



Decision Letter

Budget Committee

BU4.1	ACTION	Amended		Ward: All
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2019 Rate Supported Budgets - 2019 Water and Wastewater Consumption Rates and Service Fees

Committee Decision

The Budget Committee recommends to the Executive Committee that:

1. City Council consider the report (January 21, 2019) from the Chief Financial Officer and Treasurer and the Acting General Manager, Toronto Water concurrently with the 2019-2028 Toronto Water Capital Plan and the 2019 Toronto Water Operating Budget.

2. City Council adopt:

a. effective April 1, 2019, the combined water and wastewater consumption rates charged to metered consumers as shown below and in Appendix C to the report (January 21, 2019) from the Chief Financial Officer and Treasurer and the Acting General Manager, Toronto Water:

Annual Consumption	Paid on or before the due date, \$/m ³	Paid after the due date, \$/m ³
Block 1 - All consumers of water, including the first 5,000 cubic metres per year consumed by Industrial users ("Block 1 rate")	3.9549	4.1630
Block 2 - Industrial process - use water consumption over 5,000 cubic metres per year, representing a 30 percent reduction from the Block 1 Rate ("Block 2 rate")	2.7684	2.9141

b. effective April 1, 2019, an increase of 3.98 percent 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 to the report (January 21, 2019) from the Chief Financial Officer and Treasurer and the Acting General Manager, Toronto Water; and

c. effective April 1, 2019, the water and wastewater service fees as set out in Appendix D to the report (January 21, 2019) from the Chief Financial Officer and Treasurer and the Acting General Manager, Toronto Water.

3. City Council adopt with respect to assistance for low-income seniors and low-income disabled persons:

- a. effective April 1, 2019, the water rebate for eligible low-income seniors and low-income disabled persons be set at a rate of \$1.1864/cubic metres, representing a 30 percent reduction from the Block 1 rate (paid on or before the due date).
4. City Council authorize the implementation and monitoring of a bulk water fill station pilot (Bulk Water Pilot) on the following conditions:
 - a. Municipal Code Chapter 851 - Water Supply, be amended to authorize the supply, sale and delivery of bulk potable water dispensed from a bulk water station owned and operated by the City for industrial, commercial or institutional purposes only;
 - b. effective April 1, 2019, Municipal Code Chapter 441 - Fees and Charges, Appendix D, Schedule 2, Water Services, be amended to include a new fee for the metered water to be dispensed at any bulk water station owned and operated by the City, including under the Bulk Water Pilot, based on the Block 1 water and wastewater consumption rate;
 - c. the Bulk Water Pilot be undertaken by Toronto Water for a minimum of 2 years at Toronto Water's Disco Yard located at 150 Disco Road (Etobicoke), or alternate Toronto Water facility at the discretion of the General Manager of Toronto Water, and that it be operated seasonally, from approximately April to October, with 24-hour access;
 - d. The General Manager, Toronto Water be delegated the authority to implement, administer and monitor the Bulk Water Pilot including the authority to develop all related program policies and procedures, to procure all related goods and services necessary to implement and conduct the Bulk Water Pilot and to negotiate, enter into and execute any agreements necessary to give effect to the Bulk Water Pilot on terms and conditions acceptable to the General Manager, Toronto Water, and in a form acceptable to the City Solicitor; and
 - e. the General Manager, Toronto Water report back to the Infrastructure and Environment Committee on the outcome of the Bulk Water Pilot once completed.
5. 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 City Council's decision.
6. 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 and Treasurer and the General Manager, Toronto Water.
7. City Council authorize and direct the appropriate City officials to take the necessary action to give effect to City Council's decision.
8. City Council direct the General Manager, Toronto Water to report to Budget Committee for consideration as part of the 2020 Budget Process on how Toronto Water can amend water

charges for all services that could be beneficial to manufacturers and large water users and meet other Toronto Water policy objectives.

9. City Council approve the 2019 Staff Recommended Operating Budget for Toronto Water of \$463.869 million gross, \$867.368 million net capital-from-current contribution for the following services:

Service:	Gross (\$000s)	Net (\$000s)
Water Treatment and Supply	201,369.5	384,894.2
Wastewater Collection and Treatment	231,185.0	508,270.2
Stormwater Management	31,314.4	(25,796.6)
Capital-from-Current Contribution	463,869.0	867,367.7

10. City Council approve the 2019 service levels for Toronto Water as outlined in Appendix 3 of the 2019 Staff Recommended Operating and Capital Budget Notes - Toronto Water, and associated staff complement of 1,805.7 positions, comprising of 84.4 capital positions and 1,721.3 operating positions.

11. City Council direct the General Manager, Toronto Water to provide an update on the implementation progress of the Utility Cut Program, including costs and benefits, through the 2020 Budget process.

12. City Council approve the 2019 Staff Recommended Capital Budget for Toronto Water with a total project cost of \$1.730 billion, and 2019 cash flow of \$960.506 million and future year commitments of \$6.256 billion comprised of the following:

a. New Cash Flow Funds for:

1. 328 new/change in scope sub-projects with a 2019 total project cost of \$1.730 billion that requires cash flow reduction of \$555.857 million in 2019 and future year cash flow commitments of \$430.279 million for 2020; \$665.437 million for 2021; \$497.822 million for 2022; \$262.318 million for 2023; \$132.326 million for 2024; \$81.788 million for 2025; \$47.459 million for 2026; \$69.666 million for 2027; and \$98.634 million for 2028;

2. 297 previously approved sub-projects with a 2019 cash flow of \$1.516 billion; and future year cash flow commitments of \$1.091 billion for 2020; \$831.283 million for 2021; \$617.081 million for 2022; \$503.592 million for 2023; \$369.285 million for 2024; \$285.160 million for 2025; \$201.051 million for 2026; and \$71.985 million for 2027;

b. 2018 approved cash flow for 183 previously approved sub-projects with carry forward funding from 2018 into 2019 totalling \$163.426 million.

