



STAFF REPORT ACTION REQUIRED

Toronto Water 2010 Capital Budget Cashflow Reallocations

Date:	July 26, 2010
To:	Budget Committee
From:	Lou Di Gironimo
Wards:	All
Reference Number:	P:\2010\Cluster B\TW\bc10011

SUMMARY

The purpose of this report is to seek approval for reallocations in within the 2010 Approved Capital Budget and 2011-2019 Capital Plan in order to better align cash flows with program requirements.

RECOMMENDATIONS

The General Manager, Toronto Water recommends that:

1. City Council approve the cashflow adjustments and budget reallocations to Toronto Water's approved 2010 Capital Budget and 2011-2019 Capital Plan, with a zero net impact, as detailed in Appendix 1 of this report

Financial Impact

2010 capital funding in the amount of \$7.250 million will be reallocated from various Toronto Water capital projects to the following projects: Watermain Replacement - \$3.250 million, Water Services Replacement - \$3.000 million and Ashbridges Bay Odour Control - \$ 1.000 million, with a net zero impact on Toronto Water's 2010 Council approved Capital Budget.

Further reallocations to the Ashbridges Bay Odour Control project in the amount of \$14.000 million in 2011 and \$4.500 million in 2012 will occur offset by decreases in

various Toronto Water capital projects, resulting in a net zero impact in each year of the Council approved 2011 - 2019 Capital Plan.

Refer to Appendix 1 of this report for a listing of the recommended decreases in Toronto Water capital projects.

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 November 30, 2009 approved Toronto Water's 2010 Capital Budget of \$720.672 million and 2011-2019 Capital Plan.

A copy of the Council Decision Document can be found at:

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-11-30-cc42-dd.htm>

City Council, at its meeting June 8 and 9, 2010, adopted the report entitled, "Toronto Water 2009 and 2010 Capital Budget Cashflow Reallocations"

A copy of the Council Decision Document can be found at:

<http://www.toronto.ca/legdocs/mmis/2010/cc/decisions/2010-06-08-cc50-dd.htm>

ISSUE BACKGROUND

The Lead Water Services and associated Watermain Replacement Programs underway throughout the City have progressed well. Many of the 2010 tender calls for construction were issued earlier in the year and rates are quite competitive. Work is proceeding within budget and is coordinated with other City infrastructure projects. While there is sufficient project budget available for all planned work over 2010-2011; there is currently insufficient 2010 cashflow available to award a number of planned projects scheduled for late summer award.

In addition, the Emission Air Odour Control project at the Ashbridges Bay Wastewater Treatment Plant (ABTP) was deferred earlier this year and would benefit from tendering this fall to meet obligations to the Ministry of the Environment and local community with respect to odour control, and allow for proper coordination with the Toronto Hydro cogeneration facility and Aeration Tank Refurbishment projects at the ABTP.

The Emission Air contract is the central element of Phase 1 of the odour control strategy for the ABTP. This contract is expected to significantly reduce the odours in the neighbouring community. The City has made a commitment to the Ministry of the Environment, and the neighbouring community to implement these works as soon as possible.

Advancement of the Emission Air contract will also facilitate Toronto Hydro's construction of a cogeneration facility adjacent to the ABTP site that will utilize the methane gas produced through the wastewater process to generate heat and electricity. Toronto Hydro has plans to construct their cogeneration facility by December 2012 and this schedule relies on the construction of structural elements through the Emission Air contract that have been designed to accommodate the power cables and gas piping to the cogeneration facility.

Proceeding on the Emission Air contract will also allow for the advancement of a further contract related to the Phase 1 odour control strategy which includes upgrades to the existing Aeration Tanks). This contract cannot proceed until the completion of the Emission Air contract in order to avoid liability issues created by con-current construction projects.

A number of projects originally scheduled for 2010 has been deferred due to coordination issues, land negotiations delays, etc. and as a result, the approved 2010 cashflow is expected to be unspent at year-end. The timing of these projects have been reconsidered in the development of Toronto Water's 2011-2020 Capital Budget, currently underway.

COMMENTS

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
Toronto Water

ATTACHMENTS

APPENDIX 1 - Toronto Water Capital Budget – 2010-2019 Budget Adjustments and Reallocations

