TORONTO

Backgrounder

October 17, 2008

Toronto Water Recommended 2009 Budget

Toronto Water delivers water and wastewater services to 3.1 million residents in Toronto and to portions of York and Peel Regions. The division operates extensive water and wastewater infrastructure to deliver safe drinking water and to collect and treat wastewater before it is returned to Lake Ontario.

Toronto Water services are not supported by the property tax base. The replacement and renewal of Toronto Water infrastructure is funded through water and wastewater revenues from Toronto residents and businesses. Other revenues include fees from York Region for the sale of water and capital cost sharing, from Peel Region for treatment of sewage, from industries for the treatment of certain discharges and from the collection of other permit charges or fees.

Budget request

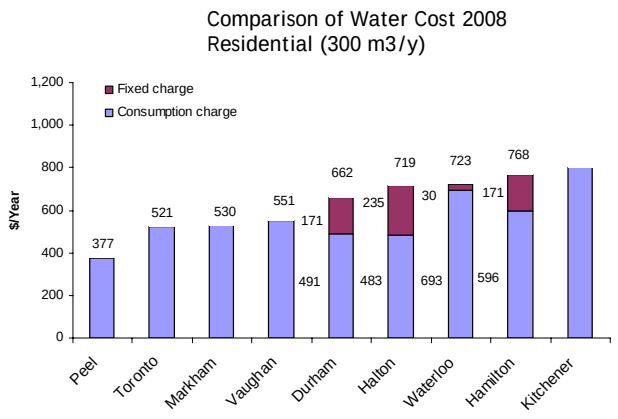
- A 9% water revenue increase to provide for the $698.7 million budget requirement for 2009.
- Projected annual increases of 9% are anticipated up to 2014 to continue to address the City's aging infrastructure.

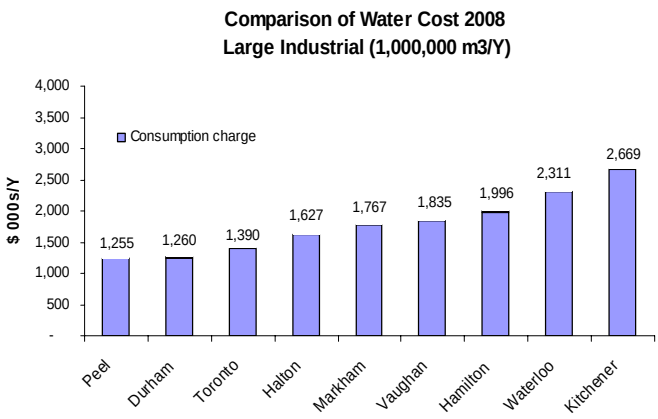
What does the rate increase mean for residents?

- An increase to the water and wastewater rate of 9% is being recommended for the 2009 budget. This rate increase will result in an additional $47 per year, rising from $520 to $567 for an average Toronto residential household.
- An increase in rates would mean that an average family in the City of Toronto will spend a total of about $1.55 per day for all the water and wastewater services provided by Toronto Water.

How does Toronto compare with other municipalities?

- Toronto's water rates are still lower than most of our neighbouring municipalities and is in the bottom range for major cities in Canada.





What does the recommended 2009 budget include?

Climate Change Adaptation Strategies

- Energy reduction target is 5% by 2012 (25,000 MWh) including:
  - Energy audits at Toronto Water facilities and treatment plants
  - Implementation of process modifications (to consume less energy)
  - Ongoing replacement of older pumps and motors with high efficiency units
  - Ongoing implementation of real time energy monitoring and water pumping strategy.
- Energy saving initiatives as part of the Water Efficiency Plan (WEP):
  - During implementation of the WEP (2004-2011) it is estimated that 90,000 tonnes of $C0_2$ emissions will be avoided
  - Once fully implemented, the Plan will avoid approximately 14,000 tonnes per year of $C0_2$ emissions.
- Basement flooding relief:
  - Unprecedented level of analysis being undertaken in 31 Study Areas to address basement flooding concerns
  - In September 2008, Council approved an engineering analysis and adaptive management strategy for chronic basement flooding study areas and directed staff to include several hundred million dollars of capital work over the next ten years.
- Water saving initiatives:
  - The Water Efficiency Plan projects savings of 55 million litres of water per day by the end of 2009
  - Installation/replacement of approximately 462,000 water meters, including 72,000 flat rate customers and 11,000 institutional, commercial and industrial customers
  - Full replacement over the next six years will help to improve revenues and reduce future operating costs. (Metered properties typically use less water per capita.)

State of Good Repair

- Capital funding in the amount of $488 million with a majority of the budget dedicated to replacing or renewing existing infrastructure.
- Aging infrastructure requires a significant long-term investment:

Water distribution system (dating back to 1858):

  - Average age of pipes is approximately 54 years old
  - 380 km (6.5%) of pipe now over 100 years of age
  - 995 km (17%) of pipe are between 80 and 100 years of age.

Sewer system (dating back to 1800):

  - Average age of sewer pipes is approximately 48 years old
  - 370 km (4%) of pipes over 100 years of age
  - 705 km (7%) of pipes are between 80 and 100 years of age.

- A detailed analysis was undertaken to update the estimates of Toronto Water's water and wastewater infrastructure renewal backlog. The total backlog has been estimated to be $1.8 billion – $1.3 billion in existing sewer and watermain infrastructure and $0.55 billion for water and wastewater treatment plants and facilities.

- At a minimum, the average investment over the next 10 years is estimated at $253 million per year to prevent any further growth in the infrastructure renewal backlog.
- Increase in state of good repair investment from $283 million in 2009 to more than $500 million in 2018 for a total investment of $4.2 billion over the 10 year period to substantially clear the existing water and wastewater infrastructure renewal backlog.

Recommended Funding Priorities for 2009

- Proposed increased funding for various priorities:
    - $31.5 million in 2009 and $130 million over five years towards Source Water Protection initiatives (Wet Weather Flow Master Plan)
    - $8 million for the Water Efficiency Plan
    - $8 million for Universal Water Metering and Automated Meter Reading programs
    - $24.5 million for Energy Efficiency Measures
    - $5.5 million for enhanced Basement Flooding protection.

Customer Profile

- 72,000 Flat-Rate Accounts
- 390,000 Metered Accounts

Water Assets - $8.7 Billion

- 4 water filtration plants
- 10 reservoirs and 4 elevated storage tanks
- 5,015 km of distribution watermains and 510 km of trunk watermains
- 52,900 valves and 40,460 hydrants
- 470,202 water service connections, plus York Region (population served approximately 400,000)
- 18 water pumping stations
- 493 million litres of water consumed annually

Wastewater Assets - $17.9 Billion

- 4 wastewater treatment plants
- 5 storage and detention tanks
- 4,397 km of sanitary, 1,301km of combined and 358 km of trunk sewer
- 4,305 km of storm sewers and 546 km of roadside ditches
- 463,300 sewer service connections
- 82 wastewater pumping stations
- 371 km of watercourses, 43 stormwater management ponds
- 2,300 outfalls and 122,500 catchbasins
- 438 billion litres of wastewater treated annually