

February 13, 2019

Councillor Gary Crawford (Chair) and Members of the Budget Committee  
10th floor, West Tower, City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

Attention: Julie Amoroso

Dear Councillor Crawford and Committee Members:

**RE: BU3.1 - 2019 Rate Supported Budgets - 2019 Water and Wastewater Consumption Rates and Service Fees (Ward All)**

The Toronto Industry Network (TIN) is writing to address two items: Councillor Layton's motion regarding the Industrial Waste Surcharge program, and Councillor Crawford's motion asking for a staff briefing note on options for modifying the Block 2 rate. This is all about retaining manufacturing jobs in Toronto by keeping our City competitive.

Councillor Layton's motion

We ask that Councillor Layton's motion that all four parameters be charged for under the Industrial Waste Surcharge program be turned down. The reason for this is that while companies discharging only one parameter would see no change, others would see a significant change in cost that could be quite punitive. Companies face costs in Toronto such as electricity, labour, property taxes, etc. that are often more expensive than those found in competing jurisdictions. It is noted that staff is satisfied with the program's current policy.

An important consideration is the matter of economies of scale. Large water users make a considerable contribution to the revenues of Toronto's water and wastewater treatment plants. This contribution helps Toronto Water provide its own economies of scale which lower the overall water cost to other users.

Further, the city recognizes that many companies that are large water users pay more than their fair share of stormwater charges and fixed billing costs that have no relationship to the amount of water a facility uses.

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Rather than follow the path proposed by Councillor Layton, we ask that you recommend to Council that the current policy of charging for the highest parameter be continued and prices charged on all four parameters covered under the Surcharge program be increased and phased in appropriately to cover the deficit. This proposal achieves the same effect as the Layton motion - all companies would pay a bit more and no company is severely disadvantaged. We have proposed a motion below requesting staff to prepare a briefing note for your consideration.

When the current system of charging for the highest parameter only was adopted in November, 2012, Council directed Toronto Water to evaluate the fees charged in the first two years and every five years thereafter. The first evaluation was presented to Council in December, 2015 and new fees for each parameter were introduced in April, 2016. We believe that the Surcharge program should be reviewed every five years and the fees be evaluated as they pertain to the highest grossing parameter.

Councillor Crawford's motion

TIN supports this motion. While Block 2 users account for only 6.5% of the total water consumed in Toronto, many of them are manufacturers that play a key role in supporting the City's economy.

Sincerely,



Paul Scrivener  
Director of External Relations

Motion

That the General Manager, Toronto Water, provide a budget briefing note to address the feasibility under the current policy of charging for the highest parameter covered under the current Industrial Waste Surcharge program of increasing the charges levied on each of the four parameters to reduce the funding deficit in the program. The General Manager will advise on the how implementing such increases would be phased in.