

2020 Water and Wastewater Consumption Rates and Service Fees

Date: November 8, 2019

To: Budget Committee

From: Chief Financial Officer and Treasurer and
General Manager, Toronto Water

Wards: All

SUMMARY

This report presents the recommended 2020 water and wastewater consumption rates and service fees arising from the concurrent adoption by City Council of the recommended 2020 Toronto Water Operating and Capital Budgets. This report also recommends the adoption by City Council of additional eligibility criteria related to utility billing adjustments to water accounts for uncontrollable and unexplainable consumption increases under Municipal Code Chapter 849.

In accordance with the City Council 10 year capital plan approved in 2015, this report recommends a 3.0% water and wastewater consumption rate increase, effective January 1, 2020. In addition, this report recommends inflationary fee increases for certain existing water and wastewater service fees, reflecting cost recovery for these services.

The recommended 2020 water and wastewater consumption rates and service fees will allow the Toronto Water Program to remain fully self-funded and financially stable, with both operating and capital needs being met without excessive year-over-year fluctuations in pricing over the long term.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer and the General Manager, Toronto Water recommend that:

1. City Council adopt:
 - a. Effective January 1, 2020, the combined water and wastewater consumption rates charged to metered consumers as shown below and in Appendix C attached to this report;

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")	4.0735	4.2878
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')	2.8514	3.0014

- b. Effective January 1, 2020, an increase of 3.0% to the water and wastewater consumption rates (paid on or before the due date) charged to flat rate consumers, as set out in Appendix C attached to this report;
- c. Effective January 1, 2020, the water and wastewater service fees, as set out in Appendix D attached to this report;

2. With respect to assistance for low-income seniors and low-income disabled persons:

- a. Effective January 1, 2020, the water rebate for eligible low-income seniors and low-income disabled persons be set at a rate of \$1.2221 /m3, representing a 30% reduction from the Block 1 rate (paid on or before the due date);

3. City Council authorize the necessary amendments to Municipal Code Chapter 849 – Water and Sewage Services and Utility Bill to add the following eligibility criteria for utility billing adjustments to water accounts for uncontrollable and unexplainable consumption increases as set out in §849 -31 F and §849 -31 G and defined in §849 - 26:

- a. the customer requesting the adjustment must be the owner of the property, which is the subject of the water account and corresponding utility bill, ("Property") and reside at the Property for a minimum of one year immediately preceding the consumption event and request for an adjustment; and
- b. the Property must not be tenanted.

4. City Council authorize that the necessary amendments be made to Municipal Code Chapter 441 - Fees and Charges, Municipal Code, Chapter 849 - Water and Sewage Services and Utility Bill, Municipal Code Chapter 851 - Water Supply, and Municipal Code Chapter 681- Sewers, and any other necessary Municipal Code Chapters as may be required, to give effect to these Recommendations.

5. City Council authorize the City Solicitor to introduce any necessary Bills required to give effect to Council's decision and authorize the City Solicitor to make any necessary

clarifications, refinements, including stylistic, format and organization, minor modifications, technical amendments or by-law amendments as may be identified by the City Solicitor, the Chief Financial Officer & Treasurer and the General Manager, Toronto Water.

FINANCIAL IMPACT

The City of Toronto Water and Wastewater Program (the “Program”) is currently fully funded on a ‘pay-as-you-go’ basis through a combined water and wastewater rate without any reliance on property taxes or borrowing/debenture financing. The property tax supported budget is not impacted by adoption of the recommendations contained in this report.

Based on the recommended 2020 Toronto Water Operating and Capital Budgets, the updated water consumption forecast, and Council's direction that the Capital Plan be predicated on 3% rate increase in 2020 for planning purposes, a rate increase of 3.0%, effective January 1, 2020 is recommended for Block 1 consumers and Block 2 industrial process-use consumers. A 3.0% increase, effective January 1, 2020 will raise additional \$37.17 million revenue for the Program.

The Toronto Water 2020 Operating and Capital Budget requires a combined water and wastewater expenditure level of \$1.390 billion, which is fully funded from the recommended 2020 water and wastewater consumption rates and service fees.

As shown in Chart 1 below, the recommended rate increase impact on an average home consuming 230 m3/year, billed at the Block 1 Rate, will be 3% or \$27 over the calendar year (from \$910 in 2019 to \$937 in 2020). The impact of the 3% increase on a commercial consumer at the Block 1 rate and an industrial consumer at the Block 2 rate with annual consumption of 100,000 m3 will be \$11,860 and \$8,478 respectively, the latter reflecting a 30% discount over the Block 1 rate for eligible industrial consumers. The rate increase impact on a large industrial consumer of 1,000,000 m3 eligible for the Block 2 rate will be \$83,178.

