

CITY OF TORONTO

2007

Budget Summary

Non-Levy Operations



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TORONTO PARKING AUTHORITY

MISSION STATEMENT

The Toronto Parking Authority exists to provide safe, attractive, self sustaining, conveniently located and competitively priced off-street and on-street public parking as an integral component of Toronto's transportation system.

2006 KEY ACCOMPLISHMENTS

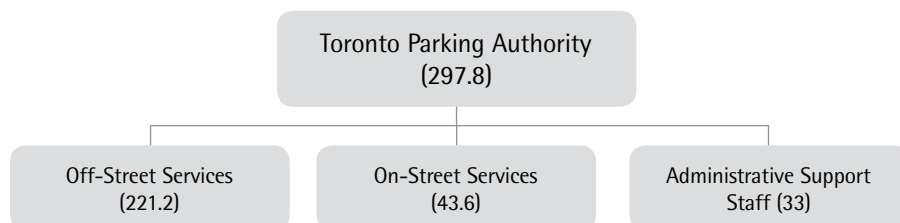
- addressed off-street parking shortfall through opening 13 new carparks in various neighbourhoods
- converted approximately 1,100 on-street spaces to pay-and-display machines from old-style meters to improve customer service and enhance revenue generation
- completed conversion, started in 2005, of seven facilities to automated pay-on-foot technology to improve service and reduce costs
- continued development of e-commerce payment options
- completed all major maintenance projects that were planned
- contributed \$32.7 million to the City in 2006.

2007 PROGRAM OBJECTIVES

- Short-Term Parking: satisfying the short-term parking shortfalls identified within the various business areas of the City.
- Supporting Local Business: achieved by the following:
 - a) satisfying short-term parking needs
 - b) providing alternative payment options for customers (convenience)
 - c) constantly improving customer service
 - d) innovative solutions to specific parking problems
- Innovative and Economic Expansion of Services: examine/utilize new technology to enhance service and reduce operating costs; and expand through joint partnerships with the private sector at reduced costs.
- Self Funding: constantly seeking ways to enhance revenue and provide services at lower costs through new technology and automation.

PROGRAM MAP

The Toronto Parking Authority is comprised of two services with a total of 297.8 approved positions.



TORONTO PARKING AUTHORITY

2007 STRATEGIC DIRECTION AND SERVICE PRIORITIES

- continued focus on satisfying short-term parking shortfalls while increasing net profits
- continued expansion and promotion of the Toronto Parking Authority's corporate convenience card
- examine additional automation opportunities
- substantial completion of upgrade/conversion of on-street meters to pay-and-display technology in areas where a reasonable payback is obtainable
- continued focus on opportunities to satisfy urgent parking needs in areas that have identified parking shortfalls (Particular focus will be placed on St. Clair Avenue between Yonge Street and Gunn Avenue for additional off-street spaces to replace spaces that will be lost on-street due to the Toronto Transit Commission's street car right of way.)

2007 OPERATING BUDGET BY CATEGORY

Description of Category	(in \$000s)				
	2006	2006	2007	Change from	
	Budget \$	Actuals \$	Approved Budget	2006 Approved Budget \$	%
Salaries & Benefits	17,012.1	16,940.9	17,732.0	719.9	4
Materials & Supplies	4,750.1	5,092.8	5,292.1	542.0	11
Equipment	6,578.9	6,861.4	7,225.1	646.2	10
Services & Rents	12,321.3	13,477.4	13,388.8	1,067.5	9
Contributions & Transfers	0.0	0.0	0.0	0.0	N/A
Others (Includes IDCs)	14,138.9	14,122.9	14,166.7	27.8	0
Total Gross Expenditures	54,801.3	56,495.4	57,804.7	3,003.4	5
Funded by					
Prov. & Fed. Grants and Subsidies	0.0	0.0	0.0	0.0	N/A
User Fees	92,500.2	97,188.6	99,105.3	6,605.1	7
Reserves / Reserve Funds	0.0	0.0	0.0	0.0	N/A
Other (Includes IDR's)	2,684.4	3,113.4	3,128.8	444.4	17
Total Non-tax Revenues	95,184.6	100,302.0	102,234.1	7,049.5	7
Net Budget	(40,383.3)	(43,806.6)	(44,429.4)	(4,046.1)	10
Approved Positions	298.2	294.6	297.8	(0.4)	0

2007 OPERATING BUDGET BY SERVICE

Services	Approved Budget (\$000s)						Change over 2006			
	2005		2006		2007		Gross		Net	
	Gross	Net	Gross	Net	Gross	Net	\$	%	\$	%
Off-Street Parking	43,950	(16,899)	43,866	(15,318)	46,082	(18,153)	2,215	5.0	(2,834)	18.5
On-Street Parking	10,333	(25,989)	10,935	(25,065)	11,723	(26,277)	788	N/A	(1,212)	N/A
Total Program Budget	54,282	(42,887)	54,801	(40,383)	57,805	(44,429)	3,003	5.5	(4,046)	10.0

TORONTO PARKING AUTHORITY

2007 OPERATING BUDGET HIGHLIGHTS

The 2007 Operating Budget will provide the following services:

- operation of approximately 20,000 off-street spaces in 180 facilities including 22 parking garages, as well as 18,000 on-street spaces controlled by pay-and-display technology or single spaced meters
- In addition, the Authority manages on behalf of the Toronto Transit Commission, 14,000 spaces at their park-and-ride facilities and parking areas on behalf of the Parks, Forestry and Recreation Program serving the waterfront parks during the summer season.

