Toronto 2018 BUDGET

OPERATING BUDGET NOTES

Toronto Water

2018 OPERATING BUDGET OVERVIEW

Toronto Water delivers water treatment and distribution, and wastewater collection and treatment services on demand to 3.6 million residents and businesses in Toronto, and portions of York and Peel.

2018 Budget Highlights

The total cost to deliver these services to Toronto residents is $446.383 million as shown below:

(In $000s)	2017 Budget	2018 Budget	Change $	Change %
Gross Expenditures	443,791.6	446,383.2	2,591.6	0.6%
Revenue Excluding Sale of Water	85,676.9	90,083.3	4,406.4	5.1%
Net Expenditure	**358,114.7**	**356,299.9**	**(1,814.6)**	**-0.5%**
Sale of Water/Wastewater Surcharge	1,146,251.3	1,198,893.8	52,642.5	4.6%
Capital Contribution	**788,136.6**	**842,593.9**	**54,457.0**	**6.9%**

Toronto Water was able to offset initial gross expenditure pressures of $9.939 million through a combination of operational efficiencies and other base budget reductions resulting in a 0.5% net expenditure decrease prior to the additional sale of water revenues arising from the 5% water rate increase (effective January 1, 2018), while maintaining approved service levels for 2018.

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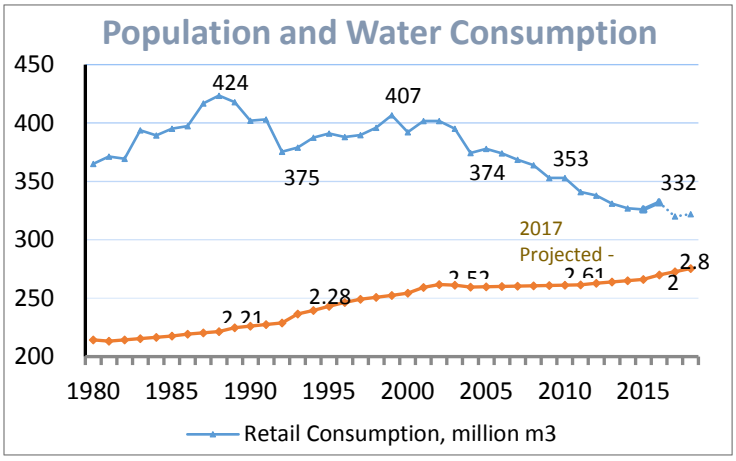
FAST FACTS

- Treatment, transmission, storage, and distribution of over 1 billion litres of potable water daily is delivered to all industrial, commercial, institutional, and household water users in the City of Toronto, amounting to over 511,000 connections.
- Over 1.5 billion litres of wastewater is collected and treated per day, from residents and businesses in Toronto and a portion of Peel Region.
- City-wide stormwater management in order to protect private property and the environment.

TRENDS

- Base water consumption (October to April) has declined by 1.6% annually (with the exception of 2016 as a result of hot and dry summer) on average over the last 10 years. The 2017 projected consumption of 320 million cubic meters is significantly lower than the 374 million cubic meters consumed in 2005.
- Lower water consumption despite increasing population, combined with aging infrastructure and need for operational resilience during extreme weather events, has placed particular demand on Toronto Water's infrastructure services.
- In response to that demand, water rates are recommended to increase by 5%, with all the increased revenue going to fund capital infrastructure repairs and resiliency that supports reliable service delivery.



KEY SERVICE DELIVERABLES FOR 2018

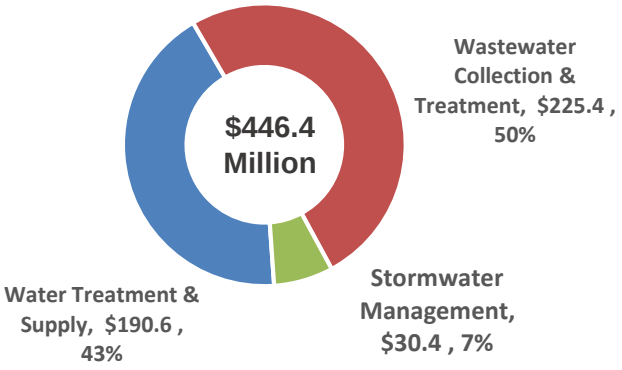
Toronto Water manages one of the largest water and wastewater systems in North America, providing services 24 hours a day, seven days a week.

The 2018 Recommended Operating Budget will enable Toronto Water to continue to:

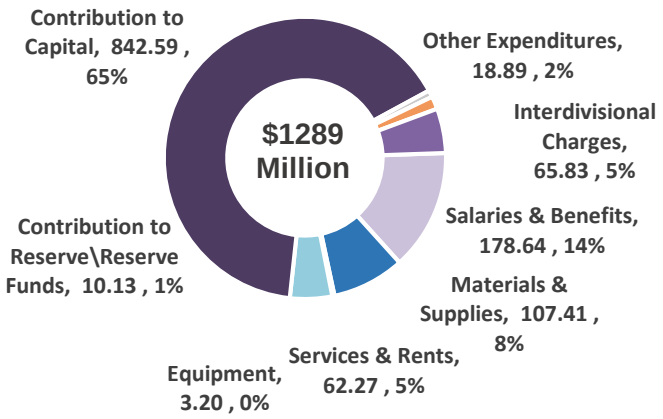
- Ensure delivery of water and wastewater services for 3.6 million residents and business in Toronto.
- Provide treatment and supply of 435 billion litres of water (including York Region).
- Continue collection and treatment of 400 billion litres of wastewater.
- Continue maintenance and repair of 6,100 km of watermains, 4,100 km of sanitary sewers, 5,000 km of storm sewers, and over 1,400 km of combined sewers.
- Replace 5,000 sub-standard water services.
- Repair 1,600 broken watermains.
- Provide Environmental Monitoring and Protection including on-going public consultations and awareness programs.

Where the money goes:

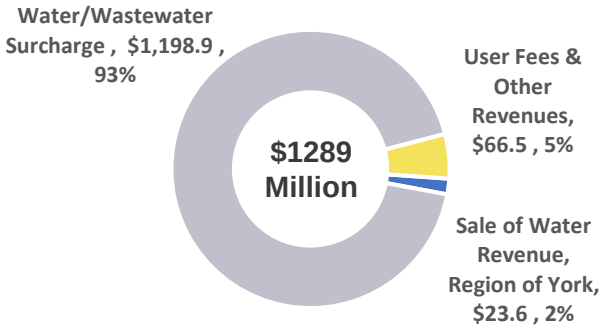
2018 Budget by Service



2018 Budget by Expenditure Category



Where the Money Comes From



OUR KEY ISSUES & PRIORITY ACTIONS

- **Declining water consumption** resulting in lower revenues needed to support capital requirements.
  - ✓ The 2018 Recommended Operating Budget includes a water rate increase of 5% effective January 1, 2018.
- **Minimizing operating cost pressures** arising from legislative requirements and the need to comply with Provincial and Federal regulations, as well as inflationary factors and operating impacts of completed capital projects.
  - ✓ A combination of efficiencies found through ongoing optimization at treatment plants and pumping stations to minimize energy and other costs, while meeting required legislative standards, has enabled Toronto Water to offset all of the 2018 operating budget pressures.
- **Providing efficient and effective response** to customer demands:
  - ✓ Toronto Water continues with the Customer Care Organizational Realignment to increase customer satisfaction through improved service processes, customer handling, communication and notification.

2018 OPERATING BUDGET HIGHLIGHTS

- The 2018 Recommended Operating Budget for Toronto Water of $446.383 million in gross expenditures provides funding to:
  - ✓ Continue maintenance and repair over 16,500 km of watermains, sanitary, storm, and combined sewers;
  - ✓ Continue repair and replacement of approximately 1,600 broken watermains and 5,000 sub-standard services.
- In addition to offsetting all of its 2018 operating budget pressures, Toronto Water has achieved further net savings of $1.815 million resulting in a 0.5% net operating budget decrease, due to:
  - ✓ Water and wasterwater utility efficiencies ($2.495 million).
  - ✓ Reduced use of chemicals from the projected efficiencies in the liquid oxygen treatment ($0.136 million).
  - ✓ Reduced material consumption and other base expenditure savings ($0.302 million).
  - ✓ Higher non-sale of water revenues due to increase in service demand from new developments and private water applications ($1.500 million).

Actions for Consideration

Approval of the 2018 Recommended Operating Budget as presented in these notes requires that:

1. City Council approve the 2018 Recommended Operating Budget for Toronto Water of $446.383 million gross, and $842.594 million net in capital-from-current contribution for the following services:

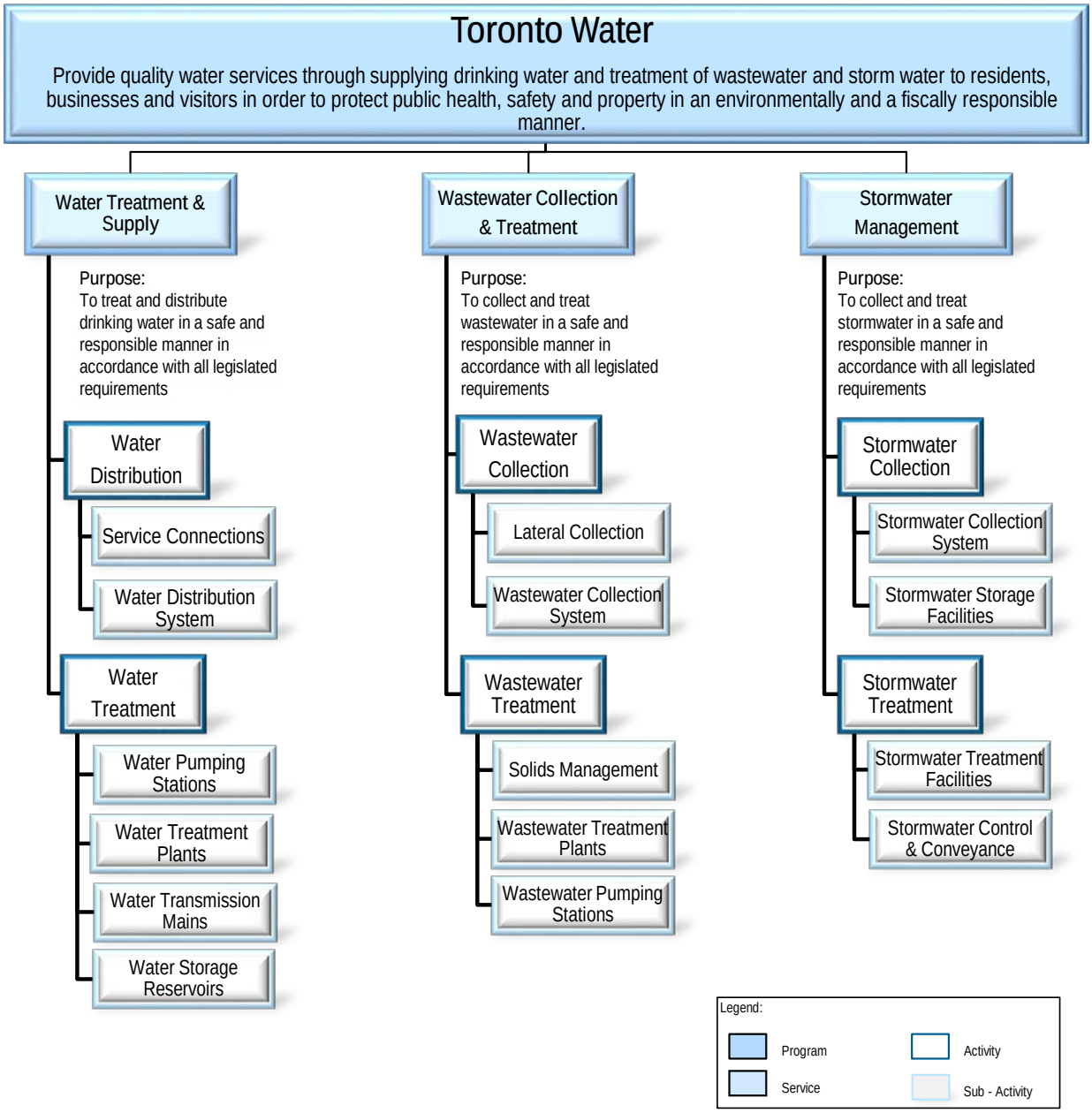
Service	Gross ($000s)	Net ($000s)
Water Treatment & Supply	190,610.2	374,813.4
Wastewater Collection & Treatment	225,396.5	493,356.1
Stormwater Management	30,376.4	(25,575.6)
Total Program Budget	**446,383.2**	**842,593.9**

2. City Council approve the 2018 service levels for Toronto Water as outlined on pages 18, 21, and 24 of this report, and associated staff complement of 1,761.65 positions, comprising 56.35 capital positions and 1,705.3 operating positions.