Chart 1- Impact of Recommended 3.0% Rate Increase effective January 1, 2020

Type of Property	Average Consumption	2019 Annualized Cost	2020 Projected Cost	2020 Rate Increase Impact	
Residential	230	\$910	\$937	\$27	3.00%
Commercial	100,000	\$395,490	\$407,350	\$11,860	3.00%
Industrial	100,000	\$282,754	\$291,232	\$8,478	3.00%
Large Industrial	1,000,000	\$2,774,134	\$2,857,312	\$83,178	3.00%

The recommended increases to certain water and wastewater service fees set out in Appendix C are expected to generate additional revenue of approximately \$1,030,757 which is intended to offset the cost increases associated with delivering these services.

DECISION HISTORY

At its meeting on March 7, 2019, City Council adopted the water and wastewater consumption rates and service fees to be charged to metered and flat rate consumers, effective April 1, 2019. The 2019 Water and Wastewater Rates and Service Fees report, adopted by City Council, can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.2>

At its meeting on June 6, 7 and 8, 2012, City Council adopted, as amended, Item CC24.7 entitled "Implementation of Measures related to Ombudsman's Report: "Water Works: An Investigation into Water Billing, Metering and Customer Service", thereby authorizing amendments to Municipal Code Chapter 849, Water and Sewage Services and Utility Bill (Code Chapter 849) to allow for discretion to be granted to the then Treasurer in certain circumstances to adjust a customer's water account for utility billing purposes in the event of either an unexplained or uncontrollable consumption increase. The City Council decision can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CC24.7>

COMMENTS

ISSUE BACKGROUND

The City annually adopts a by-law to establish its water and wastewater consumption rates and service fees. Adoption of the concurrent recommended Toronto Water 2020 Operating and 2020-2029 Capital Budgets will necessitate an increase in the 2020 water and wastewater consumption rates and service fees as outlined in this report.

The Program also provides water and wastewater services directly to customers for which it charges a fee generally based on cost recovery. Most water and wastewater service fees are recommended to be increased by the applicable rate of inflation for 2020, except for those that are based on contracts for procured services, which recommended increases, therefore, reflect the actual contract price.

Municipal Code Chapter 849 authorizes utility billing adjustments to water accounts for uncontrollable and unexplainable consumption increases in certain prescribed circumstances. This report recommends the adoption by City Council of additional eligibility criteria for such adjustments.

Financial Model

The financial model used to forecast water and wastewater rates is premised upon the objective that the Program remains fully self-funded and financially stable, with both operating and capital needs being met without excessive year-over-year fluctuations in pricing over the long term.

During the 2020 budget review process, staff updated the 10 year Capital Plan that will allow Toronto Water to deliver on key priorities, while also addressing emerging service improvement projects. In order to provide the necessary revenue stream for the recommended 2020 - 2029 Capital Plan in accordance with its project delivery schedule, staff is recommending a 3% annualized rate increase in 2020, and for the following years of the ten year plan.

Toronto Water's recommended 2020 Operating and Capital Budget, and 10-Year Capital Plan, are considered together with the projected water consumption to generate the water and wastewater rates which will self-finance the Program over the ten-year planning period, including reserve contributions. The current financing model does not rely on any debt issuance.

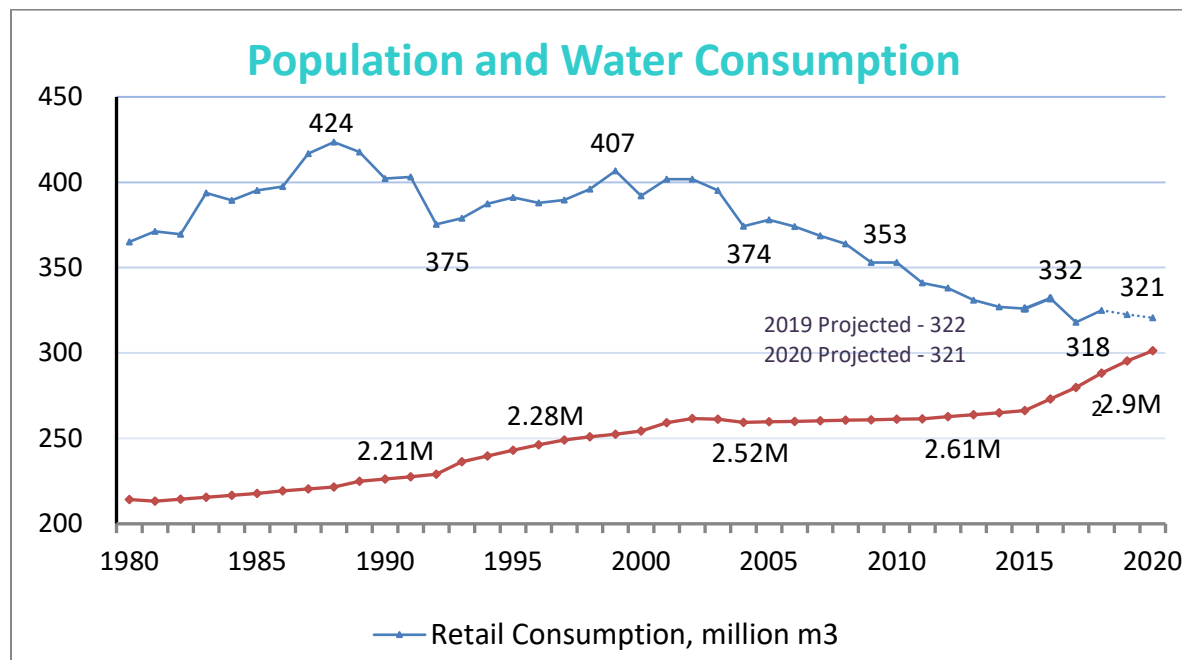
The 2020 financial model also assumes that 85% of the net Capital Budget (after grants, subsidies and other capital contributions) will be drawn from Toronto Water's Capital Reserve, based on the current capital completion level experienced by the Program, so as not to overstate actual projected funding requirements.

