

Toronto Water 2019 Capital Budget and 2020-2028 Capital Plan Adjustments

Date: June 11, 2019
To: Executive Committee
From: General Manager, Toronto Water
Wards: All

SUMMARY

This report requests City Council's authority to amend Toronto Water's Approved 2019 Capital Budget and 2020-2028 Capital Plan by adjusting project cash flows contained within the Budget and Plan, respectively, to align forecasted project accelerations and deferrals. Additional reallocations to project cashflows and project costs are requested where recent project bids or estimates exceed the current approved cashflow. These reallocations will allow Toronto Water to continue to deliver projects within its capital plan. The adjustments will have a zero dollar impact on the 2019 Capital Budget and 2020-2028 Capital Plan and will align the budget and plan with 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 cashflows within Toronto Water's approved 2019 Capital Budget and 2020-2028 Capital Plan in the amount of \$8.450 million, for acceleration and deferral of projects, as presented in Schedule A (Part A and B) to the report, with a zero Budget impact.
2. City Council authorize the reallocation of project costs and cashflows in Toronto Water's approved 2019 Capital Budget and 2020-2028 Capital Plan in the amount of \$12.121 million from projects that have been awarded under budget or delayed to those requiring additional funding in the same amount as presented in Schedule A (Part C), with a zero Budget impact.

FINANCIAL IMPACT

The approval of this report will authorize the acceleration and deferral of cashflows in Toronto Water's Approved 2019 Capital Budget and 2020-2028 Capital Plan in the total amount of \$8.450million and the reallocation of 2019-2028 approved project costs and cash flows in the total amount of \$8.450 million as detailed in Schedule A (attached).

A number of multi-year projects are projected to proceed ahead of the forecast. The accelerated spending of these projects is off-set by delays within other projects where construction is delayed due to delays in completed designs or delays in award due to high bid prices as outlined in Schedule A (Part A and B).

As outlined in Part C of Schedule A, additional funding is required for three projects at the Wastewater Treatment Plants. The additional costs for these projects are to be offset from funds available from projects awarded under budget.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2019 Capital Budget and 2020-2028 Capital Plan with Toronto Water's capital project delivery schedule and program requirements.

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

DECISION HISTORY

City Council at its meeting of March 7 and 8, 2019 approved Toronto Water's 2019 Capital Budget and 2020-2028 Capital Plan, which included approval of a 2019 Capital Budget cash flow of \$960.506 million. The Council Decision Document can be found at: <http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=15350>

The approved budget, through adjustment to the carry-forwards, was amended by City Council at its meeting of May 14 and 15 (EX 5.4 2019 Capital Budget Adjustments for Carry Forward Funding) resulting in an overall budget decrease of \$8.981 million and can be found at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX5.4>

Toronto Water's 2019 Approved Capital Budget was adjusted by Budget Committee on April 15, 2019 (BU 5.2 Toronto Water 2018 Year End Capital Budget and 2019-2028 Capital Plan Adjustments) with a zero dollar impact on 2019 Approved Capital Budget and 2020-2028 Capital Plan and can be found at: <http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=15868>

COMMENTS

Toronto Water is seeking to amend the 2019 Approved Budget and 2020-2028 Capital Plan to better align the cash flows with capital project delivery and program requirements, primarily to address accelerated project delivery at the Ashbridges Bay Wastewater Treatment Plant and linear Watermain Replacement Program and to address higher costs for three projects at the Wastewater Treatment Plants.

The majority of capital projects being delivered for Toronto Water are multi-year complex infrastructure projects. Accelerated spending, where projects are proceeding ahead of the forecast, as listed in Part A of Schedule A, can result from favourable weather/site conditions, and strong consultant/contractor performance.

Project under-spending, as listed in Part B of Schedule A, can arise from project delays. 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, consultant/contractor performance issues, delays in award due to high bid prices and negotiation of final payments.

The funding adjustment for projects being delivered ahead of schedule is to be offset by projects that are behind schedule. Descriptions are provided in Parts A and B of Schedule A.

Additional funding is required for three projects at the Wastewater Treatment Plants: the Ashbridges Bay Blower Building Improvements project and the Humber Operations Control Centre project where the bid prices have exceeded the approved budget, and the Odour Control Upgrades at the Highland Creek Treatment Plant where additional works are required to address unforeseen infrastructure and site conditions uncovered during construction.

The additional costs are offset by projects which have been awarded under budget or delayed, as outlined in Schedule A (Part C). The Sewer System Inspection and Replacement of Waste Gas Burners at Humber Wastewater Treatment Plant projects were awarded under-budget resulting in available funding for reallocation. The Lower Simcoe CSO project has been delayed pending completion of an Environmental Assessment, funding for this project will be requested in the 2020 budget.

CONTACT

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SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

ATTACHMENTS

Schedule A – Part A - Toronto Water 2019-2021 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2019-2021 Budget Adjustments Reallocations due to Deferrals

Schedule A – Part C - Toronto Water 2019-2021 Budget Adjustments Reallocations