3. This report be considered concurrently with the 2018 Water and Wastewater Consumption Rates and Service Fees Report from the Acting Chief Financial Officer and the General Manager, Toronto Water.

Part 1:
2018-2020 Service Overview and Plan

Program Map



Service Customer

Water Treatment & Supply

- Water Account Holders
- Water Consumers

Indirect (Beneficiaries)

- Residents
- Businesses
- Visitors
- Staff - City Divisions
- Staff - Agencies and Boards

Wastewater Collection & Treatment

- Wastewater Account Holders
- Wastewater producers
- Public & Private Landowners

Indirect (Beneficiaries)

- Residents
- Businesses
- Visitors
- Staff - City Divisions
- Staff - Agencies and Boards

Stormwater Management

- Public & Private Landowners

Indirect (Beneficiaries)

- Residents
- Businesses
- Visitors
- Staff - City Divisions
- Staff - Agencies and Boards

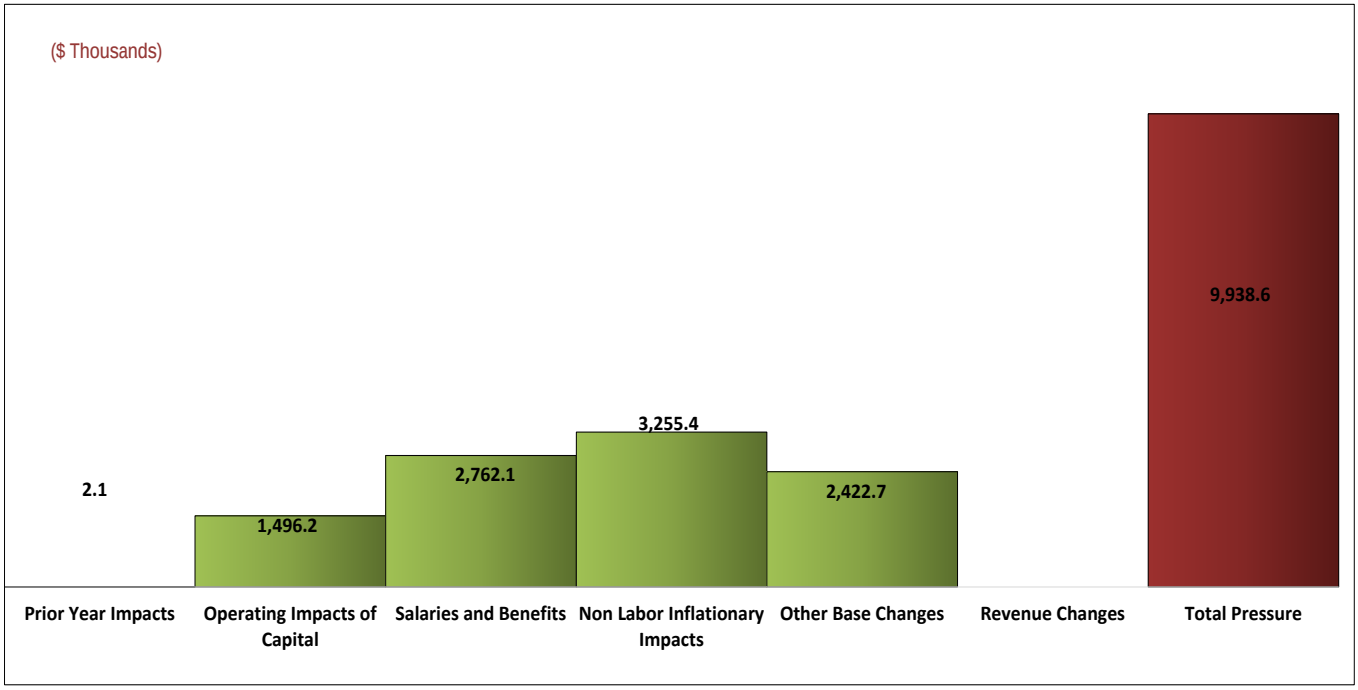
Table 1
2018 Recommended Operating Budget and Plan by Service

	2017		2018 Recommended Operating Budget					Incremental Change			
(In $000s)	Budget	Projected Actual	Base	New/Enhanced	Total Budget	2018 Rec. vs.Budget vs. 2017 Approved Budget Changes		2019		2020	
By Service	$	$	$	$	$	$	%	$	%	$	%
Water Treatment & Supply											
Gross Expenditures	193,574.8	189,240.3	192,137.8	61.4	190,610.2	(2,964.5)	(1.5%)	6,282.1	3.3%	5,272.8	2.7%
Revenue	543,185.9	544,332.3	565,338.5		565,423.7	22,237.8	4.1%	13,238.4	2.3%	16,170.7	2.8%
Capital Contribution	349,611.1	355,092.0	373,200.7	(61.4)	374,813.4	25,202.4	7.2%	6,956.3	1.9%	10,897.9	2.8%
Wastewater Collection & Treatment											
Gross Expenditures	221,309.4	215,045.8	226,678.7	55.2	225,396.5	4,087.1	1.8%	7,258.2	3.2%	6,665.5	2.9%
Revenue	684,541.6	685,986.4	718,684.9		718,752.6	34,211.0	5.0%	17,167.2	2.4%	21,455.5	2.9%
Capital Contribution	463,232.2	470,940.6	492,006.1	(55.2)	493,356.1	30,123.9	6.5%	9,909.0	2.0%	14,790.1	2.9%
Stormwater Management											
Gross Expenditures	28,907.4	25,805.5	30,378.1	6.1	30,376.4	1,469.0	5.1%	848.9	2.8%	564.0	1.8%
Revenue	4,200.7	4,209.6	4,742.6		4,800.8	600.1	14.3%	244.9	5.1%	97.6	2.0%
Capital Contribution	(24,706.7)	(21,595.9)	(25,635.5)	(6.1)	(25,575.6)	(869.0)	3.5%	(604.0)	2.4%	(466.4)	1.8%
Total					-						
Gross Expenditures	443,791.6	430,091.6	449,194.6	122.7	446,383.2	2,591.6	0.6%	14,389.2	3.2%	12,502.3	2.7%
Revenue	1,231,928.2	1,234,528.2	1,288,766.0		1,288,977.1	57,048.9	4.6%	30,650.5	2.4%	37,723.8	2.8%
Total Capital Contribution	788,136.6	804,436.6	839,571.4	(122.7)	842,593.9	54,457.3	6.9%	16,261.3	1.9%	25,221.5	2.9%
Approved Positions	1,752.7	1,612.7	1,761.7		1,761.7	9.0	0.5%	18.0	1.0%	9.0	0.5%

The 2018 Operating Budget for Toronto Water is $446.383 million gross and $1.289 billion in revenue, resulting in an $842.594 million capital-from-current contribution. It reflects an increase of $2.592 million or 0.6% over the 2017 Approved Budget gross expenditures of $443.792 million and an increase of $54.457 million or 6.9% over the 2017 Approved Capital Contribution Budget of $788.137 million due to the following:

- Base pressures, which are experienced by all three services consistently, are attributable to inflationary increases for materials, supplies and contracted services ($3.255 million); salaries and benefits, including progression pay and step increases ($2.762 million), and annualized impact of the short stream utility fees ($0.600 million). Additional funding ($0.912 million) was included in the *Water Treatment and Supply Service* to ensure appropriate dosage of phosphoric acid and chlorine, as well as in *the Wastewater Collection and Treatment Service* ($1.715 million) to sustain operating costs of the previously approved capital projects.
- These pressures were partially offset by changes in interdepartmental charges ($4.049 million), savings in operating costs resulting from capital upgrades of facilities ($0.219 million), and reassessment of payment in lieu of taxes ($0.400 million), which are experienced mostly in the *Water Treatment and Supply and the Wastewater Collection and Treatment services*. In addition, Toronto Water anticipates an increase in revenues and recoveries (other than sale of water) totalling $2.951 million across all services, with another $1.245 million from increased volume and price of water sold to the Region of York in the *Water Treatment and Supply Service*.
- Service change options totaling $3.145 million, consisting mostly of efficiency savings from the optimization of water and waste water productions costs ($2.632 million), and a reduction in base expenditures in materials, supplies and other non-salary costs ($0.303 million), were used to reduce initial base pressures for 2018.
- The new/enhanced services include the addition of funding for one senior coordinator to assist in planning, implementing and managing Toronto Water's digital communications component ($0.123 million).
- Approval of the 2018 Recommended Operating Budget will result in Toronto Water increasing its total staff complement by 9.0 positions, from 1,752.65 to 1,761.65.
- The 2019 and 2020 Plans for all services reflect the known inflationary cost increases for salaries and benefits (including step and progression pay), operating impact of previously approved capital projects, and anticipated inflationary cost increases for materials and supplies, interdepartmental charges and contributions and transfers. Projected revenues from the sale of water for 2018 and 2019 (3% planned rate increase each year) are also included in the Plans.