Water Consumption Forecast

Over the last decade, despite the increase in population, there has been a trend of reduced consumption, as shown in Chart 2 below. Toronto's water consumption projected to 2019 year-end is estimated at 322 million cubic metres, which represents a substantial drop from 353 million cubic meters in 2009.

However, substantial fluctuations in consumption have been observed over the past four years, as shown in Chart 2 and 3. The City experienced unusually high consumption in 2016 (332 m³), attributed to the hot and dry summer; significantly lower consumption in 2017(318 m³), attributed to a cool and wet spring and summer. Water consumption in 2018 was relatively high again, and 2019 consumption was higher than projected, while still lower than 2018 consumption. All these fluctuations are considered to be weather dependent.

Chart 2 - Toronto Retail Water Consumption and Population

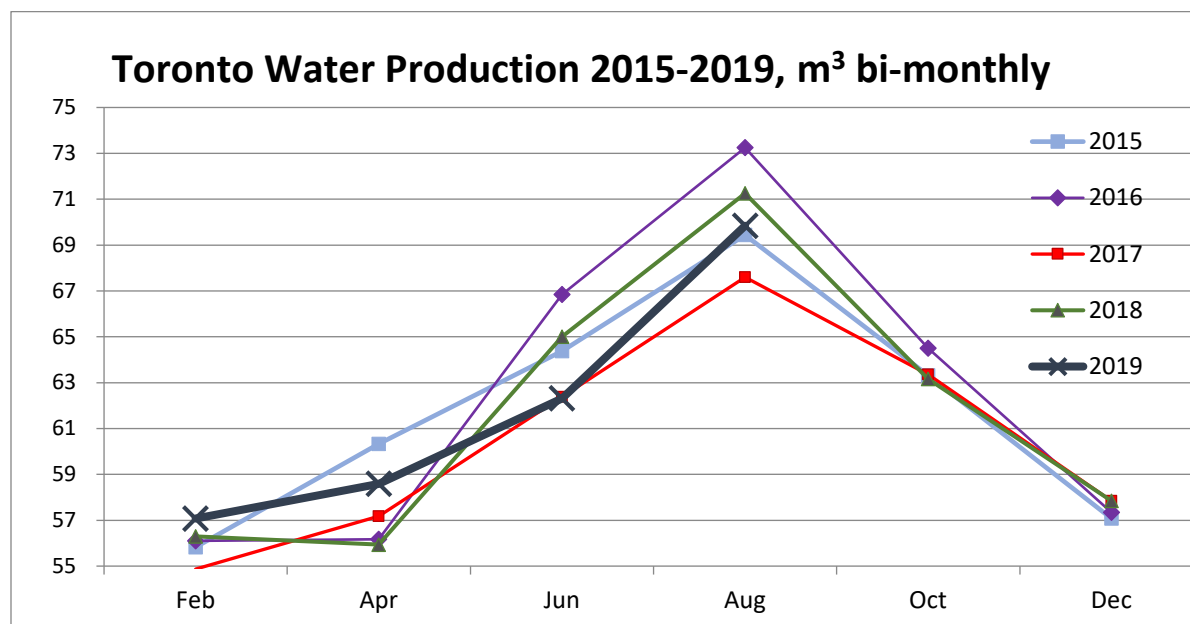


Winter consumption (October to April) is not affected by additional outdoors use typical for the summer, and hence is used to analyse the steady baseline consumption trends in the City.

The data show that over the last 10 years (2009-2019), winter water consumption has fallen over 10%, with an annual average drop of 1.4%. In the last 5 years, however, as shown in Chart 3, the average annual drop in winter consumption is close to 0.7%, with last two years showing a slow increase in consumption during January-April. The change in the baseline consumption trend might suggest that the sharp increase in population offsets the efficiency related consumption decline, and we can expect a flatlined or slightly increasing baseline consumption.

The projected consumption for 2019 is 322 m3, which is 1.2% lower than the relatively high 2018 consumption. The water consumption for 2020 and following years is projected at 0.5% decrease per year, with the intention to analyse closely consumption trends over the last years and adjust the projections in the next budget cycle if necessary.

