



STAFF REPORT ACTION REQUIRED

Toronto Water 2014 Capital Budget and 2015-2023 Capital Plan Reallocations and Accelerations/Deferrals

Date:	December 15, 2014
To:	Executive Committee
From:	General Manager, Toronto Water
Wards:	All
Reference Number:	P:\2014\Cluster B\TW\EX15002

SUMMARY

This report requests City Council's authority to amend Toronto Water's Approved 2014 Capital Budget and 2015-2023 Capital Plan by adjusting project cash flows contained within the Budget and Plan, respectively, to better meet program requirements. The adjustment of project cash flows will have a zero dollar impact on the gross overall Capital Budget and will better align 2014 cash flows within Toronto Water's capital project delivery schedule and program requirements.

RECOMMENDATIONS

The General Manager of Toronto Water recommends that

1. City Council authorize the reallocation of funds in Toronto Water's approved 2014 Water Capital Budget and 2015-2023 Capital Plan in the amount of \$42.455 million, from projects that have been completed or awarded under-budget to those requiring additional funding in the same amount, and for project accelerations and deferrals as presented in Schedule A, with a zero Budget impact.

Financial Impact

The approval of this report will authorize the reallocation of 2014 approved cashflow to align with the deferral, acceleration and adjustment of funds in Toronto Water's approved

2014 Capital Budget and 2015-2023 Capital Plan in the total amount of \$42.455 million, as presented in Schedule A.

Due to delays in completion of detailed designs a few capital projects have fallen behind schedule in 2014. In addition, a number of projects have been completed, and committed funds have been released. As a result, funding from these delayed or completed projects is available for reallocation to address projects that are proceeding ahead of schedule or have received higher than expected bid prices.

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

DECISION HISTORY

City Council at its meeting of December 16 and 17, 2013 approved Toronto Water's 2014 Capital Budget and 2015-2023 Capital Plan, which included approval of a 2014 Capital Budget cash flow of \$476.713 million and 2013 carry-forward funding of \$138.057 million. The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=6814>

Subsequent adjustments reflecting the final 2013 in- year carry forward funding were approved by Budget Committee on March 26, 2014 (BU53.5: 2013 Year-End Capital Adjustments, Carry-Forward Funding Adjustments to the 2014 Approved Capital Budget and Project Closures) resulting in an overall carry-forward reduction of \$1.387 million and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=8368>

Further budget adjustments were approved by Budget Committee on March 26, 2014 (BU53.9: Toronto Water 2013 Year End Capital Budget Adjustment and Accelerations/Deferrals) with a zero gross budget impact and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=8368>

Additional budget adjustments were approved by Budget Committee on May 1, 2014 (BU54.6 Toronto Water 2014 Capital Budget and 2015-2023 Capital Plan Reallocations and Accelerations/Deferrals) with a zero gross budget impact and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=8369>

Further budget adjustments were approved by Budget Committee on August 6, 2014 (BU56.9 Toronto Water 2014 Capital Budget and 2015-2023 Capital Plan Reallocations and Accelerations/Deferrals) with a \$12 million budget impact and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=8371>

ISSUE BACKGROUND

Toronto Water requires the amendment of the 2014 Approved Budget and 2015-2023 Capital Plan to better align the cash flows with capital project delivery and program requirements primarily to address accelerated project delivery.

The majority of capital projects being delivered for Toronto Water are multi-year complex infrastructure projects. Project acceleration can result from favourable weather/site conditions, and strong consultant/contractor performance.

Project delays can arise from: delays in completing designs due to complexities within the infrastructure, unforeseen ground/site conditions, delays resulting from inclement weather, delays resulting from technical coordination to maintain operations 24/7, consultant/contractor performance issues, and negotiation of final payments.

A few project funding reallocations are required to address unforeseen costs as detailed in Appendix A.

COMMENTS

Approval is being sought to amend Toronto Water's Approved 2014 Capital Budget and 2015-2023 Capital Plan as outlined in the attached Schedule A to better align cash flows with project and program requirements, in accordance with Section 71-9 B to E of the Financial Control By-Law.

These amendments include the provision of additional funding for projects proceeding ahead of schedule and projects with higher bid prices. It is proposed that this additional funding be drawn from projects that are under budget and projects which have fallen behind schedule due to on-site coordination constraints and vendor performance issues.