Key Cost Drivers



Actions to Achieve Budget Reduction Target

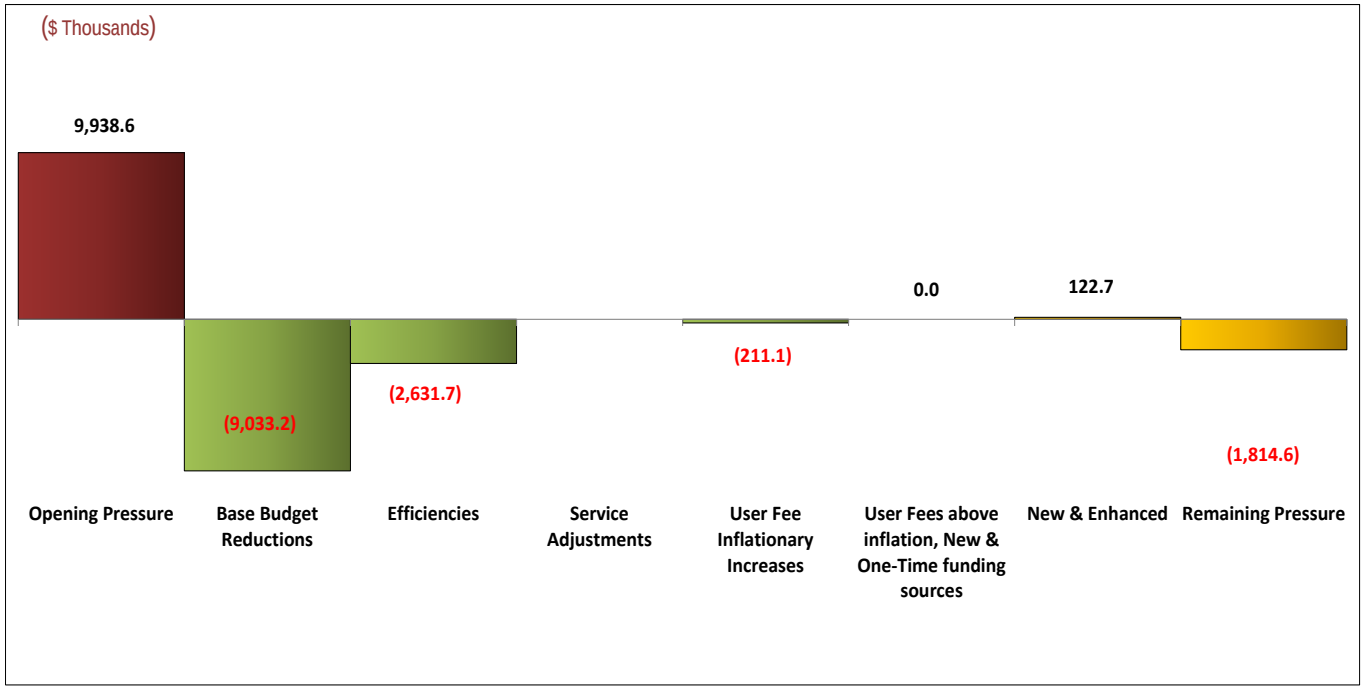


Table 2
Key Cost Drivers

(In $000s)	2018 Base Operating Budget				
	Water Treatment & Supply	Wastewater Collection & Treatment	Stormwater Management	Total	
	$	$	$	$	Position
Gross Expenditure Changes					
Prior Year Impacts					
Organisational Change Approvals Post 2017 Submission	(23.5)	14.7	10.8	2.1	
Operating Impacts of Capital					
Operating Impact of Capital	(38.7)	1,528.9	6.0	1,496.2	1.0
Delivery of Capital Projects					
1 Enterprise Work Management System (EMWS) Unit - Systems Integrator	46.4	46.4	23.2	116.1	1.0
2 TTC Scarborough Subway Extension - 2 Positions Requested by TTC	63.5	88.9	101.6	253.9	2.0
Economic Factors					
Economic Factors According to Corporate Guidelines	1,304.9	1,874.1	76.4	3,255.4	
Salary & Benefit Changes					
COLA	430.9	498.0	64.2	993.1	
Progression Pay	422.6	459.3	105.7	987.6	
Step	602.8	552.0	(288.0)	866.8	
Gapping (to maintain the 2017 Approved level)	(60.4)	(26.5)	1.5	(85.4)	
Other Base Expenditures Changes					
Increase in Phosphoric Acid/Chlorine Dosages	912.3			912.3	
TRCA - 2.5% Annual Inflation Adjustment			120.8	120.8	
3 Environmental Protection Unit: Private Water Application Review	37.2	268.1	67.0	372.3	5.0
4 Continuos Improvement Initiative - Repurposing of Positions	14.9	(125.6)	157.7	46.9	
Increase in Short Stream Utility Fees	392.7	169.3	38.3	600.4	
Savings from Fleet Review	(43.3)	(38.9)	(4.3)	(86.5)	
Payment in Lieu of Taxes	(182.5)	(217.4)		(399.9)	
Decrease in IDCs - Transportation Services, Solid Waste Management & Revenue Services	(2,842.9)	(1,299.7)	93.6	(4,048.9)	
5 Continuos Improvement & Customer Care Initiative - Realignment Between Services	(891.9)	514.8	377.1	(0.0)	
Other Position Salary Realignments	(1,581.9)	1,063.0	519.0		
Total Gross Expenditure Changes	**(1,436.7)**	**5,369.3**	**1,470.6**	**5,403.2**	**9.0**
Base Revenue Changes					
Increase in Revenue from Region of York (Volume + 3% Inflation)	1,244.8			1,244.8	
1 Increase in Recoveries from TW's Capital Program Including Additional Systems Integrator Position	253.8	623.8	79.7	957.3	
2 Recoveries from TTC's Capital Program	111.6	156.2	178.5	446.2	
3 Additional Revenues from Increase in Volume of Private Water Applications to Offset Additional Positions		500.0		500.0	
Increase in New Service Connections	616.0	326.0	58.0	1,000.0	
Incease in IDRs	22.4	17.2	7.4	47.0	
4 Continuos Improvement Initiative - Repurposing of Positions	12.2	(4.0)	(8.1)		
5 Continuos Improvement & Customer Care Initiative - Realignment Between Services	(149.4)	47.4	102.1		
Other Revenue Realignments	(2,595.0)	2,470.5	124.4	(0.0)	
Total Revenue Changes	**(483.6)**	**4,137.0**	**541.9**	**4,195.3**	
Net Expenditure Changes	**(953.1)**	**1,232.3**	**928.7**	**1,207.9**	**9.0**

Key cost drivers and offsetting cost reductions for Toronto Water are shown in the Table 2 above. The following describes major base budget changes for 2018:

- The major cost drivers impacting all Toronto Water services include:
  - *Inflationary labour* costs ($2.762 million, including progression pay costs of $0.988 million and step increases of $0.867 million), and *non-labour costs*, mostly energy and utilities ($1.335 million), materials, supplies and equipment ($0.727 million) and contracted services ($1.193 million).
  - Additional funding required to sustain operating costs for salaries, benefits, chemicals, energy and utilities, and contracted services resulting from *completed capital upgrades* at Ashbridges Bay Wastewater and Humber Wastewater Treatment plants ($1.715 million), including one permanent Electrical Instrumentation Control Technician position required for the new substation at Humber Wastewater Treatment Plant.
  - Increased costs of $0.912 million required to account for *higher than anticipated chemical dosages of phosphoric acid* to maintain a desired phosphate concentration to reduce overall lead levels found in tap water.
  - Short stream utility fees approved in 2017, will have an annualized cost impact of $0.600 million.
  - The addition of *3 temporary positions* in support of delivery of the Enterprise Work Management System project (one Senior Integrator Position) and to provide a review of utility related issues to TTC on the Scarborough Subway Extension project (a Senior Engineer and an Engineer position) for a total of $0.370 million.
  - *5 positions* (Engineering Technical Coordinator, Engineering Technologist Technician 3, 2 Quality Control Officers and Support Assistant C) required to respond to the increase in volume of the Private Water applications (from 140 to 299 in 2016, projected at 400 in 2017), at cost of $0.372 million.
  - Toronto Water's continued efforts to provide an efficient and effective response to customer demands (Customer Care Organizational Realignment) resulted in a realignment of positions and costs between services, with no impact on the overall gross and net operating budget.

The above base budget cost increases were partially offset through:

- A combination of base expenditure reductions across the Water Treatment & Supply and Wastewater Collection and Treatment services, including lower interdivisional charges ($4.049 million) mostly due to a transfer of the Chamber Rehabilitation Program and related activities from Transportation Services to Toronto Water's Capital Program, and savings resulting from payments in lieu of taxes based on the current value assessments of treatment plants ($0.400 million).
- Savings of $0.219 million in materials and supplies are anticipated as a result of new equipment coming on line in 2018 at the Humber Wastewater Treatment Plant (ferrous upgrades) and Island Water Treatment Plant (chemical and residual management).
- *Additional revenues* of $2.951 million from new service connections, recoveries for the existing capital work delivery related to watermain and sewer rehabilitation program and procurement of materials and services, as well as 3 new temporary positions working on the capital delivery of the Enterprise Work Management System and Scarborough Subway Extension projects, and increased revenues from the Private Water application review due to the addition of 5 new positions.

In order to offset the above net pressures of $1.208 million, the 2018 service changes for Toronto Water include base expenditure changes of $0.303 million, base revenue changes of $0.211 million and service efficiency savings of $2.632 million, for a total savings of $3.145 million, detailed on the following page:

Table 3
Actions to Achieve Budget Reduction Target

Description ($000s)	Service Changes						Total Service Changes			Incremental Change			
	Water Treatment & Supply		Wastewater Collection & Treatment		Stormwater Management		$	$	#	2019 Plan		2020 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:													
Base Expenditure Changes													
Line By Line Review	(3.9)	(3.9)	(290.8)	(290.8)	(7.8)	(7.8)	(302.5)	(302.5)					
Base Expenditure Change	(3.9)	(3.9)	(290.8)	(290.8)	(7.8)	(7.8)	(302.5)	(302.5)					
Base Revenue Changes													
Increase in Revenue from User Fees (Inflationary Factor)		(85.1)		(67.8)		(58.2)		(211.1)					
Base Revenue Change		(85.1)		(67.8)		(58.2)		(211.1)					
Sub-Total	(3.9)	(89.0)	(290.8)	(358.5)	(7.8)	(66.0)	(302.5)	(513.5)					
Service Efficiencies													
Reduction in Usage of Chemicals	(136.4)	(136.4)					(136.4)	(136.4)					
Water and Wastewater Production Efficiencies	(1,448.6)	(1,448.6)	(1,046.7)	(1,046.7)			(2,495.3)	(2,495.3)					
Sub-Total	(1,585.0)	(1,585.0)	(1,046.7)	(1,046.7)			(2,631.7)	(2,631.7)					
Total Changes	(1,588.9)	(1,674.1)	(1,337.5)	(1,405.2)	(7.8)	(66.0)	(2,934.2)	(3,145.2)					

2018 Recommended Service Change Summary

Base Expenditure Changes (Savings of $0.303 million gross & net)

- A review of actual expenditures for materials, supplies, equipment and other non-labour related expenses, resulted in a $0.303 million cost reduction, mostly in *Wastewater Collection and Treatment services*.

Base Revenue Changes (Savings of $0.211 million net)

- In accordance with Council's approved User Fee Policy, inflationary factors that reflect service specific cost increases are applied in order to recover the full costs. As a result, the 2018 Operating Budget includes additional revenues of $0.024 million from user fee inflationary rate increases.
- The overall inflationary increase was estimated at 2.1% for water and waste water service fees including labour cost increase, energy, utilities, materials and contracted services. The 2.1% increase has been applied to all Toronto Water fees except for those that are part of individual contracts whereby the increase must reflect the specified contract escalation cost, and 5 fees charged by Revenue Services for which an overall factor of 2.0%, mainly reflecting labour cost increase applicable to Revenue Services Division was used, as described below:
  - 18 water service fees (Appendix C – 2018 Water Service Fees, Reference Numbers: 1,2,5,11,12,13,15,15.1,17,21,25,32, 40, 41, 42, 43, 44 and 45) are increased based on 2.1% inflationary factor and actual contract increases.
  - All Block 1 rate related user fees are subject to the recommended 5% consumption rate increase.
  - 10 wastewater service fees (Appendix C –Wastewater Service Fees, Reference Numbers: 4, 5, 6, 15, 17, 18, 19, 20 and 24) are increased based on 2.1 % inflationary factor and actual contract increases.
  - The sewer surcharge on private water is based on Block 1 water rate and as such subject to the recommended 5% water and wastewater consumption rate increase in 2018.
  - 5 Revenue Services fees (Appendix C – 2018 Water Service Fees, Reference Numbers 33, 35, 36, 37, 39) are increased based on 2.0% inflationary factor.
- In addition, revenues of $0.187 million will be generated from individual contracts where increases reflect the specified contract escalation costs.
- All changes are summarized in Appendix 7a of this Operating Budget Notes and *the 2018 Water and Wastewater Consumption Rates and Service Fees Report* from the Acting Chief Financial Officer and the General Manager for Toronto Water. This report also provides a comparison with the 2017 user fee rates.

Service Efficiencies (Savings of $2.631 million gross & net)

Water and Wastewater Production Efficiencies

- Toronto Water's commitment to work on an Energy Optimization Plan with the goal to identify optimization opportunities and strategies to address all energy aspects of water and wastewater operations resulted in reduced electricity rates and consumption. Some of these initiative include:
  - Load Shifting - By pumping during off peak hours, maximizing reservoir and tank storage and taking advantage of the lower electricity prices at night, significant savings can be achieved.
  - Global adjustment days – participating in the Hydro One/ IESO defined global adjustment days when the top electricity user's switch to on-site generators during a peak period can substantially reduce their annual hydro costs.
  - Transmission Operations Optimizer program (TOO) was launched in November 2015. This program optimizes pumping station operations and maximizes the use of reservoir storage to reduce peak electricity costs while maintaining supply to the distribution system and service delivery to Toronto Water customers.
  - As part of Toronto Water's Energy Optimization Plan, Toronto Water will also increase the FJ Horgan Water Treatment Plant's production volume to take advantage of its more efficient equipment, resulting from the recently completed upgrades.
  - In addition to hydro savings, Toronto Water anticipates reduced water costs, as a result of new equipment in some of its wastewater treatment plants enabling use of the effluent water in the treatment process, rather than potable water.
  - Total savings from various initiatives are anticipated at $2.495 million.

Reduction in Usage of Chemicals

- Due to efficiencies gained in the liquid oxygen treatment, Toronto Water anticipates a reduced demand for chemicals that will generate annual savings of $0.136 million.

Table 4
2018 Recommended New Enhanced Service Priorities

Description ($000s)	New/Enhanced						Total			Incremental Change			
	Water Treatment & Supply		Wastewater Collection & Treatment		Stormwater Management		$	$	Position	2019 Plan		2020 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
Enhanced Services Priorities													
Funding for Senior Communications Coordinator Position in CMO Office with Digital Expertise	61.4	61.4	55.2	55.2	6.1	6.1	122.7	122.7		2.8		3.2	
Sub-Total	**61.4**	**61.4**	**55.2**	**55.2**	**6.1**	**6.1**	**122.7**	**122.7**		**2.8**		**3.2**	
Total Enhanced Services	**61.4**	**61.4**	**55.2**	**55.2**	**6.1**	**6.1**	**122.7**	**122.7**		**2.8**		**3.2**	
Total New / Enhanced Services	**61.4**	**61.4**	**55.2**	**55.2**	**6.1**	**6.1**	**122.7**	**122.7**		**2.8**		**3.2**	

Enhanced Service Priorities ($0.127 million gross & net)

Funding for Senior Communications Coordinator

- Currently, Strategic Communications has three senior communications coordinators dedicated to Toronto Water funded by Toronto Water through an interdepartmental charge (IDC). The senior communications coordinators deliver an annual Toronto Water communications strategy that includes wide range of public education and media relations related to drinking water, wastewater and stormwater.
- There is a significant need to increase digital component requirements to respond to constantly changing customer expectations and customer service technology. All utilities are facing similar challenges requiring a variety of social media tools to move towards proactive one call resolution. Toronto Water is currently developing a long-term digital strategy that will also support the Tier 2 Customer Care Centre that will be in place in approximately two years.
- Funding of $0.123 million is recommended for one additional senior communications coordinator, with digital communications expertise, to assist in planning, implementing and managing divisional digital initiatives. The additional position will provide specific digital expertise including web management, social media, customer service related digital communication and digital advice/support for the annual Toronto Water communications strategy, and, as required, to the three senior communications coordinators. This request is dependent on Strategic Communications obtaining approval for the one position increase to their complement. .