Chart 3 –Water Production (2015 to 2019)



2020 Operating Budget and 2020 - 2029 Capital Plan

The concurrent Toronto Water 2020 Operating and Capital Budget Notes provide details on Toronto Water’s proposed 2020 Operating and Capital Budgets. A summary of the 2020 Operating Budget and Forecast, the 2020-2029 Capital Plan, and the resulting rate requirements are presented in Appendix B, attached to this report, together with the sources of capital financing and corresponding reserve balances.

2020 Operating Budget

The 2020 Recommended Operating Budget gross expenditure of \$469.217 million is outlined in detail in the concurrent Toronto Water 2020 Budget Notes. The 2020 net expenditures inclusive of capital from current to be funded by the water rate is \$1.277 billion. A further \$113.215 million is expected to be generated from the sale of water to the Region of York (\$30.860 million) and user service fees (\$82.355 million), for a total program expenditure and revenue of \$1.390 billion. The recommended capital contribution from operations for 2020 is \$921.210 million.

2020 Recommended Operating Budget

	\$ Millions
Gross Operating Cost	\$469.217
Capital from Current	<u>\$921.210</u>
	\$1,390.427
Other Revenues	(\$113.215)
Net Expenditure to be Financed from Water Rates	\$1,277.211

2020 - 2029 Capital Plan

Toronto Water's Capital Program continues to be 100% self-sustaining, largely through water revenues, with no debenture financing and no impact on the municipal property tax levy.

The 2020–2029 Recommended Capital Plan of \$14.487 billion (including the 2020 carry forward funding) is based on the available funding provided by the current capital financing plan that is based on 3% water consumption rate increases in 2020 and beyond.

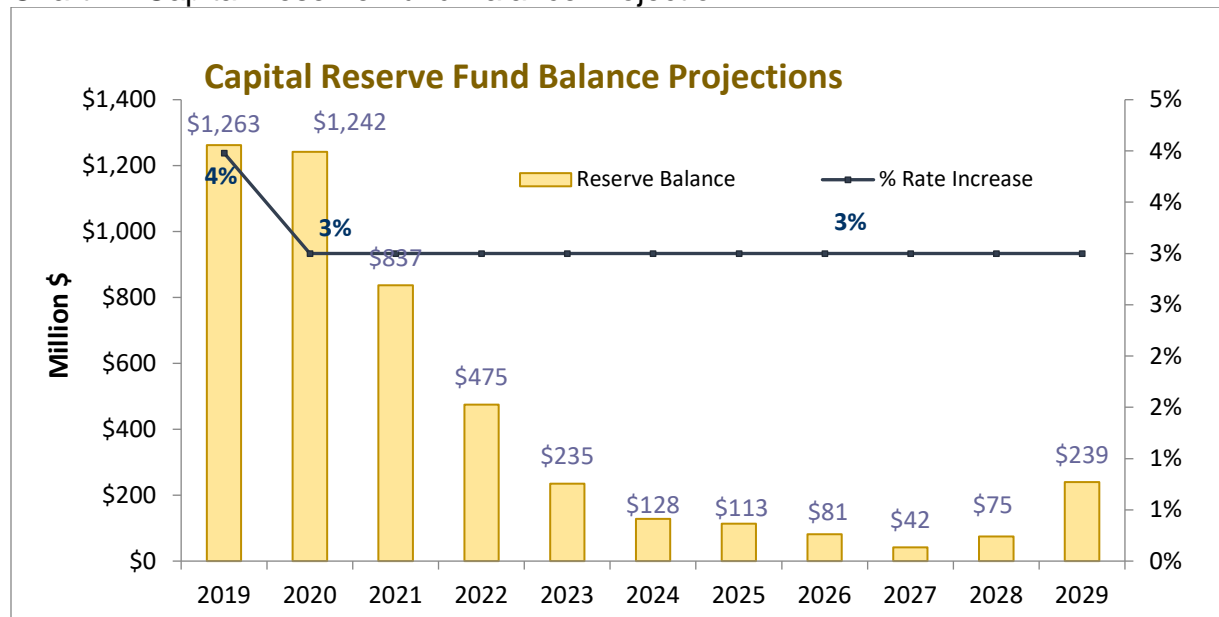
The concurrent Toronto Water 2020 Budget Notes provide details on Toronto Water's proposed 2020-2029 Capital Plan.

Capital Reserve Funds

The purpose of the Capital Reserve Funds (Water and Wastewater) is to provide funding for the capital needs of the Program. The rate model is predicated on replenishment through annual funding from Toronto Water operating budget ("capital-from-current") sufficient to ensure that an adequate balance is maintained in these reserve funds.

Chart 4 below shows the capital reserve fund balance for the period 2019-2029 and the projected annual rate increases outlined in this report. The capital reserve has been replenished to above \$1 billion following the two consecutive years of 5% increases in 2017 and 2018. The reserve decreases significantly in 2021 and forward when the Capital Program expenditures are projected to exceed \$1.5 billion a year, incorporating all priority projects. A targeted minimum balance of \$30 million is maintained for the capital reserve in all years.

