



## STAFF REPORT ACTION REQUIRED

### Toronto Water 2015 Capital Budget and 2016-2024 Capital Plan Budget Adjustments

<b>Date:</b>	August 4, 2015
<b>To:</b>	Budget Committee
<b>From:</b>	General Manager, Toronto Water
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2015\Cluster B\TW\BC15014

### SUMMARY

---

This report requests City Council's authority to amend Toronto Water's Approved 2015 Capital Budget and 2016-2024 Capital Plan by adjusting project costs and 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 bid prices have exceeded 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 2015 Capital Budget and will align the 2015 Capital Budget to 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 within Toronto Water's approved 2015 Capital Budget in the amount of \$27.362 million, for acceleration and deferral of projects, as presented in Schedule A (Part A & B), with a zero Budget impact.
2. City Council authorize the reallocation of funds in Toronto Water's approved 2015 Capital Budget and 2016 – 2024 Capital Plan in the amount of \$21.612 million from projects that are 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 reallocation of 2015 - 2024 approved cash flows in the total amount of \$21.612 million as detailed in Schedule A (attached) and the deferral and acceleration of funds in Toronto Water's approved 2015 Capital Budget and 2016-2024 Capital Plan in the total amount of \$27.362 million, as presented in Schedule A.

Bid prices for critical transmission watermain and for engineering services for an integrated pumping station at Ashbridges Bay Treatment Plant have exceeded estimates and additional funding is required for construction of stormwater management conveyance projects. Funding for reallocation is available where two projects are delayed and no longer expected to start construction in 2015.

A number of large multi-year projects are being delivered ahead of schedule. The accelerated spending of these projects is off-set by delays within other projects where design or construction is delayed due to site conditions.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2015 Capital Budget with Toronto Water's capital project delivery schedule and program requirements.

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

## **DECISION HISTORY**

City Council at its meeting of March 10 and 11, 2015 approved Toronto Water's 2015 Capital Budget and 2016-2024 Capital Plan, which included approval of a 2015 Capital Budget cash flow of \$726.421 million and 2014 carry-forward funding of \$55.982 million. The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=9689>

The approved budget, through adjustments to the carry-forwards, was amended by Budget Committee on April 21, 2015 (BU7.1 2015 Capital Budget Carry Forward Funding Adjustments – 2014 Projects Closure and 2015 Operating Budget Re-allocation) resulting in an overall budget reduction of \$28.603M and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=9944>

Toronto Water's 2015 Approved Capital Budget was adjusted by Budget Committee on June 9, 2015 (BU9.2 Toronto Water 2015 Capital Budget and 2016-2024 Capital Plan Reallocations) with a zero dollar impact on the 2015 Approved Capital Budget and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=9946>

## **ISSUE BACKGROUND**

Toronto Water is seeking the amendment of its 2015 Approved Budget and 2016-2024 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.

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 to award projects where bid prices exceeded estimates for cast iron transmission watermain projects, engineering services for an integrated pumping station at Ashbridges Bay Treatment Plant and stormwater management conveyance projects and additional work is required on water pumping stations as described in Part C of Schedule A.

## **COMMENTS**

Approval is being sought to amend Toronto Water's Approved 2015 Capital Budget and 2016 – 2024 Capital Plan as outlined in the attached Schedule A to better align cash flows to forecasted expenditures to reflect the 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.

## CONTACT

Graham Harding, P.Eng.  
Director  
Water Infrastructure Management  
Toronto Water  
Tel.: (416) 397-4631  
E-mail: [ghardin2@toronto.ca](mailto:ghardin2@toronto.ca)

Annette Kopec, P.Eng.  
Manager, Capital Programming &  
Facilities Asset Planning  
Water Infrastructure Management  
Toronto Water  
Tel: (416) 392-8845  
E-mail: [akopec@toronto.ca](mailto:akopec@toronto.ca)

## SIGNATURE

---

Lou Di Gironimo  
General Manager  
Toronto Water

## ATTACHMENTS

Schedule A – Toronto Water 2015 Capital Budget Adjustments, Deferrals/Accelerations

**Schedule A – Part A**  
**Toronto Water 2015 Capital Budget**  
**Accelerated Projects**

PROGRAM	SUB-PROJECT	WBS	2015	2016	Comments
HORGAN WTP	PLANT EXPANSION - CONSTRUCTION	CPW002-3	292,000	(292,000)	Construction for platform is being completed in 2015.
WATER SERVICE REPLC	2014 WATER SERVICE REPLACEMENT - SOGR	CPW544-12	1,674,525	(1,674,525)	Project completion is accelerated
ASHBRIDGES BAY WTP	PT ENGINEERING	CWW019-08	585,000	(585,000)	Contract Admin for P building upgrades aligns with accelerated construction
ASHBRIDGES BAY WTP	FERROUS UPGRADES	CWW019-24	165,000	(165,000)	Design is proceeding ahead of schedule
ASHBRIDGES BAY WTP	PRIMARY TREATMENT UPGRADE CONT #1	CWW040-07	8,000,000	(8,000,000)	P building upgrades are proceeding ahead of schedule
HIGHLAND CREEK WWTP	ODOUR CONTROL UPGRADES - PHASE 1 ENG	CWW045-01	870,000	(870,000)	Project engineering is ahead of schedule
HIGHLAND CREEK WWTP	WAS THICKENING AND DEWATERING CONSTR	CWW047-01	1,755,000	(1,755,000)	Project delivery was accelerated in 2014 and carries into 2015
BASEMENT FLOODING	BASEMENT FLOODING RELIEF - BACKFLOW GRANTS	CWW421-01	3,500,000	(3,500,000)	Demand for subsidy program remains high
SEWER REHAB	SEWER REHAB PROGRAM	CWW465-06	2,500,000	(2,500,000)	Project delivery ahead of schedule
NEW SEWERS	WATERFRONT TORONTO STORMWATER INFRA	CWW472-11	4,000,000	(4,000,000)	Initially delayed, project delivery is proceeding ahead
NEW SEWERS	WATERFRONT TORONTO SANITARY INFRASTRUCTURE	CWW472-12	4,020,000	(4,020,000)	Initially delayed, project delivery is proceeding ahead
<b>SUB-TOTAL</b>			27,361,525	(27,361,525)	