Approval of the 2018 Recommended Operating Budget for Toronto Water will result in a 2019 incremental capital-from-current contribution of $16.261 million and a 2020 incremental capital-from-current contribution of $25.222 million to maintain the 2017 service levels, as discussed in the following section.

Table 5
2019 and 2020 Plan by Program

Description ($000s)	2019 - Incremental Increase					2020 - Incremental Increase				
	Gross	Revenue	Capital Contribution	% Change	Position	Gross	Revenue	Capital Contribution	% Change	Position
Known Impacts:										
Prior Year Impact										
Transfer of Assets from Metrolinx						76.2		(76.2)	0.0%	1.0
Operating Impact of Capital										
Operating Impact of Capital - 2018-2027 Capital Plan	983.5		(983.5)	-0.2%	5.0	1,494.3		(1,494.3)	-0.3%	6.0
Delivery of Capital Projects	853.1	853.1	(0.0)	0.0%	10.0	117.6	117.6	-	0.0%	1.0
Scarborough Subway Extension (Work for TTC)	147.1	258.6	111.5	0.0%	2.0					
Salaries and Benefits										
Union COLA	1,898.6		(1,898.6)	-0.4%						
Progression Pay & Step Increases	1,778.6		(1,778.6)	-0.4%		1,767.2		(1,767.2)	-0.4%	
Sub-Total	**5,660.9**	**1,111.7**	**(4,549.2)**	**-1.0%**	**17.0**	**3,455.3**	**117.6**	**(3,337.8)**	**-0.7%**	**8.0**
Anticipated Impacts:										
Other (specify)										
Economic Factor - Non Labor (Hydro and Other Inflationary Increases)	8,065.4		(8,065.4)	-1.8%		8,414.8		(8,414.8)	-1.8%	
Payment in Lieu of Taxes	298.8		(298.8)	-0.1%		305.5		(305.5)	-0.1%	
TRCA - 2.5% inflation adjustment	123.8		(123.8)	0.0%		126.9		(126.9)	0.0%	
Increase in IDCs	165.7		(165.7)	0.0%		96.9		(96.9)	0.0%	
QMS Software Procurement						102.8		(102.8)	0.0%	1.0
Sewer Hydraulic Models Data Verification	74.5		(74.5)	0.0%	1.0					
Anticipated Sale of Water Volume Decrease		(6,148.6)	(6,148.6)	-1.4%			(6,147.9)	(6,147.9)	-1.3%	
Anticipated Revenue from Planned Water Rate Increase		35,687.4	35,687.4	8.0%			43,754.2	43,754.2	9.5%	
Sub-Total	**8,728.3**	**29,538.8**	**20,810.5**	**4.7%**	**1.0**	**9,047.0**	**37,606.3**	**28,559.3**	**6.2%**	**1.0**
Total Incremental Impact	**14,389.2**	**30,650.5**	**16,261.3**	**3.6%**	**18.0**	**12,502.3**	**37,723.8**	**25,221.5**	**5.5%**	**9.0**

Future year incremental costs are primarily attributable to the following:

Known Impacts

- Union COLA and fringe benefit increases of $1.899 million in 2019.
- Step and progression pay increases of $1.779 million and $1.767 million in 2019 and 2020 respectively.
- Operating impact of completed capital projects of $0.984 million in 2019 and $1.494 million in 2020, including funding for additional 5 and 6 positions respectively.
- An increase of 12 positions in 2019 and another one position in 2020, fully funded from Toronto Water capital projects.
- Costs of 2 positions providing utility/water issues related expertise on the Scarborough Subway Extension project will be fully funded by TTC, including associated non-labor expenses in 2019.

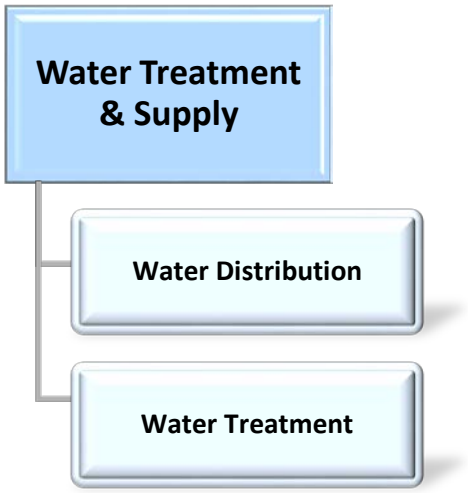
Anticipated Impacts:

- An increase in costs for one additional position required to maintain assets from capital projects transferred by Metrolinx (Denison Road/West Donlands) of $0.076 million in 2020.
- Inflationary pressures for materials and supplies, contracted services and other costs of $8.065 million in 2019, and $8.415 million in 2020.

- Additional costs of anticipated TRCA contributions and payment in lieu of taxes totaling $0.423 million and $0.432 million in 2019 and 2020 respectively.
- Anticipated cost increases related to interdepartmental service requirements of $0.166 million in in 2019 and $0.097 million of 2020.
- Sewer hydraulic models data verification will require one additional position in 2019 at cost of $0.075 million and the Quality Management System (QMS) software integration initiative will require addition of another position at cost of $0.103 million in 2020.
- Revenue loss from the projected decline of water consumption of 0.5% ($6.149 million) in each 2019 and 2020.
- An increase in the sale of water revenues of 3% in each 2019 and 2020, at $35.687 million and $43.754 million respectively.

Part 2:
2018 Recommended Operating Budget by Service

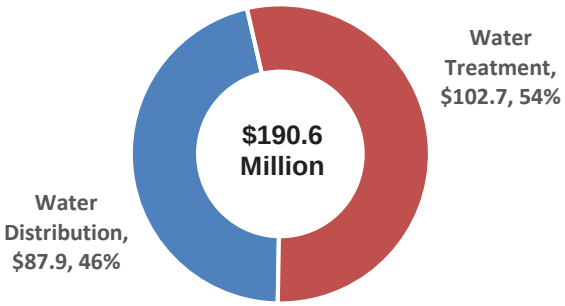
Water Treatment and Supply



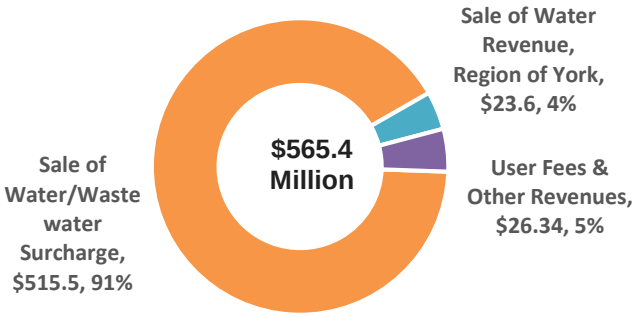
What We Do

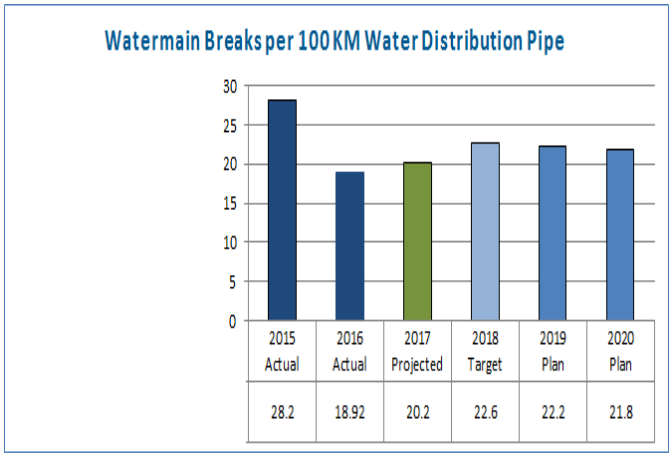
- Treat and distribute drinking water in a safe, responsible manner in accordance with all legislated requirements.

2018 Service Budget by Activity ($Ms)



Service by Funding Source ($Ms)





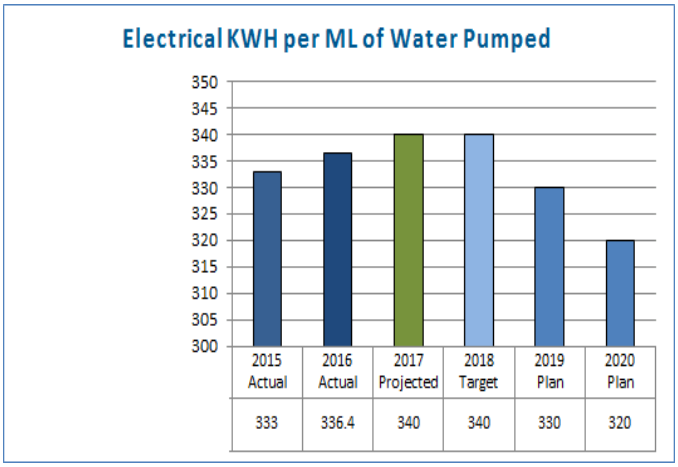
- 2013 -2015 experience sees a rising trend due to severe cold weather fluctuations and aging watermains.
- 2016 actuals, 2017 projected actuals and 2018- 2020 planned target is to maintain watermain break and repair levels of typical climate years with improved state-of-good repair program.

2018 Service Levels
Water Treatment and Supply

Activity	Sub-Activity/Type	Status	2015	2016	2017	2018 Service Level
Water Distribution	Service Connections	Approved	Meeting the 40 to 100 psi requirement		99.5% of time operating within the 40 to 100 PSI requirements	99.5% of time operating within the 40 to 100 PSI requirements
		Actual	99.5%	99.5%	n.a	n.a
	Water Distribution System	Approved	20.8 mainbreaks per 100 km of pipe		23.1 mainbreaks per 100 km of pipe	23.1 mainbreaks per 100 km of pipe
		Actual	28.2	18.9	n.a.	n.a.
Water Treatment	Water Pumping Stations	Approved	In compliance with aplicable legislation		340 kWh/ML of water pumped	340 kWh/ML of water pumped
		Actual	333	336	n.a	n.a
	Water Treatment Plants	Approved	Meeting velocity and headloss design guidelines		0 non-compliance water treatment incidents	0 non-compliance water treatment incidents
		Actual	1	0	n.a	n.a
	Water Transmission Mains	Approved	In compliance with aplicable legislation		1,500 transmission valve chambers inspected	1,500 transmission valve chambers inspected
		Actual	1,075	1,280	n.a	n.a
	Water Storage Reservoirs	Approved	Meeting requirements for emergency storage and fire flows (consistently maintain 24 hours		1,895 ML of storage capacity maintained	1,895 ML of storage capacity maintained
		Actual	1,895	1,895	n.a	n.a

Overall, 2018 Service Levels are consistent with the approved 2017 Service Levels for Water Treatment and Supply.

Service Performance Measures



- 2015-2016 actual usage of electricity per mega liter of water pumped is lower than the 340 KWh target.
- Toronto Water continues to improve electrical efficiency through the transmission operations optimization project at the water treatment plants.