13. City Council approve the 2020-2028 Staff Recommended Capital Plan for Toronto Water totalling \$6.398 billion in project estimates, comprised of \$69.251 million for 2020; \$206.698

million for 2021; \$501.865 million for 2022; \$625.437 million for 2023; \$748.820 million for 2024; \$864.797 million for 2025; \$1.016 billion for 2026; \$1.216 billion for 2027, and \$1.150 billion for 2028.

14. City Council consider the operating costs of \$0.738 million net in 2019; \$1.049 million net in 2020; \$0.775 million net in 2021; \$2.174 million net in 2022, \$0.150 million net in 2023, \$0.580 million net in 2024, and \$1.915 million net in 2026 resulting from the approval of the 2019 Capital Budget for inclusion in the 2019 and future year operating budgets.

15. City Council approve 2 net new temporary capital positions for the delivery of 2019 capital projects and that the duration for each temporary position not exceed the life and funding of its respective projects/sub-projects.

16. All sub-projects with third party financing be approved conditionally, subject to the receipt of such financing in 2019 and if such funding is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

Decision Advice and Other Information

The Budget Committee requested the General Manager, Toronto Water to report to City Council on the potential impact of the three options presented to the Budget Committee on the 2019 Toronto Water Operating and Capital Budgets.

The Budget Committee received Briefing Notes 8, 9 and 39.

Origin

(January 21, 2019) Report from the Chief Financial Officer and Treasurer and the Acting General Manager, Toronto Water

Summary

The Budget Committee at its meeting of February 13, 2019:

1. Deferred the consideration of item BU3.1 to the February 20, 2019 meeting of the Budget Committee along with the following motion:

Motion 1b by Councillor Mike Layton (placed at Budget Committee meeting on February 4 and 6, 2019):

"That City Council direct that, effective January 1, 2019, City Council approve that the industrial waste surcharge program formula for the calculation of surcharge fees be applied to all treatable parameters that exceed the sewers by-law limits, instead of only the one parameter that exceeds the sewer by-law limits by the greatest amount, allowing full cost recovery for the wastewater services provided by the City, such surcharge to be phased in over a six year period to mitigate impacts to existing companies."

2. Requested budget briefing notes as follows:

1. The General Manager, Toronto Water, 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. Such briefing note to also advise on how implementing such increases would be phased in.

The Budget Committee will consider and make recommendations to the Executive Committee on the 2019 Rate Supported Budgets - 2019 Water and Wastewater Consumption Rates and Service Fees.

Background Information

(January 21, 2019) Report and Appendices A and B from the Chief Financial Officer and Treasurer and the Acting General Manager, Toronto Water on 2019 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126779.pdf>)

Appendix C - 2019 Water and Wastewater Consumption Rates

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126780.pdf>)

Appendix D - 2019 Water and Wastewater Service Fees

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126781.pdf>)

(January 28, 2019) Notice of Public Meeting - 2019 Rate Supported Budgets - 2019 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126783.pdf>)

(January 28, 2019) Notice of Public Meeting - 2019 Rate Supported Budgets - Appendix A - Toronto Water and Recommended 2019 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126784.pdf>)

(January 28, 2019) Notice of Public Meeting - 2019 Rate Supported Budgets - Appendix B - Toronto Water and Recommended 2019 Water and Wastewater Consumption Rates and Service Fees

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126785.pdf>)

2019 Staff Recommended Operating and Capital Budget Notes - Toronto Water

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126782.pdf>)

(February 4, 2019) Briefing Note 8 - 2019 Capital Budget - Basement Flooding Protection Program - Program Status Update

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126776.pdf>)

Attachment to Briefing Note 8 - 2019 Capital Budget - Basement Flooding Protection Program - Program Status Update

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126777.pdf>)

(February 4, 2019) Briefing Note 9 - 2019 Capital Budget - Basement Flooding Protection Program - Project List - 2019 to 2023

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126778.pdf>)

(February 12, 2019) Briefing Note 29 - 2019 Operating Budget - Industrial Waste Surcharge Agreement Fee Review

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126786.pdf>)

(February 12, 2019) Briefing Note 30 - 2019 Operating Budget - Water Rate Structuring

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126787.pdf>)

(February 13, 2019) Wrap-Up Notes to Budget Committee - 2019-2028 Budget Committee Recommended Capital Budget and Plan - Rate Supported Programs

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126775.pdf>)

(February 13, 2019) Wrap-Up Notes to Budget Committee - 2019 Staff Recommended Operating Budget - Rate Supported Programs and Agencies

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-126788.pdf>)

(February 19, 2019) Briefing Note 39 - 2019 Operating Budget - Industrial Waste Surcharge Program - Feasibility of Phased In Surcharge Parameter Fee Increases

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-129529.pdf>)

(February 20, 2019) Wrap-Up Notes to Budget Committee - 2019-2028 Staff Recommended

Capital Budget and Plan - Rate Supported Programs

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-129629.pdf>)

(February 20, 2019) Wrap-Up Notes to Budget Committee - 2019 Staff Recommended

Operating Budget - Rate Supported Programs and Agencies

(<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-129630.pdf>)

Communications

(February 13, 2019) Letter from Paul Scrivener, Toronto Industry Network (BU.New.BU3.1.1)

(<http://www.toronto.ca/legdocs/mmis/2019/bu/comm/communicationfile-89565.pdf>)