2008/2009 OPERATING BUDGET OUTLOOK

- The 2008 and 2009 Outlook maintains the 2007 level of service while managing the cost of living allowance (COLA) and merit/step increments for union and non-union staff.
- The Toronto Parking Authority will continue to respond to parking needs, explore new technologies and examine ways to reduce costs and enhance revenue.

2007 CAPITAL BUDGET

2006 MAJOR ACCOMPLISHMENTS

- converted approximately 1,100 on-street spaces to pay-and-display machines from old-style metres to improve customer service and enhance revenue generation
- successfully concluded a joint venture development project with the private sector to provide short-term parking spaces at minimal cost to the Toronto Parking Authority
- converted seven facilities to automated pay-on-foot technology to improve serve and reduce costs

FIVE-YEAR STRATEGIC OBJECTIVE

Funding for the Five-Year Capital Plan enables the implementation of solar powered and environmentally friendly pay-and-display technology; ensures the acquisition of property and the development of new facilities to satisfy future demand for off-street parking; and expansion and/or redevelopment of existing parking infrastructure.

2007 CAPITAL BUDGET HIGHLIGHTS

- development of several new off-street parking facilities at the following locations: College - Dovercourt to Lansdowne; St. Clair - Oakwood Business Improvement Area; St. Clair West - Corso Italia/carpark 41; Yonge - North of Finch; and, Yonge/Summerhill. (Needs assessments have identified that these areas as requiring additional short-term off-street parking spaces to enhance the local business climate.)
- Funding is also included for expansion of the highly successful environmental friendly pay-and-display technology which has replaced on-street meters.

TORONTO PARKING AUTHORITY

FIVE-YEAR CAPITAL PLAN HIGHLIGHTS

- Growth projects account for \$58.617 million of the Five-Year Capital Plan. Growth projects are primarily driven by the acquisition of properties for the development of new off-street parking facilities based on feasibility and needs assessment studies.
- The Five-Year Capital Plan reflects the allocation of significant funding to service improvement projects accounting for approximately \$69.408 million. These projects are mainly comprised of the expansion and/or redevelopment of existing parking facilities and infrastructure such as pay-and-display technology.

2007 APPROVED CAPITAL BUDGET

Project Description	2007 Cash Flow and Future Year Commitments (\$000s)					
	2007	2008	2009	2010	2011	Total
Total Previously Approved	12,205	7,483	-	-	-	19,688
Total New Projects	15,301	9,000	-	-	-	24,301
Total Toronto Parking Authority	27,506	16,483	0	0	0	43,989

INCREMENTAL OPERATING IMPACT OF THE 2007 CAPITAL BUDGET

The Five-Year Capital Plan includes incremental operating revenue generated from user fees of \$0 million in 2007; \$0.593 million in 2008; \$1.022 million in 2009; \$1.575 million in 2010; and \$1.620 million in 2011. In total, the incremental revenue generated from user fees amounts to \$4.810 million.

ASSET INVENTORY

On-Street Facilities

- over 18,000 metered parking spaces
- inventory of 1,500 old style meters and 2,550 pay-and-display machines

Off-Street Facilities

- over 21,000 spaces in 182 parking lots
- 10 attended lots
- 13 automated garages and surface lots
- 159 unattended facilities using pay-and-display technology

BACKLOG ANALYSIS

The Toronto Parking Authority does not have a significant backlog of state of good repair projects. The backlog, estimated at \$0.750 million for 2007, will be fully addressed within the Five-Year Capital Plan. The backlog includes maintenance activities such as lighting/electrical/sprinkler upgrades, paving and painting at off-street parking facilities.

TORONTO WATER

MISSION STATEMENT

Toronto Water is committed to providing its customers with quality water services through supplying drinking water and treatment of wastewater essential for protecting public health and safety, in an environmentally responsible manner. By providing superior water quality and sewage services at reasonable prices, the program will become the service provider of choice, and renowned worldwide as a centre of expertise.

2006 KEY ACCOMPLISHMENTS

Toronto Water successes are often of a cumulative nature and accomplished over a number of years. The following highlights Toronto Water's achievements for 2006:

Stewardship of the Environment

- Staff conducted in excess of 85,000 tests on wastewater samples collected from the four wastewater treatment plants and industrial sectors around the City.
- launched an Outfall Monitoring Program starting in the Taylor Massey Creek area (The Program will be moving across all of the six watersheds in the City over the next five years and is designed to identify and map all municipal and private outfalls discharging into the City's creeks and rivers. Samples will be collected and tested from these outfalls to identify potential cross-connection problems between sanitary and storm sewers. Sewer Bylaw Officers have investigated a number of potential problems with local property owners.)
- Toronto Water's Sewer Use Bylaw won awards and is recognized as one of the most restrictive of its type in Canada.
- Provided assistance to approximately 2,300 homeowners to disconnect their downspouts from the sewer system
- Initiated a number of Class Environmental Assessments required as the first step in implementing the Wet Weather Flow Master Plan

Increase Capacity for Growth

- Winner of the American Water Works Association Public Achievement Award for educating the public, promoting awareness of water issues and engaging residents and businesses in model behaviour regarding water usage and source protection (Water Efficiency Program and Downspout Disconnection Program)
- Awarded a silver award in the Public Service Quality Fair for the promotion and delivery of the City of Toronto's Toilet Replacement Program in the multi-residential and single family sectors as part of the Water Efficiency Program
- Continued in 2006 to exceed the targeted water saving anticipated from the Water Efficiency Program
- Initiated the process to design the expansion of the Horgan Water Treatment Plant scheduled to start operation in 2011-12. The increased treatment capacity will help meet some of the future growth needs of the City and the Region of York.