Chart 4 - Capital Reserve Fund Balance Projection



Rate Stabilization Reserves

The purpose of the Rate Stabilization Reserves (Water and Wastewater) is to provide funding to offset unanticipated operating budget variances, primarily arising from revenue shortfalls due to uncontrollable circumstances that result in water consumption below projected levels. Circumstances giving rise to lower than forecasted consumption can include loss of major water consumers, and unusually wet summers.

At its meeting on December, 2007, Toronto City Council directed that 1% of budgeted water user revenue, be contributed to the Water & Wastewater Stabilization reserves, apportioned as 43% to Water and 57% to Wastewater, until such time that a minimum combined balance of \$30 million be reached between them. Any excess amounts are transferred to the Capital Reserves in order to use those additional funds for capital projects.

The rate model is based on the assumption that the combined Stabilization Reserve balance is at \$30 million over the 10 year planning period and any balance above \$30 million is transferred to Capital Reserve.

Industrial Discount Rate

Since January, 2008, City Council has adopted a 2 block rate structure, with the second block rate providing a 30% discount phased in from 2008 to 2011, for eligible industrial process-use consumers that comply with the following:

- Use more than 5,000 cubic metres (m³) of water annually
- Fall within the industrial property tax class
- Are in full compliance with Toronto's Sewers By-law
- Submit a comprehensive water conservation plan to the satisfaction of the General Manager, Toronto Water

The 30% discount on the Block 2 account has been in place since 2011 and there are 101 industrial accounts at the discounted rate as of 2019.

In 2020, staff will undertake a review of the Block 2 structure and eligibility criteria against the outcomes achieved since 2011 prior to consideration of the 2021 budget process.

Flat-rate Accounts

In 2010, the City started implementation of a City-wide water meter replacement program coupled with concurrent installation of an automated meter reading technology, planning to convert all flat-rate accounts to metered accounts.

As of July 2019, there were 272 remaining flat-rate accounts compared to 72,000 flat-rate accounts in 2007.

The accounts that have refused the installation of an automated water meter have been subject to a flat rate legacy fee since July, 2014, which is recommended to be increased to \$1,242 in 2020 for inflation.

This report recommends a 3.0% increase to the water and wastewater consumption rates charged to flat-rate consumers, effective January 1, 2020, as is the case with metered customers.

Assistance for Eligible Low-Income Seniors and Low-Income Disabled Persons

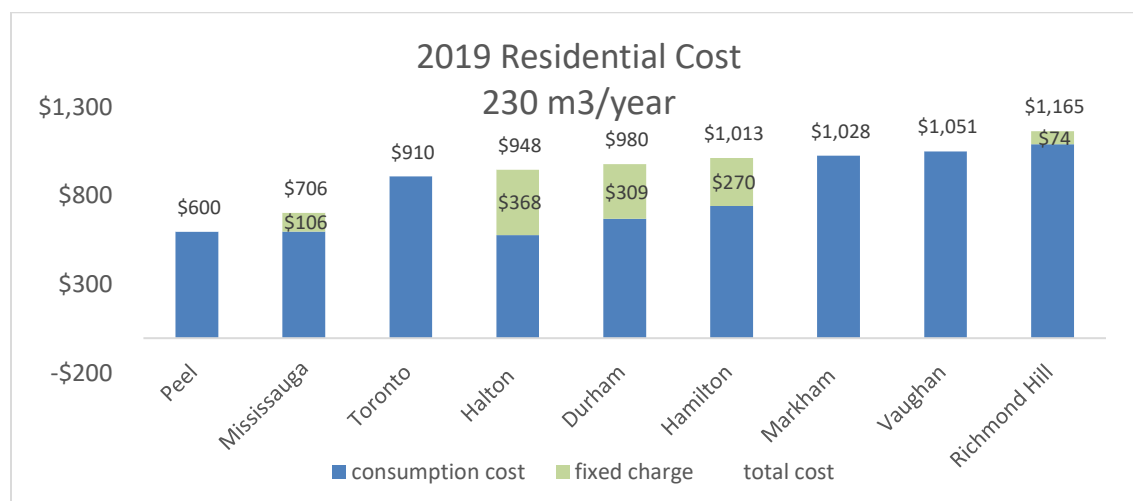
As part of the City's water rate structure, since January 1, 2008, Council has approved a water rebate program for low-income seniors and low-income persons with disabilities who meet the eligibility criteria for tax relief as prescribed in the Municipal Code, Chapter 849. This rebate is set at the difference between the Block 1 and Block 2 rates, which represents a 30% reduction in their billing (based on the paid on or before due date rate). The rebate is only applicable if the household annual consumption is less than 400 cubic meters per year, to provide assistance to those most in need.

In 2019, the City processed 5,843 low income water rebate applications for a total rebate amount of \$1,056,307.