**Schedule A – Part B**  
**Toronto Water 2015 Capital Budget**  
**Delayed Projects**

PROGRAM	SUB-PROJECT	WBS	2015	2016	Comments
WATER STORAGE & PUMPING STN	RESERVOIR REHAB/WATER QUALITY PROTECTION	CPW060-07	(5,000,000)	5,000,000	Delay due to need to coordinate with community and multiple park users with permits.
HARRIS WTP	REHAB OF SETTLING BASIN ROOF & SLUICE GATE	CPW061-13	(2,000,000)	2,000,000	Delay in design completion that required dewatering of each basin that impacts construction schedule.
TRUNK SEWERS	TRUNK SEWER REHABILITATION - 2014	CWW014-15	(7,000,000)	7,000,000	Access to infrastructure in ravines has impacted scope and schedule of this program; additional easement required.
ASHBRIDGES BAY WWTP	ELECTRICAL REHAB	CWW019-11	(3,000,000)	3,000,000	Delivery delayed due to vendor performance issues.
HIGHLAND CREEK WWTP	ELECTRICAL UPGRADES - ECAR	CWW036-12	(1,020,000)	1,020,000	Delivery of one project is delayed due to bidding issues.
ASHBRIDGES BAY WWTP	FINE BUBBLE AERATION AND PILOT TESTING O	CWW040-01	(2,000,000)	2,000,000	During construction discovered gas bubbling in the aeration tank that required investigation. Construction delayed.
ASHBRIDGES BAY WWTP	RAW SEWAGE PUMP STN REBUILD ENGINEERING	CWW040-02	(1,341,525)	1,341,525	Project delayed to coordinates scope with the Don & Central Waterfront project
HIGHLAND CREEK WWTP	ODOUR CONTROL UPGRADES PHASE 1 CONST	CWW045-02	(2,000,000)	2,000,000	Equipment being delivered from Germany
WET WEATHER FLOW	STREAM RESTORATION	CWW466-03	(4,000,000)	4,000,000	Designs and construction subject to meeting permits approvals and constraints regarding construction windows.
SUB-TOTAL			(27,361,525)	27,361,525	

# Schedule A – Part C

## Toronto Water 2015 Capital Budget

### Reallocations

PROGRAM	SUB-PROJECT	WBS	2015	2016	2017	2018	REVISED TOTAL PRJ COST	COMMENTS
Water Storage & Pumping Station	Trans Facilities Rehab	CPW060-01	230,000				1,235,000	Funding required to replace pumps and other equipment at pumping stations that have failed or been damaged due to flooding.
Water Storage & Pumping Station	Scarborough PS – Pump Replc	CPW060-05		414,326			619,326	Pump replacement at two pumping stations was delivered under one contract but split between two accounts one for each pumping station. A budget reallocation is required to align the actual cost of pump replacement at each of the pumping stations. There is no change to the total project cost of the combined projects.
Ashbridges Bay Treatment Plant	Raw Sewage Pump Stn Rebuild (Integrated Pumping Station) Engineering	CWW040-02		4,125,000	3,387,000	4,000,000	56,184	Bid prices for engineering services including design, contract administration and post-construction exceeded estimates and reflect the complexity and duration of the project. Engineering services for this project span 10 years for the construction of an integrated pumping station at the Ashbridges Bay Treatment Plant.
Wet Weather Flow	SWM Conveyance 2014	CWW447-10	3,100,000				5,279,000	Project costs exceeded estimate; funds available within Stormwater Management program to proceed to construction
Transmission Watermain	Cast Iron Trunk Replc – Phase 2	CPW058-13	2,000,000	4,356,000			23,402,000	3 contracts exceeded consultants estimate.
<b>SUB-TOTAL</b>			<b>5,330,000</b>	<b>8,895,326</b>	<b>3,387,000</b>	<b>4,000,000</b>		

PROGRAM	SUB-PROJECT	WBS	2015	2016	2017	2018	REVISED TOTAL PRJ COST	COMMENTS
Water Storage & Pumping Station	Eglinton PS – Pump Replc	CPW060-06		(414,326)			1,103,674	Pump replacement at two pumping stations was delivered under one contract but split between two accounts one for each pumping station. A budget reallocation is required to align the actual cost of pump replacement at each of the pumping stations. There is no change to the total project cost of the combined projects.
Wet Weather Flow	Ashbridges Bay Landforms	CWW447-13	(3,330,000)	(8,481,000)	(3,387,000)	(4,000,000)	13,882,000	Design delayed. Construction will not commence in 2015; funds available for reallocation.
New Sewers	Downsview Lands External Upgrades	CWW453-04	(2,000,000)				6,000,000	Project requires site plan approval to proceed. Construction will not commence in 2015; funds are available for reallocation
<b>SUB-TOTAL</b>			(5,330,000)	(8,895,326)	(3,387,000)	(4,000,000)		