TORONTO WATER

Water Quality

- completed licensing of staff that test drinking water as Water Quality Analysts and increased the scope of the City's laboratory accreditation

Customer Service Delivery

- effectively managed the realignment of the staffing resources to improve system performance and enhance customer service
- responded to an estimated 17,000 water meter complaints
- Trenchless rehabilitation techniques were enhanced to extend the useful life of the City's sewer infrastructure and minimize the impact on adjacent homes and businesses.

Optimizing Work Process and Workforce

- continued the role out of numerous continuous improvement projects
- Silver awards of recognition from the Public Sector Quality Fair for the following initiatives:
 - > Succession Planning in a Unionized Environment
 - > Water Services Repair Program
- provided Toronto Water staff with numerous training and development opportunities to ensure staff are retained and exceed the provincial mandated training and certification regulations
- Reviewed and standardized the work practices to optimize efficiency in field operations

Technology Efficiencies and Improvements

- enhanced the Laboratory Information Management System (LIMS) to improve lab staff efficiency in managing day-to-day work
- New technology was put to work and efficiencies improved by installing combination sewer cleaners, vacuum excavation equipment, and closed circuit camera equipment for sewer inspections to lower costs.
- Continued focus on strategic planning and long-term management of all Toronto Water physical assets.
- Began odour control and heating system improvements at the Ashbridges Bay Treatment Plant.

2007 PROGRAM OBJECTIVES

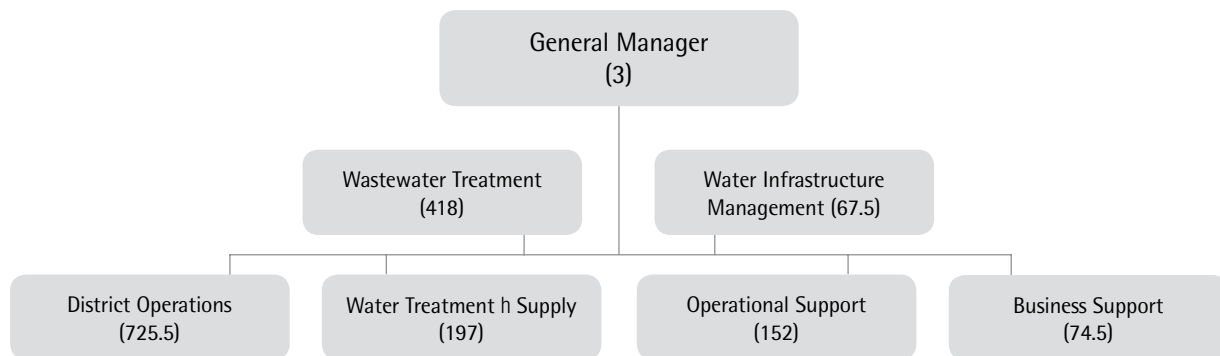
The theme of the Capital and Operating Budgets is "Building a Better Tomorrow" and reflects the level of investment that is required to meet the needs of the community. Toronto Water's objectives for 2007 and beyond have been extensively documented in the Toronto Water Multi-Year Business Plan adopted by Council in 2005. Toronto Water will achieve their mission statement through the following major objectives:

- planning for the necessary investment to ensure drinking water quality continues to exceed the provincial legislative requirements
- renew and rehabilitate ageing infrastructure (This requires significant long-term infrastructure investment.)
- establish a rate structure that will enable the City to finance the accelerated capital investment needed to address the system's significant infrastructure deficit
- respond effectively to recent and anticipated changes in the legislative environment, many of which result from the Walkerton tragedy

TORONTO WATER

- provide adequate and effective attention to source water protection as a key component to protect the quantity and quality of surface and ground water supplies before they are captured for human use
- meet stringent new provincial reporting requirements, including the pending full cost accounting, reporting of said costs, and full recovery
- improve capacity of the current system to provide water and wastewater services to meet projected population growth
- standardize and harmonize processes and practices, both in the plants and in the district operations areas, with continuous improvement initiatives, some of which require implementation of appropriate, updated technology infrastructure and replacement of outdated aging assets (These changes will ultimately improve customer service delivery.)
- increase strategic policy focus on water and wastewater long term issues
- Toronto Water is comprised of six major services, with a total of 1,624.5 approved positions.

PROGRAM MAP



2007 STRATEGIC DIRECTION AND SERVICE PRIORITIES

Toronto Water is responsible for operating, maintaining and improving a waterworks system for the treatment, transmission, storage distribution of potable water. These services must be provided 24 hours per day, 7 days per week and require the operation of four water filtration plants, 18 water pumping stations, ten major ground level storage reservoirs, four elevated storage tanks and the operations and maintenance of 510km of trunk and 5,015km of local distribution network, including 40,460 hydrants and 470,202 service connections.

In addition, the water requirements of a major portion of York Region are supplied under an agreement between the City of Toronto and the Region. The quality of water produced and distributed must meet or exceed all federal and provincial guidelines, most notably the Ministry of the Environment's new legislation for drinking water quality.

The program manages and services the City's 4,397km of sanitary, 1,301km of combined sewer and 4,305km of storm sewer, four wastewater treatment plants, 82 wastewater pumping stations, five storage and detention tanks, 463,300 service connections and 120,000 maintenance holes. The service also includes 371km of watercourses and 43 stormwater management ponds all located on an area of 630 square kilometres.

TORONTO WATER

Addressing Renewal Needs of Aging and Deteriorating Infrastructure

Water and sewer infrastructure is ageing. Projects that maintain the state of good repair represent more than 70% of the 2007 Capital Budget. These projects are intended to extend the useful life of assets, ensure service reliability and postpone replacement.