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SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

ATTACHMENTS

Schedule A – Toronto Water 2014 Capital Budget Adjustments, Deferrals/Accelerations

Schedule A
Toronto Water 2014 Capital Budget
Reallocations, Deferrals/Accelerations

Project/Sub-Project	Sub-Proj. # (WBS)	Cashflow Reallocation	Comments
PROJECTS WITH ACCELERATED DELIVERY			
DESIGN	CPW002-2	421,000	Horgan WTP Expansion - engineering; final costs are being incurred for operational assistance of new processes. Project to be completed in 2015.
SPADINA-RIVER WM CONSTRUCTION	CPW059-04	465,000	Gerrard St transmission watermain is being constructed slightly ahead of schedule and is expected to be completed in 2016.
FILTER MEDIA REPLACEMENT	CPW061-01	75,000	Harris WTP - Remaining required filter media purchased in 2014, project to be closed.
DIST W/M REPLACEMENT 2013	CPW542-12	878,989	Carried-over projects are being completed with payment finalizations being executed ahead of schedule.
NEW SERVICE CONNECTIONS - SITE SERVICING	CPW600-02	4,351,000	High demand from developers for new infrastructure connections
STANDBY POWER GENERATION	CWW019-03	1,961,735	ABTP standby power generation is proceeding ahead of schedule with completion forecasted in 2016
ODOUR CTRL ENGINEERING	CWW019-21	100,000	ABTP odour control engineering is proceeding slightly ahead of schedule with project completion forecasted for 2017.
FERROUS UPGRADES	CWW019-24	54,080	ABTP Ferrous upgrades are proceeding slightly ahead of schedule. Construction is expected to be complete in 2019
PCS-PLANT SRVS	CWW023-03	400,000	ABTP PCS upgrades are proceeding ahead of schedule; this project is forecasted to be complete in 2015.
PCS PLANT SERVICES	CWW025-03	67,843	HTP PCS upgrades are proceeding ahead of schedule; this project is forecasted to be completed in 2015
WAS THICKENING IMPROVEMENTS	CWW031-01	625,000	HCTP Waste Activated Sludge thickening improvements are proceeding ahead of schedule. This project is forecasted to be completed in 2015
BIOSOLIDS TREATMENT UPGRADES	CWW036-03	1,552,963	HCTP Biosolids Treatment upgrades are proceeding ahead of schedule; project is expected to be completed in 2019.
MECH & ELECTRICAL UPGRADE ENGINEERING	CWW036-06	539,268	HCTP Mechanical & Electrical engineering is proceeding ahead of schedule; this project is forecasted to be completed in 2017
MECH AND ELEC SYSTEM UPGRADES-CONSTR	CWW036-07	250,000	HCTP Mechanical & Electrical construction is proceeding ahead of schedule and has achieved substantial completion in 2014.
BUILDING UPGRADE ENGINEERING	CWW037-01	136,000	HTP Building upgrade engineering is proceeding slightly ahead of schedule and is forecasted to be completed in 2016.
NEW SUBSTATION	CWW037-06	2,187,000	HTP New Substation is be proceeding ahead of schedule and is forecasted to tbe completed in 2016.
ABTP OUTFALL ASSESSMENT	CWW039-03	100,000	ABTP Outfall Assessment modelling has been substantially completed.
FINE BUBBLE AERATION AND PILOT TESTING O	CWW040-01	2,732,244	ABTP Fine Bubble Aeration project is nearing completion, with final payments to be made in 2015
PRIMARY TREATMENT UPGRADE CONT #1	CWW040-07	7,608,145	ABTP Primary treatment upgrades are proceeding ahead of schedule and are forecasted to be completed in 2018.
PROCESS & EQUIP UPGRADES - FUTURE	CWW041-02	20,613	ABTP Process & Equipment upgrades are proceeding ahead of schedule and are expected to be completed in 2016.