Table 6
2018 Recommended Service Budget by Activity

	2017		2018 Recommended Operating Budget									Incremental Change			
	Budget	Projected Actual	Base Budget	Service Changes	Rec'd Base	Rec'd Base Budget vs. 2017 Budget	% Change	New/ Enhanced	Rec'd Budget	2018 Rec'd. Budget vs. 2017 Budget		2019 Plan		2020 Plan	
($000s)	$	$	$	$	$	$	%	$	$	$	%	$	%	$	%
GROSS EXP.															
Water Distribution	91,064.6	89,025.5	87,894.0		87,894.0	(3,170.5)	(3.5%)	30.7	**87,924.7**	(3,139.9)	(3.4%)	1,821.2	2.1%	858.1	1.0%
Water Treatment	102,510.2	100,214.8	104,244.3	(1,588.9)	102,655.4	145.2	0.1%	30.7	**102,686.1**	175.9	0.2%	4,460.9	4.3%	4,414.7	4.1%
Total Gross Exp.	193,574.8	189,240.3	192,138.4	(1,588.9)	190,549.5	(3,025.3)	(1.6%)	61.4	**190,610.8**	(2,963.9)	(1.5%)	6,282.1	3.3%	5,272.8	2.6%
REVENUE															
Water Distribution	264,033.9	264,591.1	275,846.0	14.5	275,860.6	11,826.7	4.5%		**275,860.6**	11,826.7	4.5%	6,771.8	2.5%	7,984.4	2.8%
Water Treatment	279,152.0	279,741.1	289,492.5	70.6	289,563.1	10,411.1	3.7%		**289,563.1**	10,411.1	3.7%	6,466.6	2.2%	8,186.3	2.8%
Total Revenues	543,185.9	544,332.3	565,338.5	85.1	565,423.7	22,237.8	4.1%		**565,423.7**	22,237.8	4.1%	13,238.4	2.3%	16,170.7	2.7%
NET EXP.															
Water Distribution	172,969.3	175,565.6	187,952.0	(14.5)	187,966.5	14,997.2	8.7%	(30.7)	**187,935.8**	14,966.6	8.7%	4,950.6	2.6%	7,126.3	3.7%
Water Treatment	176,641.8	179,526.3	185,248.2	(1,659.5)	186,907.7	10,265.9	5.8%	(30.7)	**186,877.0**	10,235.2	5.8%	2,005.7	1.1%	3,771.6	2.0%
Total Net Exp.	349,611.1	355,092.0	373,200.1	(1,674.1)	374,874.2	25,263.1	7.2%	(61.4)	**374,813.4**	25,201.8	7.2%	6,956.3	1.9%	10,897.9	2.8%
Approved Positions	759.6		747.0		747.0	(12.6)	(1.7%)		**747.0**	(12.6)	(1.7%)	7.2	1.0%	2.0	0.3%

The 2018 Operating Budget for *Water Treatment and Supply* is $190.611 million gross and $565.424 million in revenue, resulting in a $374.813 million budgeted capital-from-current contribution. It reflects a decrease of $2.964 million or 1.5% over the 2017 Approved Budget gross expenditures and an increase of $25.202 million or 7.2% over the 2017 Approved Capital Contribution budget.

The Water Treatment & Supply Service treats and supplies 435 billion liters of safe drinking water to 3.6 million residents and business annually, in a safe, responsible manner in accordance with all legislated requirements. This service is provided through Water Distribution and Water Treatment activities.

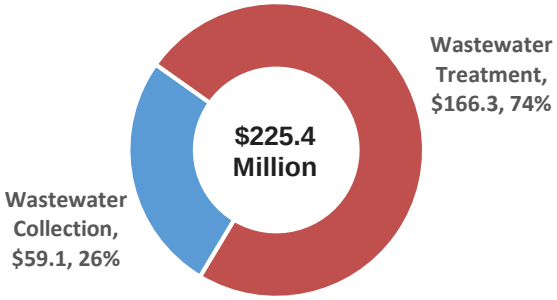
- Base budget pressures in Water Treatment and Supply Service are primarily due to:
  - Increased salary and benefit costs of $1.396 million (including progression pay costs and step increases), and higher utility costs and costs of other materials and supplies totaling $1.305 million, which are mostly related to higher usage of power and chemicals in Water Treatment Plants.
  - Additional cost of $0.912 million are to account for higher phosphoric acid and chlorine dosage used to reduce overall lead levels found in tap water.
  - There will also be incremental costs of $0.393 million arising from increases in the short term utility fees.
  - Other budget pressures totaling $0.147 million are mostly due to added funding for positions working on the delivery of capital projects and review of private water applications.
- The above base budget cost increases were fully offset through:
  - A combination *of base cost reductions* across all activities, including lower interdivisional charges reflecting a transfer of the Maintenance Hole/Catch Basin and Valve Chamber Rehabilitation Program previously administered by Transportation Services to Toronto Water's capital program ($2.843 million), and savings resulting from payments in lieu of taxes based on the current value assessment for treatment plants ($0.183 million).
  - As a result of a new equipment coming on line at the Island Water Treatment Plant, there will be net cost savings of $0.039 million, mostly in materials and supplies.
  - *Additional revenues* mostly from new water service connections ($0.616 million), recoveries for delivery of capital projects ($0.365), as well as higher revenues from the sale of water to Region of York ($1.245 million).
- The service was also able to achieve additional efficiency saving totaling $1.674 million, from the optimization of water production ($1.585 million) and inflationary revenue increases ($0.085 million).
- The 2018 Recommended Operating Budget includes a proportionate share of funding of $0.061 million for a new position in Strategic Communications which will provide a necessary digital communication expertise.

Wastewater Collection and Treatment

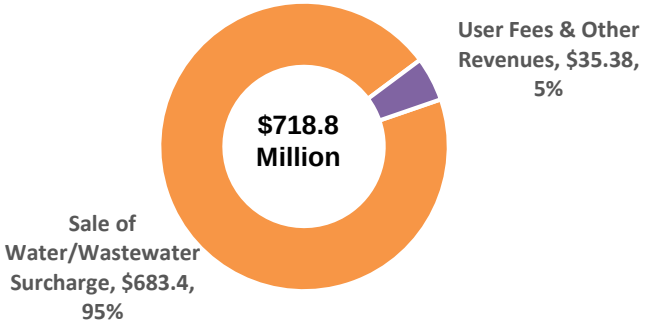
What We Do

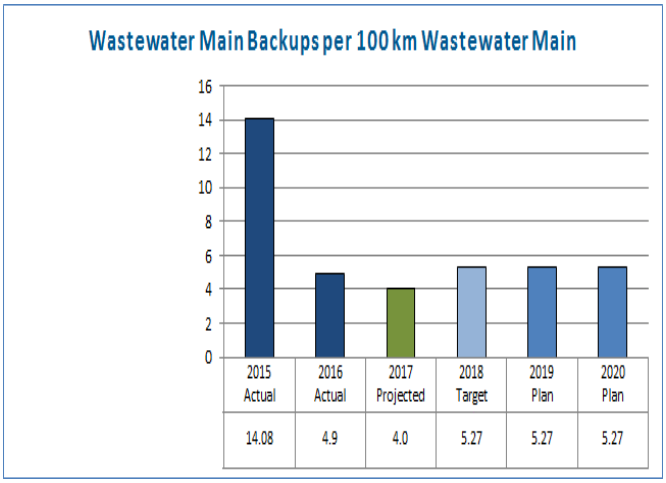
- Collect and treat wastewater in a safe, responsible manner in accordance with all legislated requirements.

2018 Service Budget by Activity ($Ms)



Service by Funding Source ($Ms)





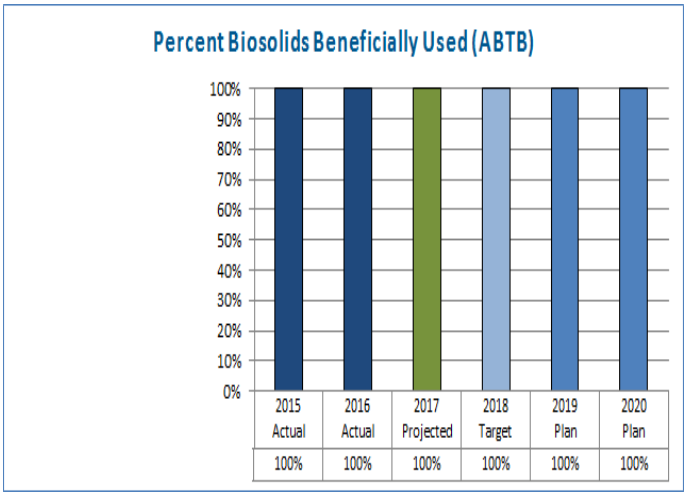
- 2012-2015 rising trend was impacted by severe storms causing wastewater capacity constraints.
- 2016 actuals, 2017 projected and 2018–2020 target and plan is to maintain wastewater main back-ups and repair levels of typical climate years

2018 Service Levels
Wastewater Collection and Treatment

Activity	Sub-Activity/Type	Status	2015	2016	2017	2018 Service Level
Wastewater Collection	Lateral Connection	Approved	Basement flooding being reduced through capital investment		30% sewer service line blocked requests resulting in repair or rehab (Work Orders)	30% sewer service line blocked requests resulting in repair or rehab (Work Orders)
		Actual	33%	35.0%	n.a	n.a
	Wastewater Collection System	Approved	5.27 mainline backups per 100 km of pipe		5.27 mainline backups per 100km of pipe	5.27 mainline backups per 100km of pipe
		Actual	3.90	4.90	n.a	n.a
Wastewater Treatment	Solids Management	Approved	Consistently meeting compliance limits in Nutrient Management Act		0% of samples not meeting NMA requirements	0% of samples not meeting NMA requirements
		Actual	0%	0%	n.a	n.a
	Wastewater Treatment Plants	Approved	In compliance with all applicable legislation		0 non-compliance wastewater events	0 non-compliance wastewater events
		Actual	6	3	n.a	n.a
	Wastewater Treatment Plants	Approved	Meeting legislative compliance		100% of wastewater pumping stations meeting legislative requirements	100% of wastewater pumping stations meeting legislative requirements
		Actual	100%	100.0%	n.a	n.a

Overall, 2018 Service Levels are consistent with the approved 2017 Service Levels for Wastewater Collection and Treatment.

Service Performance Measures



- 2013 -2016 rising trend was result of continuing efforts to increase beneficial use by pelletizing biosolids.
- 2017 projected actuals and 2018-2020 target and plan are projected to maintain beneficial use to 100% target level.

Table 6
2018 Recommended Service Budget by Activity

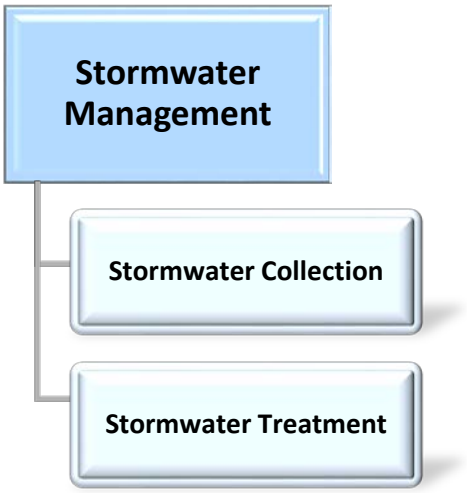
	2017		2018 Recommended Operating Budget									Incremental Change			
($000s)	Budget	Projected Actual	Base Budget	Service Changes	Rec'd Base	Rec'd Base Budget vs. 2017 Budget	% Change	New/ Enhanced	Rec'd Budget	2018 Rec'd. Budget vs. 2017 Budget		2019 Plan		2020 Plan	
	$	$	$	$	$	$	%	$	$	$	%	$	%	$	%
GROSS EXP.															
Wastewater Collection	59,060.4	57,388.8	59,085.6	(19.5)	59,066.1	5.7	0.0%	24.5	**59,090.6**	30.2	0.1%	1,310.0	2.2%	651.6	1.1%
Wastewater Treatment	162,249.1	157,657.0	167,593.0	(1,318.0)	166,275.0	4,026.0	2.5%	30.7	**166,305.7**	4,056.6	2.5%	5,948.2	3.6%	6,013.9	3.5%
Total Gross Exp.	221,309.4	215,045.8	226,678.5	(1,337.5)	225,341.1	4,031.7	1.8%	55.2	**225,396.5**	4,086.9	1.8%	7,258.2	3.2%	6,665.5	2.8%
REVENUE															
Wastewater Collection	172,255.9	172,619.4	180,181.5	46.8	180,228.3	7,972.5	4.6%		**180,228.3**	7,972.5	4.6%	4,412.2	2.4%	5,264.7	2.9%
Wastewater Treatment	512,285.8	513,367.0	538,503.3	21.0	538,524.3	26,238.5	5.1%		**538,524.3**	26,238.5	5.1%	12,755.0	2.4%	16,190.8	2.9%
Total Revenues	684,541.6	685,986.4	718,684.9	67.8	718,752.6	34,211.0	5.0%		**718,752.6**	34,211.0	5.0%	17,167.2	2.4%	21,455.5	2.8%
NET EXP.															
Wastewater Collection	113,195.5	115,230.6	121,096.0	(66.3)	121,162.3	7,966.8	7.0%	(24.5)	**121,137.7**	7,942.2	7.0%	3,102.2	2.6%	4,613.1	3.7%
Wastewater Treatment	350,036.7	355,710.0	370,910.3	(1,338.9)	372,249.3	22,212.6	6.3%	(30.7)	**372,218.6**	22,181.9	6.3%	6,806.8	1.8%	10,177.0	2.7%
Total Net Exp.	463,232.2	470,940.6	492,006.3	(1,405.2)	493,411.5	30,179.3	6.5%	(55.2)	**493,356.1**	30,124.1	6.5%	9,909.0	2.0%	14,790.1	2.9%
Approved Positions	859.6		874.9		874.9	15.3	1.8%		**874.9**	15.3	1.8%	7.5	0.9%	5.6	0.6%

The 2018 Operating Budget for *Wastewater Collection & Treatment* is $225.396 million gross and $718.753 million in revenue, resulting in a $493.356 million capital-from-current contribution. It reflects an increase of $4.087 million or 1.8% over the 2017 Gross Expenditure Budget and an increase of $30.124 million or 6.5% over the 2017 Approved Capital Contribution Budget.

