

## MEMBER BULLETIN

November 7, 2017

# City of Toronto – 2018 Water and Wastewater Budget / Capital Plan

On November 3, the City of Toronto published its draft Water and Wastewater Budget for 2018. The draft was reviewed by the City's Budget Committee and will be reviewed and consulted on over the next month, where a final draft will be presented to Toronto City Council for Approval.

- Staff are recommending a 5 percent water and wastewater consumption rate increase for all metered and flat rate consumers, effective [January 1, 2018](#)
  - Staff justification for the increase is the need to invest more in the city's ageing infrastructure as well as maintain existing assets.

Chart 1 - Impact of Recommended 5 percent Rate Increase Implemented January 1, 2018

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%

## The 2018–2027 Recommended Capital Plan Summary

The 2018–2027 Recommended **Capital Plan of \$12.823 billion** (including the 2017 carry forward funding) is based on the available funding provided by the current capital financing plan that is based on 5% water consumption rate increases in 2018 and predominantly inflationary-related water rate increases in 2019 and beyond.

**Operating budget: \$1.289 billion**



## **Outlook – 2019 and 2020 Plan Major Cost Drivers**

### **Operating Impact of Completed Capital Projects – \$1.0 million (2019) + \$1.5 million (2020)**

- **Ashbridges Bay Treatment Plant “P” Building & Waste Activated Sludge Upgrade**
- **Basement Flooding Protection Program** (Transfer of assets to Toronto Water); Coatsworth Cut CSO storage tank, Charles Caccia Park CSO storage tank and Old Shepherd stormwater tanks
- Waterfront Stormwater infrastructure – West Don Lands / East Bayfront
- **Highland Creek Treatment Plant – Odour Control Upgrade – Phase 1 Construction**

### **Capital Budget Challenges as Identified by Staff**

- Long term financial stability: Existing 10-year financial plan relies primarily on successive water rate increases to fund continued infrastructure investment and conforms with pay-as-you-go financing strategy.
- Planning for Growth: The City is experiencing significant growth with many landowners submitting development applications to amend the zoning by-law to increase the permitted density. Insufficient Development Charges are being collected to off-set the cost of growth projects incorporated in the 10 year plan resulting in additional draws from water rate reserves.
- Aging Infrastructure: Significant state of good repair backlog for underground assets, water & wastewater treatment plants and facilities. Currently updating condition assessments on major assets. Escalating unit rates for pipe replacement.
- Managing Reserve Balances: Ensuring positive reserve balances during major capital spending years. Simultaneous large scale projects are planned for the next 5 years.