



**STAFF REPORT  
ACTION REQUIRED**

**Toronto Water 2013 Capital Budget Adjustments and Accelerations / Deferrals**

<b>Date:</b>	May 23, 2013
<b>To:</b>	Budget Committee
<b>From:</b>	General Manager, Toronto Water
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2013\Cluster B\TW\bc13012

**SUMMARY**

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This report requests City Council’s authority to amend Toronto Water's Approved 2013 Capital Budget and 2014-2022 Capital Plan by adjusting project cashflows contained within the Budget and Plan, respectively, to better meet program requirements. The adjustment of project cash flows will have a zero gross overall Capital Budget impact and will better align 2013 and future year cash flows with Toronto Water's capital project delivery schedule and program requirements.

**RECOMMENDATIONS**

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**The General Manager of Toronto Water recommends that:**

1. City Council authorize the reallocation of funds in Toronto Water's approved 2013 Water Capital Budget in the amount of \$1,200,000, as presented in Schedule A, with a zero gross Budget impact.
2. City Council authorize the deferral and acceleration of funds in Toronto Water's approved 2013 Capital Budget and 2014-2022 Capital Plan in the amount of \$20,795,000 as presented in Schedule A, with a zero gross impact.

## **FINANCIAL IMPACT**

There are no additional costs to the City as a result of approval of this report.

The approval of this report will authorize the reallocation of 2013 approved cash flows in the total amount of \$1,200,000 as detailed in Schedule A (attached); and the deferral and acceleration of funds in Toronto Water's approved 2013 Capital Budget and 2014-2022 Capital Plan in the total amount of \$20,795,000, as presented in Schedule A.

Due to delayed permit approvals or unforeseen site conditions that have impacted project designs, several capital projects have fallen behind schedule in 2013. As a result, funding from these delayed projects is available for reallocation to accelerate critical infrastructure renewal projects that can be delivered earlier than originally scheduled. In 2014, funding from projects that were accelerated in 2013, will become available for reallocation to complete those projects that were deferred to 2014.

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 27, 28 and 29, 2012, approved Toronto Water's 2013 Capital Budget and 2014-2022 Capital Plan, which included approval of a 2013 Capital Budget cash flow of \$527.842 million and 2012 carry-forward funding of \$131.390 million. The Council Decision Document can be found at: <http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=5668>

Subsequent adjustments reflecting the final 2012 in-year carry forward funding were approved by Council on May 7, 2013 (EX31.17: 2012 In-Year Capital Budget Adjustments and Capital Carry-Forward Funding Adjustments to the 2013 Approved Capital Budget) resulting in a 2013 cashflow of \$671.545 million, including carry forward funding of \$145.669 million.

## **ISSUE BACKGROUND**

Toronto Water requires the amendments of the 2013 Approved Capital Budget and 2014-2022 Capital Plan to better align cash flows with capital project delivery and program requirements.

The following amendments in project cash flow are being requested:

- a) Sewer and watermain rehabilitation projects  
Additional funding is required to permit the tendering and contract awards for the renewal of priority sewers and watermains in poor condition. Trenchless technologies, will be used to minimize impact on road infrastructure and disruption to the community. These projects do not require any engineering design and can be executed this year.
- b) Stream restoration projects  
Toronto Water has identified a number of stream locations, where stream bank and bed erosion has exposed critical sanitary trunk sewer infrastructure. Stream restoration construction work aimed at protecting this infrastructure, from failure and mitigating the risk of environmental damage, is underway at a number of priority locations and is progressing ahead of schedule. Additional funding is required to permit continuation of the work at the current rate of progress.
- c) R.C. Harris Water Treatment Plant and Water Transmission System  
Critical restoration work at the R.C. Harris Water Treatment Plant including the refurbishment of two water filter beds and the replacement of deteriorating asbestos cement pipe insulation material with new PVC insulation is progressing ahead of schedule, and additional cash flow is therefore required. In addition, four water service investigator trucks are required to meet legislative requirements related to the operation and maintenance of the water transmission system and ensure an effective and immediate response to emerging water quality and quantity issues.
- d) Emery Creek Stormwater Management Facility  
The Emery Creek Stormwater Management Facility includes the construction of three interconnected stormwater ponds to intercept and provide water quality treatment for dry and wet weather flows from Emery Creek, prior to discharge to the Humber River. The detailed design for this project has now been completed and a pretender estimate has been developed, which exceeds the original approved budget. Additional funding is required to permit the tendering and contract award for this project in 2013.

## COMMENTS

Approval is being sought to amend Toronto Water's Approved 2013 Capital Budget and 2014-2022 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 for new priority projects. It is proposed that this additional

funding be drawn from a project which is under budget; and projects which have fallen behind schedule due to contract award delays associated with delayed permit approvals; and projects where unforeseen site conditions have delayed completion of engineering design and construction.

## **CONTACT**

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## **SIGNATURE**

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Lou Di Gironimo  
General Manager, Toronto Water

## **ATTACHMENTS**

Schedule A – Toronto Water 2013 Capital Budget Amendments, Deferrals/Accelerations