- **Rehabilitation:** Toronto Water continues several programs designed to rehabilitate aging watermain. Examples include installing cathodic protection, cleaning and lining watermain and replacing deficient hydrants and valves to improve system performance.
- **Replacement:** where pipes are structurally deficient or where increased water demand or sewer flow warrants larger pipe sizes, replacement projects have been identified and included in the budget. In many areas sewer relining and trenchless technology methods will be used to minimize the impact of the program on local communities.
- **Treatment Facilities:** Toronto Water continues to replace aging or obsolete electrical/mechanical equipment and refurbish buildings at water supply and wastewater treatment plants and pumping stations. These projects are intended to maintain state of good repair and ensure on-going compliance with the Safe Drinking Water Act and related Ministry of the Environment regulations.

Increasing Total System Capacity to Keep Pace with Population Growth

Additional capacity will be required to service a projected population of 3 million people by 2031. To address this need, the budgets include funding for the following:

- **Water Efficiency:** continuation of the City's water efficiency and water loss reduction initiatives. The aim of the program is to reduce 15% of water usage by 2011, freeing up capacity to accommodate growth needs while delaying costly plant expansions. Examples of water efficiency programs are low flow toilet replacement programs for multi-residential properties, public education/awareness and water efficiency kit programs for homeowners.
- **Reducing Watermain Loss:** the budget includes funding aimed at reducing watermain leakage. Programs will be developed to identify areas of the distribution system that are experiencing undetected water loss. These deficient pipe sections will be rehabilitated, repaired or replaced depending on the severity of damage.
- **Servicing Customer Water Needs:** additional capacity will be required in the future. The partnership with York Region includes expansion projects to meet maximum flow demand in the City, while economically supplying the Region as well.

Stewardship of the Environment

- **Wet Weather Flow Master Plan:** funding for projects that advance Wet Weather Flow Master Plan have been included in the budget. These projects are all in accordance with Council priorities of progressing on the waterfront and making Toronto a clean and beautiful City. Several stormwater management and watercourse improvement projects have been included in the budget; all intended to improve water quality conditions in area watercourses and along the waterfront. These projects include a broad range of initiatives including channel naturalization, erosion control, constructed wetlands, infiltration systems and source water control projects.

TORONTO WATER

- Biosolids and Residual Master Plan: the final plan still remains to be completed pending public consultation and peer review, however, construction of residual management facilities will be completed at the Harris Water Treatment Plant. Work is continuing at the Clark Water Treatment Plant scheduled for completion in 2008. Additional residual facilities will follow at the Horgan Water Treatment Plant along with planned expansion work that forms part of the agreement with York Region.

Continuous Improvement of Service Delivery

- The Works Best Practices Program (WBPP) was designed to improve the efficiency of the operations at eight City wastewater treatment and water supply plants. The District Service Improvement (DSI) Program is underway to review best practices, technological upgrades and management of the City's linear water and wastewater infrastructure.
- Watermain and sewer replacement programs are co-ordinated with the Transportation Road and Reconstruction Program to save costs and minimize construction disruption to the public. Where appropriate, trenchless construction techniques are used during sewer rehabilitation projects to minimize the impact on adjacent homes and businesses while extending the useful life of infrastructure and postponing replacement.

2007 OPERATING BUDGET BY CATEGORY

Description of Category	(in \$000s)				
	2006	2006	2007	Change from	
	Budget \$	Actuals \$	Approved Budget	2006 Approved Budget \$	%
Salaries & Benefits	135,065.7	123,029.8	138,774.0	3,708.3	3
Materials & Supplies	78,275.7	76,809.7	85,821.6	7,545.9	10
Equipment	4,925.2	3,724.6	4,299.6	(625.6)	-13
Services & Rents	49,002.9	51,000.6	59,829.0	10,826.1	22
Contributions & Transfers	273,607	270,937.4	298,824.1	25,216.6	9
Others (Includes IDCs)	69,573.6	67,874.6	60,673.0	(8,900.6)	-13
Total Gross Expenditures	610,450.6	593,376.7	648,221.3	37,770.7	6
Funded by					
Prov. & Fed. Grants and Subsidies	0.0	0.0	0.0	0.0	N/A
User Fees	610,450.6	599,788.9	648,221.3	37,770.7	6
Reserves / Reserve Funds	0.0	0.0	0.0	0.0	N/A
Other (Includes IDRs)	0.0	0.0	0.0	0.0	N/A
Total Non-tax Revenues	610,450.6	599,788.9	648,221.3	37,770.7	6
Net Budget	0.0	(6,412.2)	0.0	0.0	N/A
Approved Positions	1,628.2	1,628.5	1,634.5	6.0	0

