016) Notice of Public Meeting - Appendix B - 2017 Rate Supported Budgets - Toronto Water and Recommended 2017 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98029.pdf>)

(November 4, 2016) 2017 Staff Recommended Capital Budget Notes - Toronto Water

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98089.pdf>)

(October 21, 2016) 2017 Capital Budget Briefing Note #1 - Basement Flooding Protection Program - Program Status Update and Basement Flooding Protection Program Summary

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98031.pdf>)

(October 21, 2016) 2017 Capital Budget Briefing Note #2 - Basement Flooding Protection Program - Project List - 2017 to 2021

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98032.pdf>)

(November 4, 2016) 2017 Staff Recommended Operating Budget Notes - Toronto Water

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98087.pdf>)

Confidential Attachment 1 - Appendix 4 to 2017 Staff Recommended Operating Budget Notes - Toronto Water

(November 3, 2016) Report from the Deputy City Manager and Chief Financial Officer on 2017 Rate Supported Budgets - Toronto Water and Recommended 2017 Water and Wastewater Consumption Rates and Service Fees - Notice of Pending Report

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98023.pdf>)