Comparison of Water Rates in GTA Municipalities

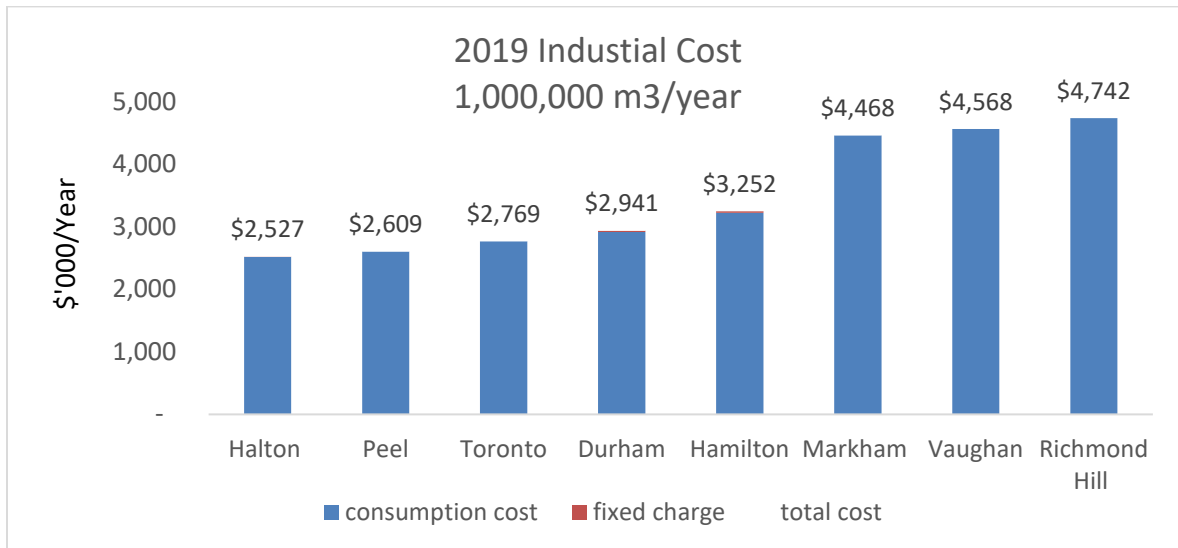
Toronto's 2019 water rate for residential consumers, in comparison to surrounding municipalities, is shown in Chart 5, based on 230 m³/ year (2020 rates for surrounding municipalities are not yet available). As the chart shows, the residential water cost in Toronto is one of the lowest amongst the surrounding municipalities. It should be noted that in Peel Region, storm water related projects are still funded from property taxes, except for the City of Mississauga, which added a stormwater charge to their water bill in January, 2016. Chart 6 provides a similar comparison for large industrial users, and shows that Toronto offers a reasonably competitive water cost amongst GTHA municipalities.

Chart 5 – GTHA 2019 Residential Water Cost



Note: Peel stormwater funded by property taxes except for Mississauga's stormwater charge since 2016

Chart 6 – GTHA 2019 Industrial Water Cost



Water and Wastewater Services Fees

As noted earlier, while most of the Program’s revenue is generated through the sale of water, other revenues are also accrued through user fees charged for various specific water and wastewater services. These fees, along with the proposed fee increases, are identified in Appendix D attached to this report.

All Block 1 rate related user fees are subject to the recommended 3.0% consumption rate increase, effective January 1, 2020.

In compliance with the City’s full cost recovery policy, certain water and wastewater service fees are recommended for increase in order to recover the increased cost of the services provided. Most user fees are recommended to be increased by the 2020 rate of inflation applicable to the specific service provided, which in most cases is different from the consumer price index (CPI). In addition, the increase of fees based on contracts for procured services and products reflects the actual contract price.

Recommended Increases to Existing Water Fees

Fifteen 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 in the attached Appendix D – 2019 Water Services Fees) are recommended to be increased by 2.83% in 2020, intended to reflect the market conditions and current costs of labour, energy, utilities and materials involved in providing those services by Toronto Water. In addition, 5 Revenue Services Fees (Ref. No. 33, 35, 36, 37 and 39 in the attached Appendix D – 2019 Water Services Fees) are recommended to be increased by 2.0% which is the inflationary factor for the Revenue Services Division, mainly reflecting labour cost increase.

Chart 7 below summarizes the proposed changes, comparing the 2019 water service fee and the recommended 2020 fee, as well as the percentage increase and the rationale for the increase.

Chart 7 - Water Service Fees recommended for increase in 2020

Ref. No.	Fee Description	2019 fee	Proposed 2020 Fee	2020 % Increase	Rationale
1	Installing 19 mm New Residential Water Service and meter	\$4,729.72	\$4,863.57	2.83%	Toronto Water inflation
2	Installing 25 mm New Residential Water Service and Meter	\$5,480.30	\$5,635.39	2.83%	Toronto Water inflation
5	Disconnection Fee for any residential water service less than or equal to 25 mm	\$1,398.35	\$1,437.92	2.83%	Toronto Water inflation
9	Metered water provided to construction sites	Block 1 Water rate		3.0%	Water consumption rate increase
11	Fire hydrant Permit	\$177.16	\$182.17	2.83%	Toronto Water inflation
12	Water meter accuracy test ; Meter less than or equal to 50mm - No Chamber - applied if meter does not over-register	\$177.16	\$182.17	2.83%	Toronto Water inflation
13	Water turn off fee for demolition; (disconnection of old water service not included)	\$88.52	\$91.03	2.83%	Toronto Water inflation
14	Cost of water consumption from last water meter reading to the date of disconnection of service	Block 1 Water rate		3.0%	Water consumption rate increase
15	Water Turn-off or Turn-on	\$88.52	\$91.03	2.83%	Toronto Water inflation