**APPENDIX 1 - TORONTO WATER CAPITAL BUDGET
2010-2019 BUDGET ADJUSTMENTS AND REALLOCATIONS**

WBS	Project Name	Total Project Cost	2010	2011	2012	2013-2019	Comment
	APPROVED CAPITAL BUDGET & 10-YEAR FORECAST		720,672	791,863	783,584	6,378,062	Zero Net Impact
	Adjustments		0	0	0	0	
	Adjusted 2010 to 2019 Plan		720,672	791,863	783,584	6,378,062	
CPW039	BUSINESS SYSTEM IMPROVEMENTS	45,327	7,295	4,670	5,701	19,095	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(1,500)	(500)	(1,000)	0	0	
	Adjusted 2010 to 2019 Plan	43,827	6,795	3,670	5,701	19,095	
CPW064	ISLAND WTP EQUIPMENT R&R	9,513	1,955	2,250	325	400	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(750)	(750)			0	
	Adjusted 2010 to 2019 Plan	8,763	1,205	2,250	325	400	
CPW542	WATERMAIN REPLACEMENT	432,078	43,930	89,100	83,948	55,000	Additional cashflow required for fall awards
	Adjustments	3,250	3,250			0	
	Adjusted 2010 to 2019 Plan	435,328	47,180	89,100	83,948	55,000	
CPW544	LEAD WATER SERVICE REPLACEMENT	155,182	24,320	21,600	21,023	0	Additional cashflow required for fall awards
	Adjustments	3,000	3,000			0	
	Adjusted 2010 to 2019 Plan	158,182	27,320	21,600	21,023	0	
CWW019	ASHBRIDGES BAY T.P. R&R	105,662	11,955	11,094	12,541	27,073	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(500)	(500)				
	Adjusted 2010 to 2019 Plan	105,162	11,455	11,094	12,541	27,073	
CWW030	HUMBER WTP - REPLC FINAL TK RETURN HEADER	28,056	2,336	7,254	4,250	1,955	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(500)	(500)			0	
	Adjusted 2010 to 2019 Plan	27,556	1,836	7,254	4,250	1,955	
CWW034	OPERATIONAL SUPPORT	26,428	4,301	2,550	1,150	2,100	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(500)	(500)			0	
	Adjusted 2010 to 2019 Plan	25,928	3,801	2,550	1,150	2,100	
CWW036	HIGHLAND CREEK WWTP - R&R	181,817	14,045	20,119	29,972	76,458	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(2,000)		(2,000)		0	
	Adjusted 2010 to 2019 Plan	179,817	14,045	18,119	29,972	76,458	

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2010-2019 BUDGET ADJUSTMENTS AND REALLOCATIONS**

WBS	Project Name	Total Project Cost	2010	2011	2012	2013-2019	Comment
CWW038	ASHBRIDGES BAY WWTP - BUILDING UPGRADES	32,765	2,800	5,125	3,250	8,300	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(500)	(500)			0	
	Adjusted 2010 to 2019 Plan	32,265	2,300	5,125	3,250	8,300	
CWW040	ASHBRIDGES BAY WWTP - LIQUID TREATMENT UPGRADES	127,343	5,400	8,800	10,400	93,850	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(7,000)		(3,500)	(3,500)	0	
	Adjusted 2010 to 2019 Plan	120,343	5,400	5,300	6,900	93,850	
CWW041	ASHBRIDGES BAY WWTP - MISC MECH REHAB	21,475	2,100	3,000	3,000	12,775	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(1,500)		(1,500)	0	0	
	Adjusted 2010 to 2019 Plan	19,975	2,100	1,500	3,000	12,775	
CWW042	ASHBRIDGES BAY WWTP - ODOUR CONTROL	94,872	10,000	22,000	19,800	41,400	Additional funds required to tender project in 2010 for optimum coordination
	Adjustments	19,500	1,000	14,000	4,500	0	
	Adjusted 2010 to 2019 Plan	114,372	11,000	36,000	24,300	41,400	
CWW045	HIGHLAND CREEK WWTP - ODOUR CONTROL	6,324	1,055	1,500	1,510	1,200	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(500)	(500)			0	
	Adjusted 2010 to 2019 Plan	5,824	555	1,500	1,510	1,200	
CWW049	HUMBER WWTP - O&M UPGRADES	29,341	3,700	10,300	5,500	6,045	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(7,000)		(6,000)	(1,000)		
	Adjusted 2010 to 2019 Plan	22,341	3,700	4,300	4,500	6,045	
CWW050	HUMBER WWTP - ODOUR CONTROL	29,300	250	1,050	7,000	21,000	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(250)	(250)			0	
	Adjusted 2010 to 2019 Plan	29,050	0	1,050	7,000	21,000	
CWW447	SWM INA/EA	48,967	6,660	6,502	5,080	7,765	Project rescope and funds not required for completion
	Adjustments	(250)	(250)			0	
	Adjusted 2010 to 2019 Plan	48,717	6,410	6,502	5,080	7,765	
CWW472	SEWER REPLACEMENT	130,561	20,100	13,568	0	0	Project schedule adjusted and reflected in 2011 Budget Submission
	Adjustments	(3,000)	(3,000)			0	
	Adjusted 2010 to 2019 Plan	127,561	17,100	13,568	0	0	
	NET IMPACT	0	0	0	0	0	