The Wastewater Collection & Treatment Service collects and treats 400 billion liters of wastewater annually, in a safe, responsible manner in accordance with all legislated requirements. This service is provided through Wastewater Collection and Wastewater Treatment activities.

- Base budget pressures in *Wastewater Collection and Treatment Service* are primarily due to:
  - Increased salary and benefit costs of $1.483 million (including progression pay costs and step increases), and higher utility costs and costs of materials and supplies totaling $1.874 million, due to higher usage of power and chemicals in Wastewater Treatment Plants.
  - Additional funding is required to sustain an increase in operating costs resulting from completed upgrades at Ashbridges Bay and Humber Wastewater Treatment plants ($1.715 million).
  - There will also be incremental costs of $0.169 million arising from an increase in the short term utility fees.
  - Other budget pressures totaling $0.403 million are mostly due to added funding for positions working on delivery of capital projects and review of private water applications.
- The above base budget cost increases were partially offset through:
  - A combination *of base cost reductions* across all activities, including lower interdivisional charges to Transportation Services due to the transfer of the Maintenance Hole/Catch Basin and Valve Chamber Rehabilitation Program to Toronto Water's capital program ($1.300 million), and lower payments in lieu of taxes based on the current value assessment for treatment plants ($0.217 million).
  - As a result of the introduction of a new equipment coming on line at the Humber Wastewater Treatment Plant, there will be net savings of $0.180 million, mostly in materials and supplies.
  - *Additional revenues* mostly from new wastewater service connections ($0.326 million), and recoveries for delivery of capital projects and review of the private water applications ($1.280 million).
- To help mitigate the base pressures, the service was able to achieve base expenditure savings of $1.405 million in materials, supplies and other non-salary costs ($0.291 million), efficiency savings from the optimization of wastewater production ($1.047 million) and inflationary revenue increases ($0.068 million).
- The 2018 Recommended Operating Budget includes a proportionate share of funding of $0.055 million for a new position in Strategic Communications which will provide a necessary communication expertise.

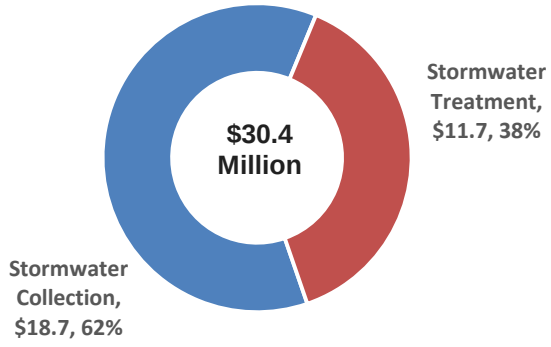
Stormwater Management



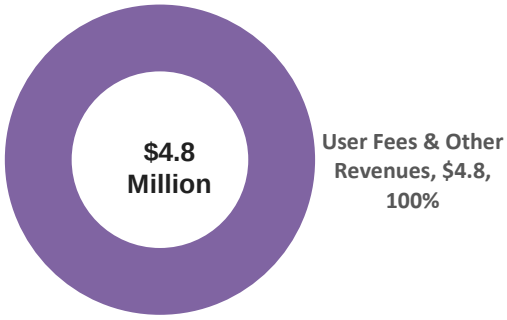
What We Do

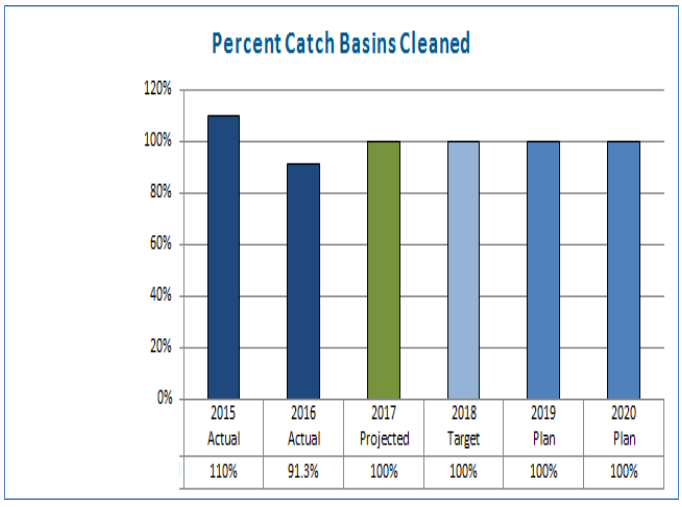
- Collect and treat stormwater in a safe, responsible manner in accordance with all legislated requirements.

2018 Service Budget by Activity ($Ms)



Service by Funding Source ($Ms)





- 2012 -2015 stable trend with high effort in cleaning catch basins to improve stormwater collection, with a lower actuals achieved in 2016.
- 2017 projected actuals and 2018 target and 2019-2020 plan is to maintain linear catch basin cleaning to target levels.

2018 Service Levels
Stormwater Management

Activity	Sub-Activity/Type	Status	2015	2016	2017	2018 Service Level
Stormwater Collection	Stormwater Collection System	Approved	Cost of storm pipes maintained is $1232/km		100% of catch basins cleaned	100% of catch basins cleaned
		Actual	110%	91.3%	n.a	n.a
	Stormwater Storage Facilities	Approved	Meeting all Certificate of Approval requirements		1,248 ML of dedicated (designed) stormwater storage capacity	1,275 ML of dedicated (designed) stormwater storage capacity
		Actual	1,246	1,246	n.a	n.a
Stormwater Treatment	Stormwater Treatment Facilities	Approved	Meeting all Certificate of Approval requirements		7,065 hectares of drainage area where quality control provided	7,065 hectares of drainage area where quality control provided
		Actual	6,990	6,990	n.a	n.a
	Stormwater Conveyance & Control System	Approved	Meeting all Certificate of Approval requirements		Meeting all Certificate of Approval Requirements	Meeting all Certificate of Approval Requirements
		Actual	100%	n.a	n.a	n.a

Overall, 2018 Service Levels are consistent with the approved 2017 Service Levels for Stormwater Management.

Table 6
2018 Recommended Service Budget by Activity

	2017		2018 Recommended Operating Budget									Incremental Change			
($000s)	Budget $	Projected Actual $	Base Budget $	Service Changes $	Rec'd Base $	Rec'd Base Budget vs. 2017 Budget $	% Change %	New/ Enhanced $	Rec'd Budget $	2018 Rec'd. Budget vs. 2017 Budget $	2018 Rec'd. Budget vs. 2017 Budget %	2019 Plan $	2019 Plan %	2020 Plan $	2020 Plan %
GROSS EXP.															
Stormwater Collection	17,487.5	15,611.1	18,684.9	(5.9)	18,679.0	1,191.5	6.8%	6.1	**18,685.2**	1,197.6	6.8%	505.8	2.7%	282.1	1.5%
Stormwater Treatment	11,419.8	10,194.4	11,692.7	(2.0)	11,690.8	270.9	2.4%		**11,690.8**	270.9	2.4%	343.1	2.9%	281.9	2.3%
Total Gross Exp.	28,907.4	25,805.5	30,377.6	(7.8)	30,369.8	1,462.4	5.1%	6.1	**30,376.4**	1,468.5	5.1%	848.9	2.8%	564.0	1.8%
REVENUE															
Stormwater Collection	3,072.7	3,079.1	3,313.8	33.0	3,346.7	274.1	8.9%		**3,346.7**	274.1	8.9%	168.4	5.0%	56.4	1.6%
Stormwater Treatment	1,128.0	1,130.4	1,428.8	25.2	1,454.0	326.0	28.9%		**1,454.0**	326.0	28.9%	76.6	5.3%	41.1	2.7%
Total Revenues	4,200.7	4,209.6	4,742.6	58.2	4,800.8	600.1	14.3%		**4,800.8**	600.1	14.3%	244.9	5.1%	97.6	1.9%
NET EXP.															
Stormwater Collection	(14,414.9)	(12,531.9)	(15,371.1)	(38.8)	(15,332.3)	(917.4)	6.4%	6.1	**(15,338.4)**	923.5	(6.4%)	(337.4)	2.2%	(225.7)	1.4%
Stormwater Treatment	(10,291.8)	(9,064.0)	(10,263.9)	(27.2)	(10,236.7)	55.1	(0.5%)		**(10,236.7)**	(55.1)	0.5%	(266.5)	2.6%	(240.8)	2.3%
Total Net Exp.	(24,706.7)	(21,595.9)	(25,635.0)	(66.0)	(25,569.0)	(862.3)	3.5%	6.1	**(25,575.6)**	868.5	(3.5%)	(604.0)	2.4%	(466.4)	1.8%
Approved Positions	133.5		139.8		139.8	6.3	4.7%		**139.8**	6.3	4.7%	3.3	2.4%	1.4	1.0%

The 2018 Operating Base Budget for Stormwater Management Service is $30.376 million gross. It reflects an increase of $1.469 million or 5.1% over the 2017 Approved Gross Expenditure Budget. Stormwater Management service does not generate any capital-from current contribution as its revenues are not sufficient to cover gross expenditures for this service. $25.576 million in Water Treatment & Supply and Wastewater Collection & Treatment revenues that would otherwise be directed to capital-from-current contributions, are required to support the Stormwater Management service operating requirements.

The Stormwater Management Service protects private property and the environment from stormwater runoff. This service is provided through Stormwater Collection and Stormwater Treatment activities.

- Base budget pressures in Stormwater Management Service are primarily due to:
  - Inflationary increases to fund the annual budget contribution to the Toronto Water and Region Authority's operations of $0.121 million.
  - Higher utility costs and costs of other materials and supplies ($0.076 million), increased costs of the short term utility fees ($0.038 million), and additional funding for positions working on delivery of capital projects and review of the private water applications ($0.192 million).
  - Increased salary and benefit costs of $0.170 million (including progression pay costs and step increases), were partially offset by realignment/transfer of positions to other services.

- The above base budget cost increases were partially offset by additional recoveries of $0.324 million for the delivery of capital projects.
- To help mitigate these base pressures, the service was able to achieve savings of $0.066 million, consisting mostly of base expenditure reductions in materials, supplies and other non-salary costs, as well as inflationary revenue increases.
- The 2018 Recommended Operating Budget includes a proportionate share of funding of $0.006 million for a new position in Strategic Communications which will provide a necessary digital communication expertise.

Part 3:
Issues for Discussion

Issues Impacting the 2018 Budget

2018 Operating Budget Funding

- Toronto Water is fully self-sustaining and does not rely on the municipal property tax levy for service delivery funding or borrowing/debenture financing for capital program. Operating and capital investments are funded from revenues generated by water and sewage rates established each year by Council and included in the City's By-law (Municipal Code, Chapter 849: Water and Sewage Services). Other sources of funding include revenue from the sale of water to York Region, industrial waste surcharges, private water agreements, service charges, and sundry revenue.
- In 2014, City Council endorsed the direction that Toronto Water's budgets prepared for 2015 and 2016 be premised on 8% water and wastewater consumption rate increases, followed by successive 5% increases in 2017 and 2018, followed by inflationary rate increase of 3% in the remaining years of the 10-Year Capital Plan, in order to reinstate approximately $1 billion in capital funding lost from a systematic decline in consumption and to fund emerging projects.
- For 2018, Toronto Water's 10 Year Capital Plan has been revised to allow Toronto Water to deliver on key priorities, while also addressing emerging service improvement projects. In accordance with the project delivery schedule, the following rate increases are recommended and incorporated in the 2018 Water and Wastewater Rate Model:
  - 5% in 2018.
  - 3% from 2019 to 2027.
- The 2018 Recommended Water and Wastewater Rate increase of 5% and other sources of funding will generate an additional $52.643 million in revenues (net of projected consumption decline of $5.417 million in 2018) compared to the 2017 projected budgeted consumption. All of that revenue will be dedicated to fund Toronto Water's Capital Budget in 2018.
- The following Charts show the 2018 combined water and wastewater consumption rates and the rate increase impact on average residential, as well as commercial and industrial customers, based on their average consumption.