D BUILDING TREATMENT & BIOFILTER	CWW042-01	600,000	ABTP D Building Treatment & Biofilters project has been substantially completed with final payments to be made in 2014.
WAS THICKENING AND DEWATERING CONSTR	CWW047-01	3,041,000	HCTP Waste Activated Sludge thickening improvements are proceeding ahead of schedule. This project is forecasted to be completed in 2015
BASEMENT FLOODING RELIEF - BACKFLOW GRAN	CWW421-01	3,000,000	High demand from public for basement flooding protection subsidy program resulting from 2013 storm events
BASEMENT FLOODING RELIEF - DESIGN	CWW421-06	137,000	Incremental adjustments throughout the program, overall program is slightly ahead
BASEMENT FLOODING RELIEF - GROUP 2 - DES	CWW421-08	559,000	Incremental adjustments throughout the program, overall program is slightly ahead
NEW BASEMENT FLOODING RELIEF GROUP 1A	CWW421-09	734,013	Incremental adjustments throughout the program, overall program is slightly ahead
SEWER REHAB - 2008 PROGRAM	CWW465-06	2,145,000	Annual sewer rehabilitation work is proceeding ahead of target as a result of additional work undertaken in response to recent weather events.
SEWER REPLACEMENT 2012	CWW472-08	1,678,000	Carried-over projects are being completed with payment finalizations being executed ahead of schedule.
DON & WATERFRONT TRUNK/CSO PHASE 1 - DES	CWW480-01	361,222	This project is forecasted to be delivered slightly ahead of schedule.
SUB-TOTAL OF ACCELERATED PROJECTS		36,781,114	
PROJECTS WITH DELAYED DELIVERY			
PLANT EXPANSION - CONSTRUCTION	CPW002-3	(421,000)	Horgan WTP – Delayed tendering for construction of access platforms and removal of pumps.
JOS - GERRARD ST WM - ENGINEERING	CPW059-01	(150,000)	Gerrard transmission watermain - Expenditure forecast for engineering services updated reflecting progress in services executed.
HVAC REHAB - CONSTRUCTION	CPW061-11	(98,462)	Harris WTP - Design period extended.
REHAB OF SETTLING BASIN ROOF & SLUICE GA	CPW061-13	(235,327)	Harris WTP - Site conditions required additional design
DIST WM REPLACEMENT - 2014	CPW542-14	(546,989)	Higher than forecasted prices required budget reallocations resulting in delays in awarding contracts.
WATERMAIN STRUCTURAL LINING	CPW543-04	(287,000)	Program slightly delayed due to award issues
ELECTRICAL REHAB	CWW019-11	(1,137,814)	ABTP - Project delivery is delayed due to on-site coordination issues.
FACILITY AND GROUNDS	CWW019-26	(500,000)	ABTP – Delay in contract awards
DIGESTERS CLEANING REHAB 10 YEAR PLAN	CWW019-28	(500,000)	ABTP - Delay in project tendering
BUILDING REHAB AND SITE IMPROVEMENTS	CWW036-01	(1,500,000)	HCTP - Construction commenced later than scheduled.
ELEC SYSTEM UPGRADES - CONSTR	CWW036-09	(400,000)	HCTP - Project is nearing completion, final payments are being issued.
CEPA COMPLIANCE -HCTP	CWW036-10	(133,000)	HCTP WWTP- Delay in project tendering
DIGESTERS CLEANING REHAB 10 YEAR PLAN	CWW036-13	(309,231)	HCTP - Delay in project tendering
ELECTRICAL CONDITION ASSESSMENT	CWW037-03	(1,173,000)	HTP - Project delivery is delayed due to on-site coordination issues.
NEW GROUNDSKEEPING BUILDING	CWW037-07	(1,150,000)	HTP – Design period extended.