TORONTO WATER

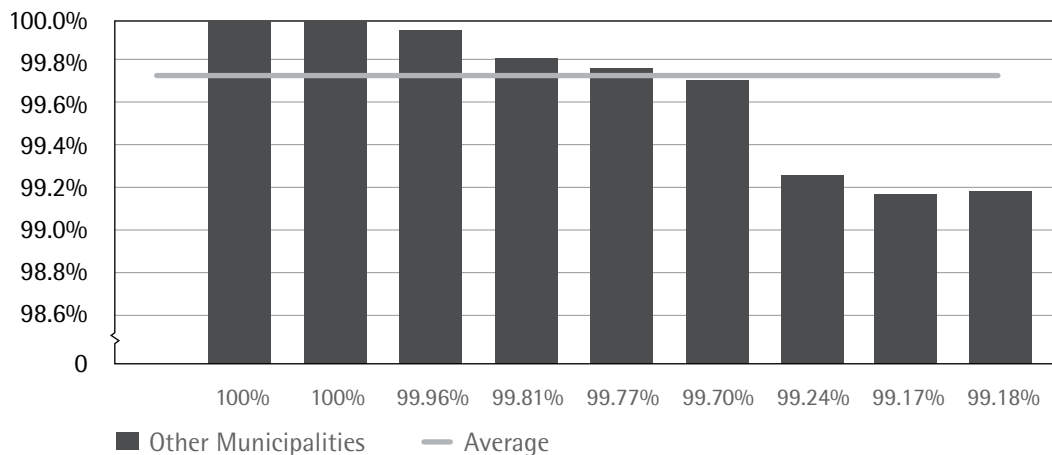
2007 OPERATING BUDGET BY SERVICE

Services	Approved Budget (\$000s)						Change over 2006			
	2005		2006		2007		Gross		Net	
	Gross	Net	Gross	Net	Gross	Net	\$	%	\$	%
Water Production	55,521.6	55,522	62,926	62,926	65,590	65,590	2,664	4.2	2,664	4.2
Wastewater Treatment	88,156.2	88,156	89,615	89,615	104,463	104,463	14,848	16.6	14,848	16.6
District Operations	110,751.9	110,752	106,099	106,099	110,589	110,589	4,489	4.2	4,489	4.2
Waster Infrastructure Management	3,667.6	3,668	5,637	5,637	6,673	6,673	1,036	18.4	1,036	18.4
Capital Financing	232,104.7	232,105	245,097	245,097	269,294	269,294	24,198	9.9	24,198	9.9
Business Unit Support	3,702.6	3,703	11,484	11,484	12,135	12,135	651	5.7	651	5.7
Operational Support	10,210.2	10,210	14,993	14,993	16,393	16,393	1,400	9.3	1,400	9.3
Program Support	70,367.2	70,367	74,600	74,600	63,085	63,085	(11,515)		(11,515)	
Revenue	-	(574,482)	-	(610,451)	-	(648,221)	-	N/A	(37,771)	6.2
Total Program Budget	574,482	-	610,451	-	648,221	-	37,771	6.2	-	N/A

KEY PERFORMANCE MEASURES

There are a number of key performance measures used by Toronto Water to ensure that customers receive efficient and effective service. Toronto Water actively participates in the provincial Municipal Performance Measurement Program (MPMP), Ontario Municipal CAO's Benchmarking Initiative (OMBI) and the National Water and Wastewater Benchmarking Initiatives with the purpose of enhancing accountability in the municipal sector, sharing best practices within and among municipalities, and increasing taxpayer awareness. The measurements are consistent with provincial and water industry standards. They demonstrate commitment to accountability, service excellence and good governance.

Figure 1 - Water "Customer Service" External Comparison
Percentage of Compliance with Drinking Standards



TORONTO WATER

Toronto Water considers provisions of the Ontario Drinking Water Protection Regulation and Ontario Drinking Water Standards as a minimum to be met, rather than a goal. Where feasible and desirable, the City's standards are more stringent than the regulation. As an example, the City's target for finished water turbidity, a measure of the cloudiness of water, is ten times lower than the current provincial standard.

Figure 2 - Water "Efficiency" Internal Comparison
Operating Costs for Treatment of Drinking Water per Megalitre

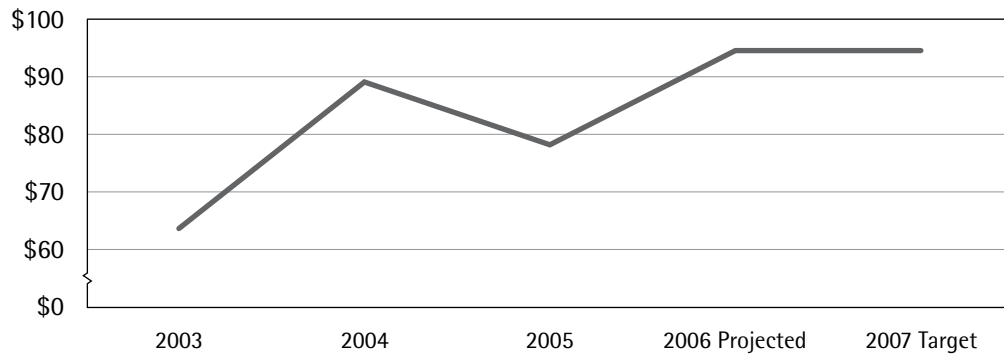


Figure 2 shows that the operating costs for treatment of drinking water per megalitre has decreased by 12.4% in 2005 as compared to 2004 mainly due to the 2004 "one-time" adjustment for overpayment of hydro rebates. In 2006 and 2007, the projected volume of water to be treated will decrease by 3% compared to 2005. However, the costs are expected to be slightly higher as the result of inflationary pressures.