Ref. No.	Fee Description	2019 fee	Proposed 2020 Fee	2020 % Increase	Rationale
15.1	Single Service call Turn-off and Turn-on within 30 min	\$88.52	\$91.03	2.83%	Toronto Water inflation
17	Conduct fire hydrant flow test	\$295.32	\$303.68	2.83%	Toronto Water inflation
18	Unmetered water from each unmetered hydrant-less than or equal to 50 cubic metre	50 cubic metre @ Block 1 Water rate		3.0%	Water consumption rate increase
19	Metered water received at hydrant	Block 1 Water rate		3.0%	Water consumption rate increase
21	Unregistered water each day order not complied	\$59.01	\$60.68	2.83%	Toronto Water inflation
25	Annual Seasonal Meter Activation Fee : includes replacement, removal of water meter; 1 turn on, 1 turn off	\$227.17	\$233.60	2.83%	Toronto Water inflation
27	Unmetered water - general or use of non-City supplied meter	Block 1 Water rate		3.0%	Water consumption rate increase
32	Reuse of residential water service 19 mm to 25 mm	\$295.09	\$303.44	2.83%	Toronto Water inflation
33	Administrative fee to reflect a change in ownership on an existing utility account	\$39.19	\$39.97	2.0%	Revenue Services Inflation
35	Water Special/Final Reading	\$16.79	\$17.13	2.0%	Revenue Services Inflation
36	Water Consumption Statements	\$44.80	\$45.70	2.0%	Revenue Services Inflation
37	Water Consumption Statements	\$28.00	\$28.56	2.0%	Revenue Services Inflation
39	Water Collection Field Visit	\$28.00	\$28.56	2.0%	Revenue Services Inflation
40	Administration of MECP Municipal drinking Water Licensing Program	\$2,671.31	\$2,746.91	2.83%	Toronto Water inflation

Ref. No.	Fee Description	2019 fee	Proposed 2020 Fee	2020 % Increase	Rationale
41	Fee for lost or damaged automated meter reading transmitter	\$99.73	\$102.55	2.83%	Toronto Water inflation
42	Manual water meter reading fee for consumers with water meters refusing installation of a new automatic water meter and associated meter reading equipment	\$90.53	\$93.09	2.83%	Toronto Water inflation
43	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	\$1,207.56	\$1,241.73	2.83%	Toronto Water inflation
44	Processing annual water supply backflow prevention device testing reports	\$55.05	\$56.61	2.83%	Toronto Water inflation
45	Water Service Upgrade Fee - Lead Water Service Replacement Programs (19mm to 25mm upgrade only)	\$537.74	\$552.96	2.83%	Toronto Water inflation

Recommended Increases to Existing Wastewater Fees

For 2020, inflationary increases of 2.83% are recommended for 10 wastewater service fees. (Reference Numbers: 4, 5, 6, 15, 16, 17, 18, 19, 20 and 24 in the attached Appendix D – 2019 Wastewater Services Fees) intended to reflect the market conditions and current costs of labour, energy, utilities and materials involved in providing those services by Toronto Water.

The sewer surcharge on private water is based on the Block 1 water rate and as such is subject to the recommended 3.0% water and wastewater consumption rate increase in 2020.

Chart 8 below summarizes the proposed changes, comparing the 2019 wastewater service fee and the recommended 2020 fee, as well as the percentage increase and the rationale for the increase.

Chart 8 - Wastewater Service Fees recommended for increase in 2020

Ref. No.	Fee Description	2019 fee	Proposed 2020 fee	2020 % Increase	Rationale
2	Sewer Surcharge on private water	57% of Block 1 Water Rate	57% of Block 1 Water Rate	3.0%	Water consumption rate increase
4	To install new residential sanitary sewer service connection in road allowance	\$11,830.46	\$12,165.26	2.83%	Toronto Water inflation
5	To install new residential storm sewer service connection in road allowance	\$11,830.46	\$12,165.26	2.83%	Toronto Water inflation
6	To disconnect residential sanitary sewer service connection in road allowance	\$1,460.04	\$1,501.36	2.83%	Toronto Water inflation
15	Inspection fee for the reuse of residential City sewer connection up to 150 mm in diameter	\$591.42	\$608.16	2.83%	Toronto Water inflation
16	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.	\$1,772.61	\$1,822.77	2.83%	Toronto Water inflation
17	Technical Review by Toronto Water staff - Application to Toronto Water for new	\$354.29 minimum fee, additional \$87.39/hour for	\$364.32 minimum fee, additional \$89.86/hour	2.83%	Toronto Water inflation