OUTFALL AND DISINFECTION UPGRADES ENGINE	CWW039-01	(100,000)	ABTP – Additional site testing and flow modelling needed to be undertaken
RAW SEWAGE PUMP STN REBUILD ENGINEERING	CWW040-02	(1,458,000)	ABTP - Delays in electrical inspections prior to commissioning
PRIMARY AND FINAL TANK UPGRADES	CWW040-09	(1,000,000)	ABTP - Delay in contract awards
M & T PUMPING STATION CRITICAL REPAIRS	CWW040-10	(450,000)	ABTP - Project delivery is delayed due to on-site coordination issues.
MESI UPGRADES	CWW041-03	(20,613)	ABTP - Reduction in requirement for upgrades
BIOFILTERS UPGRADE	CWW042-04	(600,000)	ABTP - Delay in receiving MOE ECA and to address on-site coordination issues.
HCTP - BIOSOLIDS IMPLEMENTATION	CWW047-02	(850,000)	HCTP - Project delayed to address requirement to undertake an EA
BASEMENT FLOODING RELIEF	CWW421-05	(1,682,242)	Incremental adjustments throughout the program, overall program is slightly ahead
BASEMENT FLOODING RELIEF - GROUP 2 CONST	CWW421-11	(500,000)	Incremental adjustments throughout the program, overall program is slightly ahead
BASEMENT FLOODING RELIEF- GROUP 2	CWW421-12	(242,000)	Incremental adjustments throughout the program, overall program is slightly ahead
BASEMENT FLOODING DESIGN - GROUP 3	CWW421-13	(313,000)	Incremental adjustments throughout the program, overall program is slightly ahead
BASEMENT FLOODING STUDIES & EAS-CW IMPLEMENTATION	CWW421-14	(50,000)	Incremental adjustments throughout the program, overall program is slightly ahead
SWM CONVEYANCE 2014	CWW447-10	(890,000)	Delivery is based on a plan of sequenced projects, on-site issues with delivering current project delayed issuance of next phase.
SPS SCADA UPGRADES	CWW465-05	(174,000)	Sewage Pumping Stations - Design period extended for SCADA upgrades.
GROUP 5 SEWAGE PUMPING STATION UPGRADES	CWW465-08	(110,000)	Design period extended for 7 pumping stations.
CONSULTING FEES	CWW470-02	(1,183,222)	Linear Engineering – Design period extended.
WATERFRONT STORMWATER INFRASTRUCTURE	CWW472-11	(8,250,000)	Delivery of this project is being undertaken by Waterfront Toronto. Delay to project commencement results from delay in process to execute funding agreement.
WATERFRONT SANITARY SERVICING INFRASTRU	CWW472-12	(13,238,139)	Delivery of this project is being undertaken by Waterfront Toronto. Delay to project commencement results from delay in process to execute funding agreement.
SEWER REPLACEMENT -2014	CWW472-13	(1,851,000)	Higher than forecasted prices required budget reallocations resulting in delays in awarding contracts.
SPS UPGRADES	CWW476-04	(618,000)	Sewage Pumping Stations – related to the extended design period for SCADA upgrades at pumping stations.
SUB-TOTAL OF DELAYED PROJECTS		(42,122,039)	
PROJECTS REQUIRING REALLOCATION			
ROAD RESTORATION FOR BSMT FLDG	CWW421-10	1,587,235	Expenditure volume subject to timing of road reconstruction by TR
ROAD RESTORATION	CPW545-01	1,144,508	Expenditure volume subject to timing of road reconstruction by TR
TRANS FACILITIES REHAB	CPW060-01	697,047	Urgent work was required to address reservoir expansion joints and electrical components.

SCOTT STREET PS UPGRADES	CWW476-01	618,000	To address a POA for additional services
CCTV INSPECTION	CWW465-03	585,843	Additional work undertaken due to higher demand from weather related calls
WATERMAIN CLEANING & LINING	CPW543-01	287,000	Additional cleaning and lining required to address water quality issues
HIGH LEVEL PUMPING BASEMENT PIPE REHAB	CPW061-14	210,244	Project awarded late 2013; award value higher than forecast carried in 2014 submission
SEWER REPLACEMENT -2011 PROGRAM	CWW472-06	173,000	Final costs for projects.
2012 WATER SERVICE REPLACEMENT	CPW544-09	81,000	Final costs for projects.
WORK AREA 1 REHAB	CWW040-04	68,000	Final costs for projects.
DRAIN LINING	CWW465-04	62,598	Additional work undertaken due to higher demand from weather related calls
LIQUID CHEMICAL SYSTEM RELOCATION	CPW061-06	48,545	Final costs for projects.
2010 WM REPLACEMENT PROGRAM	CPW542-06	28,000	Final costs for projects.
2010 WATER SERVICE REPAIR - COORD	CPW544-06	27,000	Final costs for projects.
ELECTRICAL REHAB ENGINEERING	CWW019-10	19,000	Final costs for projects.
TRANSMISSION OPERATIONS OPTIMIZER	CPW068-01	13,000	Award was slightly higher than budget.
OFFICES CONSTR/LAB REHAB	CPW044-03	10,904	Final costs for projects.
TRUNK W/M REHAB	CPW066-05	10,000	Final costs for projects.
MOBILE GENERATORS	CWW019-12	3,000	Final costs for projects.
ARC FLASH ANALYSIS	CPW067-03	(13,000)	Project is nearing completion, funding is available for reallocation.
SEWAGE FORCEMAIN REPLACEMENT	CWW472-07	(102,000)	Project completed
STAND-ALONE WATER SERVICE REPLACEMENT	CPW544-07	(108,000)	Projects are nearing completion with funds available for reallocation
DIST WM REPLACEMENT - 2011	CPW542-08	(110,000)	Projects are nearing completion with funds available for reallocation
SUB-TOTAL OF PROJECT REALLOCATIONS		5,340,925	
TOTAL BUDGET REALLOCATIONS		0	