



STAFF REPORT ACTION REQUIRED

Toronto Water Capital Budget: Additional 2009 Cashflow Reallocations

Date:	May 8, 2009
To:	Budget Committee
From:	General Manager, Toronto Water
Wards:	All
Reference Number:	P:\2009\Cluster B\TW\bc09014

SUMMARY

The purpose of this report is to seek approval for additional reallocations in Toronto Water's approved 2009 Capital Budget and 2010-2013 Capital Plan in response to recent increased tender prices.

RECOMMENDATIONS

The General Manager, Toronto Water recommends that:

1. The cashflow adjustments and budget reallocations detailed in Appendix 1 of this report, which have no impact on the Toronto Water's total approved 2009 Capital Budget and 2010-2013 Capital Plan, be approved; and
2. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

FINANCIAL IMPACT

There are no direct financial impacts to Toronto Water's approved 2009 Capital Budget of \$498.438 million, comprised of \$58.6 million of unspent 2008 carry-forwards and \$439.838 million of approved new 2009 cashflow.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

The 2009 Capital Budget and 2010-2013 Capital Plan for Toronto Water with a 2009 cashflow of \$498.438 million was approved by City Council at its meeting of November 6, 2008. The 2009 Capital budget included \$58.6 million of unspent cashflow from Toronto Water's approved 2008 Capital Budget. A copy of the Council Decision Document can be found at:

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-11-06-cc26-dd.pdf>

On April 24, 2009, Budget Committee adopted the report entitled, "Toronto Water Capital Budget: 2008 Carry Forward Funding and 2009 Cashflow Reallocations" and recommended that Executive Committee approve the recommendations contained within. A copy of the Budget Committee Decision Document can be found at:

<http://www.toronto.ca/legdocs/mmis/2009/bu/decisions/2009-04-24-bu48-dd.htm>

ISSUE BACKGROUND

Market conditions for the pricing of construction projects remains significantly variable throughout the Greater Toronto Area. Recent tender closings for watermain and sewer replacement projects for the older portions of the City have been much higher than estimated. Toronto Water's 2009 Capital Program was developed using estimates based on actual tender award results for similar projects during 2008. Higher than expected tender prices are a result of continued elevated commodity prices, combined with competition with many other construction projects on-going throughout the Greater Toronto Area.

There is a need to reallocate funds to allow projects on Roncesvalles Avenue and Dundas Street to proceed on schedule. It is necessary to complete the replacement and relocation of underground infrastructure on these streets in a timely manner to ensure that subsequent road and transit improvement projects can proceed on schedule.

COMMENTS

The City has been increasing the amount of infrastructure rehabilitation and replacement projects over the past few years. As of May 1, 2009, there have been 62 contracts issued for Toronto Water having a total value of \$485 million (\$168 million of approved 2009 cash flow). By this time last year, there were only 44 contracts issued for Toronto Water having a value of \$99 million (\$65 million of 2008 cash flow).

Should construction tender prices remain at higher than expected levels there will be a need to reassess the entire 5-year capital program during the preparation of Toronto Water's 2010 Capital Budget. Adjustments to certain priority projects may be required to accommodate higher construction costs along with updated schedules for completion of certain approved projects. Details of the required changes will be provided during the budget approval process for consideration by Budget Committee and Council.

At this time, Toronto Water seeks approval for the additional cashflow adjustments and reallocations included in Appendix 1, to allow these projects to proceed, in accordance with Section 71-9 B & E of the Financial Control By-law.

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SIGNATURE

Lou Di Gironimo
General Manager
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Attachment: Appendix 1 - Toronto Water Capital Budget 2009 5 Year Plan Budget
Adjustments and Reallocations (\$000)

APPENDIX 1

Toronto Water Capital Budget 2009 5 Year Plan Budget Adjustments and Reallocations (\$000)								
Project #	Project Description	2009	2010	2011	2012	2013	5-year Change	Comment
CPW039-06	BUSINESS & TECHNICAL IMPROVEMENTS	-500	-2,000		0	665	-1,835	tendering deferred - '10 submission to reflect change
CPW058-03	ROUGE TANK INT/EXT PAINTIN	-500	0	0	0	0	-500	tendering deferred - '10 submission to reflect change
CPW535-01	DIST W/MAINS NEW	0	-3,500	0	0	0	-3,500	tendering deferred - '10 submission to reflect change
CPW542-04	DIST W/M REPLACEMENT - 2009	4,500	9,320	0	0	0	12,820	increased tender costs
CPW543-01	WATERMAIN CLEANING & LINING	-8,000	-3,000	0	0	0	-11,000	project realignment (to CPW542)
CPW544-03	WATER SERVICE REPAIR - LEAD PROGRAM	3,000	0	0	0	0	3,000	project realignment (from CPW543)
CPW544-05	2009 WATER SERVICE REPAIR	3,000	1,000	0	0	0	3,000	project realignment (from CPW543)
CPW600-03	CUR REAPIRS REQ'D FOR NEW SERVICES	-3,000	0	0	0	0	-3,000	project realignment (to CPW542)
CWW005-92	HTP - MODS & RE-ROOFING DIGS #1-6	0	-1,850	0	0	0	-1,850	adjustment to match c/ocommitments
CWW008-44	SLUDGE THICKENING BLDG UPGRADE	-4,000	4,000	0	0	0	0	no budget increase - cashflow revised based on construction schedules
CWW401-2	EMERY CREEK POND	-400	-2,970	-1,645	0	0	-5,015	tendering deferred - '10 submission to reflect change
CWW447-06	WWFMP IMPLEMENTATION	-1,200	-2,500		0	0	6,700	tendering deferred - '10 submission to reflect change
CWW452-04	SEWER ASSET PLANNING	-250	0	0	0	0	-250	tendering deferred - '10 submission to reflect change
CWW452-05	SEWER SYSTEM INSPECTION	-250	-1,581	0	0	0	-1,831	tendering deferred - '10 submission to reflect change
CWW453-02	NEW SEWERS	-500	-1,500	0	0	0	-2,000	project realignment (to CWW472-03)
CWW465-04	DRAIN LINING	1,000	0	0	0	0	1,000	project realignment (from CWW465-06)
CWW465-06	SEWER REHABILITATION - 2008	1,000	0	0	0	0	1,000	project realignment (to CWW465-04)
CWW466-01	HIGHLAND CREEK STREAM RESTORATION	-700	-1,000		0	0	-1,700	project realignment (to CWW472-03)
CWW468-01	2006 STORM SEWER REP	-100	0	0	0	0	-100	project realignment (to CWW472-03)
CWW468-02	2006 STORM SEWER REHAB	-175	0	0	0	0	-175	project realignment (to CWW472-03)
CWW468-04	2008 STORM SEWER REHAB	0	-2,000	0	0	0	-2,000	project realignment (to CWW472-03)
CWW470-01	ROAD RESTORATION	-550	0	0	0	0	-550	project realignment (to CWW472-03)
CWW470-02	CONSULTING FEES	0	-500	0	0	0	-500	project realignment (to CWW472-03)
CWW472-03	SEWER REPLACEMENT - 2009 PROGRAM	7,625	9,061	0	0	0	16,686	increased tender costs
CPW532-02*	AUTOMATED METER READING SYSTEM		-980	1,645		-665	0	no budget increase - cashflow revised based on construction schedules
TOTAL		0	0	0	0	0	0	NO NET CHANGE TO APPROVED BUDGET

