

Charge more for water at peak times: Report
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CITY HALL BUREAU

As Toronto pleads that it's running out of money, a group of contractors and construction unions is releasing a report today calling for a bigger role for the private sector in providing water and sewer services throughout Greater Toronto.

The report, produced by Trent University economist Harry Kitchen, also says the price of water should vary by the time of year, or even by the time of day.

The study was commissioned by the Residential and Civil Construction Alliance of Toronto.

The alliance's Andy Manahan acknowledged there was "some self interest" in commissioning the report, but said the group didn't seek to alter Kitchen's conclusions.

Manahan said the recommendations, such as time-of-day pricing, would conserve water and result in a more sustainable system.

Kitchen says there's evidence higher prices lead to lower water consumption: A 10 per cent boost in prices cuts summer watering use by about 10 per cent, according to one study.

If that's the case, Toronto's water consumption should be on a downward spiral. The city has boosted water rates 9 per cent in each of the past two years, and plans further 9 per cent increases yearly through 2012. The rising rates are meant to pay for renewing aging pipes, some more than a century old.

In theory, charging high rates at peak periods cuts demand, meaning cities can build smaller treatment plants.

The province is moving toward a similar system in electricity pricing.

Glenn De Baeremaeker, who chairs Toronto's works committee, says the city is already working at getting meters installed into 70,000 homes that have none.

But more sophisticated meters would be needed in each of 450,000 households to make variable pricing possible. That may come eventually, he said, but could take a decade or more.

Kitchen also urges municipalities to consider partnership deals with the private sector, to shift financing costs and risks away from the taxpayer.

De Baeremaeker said that idea doesn't apply in Toronto because the water and sewer systems are debt-free, and the updating program is being financed by those steep rate increases.

Kitchen says there are several models cities can consider: Private firms can own and operate treatment plants outright, his paper says. Or they can build new plants, operate them for a time and then turn over ownership to the city.

Private firms, he says, are "almost always more innovative in infrastructure design, construction and facility management when compared to the public sector."

De Baeremaeker says he's opposed to private companies operating sewer and water plants under any circumstances, because they could be tempted to cut corners if they were under financial pressure.