Ref. No.	Fee Description	2019 fee	Proposed 2020 fee	2020 % Increase	Rationale
	connection or change or alteration to the existing storm connection, sanitary or water supply connection	each hour after 4 hours to a maximum of \$1,772.61	for each hour after 4 hours to a maximum of \$1,822.77		
18	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)	\$354.29 minimum fee, additional \$87.39/hour for each hour after 4 hours to a maximum of \$1,772.61	\$364.32 minimum fee, additional \$89.86/hour for each hour after 4 hours to a maximum of \$1,822.77	2.83%	Toronto Water inflation
19	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)	\$354.29 minimum fee, additional \$87.39/hour for each hour after 4 hours to a maximum of \$1,772.61	\$364.32 minimum fee, additional \$89.86/hour for each hour after 4 hours to a maximum of \$1,822.77	2.83%	Toronto Water inflation
20	Initial fee for establishment of new industrial waste surcharge agreement	\$908.95	\$934.67	2.83%	Toronto Water inflation
24	Record search for Sewers by-law and water supply by-law compliance violation	\$107.53	\$110.57	2.83%	Toronto Water inflation

Recommended Eligibility Criteria Amendment for Billing Adjustments to the Water Account Portion of Utility Bills

In 2012, in response to recommendations arising from an Ombudsman's report, City Council authorized amendments to Municipal Code Chapter 849 conferring discretion on the then Treasurer (now Controller) in certain circumstances to adjust a customer's water account for utility billing purposes in the event of either an unexplained or uncontrollable consumption increase. Since then a number of issues have arisen in the context of billing adjustment requests received by the City in cases where the subject property is tenanted, vacant or there is a shared use of the property but the owner does not reside at the property and does not exercise proper control of water consumption. For example, the City has received adjustment requests of varying nature related to these specific issues including the following:

- a request from a builder who purchased a home, kept it vacant pending demolition with the heat off, resulting in a burst pipe and a high water bill;
- a request from a homeowner who left their property vacant for months and therefore failed to discover a burst pipe;
- a request from a property owner (of several tenanted properties at which the owner did not reside) whose tenant intentionally permitted the water at the property to run because of a landlord/tenant dispute.

After careful consideration of such circumstances, and in recognition of the notion that the City of Toronto and its residents have a shared responsibility to ensure that water is used wisely and conservatively, staff is recommending that City Council require that a customer requesting such an adjustment be the owner of the property, which is the subject of the water account and corresponding utility bill, reside at the property for a minimum of one year immediately preceding the consumption event and request for an adjustment and that the property must not be tenanted.

CONTACT

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SIGNATURE

Heather Taylor
Chief Financial Officer & Treasurer

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General Manager, Toronto Water

ATTACHMENTS

Appendix A – Summary of 2019 Operating and Capital Budget and Forecast,
Corresponding Rate Increase and Capital Financing
Appendix B – 2019 Water and Wastewater Consumption Rates
Appendix C – 2019 Water and Wastewater Service Fees

Appendix A – Summary of 2020 Operating and Capital budget and 2020-2029 Capital Plan and Operating Forecast, Corresponding Rate Increases, and Capital Financing, \$ Million

	2020-2029 Plan											
TORONTO WATER	2019 Budget	2019 Projected Actual	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Gross Operating Budget	463.87	436.69	469.22	480.95	492.97	505.30	510.94	523.71	536.81	550.23	563.98	578.08
Capital from Current	867.52	904.87	921.21	945.34	968.44	992.15	1,024.65	1,049.71	1,075.37	1,101.37	1,137.39	1,165.23
Net Expenditures to be Financed by Water rate	1,227.99	1,234.38	1,277.21	1,308.64	1,340.83	1,373.85	1,415.89	1,450.74	1,486.42	1,522.70	1,569.25	1,607.88
WATER RATE INCREASE	3.98%	3.98%	3%	3%	3%	4%	3%	3%	3%	4%	3%	3%
Other Revenues	103.40	107.18	113.22	117.64	120.58	123.60	119.70	122.69	125.76	128.90	132.13	135.43
Total Revenues	1,331.39	1,341.56	1,390.43	1,426.28	1,461.41	1,497.44	1,535.59	1,573.43	1,612.18	1,651.60	1,701.37	1,743.31
CAPITAL FINANCING												
Gross Capital Budget	951.53	951.53	1,217.84	1,688.71	1,683.09	1,569.60	1,463.93	1,366.36	1,409.21	1,437.58	1,396.75	1,254.49
Net Capital Budget	856.61	866.16	1,106.37	1,582.19	1,554.79	1,438.60	1,328.85	1,247.76	1,297.36	1,336.12	1,295.70	1,173.24
Capital Reserve Funding Level	85%	93%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Net Capital Spending	728.12	801.65	940.42	1,344.86	1,321.57	1,222.81	1,129.52	1,060.59	1,102.76	1,135.70	1,101.34	997.25
CAPITAL RESERVE CLOSING BALANCE	1,259.06	1,262.61	1,241.96	837.35	475.03	235.36	127.69	113.31	81.26	42.11	74.57	239.28