Chart 1 – Water and Wastewater Rate Increase

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

Chart 2 – 2015 Water Rate Impact

Type of Property	Average Consumption	2017 Cost	2018 Projected Cost	2017 Rate Increase Impact	
Residential	260	$942	$989	$47	5.0%
Commercial	100,000	$362,260	$380,373	$18,113	5.0%
Industrial	100,000	$260,099	$273,104	$13,005	5.0%
Large Industrial	1,000,000	$2,542,304	$2,669,419	$127,115	5.0%

- Additional details are available in the 2018 Water and Wastewater Consumption Rates and Service Fees report.

Issues Impacting Future Years

Legislative and Regulatory Compliance and Other Operating Cost Pressures

- One of the main challenges facing Toronto Water in future years will be the management of the continuously increasing costs from both, internal and external sources.
- Personnel costs and inflationary pressures related to costs for materials and supplies, electricity, chemicals and parts, as well as machinery and services are ongoing. In 2018 alone, non-salary inflationary increases approximate $3.255 million, with additional $2.762 million required to accommodate cost of living adjustments and progression and step increases.
- As a result of frequent changes in legislative requirements and the need to comply with Provincial and Federal regulations, Toronto Water continues to experience increased operating costs. This is particularly challenging in terms of planning and allocating appropriate staff resources to maintain legislative compliance Toronto Water will continue to perform trials and testing to determine the optimal performance of treatment plants and pumping stations, since fluctuations in hydro costs were observed as different trials were conducted in order to stabilize hydro requirements. Some of those initiatives have already resulted in significant savings in 2017 ($5.832 million) as well as 2018 ($2.632 million), that assisted Toronto Water in offsetting some of other base expenditure pressures.
- Similarly, costs resulting from the operating impact of completed capital projects for additional parts and contracted services such as Ashbridges Bay Treatment Plant Upgrades (Liquid Treatment, Solids and Gas Handling and Odour Control projects), Humber Treatment Upgrades (new substation), and Island Water Treatment Plant Upgrades (chemicals and residual management) amount to $1.715 million. In 2018, these costs were partially offset by savings from the equipment upgrades at the Ashbridges Wastewater Treatment Plant and Island Water Treatment Plant ($0.219 million), but incremental costs for maintenance of new equipment and facilities coming on-line (estimated at $8.067 million over the next 10 years) will remain to be a challenge for Toronto Water.
- Toronto Water continues to review these additional costs together with the existing maintenance program and determine whether there is any opportunity for efficiencies such that these amounts can be reduced.

Response to Severe Weather and Customer Needs

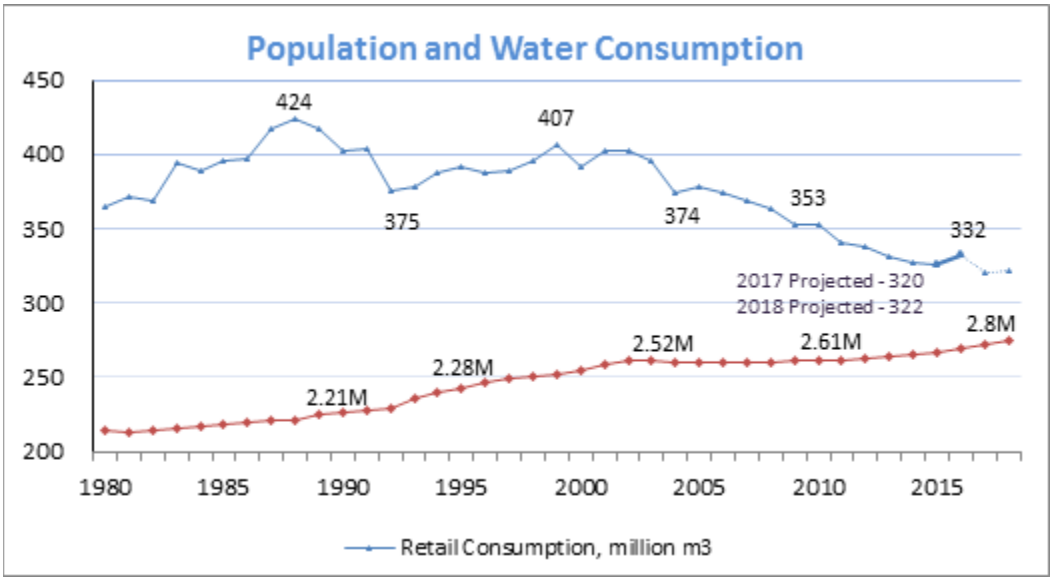
- As a result of extremely cold weather, Toronto Water experienced a high level of watermain breaks, leaking water services and frozen water services in 2015 (approximately 2,546 in first quarter of 2015 compared to 1,094 in 2013 and 2,607 in 2014).

- Although 2016 and 2017 weather conditions were not as extreme, Toronto Water continues to plan for emergency situations caused by the severe weather conditions, to ensure operational resilience and minimize risk to its assets.
- In order to provide more efficient and effective response to customer demands, during extreme events in particular, Toronto Water continues to implement a transformational initiative that sets the stage for further improvements planned to increase customer satisfaction. This initiative (Customer Care Organizational Realignment) on which Toronto Water embarked in 2017, will unify all areas providing customer service under one umbrella.

Impact of Lower Water Consumption Forecasts on Water and Wastewater Rate Revenues

- Over the last decade, despite the increase in population, there has been a trend towards reduced water consumption as shown in Chart 3 below. Any additional revenues generated by annual rate increases over that period have been reduced by the steady decline in water consumption predominantly attributed to water efficiency measures and economic factors.

Chart 3 - Toronto Retail Water Consumption



- A systematic and permanent decline (October to April) in base water consumption of 1.6% annually on average has been recorded over the last 10 year period. However, in the last 5 years the average drop in winter consumption is below 1%, which shows the trend is slowing at a reduced rate.
- Summer consumption although more weather dependent, also shows a reduction over the same period of 1.0% annually. The lower decline in summer consumption can be attributed to the significant fluctuations of over 7% over the last two summers. The summer consumption in 2017 was the lowest consumption in the summer months over the last 10 years, associated with the cool and wet spring and summer. It was 3% lower than 2015 and 7.0% lower than in 2016.
- Given that 2016 was a year with exceptionally high consumption, 2017 and 2018 consumption projections are based on 2015 actual consumption.
  - Toronto's water consumption projected to 2017 year-end is estimated at 320 million cubic meters, and it is 2.5% lower than 2015 actual consumption, based on the billing data to the end of August 2017. The cool, wet spring and summer in 2017 contributed to the 1.2% lower than budgeted consumption projections.
  - 2018 consumption is projected to be 1.5% below 2015 actual, applying a 0.5% decrease a year.

- Similar to previous years, the 2018 Water and Wastewater Model assumes that future year consumption (2019-2027) will continue to decline by 0.5% annually.
- Additional detail on historical and forecasted water consumption and production, as well as its impact on the Toronto Water Capital Reserve is available in the 2018 Water and Wastewater Consumption Rates and Service Fees report.

Appendices

Appendix 1

2017 Service Performance

Key Service Accomplishments

In 2017, Toronto Water accomplished the following:

- The Ministry of Environment and Climate Change (MOECC) has completed annual inspections at the City's water treatment facilities and there have been no major non-conformance issues identified.
- 2017 Ontario Water Works Association Best Tasting Water Award.
- The management structure of the Toronto Water Customer Care Centre, the first step of a transformational initiative that sets the stage for further improvements planned to increase customer satisfaction, was implemented in Q2 2017 and resulted in $0.747 million in savings due the reduction of 8 positions.
- Optimizing GIS technology to enhance operational efficiency and improve customer service.
- Piloting smart grid technologies to help with in the field data collection and connectivity.
- As of September 1, 2017, received and processed 3,267 Basement Flooding Protection Program applications to provide financial subsidy to install flood protection devices such as backwater valves.
- Ongoing education and outreach program attending 267 outreach events with an estimated attendance of 3.9 million people as reported by event organizers.
- Water conservation projects related to the Industrial Water Rate Program resulted in estimated water savings of 3.75 million m3 per year.

Appendix 2

2018 Recommended Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense ($000's)	2015 Actual	2016 Actual	2017 Budget	2017 Projected Actual *	2018 Recommended Budget	2018 Change from 2017 Budget		Plan 2019	Plan 2020
	$	$	$	$	$	$	%	$	$
Salaries and Benefits	159,559.4	162,804.9	174,919.8	167,419.8	178,641.4	3,721.6	2.1%	183,859.9	186,499.0
Materials and Supplies	93,668.4	97,776.3	106,944.5	103,773.4	107,410.1	465.6	0.4%	114,559.2	122,535.7
Equipment	1,864.7	2,178.9	3,073.0	3,073.0	3,200.5	127.5	4.1%	3,279.9	3,336.7
Services & Rents	62,547.7	51,599.0	59,691.0	58,291.0	62,274.4	2,583.4	4.3%	63,628.6	64,929.0
Contributions to Capital	679,404.8	808,017.0	788,151.1	788,122.2	842,593.8	54,442.7	6.9%	842,593.8	858,855.0
Contributions to Reserve/Res Funds	8,828.8	9,645.7	10,216.9	10,216.9	10,130.4	(86.5)	(0.8%)	10,130.4	10,130.4
Other Expenditures	19,510.2	15,609.1	19,174.1	17,574.1	18,895.0	(279.1)	(1.5%)	19,317.6	19,750.0
Interdivisional Charges	68,721.8	69,275.6	69,757.9	69,757.9	65,831.6	(3,926.2)	(5.6%)	65,997.1	66,094.0
Total Gross Expenditures	1,094,105.6	1,216,906.4	1,231,928.2	1,218,228.2	1,288,977.1	57,048.9	4.6%	1,303,366.3	1,332,129.9
Interdivisional Recoveries	182.2	89.0			47.0	47.0		47.0	47.0
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	53,919.6	55,829.6	52,534.3	53,163	54,058.1	1,523.8	2.9%	54,058.1	54,058.1
Transfers from Capital Fund	3,313.4	4,034.7	3,769.1	3,769	4,726.4	957.3	25.4%	5,579.5	5,697.1
Contribution from Reserve/Reserve Funds	195.0		195.0	195	195.0			195.0	195.0
Sale of Water and Sundry Revenues	1,036,495.4	1,156,953.2	1,175,429.8	1,177,401	1,229,950.6	54,520.8	4.6%	1,259,748.0	1,297,354.2
Total Revenues	1,094,105.6	1,216,906.4	1,231,928.2	1,234,528.2	1,288,977.1	57,048.9	4.6%	1,319,627.6	1,357,351.4
Total Net Expenditures	0.0	(0.0)	0.0	(16,300.0)	(0.0)	(0.0)	(109.3%)	(16,261.3)	(25,221.5)
Approved Positions	1,624.7		1,752.7	1,612.7	1,761.7	9.0	0.5%	1,779.7	1,788.7

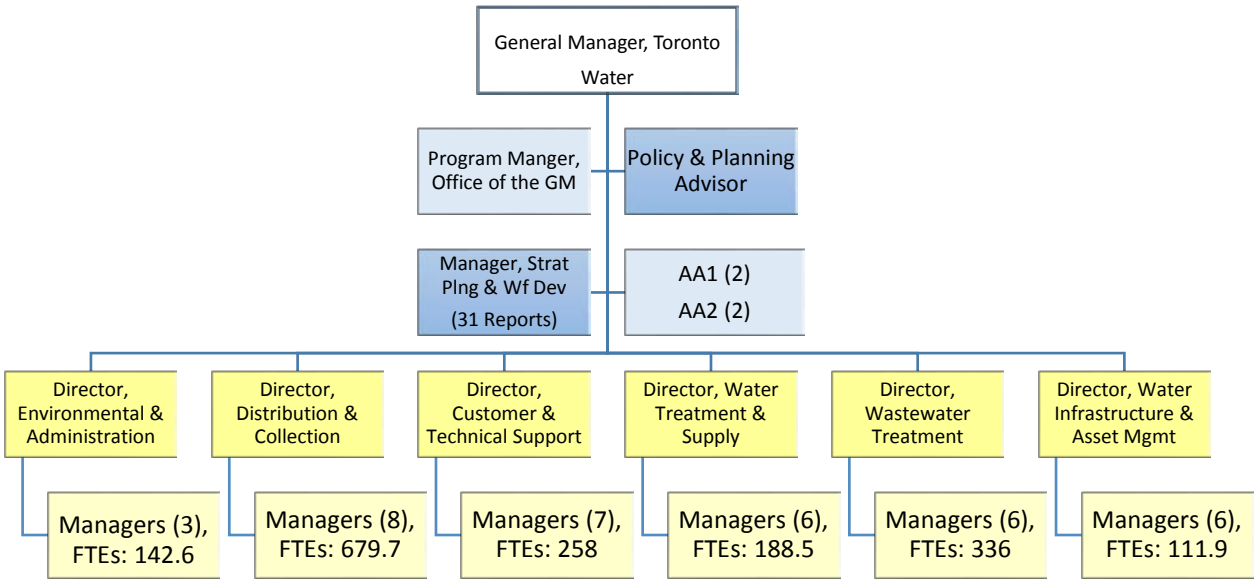
For additional information regarding the 2017 Q2 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Six-Month Period Ended June 30, 2017" approved by City Council at its meeting on October2, 3 and 4, 2017.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX27.19

Impact of 2017 Operating Variance on the 2018 Preliminary Operating Budget

- In its Q2 Operating Variance Report Toronto Water projected net under expenditure because of lower than anticipated hydro rates and usage efficiencies and underspending in chemicals as a result of efficiencies from process changes at wastewater treatment plants.
  - Utility and other savings of $2.632 million are included in the 2018 Operating Budget to account for impact of various energy efficiency initiatives undertaken by Toronto Water.