Figure 3 - Water "Efficiency" Internal Comparison
Operating Costs for Distribution of Drinking Water per Kilometre of Water Distribution Pipe

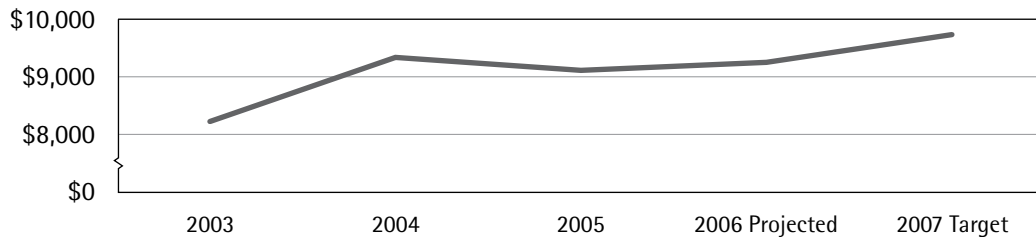
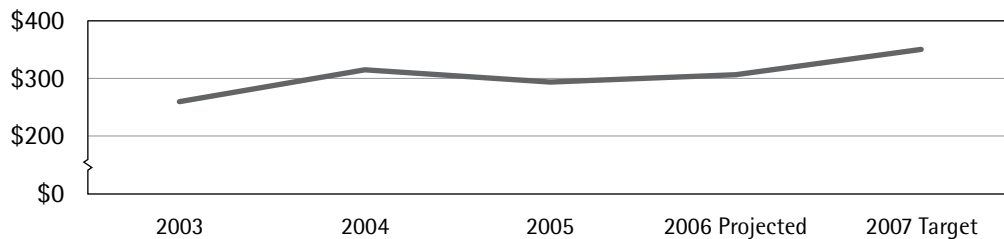


Figure 3 shows that the operating costs for distribution of drinking water per kilometer of water distribution pipe are projected to be slightly higher due to economic factors.

TORONTO WATER

Figure 4 – Water “Efficiency” Internal Comparison
Operating Costs for Treatment and Distribution of Drinking Water per Megalitre



Operating cost for the treatment and distribution of drinking water per megalitre decreased by 6.9% in 2005. This increase is attributed to a 4.7% decrease in costs and an increase of 2.4% in flow. The 2006 projection and 2007 target are expected to increase as a result of inflationary pressures.

Figure 5 – Water “Efficiency” External Comparison
2005 Operating Cost for Treatment of Drinking Water per Megalitre in
Comparison with Other OMBI Municipalities

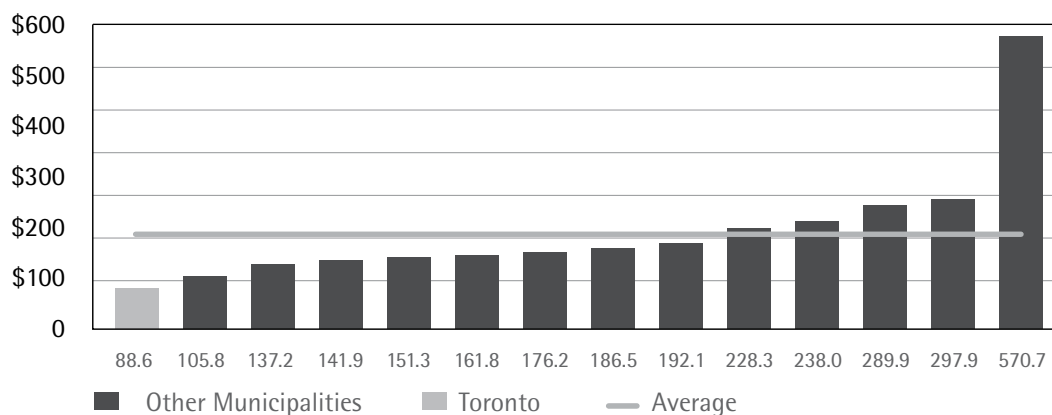
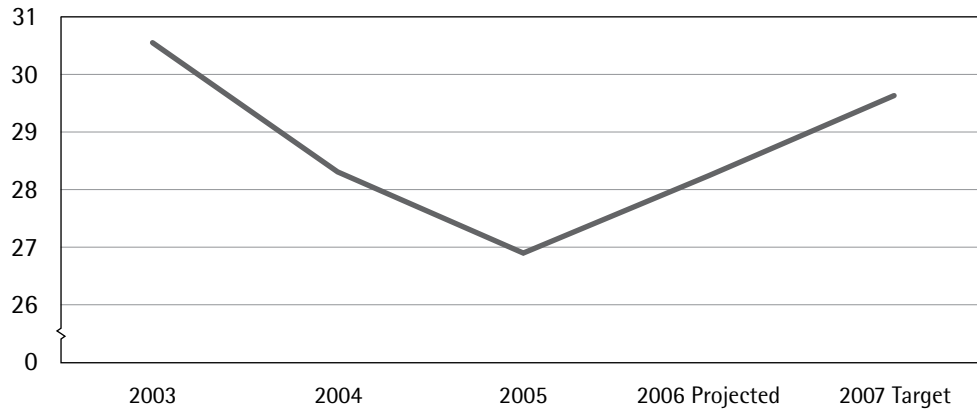


Figure 5 illustrates that Toronto has the lowest cost of water treatment of the OMBI municipalities in 2005 and is well below the average of \$212. The key factors contributing to the cost include the following:

- **Economies of Scale:** Toronto's water treatment plants are large and benefit from economies of scale.
- **Water Source:** above-ground water sources such as lakes and rivers tend to be less costly to use than groundwater sources. Toronto's source of drinking water is Lake Ontario.

TORONTO WATER

**Figure 6 – Water “Customer Service” Internal Comparison
Number of Watermain Breaks per 100km of Water Main Pipe in a Year**



The number of breaks in water mains per 100km of water main pipe has decreased by 5% compared to 2004. This decrease is attributable mainly to weather conditions. The number of breaks projected by year-end 2006 will remain relatively the same as 2004.