Appendix 3

2018 Organization Chart



2018 Total Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	1.0	169.0	179.0	1,317.0	**1,666.0**
Temporary	0.0	5.0	5.0	85.7	**95.7**
Total	**1.0**	**174.0**	**184.0**	**1,402.7**	**1,761.7**

Appendix 4

Summary of 2018 Service Changes

Appendix 5

Summary of 2018 New / Enhanced Service Priorities

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name ($000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017	Withdrawals (-) / Contribtuions (+)		
			2018	2019	2020
		$	$	$	$
Projected Beginning Balance			**850,017.2**	**918,850.7**	**645,466.7**
Water & Waste Water Capital Reserves	XR6003 & XR6004				
Proposed Withdrawls (-)					
- TW Capital Program			(774,140.1)	(1,138,535.1)	(1,157,607.4)
- Other			(438.3)	(449.2)	(1,737.3)
Contributions (+)					
- From Operations			842,593.7	863,151.4	891,618.2
- Other: Interest			3,540.1	3,130.9	2,054.0
Total Reserve / Reserve Fund Draws / Contributions		**850,017.2**	**921,572.7**	**646,148.7**	**379,794.3**
Other Program / Agency Net Withdrawals & Contributions			**(2,722.0)**	**(682.0)**	
Balance at Year-End		**850,017.2**	**918,850.7**	**645,466.7**	**379,794.3**

Reserve / Reserve Fund Name ($000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017	Withdrawals (-) / Contribtuions (+)		
			2018	2019	2020
		$	$	$	$
Projected Beginning Balance		**16,844.5**	**18,732.5**	**12,905.5**	**6,353.5**
Development Charge Stormwater	XR2404 & XR2113				
Proposed Withdrawls (-)					
-TW: Operating		(195.0)	(195.0)	(195.0)	(195.0)
-TW: Capital		(3,061.0)	(6,586.0)	(10,407.0)	(10,286.0)
Contributions (+)		5,144.0	5,229.0	5,300.0	5,335.0
Total Reserve / Reserve Fund Draws / Contributions		**18,732.5**	**17,180.5**	**7,603.5**	**1,207.5**
Other Program / Agency Net Withdrawals & Contributions (Portlands Flood Protection)			**(4,275.0)**	**(1,250.0)**	
Balance at Year-End		**18,732.5**	**12,905.5**	**6,353.5**	**1,207.5**

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name ($000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017	Withdrawals (-) / Contribtuions (+)		
			2018	2019	2020
		$	$	$	$
Projected Beginning Balance		**11,713.0**	**17,588.8**	**23,378.1**	**29,167.4**
Vechicle Replacement Reserve	XQ1012				
Proposed Withdrawls (-)		5,875.8	5,789.3	5,789.3	5,789.3
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**17,588.8**	**23,378.1**	**29,167.4**	**34,956.6**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**17,588.8**	**23,378.1**	**29,167.4**	**34,956.6**

Reserve / Reserve Fund Name ($000s)	Reserve / Reserve Fund Number	Projected Balance as of	Withdrawals (-) / Contribtuions (+)		
			2018	2019	2020
		$	$	$	$
Projected Beginning Balance		**30,005.2**	**34,346.3**	**38,687.4**	**43,028.5**
Insurance Reserve Fund	XR1010				
Proposed Withdrawls (-)		4,341.1	4,341.1	4,341.1	4,341.1
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**34,346.3**	**38,687.4**	**43,028.5**	**47,369.6**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**34,346.3**	**38,687.4**	**43,028.5**	**47,369.6**

Appendix 7a

User Fees Adjusted for Inflation and Other- Water

Rate Description	Service	Fee Category	Fee Basis	2017	2018		
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate
Installing 19 mm New Residential Water Service and Meter	Water Service	Full Cost Recovery	Flat fee per connection	$4,505.00	4,600.00		4,600.00
Installing 25 mm New Residential Water Service and Meter	Water Service	Full Cost Recovery	Flat fee per connection	$5,220.00	5,330.00		5,330.00
Disconnection Fee for any residential water service less than or equal to 25 mm	Water Service	Full Cost Recovery	Flat fee per disconnection	$1,330.00	1,360.00		1,360.00
Metered water provided to construction sites	Water Service	City Policy	Consumption per cubic metre	Block 1 Water Rate	Block 1 Water Rate		Block 1 Water Rate
Fire hydrant Permit	Water Service	Full Cost Recovery	Flat Fee	$168.77	$172.31		$172.31
Water meter accuracy test ; Meter less than or equal to 50mm - No Chamber - applied if meter does not over-register	Water Service	Full Cost Recovery	Flat Fee	$168.77	$172.31		$172.31
Water turn off fee for demolition; (disconnection of old water service not included)	Water Service	Full Cost Recovery	Flat Fee	$84.33	$86.10		$86.10
Cost of water consumption from last water meter reading to the date of disconnection of service	Water Service	Full Cost Recovery	Per cubic metre	Block 1 Water Rate	Block 1 Water Rate		Block 1 Water Rate
Water Turn-off or Turn-on	Water Service	Full Cost Recovery	Each Turn-off or Turn-on	$84.33	$86.10		$86.10
Single Service call Turn-off and Turn-on within 30 min	Water Service	Full Cost Recovery	Turn-off and Turn-on Service within 30 min	$84.33	$86.10		$86.10
Conduct fire hydrant flow test	Water Service	Full Cost Recovery	Per Flow Test	281.33 (Plus HST)	287.23 (plus HST)		287.23 (plus HST)
Unmetered water from each unmetered hydrant- less than or equal to 50 cubic metre	Water Service	City Policy	Per 50 cubic metre	50 cubic metre @ Block 1 Water Rate	50 cubic metre @ Block 1 Water Rate		50 cubic metre @ Block 1 Water Rate
Metered water received at hydrant	Water Service	Full Cost Recovery	Per cubic meter of water	Block 1 Water Rate	Block 1 Water Rate		Block 1 Water Rate
Unregistered water each day order not complied	Water Service	Full Cost Recovery	Flat Rate	$56.22	$57.40		$57.40
Annual Seasonal Meter Activation Fee : includes replacement, removal of water meter; 1 turn on, 1 turn off	Water Service	Full Cost Recovery	Flat Fee	$216.40	$220.94		$220.94
Unmetered water - general or use of non-City supplied meter	Water Service	Full Cost Recovery	Estimated consumption per cubic meter	Block 1 Water Rate	Block 1 Water Rate		Block 1 Water Rate
Reuse of residential water service 19 mm to 25 mm	Water Service	Full Cost Recovery	Per Service to be reused	$281.06	$287.00		$287.00
Administrative fee to reflect a change in ownership on an existing utility account	Water Service	Full Cost Recovery	Per ownership change	$37.67	$38.42		$38.42
Water Special/Final Reading	Water Service	Full Cost Recovery	Per Customer Request	$16.14	$16.46		$16.46

Appendix 7a

User Fees Adjusted for Inflation and Other- Water – Continued

Rate Description	Service	Fee Category	Fee Basis	2017	2018		
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate
Water Consumption Statements	Water Service	Full Cost Recovery	For One Year	$43.06	$43.92		$43.92
Water Consumption Statements	Water Service	Full Cost Recovery	For each subsequent year	$26.91	$27.45		$27.45
Water Collection Field Visit	Water Service	Full Cost Recovery	Per Field Visit	$26.91	$27.45		$27.45
Administration of MOE Municipal drinking Water Licensing Program	Water Service	Full Cost Recovery	per application	$2,544.62	$2,598.05		$2,598.05
Fee for lost or damaged automated meter reading transmitter	Revenues - Operational Support	Full Cost Recovery	per each lost or damaged meter reading transmitter	$95.00	$97.00		$97.00
Manual water meter reading fee for consumers with water meters refusing installation of a new water meter and associated meter reading equipment	Revenues - Operational Support	Full Cost Recovery	per visit	$86.24	$88.05		$88.05
Flat rate legacy fee, in addition to any existing water and wastewater flat rates charged for residential flat rate consumers who refuse the installation of an automatic water meter and associated meter reading equipment	Revenues - Operational Support	Full Cost Recovery	per account	$1,150.30	$1,174.45		$1,174.45
Processing annual water supply backflow prevention device testing reports	Water Service	Full Cost Recovery	per report	$52.44	$53.54		$53.54
Water Service Upgrade Fee - Lead Water Service Replacement Programs (19 mm to 25 mm upgrade only)	Revenues - Distribution & Collection	Full Cost Recovery	Flat fee per connection	$512.15	$523.00		$523.00

Appendix 7a

User Fees Adjusted for Inflation and Other- Wastewater

Rate Description	Service	Fee Category	Fee Basis	2017	2018		
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate
Sewer Surcharge on private water	Wastewater Service	Full Cost Recovery	Per Cubic Meter	57% of Block 1 Water Rate	57% of Block 1 Water Rate		57% of Block 1 Water Rate
To install new residential sanitary sewer service connection in road allowance	Wastewater Service	Full Cost Recovery	Per Installation	$11,265.00	$11,506.00		$11,506.00
To install new residential storm sewer service connection in road allowance	Wastewater Service	Full Cost Recovery	Per Installation	$11,265.00	$11,506.00		$11,506.00
To disconnect residential sanitary sewer service connection in road allowance	Wastewater Service	Full Cost Recovery	Per Disconnecti on	$1,390.00	$1,420.00		$1,420.00
Inspection fee for the reuse of residential City sewer connection up to 150 mm in diameter	Wastewater Service	Full Cost Recovery	Per service to be reused	$563.37	$575.20		$575.20
Technical Review by Toronto Water staff - Application to Toronto Water for exemption to permit the construction of a driveway sloped downwards towards a residential building.	Wastewater Service	Full Cost Recovery	Per application	$1,688.55 (plus HST)	$1,724 (plus HST)		$1,724 (plus HST)
Technical Review by Toronto Water staff - Application to Toronto Water for new connection or change or alteration to the existing storm connection, sanitary or water supply connection	Wastewater Service	Full Cost Recovery	Per application	$337.5 minimum fee; additional $83.27/hour for each hour after 4 hours to a maximum of $1,688.55	$344.58 minimum fee; additional $85.00/hour for each hour after 4 hours to a maximum of $1,724.00 (plus HST)		$344.58 minimum fee; additional $85.00/hour for each hour after 4 hours to a maximum of $1,724.00 (plus HST)
Technical Review by Toronto Water staff - Application to Toronto Water for request to encroach within a City permanent or temporary easement (related to City water and sewer infrastructure)	Wastewater Service	Full Cost Recovery	Per application	$337.5 minimum fee; additional $83.27/hour for each hour after 4 hours to a maximum of $1,688.55 (plus HST)	$344.58 minimum fee; additional $85.00/hour for each hour after 4 hours to a maximum of $1,724.00 (plus HST)		$344.58 minimum fee; additional $85.00/hour for each hour after 4 hours to a maximum of $1,724.00 (plus HST)
Technical Review by Toronto Water staff - Application to Toronto Water for request to release from title a City easement (related to City water and sewer infrastructure)	Wastewater Service	Full Cost Recovery	Per application	$337.5 minimum fee; additional $83.27/hour for each hour after 4 hours to a maximum of $1,688.55 (plus HST)	$344.58 minimum fee; additional $85.00/hour for each hour after 4 hours to a maximum of $1,724.00 (plus HST)		$344.58 minimum fee; additional $85.00/hour for each hour after 4 hours to a maximum of $1,724.00 (plus HST)
Initial fee for establishment of new industrial waste surcharge agreement	Wastewater Service	Full Cost Recovery	Per agreement	$865.84	$884.02		$884.02
Record search for Sewers by-law compliance violation	Wastewater Service	Full Cost Recovery	per address	$102.43 (plus HST)	$104.58 (plus HST)		$104.58 (plus HST)