**Figure 7 – Water Customer Service External Comparison
Number of Watermain Breaks per 100km of Water Pipe in 2004 in
Comparison to Other OMBI Municipalities**

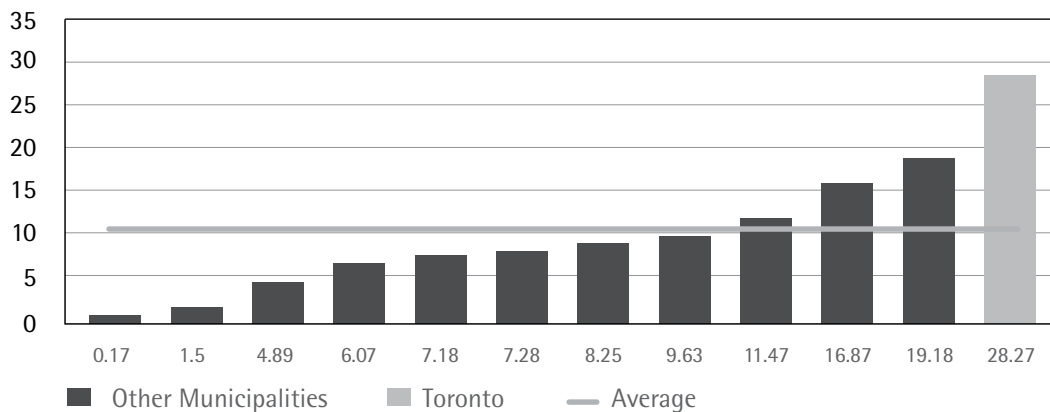


Figure 7 illustrates that Toronto has the highest rate of watermain breaks of the OMBI municipalities, well above the average of 10.0 breaks per 100km of watermain pipe. Toronto's rate is significantly higher due to the following factors:

- **Age of Infrastructure:** Toronto's system of watermains is old which can lead to a higher rate of watermain breaks than municipalities with newer infrastructure.
- **Urban Form:** stray currents from the large number of other co-located utilities as well as subway and streetcars, accelerate electrostatic pipe corrosion.
- **Type of Pipe Materials:** Toronto suburbs used ductile iron pipe and these are very susceptible to corrosion.

Although the Toronto rate is high, it is down slightly from the 2003 rate of 30.46 breaks per 100km.

TORONTO WATER

Figure 8 – Wastewater “Efficiency” Internal Comparison
Cost of Flow Collected per Kilometre of Wastewater Main

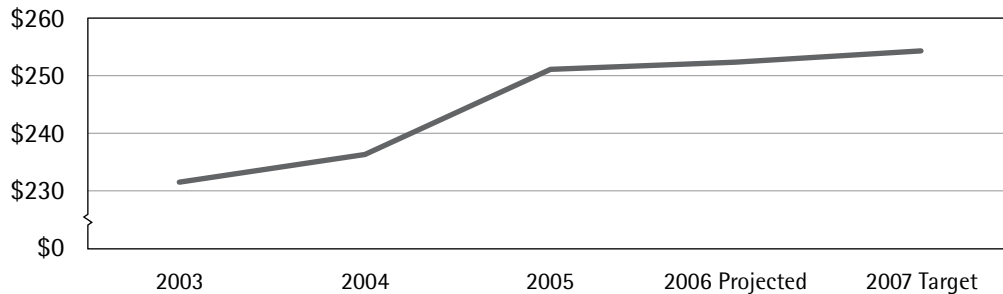


Figure 8 illustrates that operating costs for collection of wastewater per km of wastewater main has increased by 3.9% in 2005. This increase is attributed to general wage increases and other economic pressures that will continue in 2007.

2007 OPERATING BUDGET HIGHLIGHTS

- The pelletizer is expected to be operational in April of 2007 increasing the consumption of natural gas by \$1.882 million.
- Haulage of biosolids material costs is forecasted to increase as a result of the Carlton Farms Landfill Site not being able to accept biosolids as of August 1, 2006. Alternative sites had to be secured and the cost impact for 2007 will be approximately \$6.980 million.
- increased costs of \$3.466 million for cut repair work managed by Transportation Services for Water Services (This increase will be partially mitigated by a reduction of \$0.573 million in cut repair work for Wastewater Services. The net pressure is estimated at \$2.893 million for Toronto Water. The net cost increase reflects the escalated capital program which is primarily driven by state of good repair projects.)
- Toronto Water has committed funding of \$3.766 million for the Toronto and Region Conservation Authority's 2007 Operating Budget.
- All operating revenues received by Toronto Water are generated from user fees charged for water consumption and sewage treatment. There is no reliance on the property tax base to support Toronto Water's services. To fund the operating requirements and capital contribution, a water rate increase of 9% has been incorporated in the 2007 Operating Budget.

2008/2009 OPERATING BUDGET OUTLOOK

- The 2008 and 2009 Outlook maintains the 2007 level of service while managing the cost of living allowance (COLA) and merit/step increments for union and non-union staff.

TORONTO WATER

2007 CAPITAL BUDGET

2006 MAJOR ACCOMPLISHMENTS

- The program spent \$264.545 million or 67% of its 2006 Approved Capital Budget of \$394.468 million. This level of capital budget spending by Toronto Water represents a significant improvement of almost \$62.000 million or 30% compared to the 2005 spending rate of \$202.900 million.
- Fiscal 2006 saw significant construction proceeding on several large projects, which included the McNicoll Watermain Project, Residue Management Projects at R.C. Harris and R. L. Clark Water Treatment Plants and the Humber Wastewater Treatment Plant. These projects are on schedule and, in several cases, proceeding ahead of schedule. More than 80% of the watermain and sewer infrastructure program was tendered by mid-year.
- Multi-phased odour control projects were initiated in 2006 at three wastewater treatment facilities. The Ashbridges Bay Wastewater Treatment Plant has started the testing and designing of new odour control systems while odour assessment studies have been completed at the Humber and Highland Creek Wastewater Treatment Plants.
- provided assistance to approximately 2,300 homeowners to disconnect their downspouts from the sewer system

FIVE-YEAR STRATEGIC OBJECTIVE

The Five-Year Capital Plan aligns with the strategic direction of the Toronto Water Multi-Year Business Plan approved by Council in February of 2005.

2007 CAPITAL BUDGET HIGHLIGHTS

- continued partnership with York Region to increase capacity to keep pace with population growth to satisfy projected water demands (Projects include the Horgan Plant expansion and the McNicoll/Warden and Markham/Sheppard watermain construction.)
- A priority of the 2007 Toronto Water Capital Budget is to address renewal needs of ageing and deteriorating infrastructure. \$248.230 million or 72% of the total 2007 new funding of \$346.376 million is allocated to state of good repair projects. The \$248.230 million budgeted amount provides for such projects as the replacement of 34,700m of watermain, the cleaning and relining of 114,000m of watermain and the replacement of aging or obsolete process and electrical/mechanical equipment at the treatment facilities.
- Many of the projects included in the 2007 capital program require construction duration of several years with cash flows spread out over the period, such as the Avenue Road trunkmain replacement, downtown watermain enhancement, end-of-pipe facilities, district sewer rehabilitation operations and Waste Activated Sludge Thickening Treatment upgrades at Highland Creek Wastewater Treatment Plant.
- \$3.300 million to partially fund the Toronto and Region Conservation Authority's 2007 Capital Budget
- \$1.500 million has been allocated to fund the land acquisition for source water protection reserve account.

TORONTO WATER

FIVE-YEAR CAPITAL PLAN HIGHLIGHTS

- It is estimated that the Program will invest \$2,632.692 million (excluding 2006 carry-forward funding into 2006) over the next five-years to address the City's water and sewage infrastructure through rehabilitation, replacement and expansion.
- The Five-Year Capital Plan includes funding to complete environmental assessments followed by the design and construction for projects identified in the Wet Weather Flow Master Plan. Projects included in the Five-Year Capital Plan which directly affect improvements to waterfront quality include the following: Etobicoke Waterfront Storm Sewer Discharges; Bonar Creek Stormwater Wetland (Etobicoke Waterfront); Don and Waterfront Trunk Sanitary Sewer and Combined Sewer Overflow Control Project; Coatsworth Cut Storm Sewer and Combined Sewer Overflow Control Project; Eastern Beaches Storm Sewer Discharges; and the Scarborough Waterfront Combined Sewer Overflow Discharges.
- Many of the projects noted above, reflect collaborative efforts between Toronto Water; Parks, Forestry and Recreation; Facilities and Real Estate; City Planning; Buildings Services; Toronto and Region Conservation Authority; and the Waterfront Secretariat.
- A large proportion of state of good repair projects included in the Five-Year Capital Plan are directed towards reducing the backlog of projects for the watermain and sewer network.
- continuation of the City's water efficiency and water loss reduction initiatives (The aim of the program is to reduce 15% of water usage by 2011.)

2007 APPROVED CAPITAL BUDGET

Project Description	2007 Cash Flow and Future Year Commitments (\$000s)					
	2007	2008	2009	2010	2011	Total
Total Previously Approved	280,275	152,516	87,836	45,756	9,627	576,010
Total New Projects	129,726	73,883	40,692	42,795	44,254	331,350
Total Toronto Water	410,001	226,399	128,528	88,551	53,881	907,360

INCREMENTAL OPERATING IMPACT OF THE 2007 CAPITAL BUDGET

The 2007 Capital Budget includes operating impacts from previously approved and new/change in scope capital projects for 2007 of \$3.270 million and \$0.153 million in 2008.

TORONTO WATER

ASSET INVENTORY

Water Services

- 4 water filtration plants
- 10 reservoirs and 4 elevated storage tanks
- 5,015km of distribution watermains and 510km of trunk watermains
- 52,900 valves and 40,460 hydrants
- 470,202 water service connections, plus York Region (population served 400,000)
- 18 water pumping stations
- 1 water laboratory
- 9 maintenance yards

Wastewater Services

- 4 wastewater treatment plants
- 5 storage and detention tanks
- 4,397km of sanitary, 1,301km of combined and 358km of trunk sewer
- 4,305km of storm sewers and 546km of roadside ditches
- 120,000 maintenance holes
- 463,300 sewer service connections
- 82 wastewater pumping stations
- 371km of watercourses, 43 stormwater management ponds serviced and 3 facilities
- 1 wastewater laboratory
- 8 maintenance yards
- 2,300 outfalls and 122,500 catchbasins

Backlog Analysis

- The program currently has a significant infrastructure and renewal backlog. For example, over 50% of the water network is at least 50-years-old and 8% is 100-years-old. Furthermore, 30% of the wastewater collection system is at least 50-years-old and 3% is over 100-years-old. As outlined above, significant resources have been allocated to state of good repair projects in the Five-Year Capital Plan.
- Over the last five years, Toronto Water has an average and annual replacement rate of 0.71% of watermains and 0.37% of sewers. As the optimal replacement rate should range from 1% to 2% per annum, this is creating a significant renewal backlog. The Five-Year Capital Plan reflects an increase in the replacement rate to achieve the optimal level in approximately ten years and mitigate most of the backlog.

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