

Toronto Water 2017 Capital Budget and 2018-2026 Capital Plan Adjustments

Date: August 21, 2017
To: Budget Committee
From: General Manager, Toronto Water
Wards: All

SUMMARY

This report requests City Council's authority to amend Toronto Water's Approved 2017 Capital Budget and 2018-2026 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 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 2017 Capital Budget and 2018-2026 Capital Budget and Plan and will align the budget and plan with Toronto Water's capital project delivery schedule and program requirements.

RECOMMENDATIONS

The General Manger of Toronto Water recommends that:

1. City Council authorize the reallocation of funds within Toronto Water's approved 2017 Capital Budget and 2018-2026 Capital Plan in the amount of \$29.772 million, for acceleration and deferral of projects, as presented in Schedule A (Part A and B), with a zero Budget impact.
2. City Council authorize the reallocation of funds in Toronto Water's approved 2017 Capital Budget and 2018-2026 Capital Plan in the amount of \$5.474 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 funds in Toronto Water's approved 2017 Capital Budget and 2018-2026 Capital Plan in the total amount of \$29.772 million and the reallocation of 2017-2026 approved cash flows in the total amount of \$5.474 million as detailed in Schedule A (attached).

A number of 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 as outlined in Schedule A (Part A and B).

Additional funding is required for three projects at the Ashbridges Bay Treatment Plant: for a feasibility study for the Operations Centre project where the bid price has exceeded the approved budget; for the relocation of the Rugby Pitch just north of the plant to create a construction staging area for the Integrated Pumping Station project where the cost upon the completion of detailed design exceeded the conceptual design cost; for the Truck Loading Biofilter Upgrades project due unforeseen conditions and design issues uncovered during construction. Funding is available from a project awarded under budget and two delayed projects as outlined in Schedule A (Part C).

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2017 Capital Budget and 2018-2026 Capital Plan 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 December 13, 14 and 15, 2016 approved Toronto Water's 2017 Capital Budget and 2018-2026 Capital Plan, which included approval of a 2017 Capital Budget cash flow of \$859.144 million. The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=10878>

The approved budget, through adjustment to the carry-forwards, was amended by Budget Committee on March 27, 2017 (BU 31.1 2017 Capital Budget Adjustments for Carry Forward Funding) resulting in an overall budget decrease of \$15.609 million and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=12189>

Toronto Water's 2017 Approved Capital Budget was adjusted by Budget Committee on May 11, 2017 (BU 32.4 Toronto Water 2017 Capital Budget and 2018-2026 Capital Budget Reallocations) with a zero dollar impact on 2017 Approved Capital Budget and 2018-2026 Capital Plan and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=12190>

COMMENTS

Toronto Water is seeking to amend the 2017 Approved Budget and 2018-2026 Capital Plan to better align the cash flows with capital project delivery and program requirements, primarily to address accelerated project delivery at treatment plants and to address higher costs for three projects at the Ashbridges Bay Treatment Plant.

The majority of capital projects being delivered for Toronto Water are multi-year complex infrastructure projects. Project accelerations, 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 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. As outlined in Part C of Schedule A, additional funding is required for three Ashbridges Bay Treatment Plant projects. The additional costs for these projects are to be offset from funds available from two delayed projects and one project awarded under budget.

The Operations Centre feasibility study at the Ashbridges Bay Treatment Plant will review functional space of operations works areas distributed across the plant and consider future space requirements in response to extensive on-going and planned upgrades at the plant. The bid price for the study exceeds the cost estimate and additional funding is required for award.

The relocation of a rugby pitch located north of the Ashbridges Bay Treatment Plant adjacent to the plant's M&T pumping stations is required to provide a construction staging area for 2018 for the construction of the Integrated Pumping Station for the plant. The proposed location of the rugby pitch from an initial conceptual landscape plan needed to be revised due to conflicts with underground infrastructure surrounding the M&T pumping stations. Additional costs to remove an existing berm at a revised location for the rugby pitch and costs to prepare the construction staging area have increased the initial cost of the project and additional funding is required.

The Truck Loading Biofilter Upgrades project at the Ashbridges Bay Treatment Plant was awarded for construction in 2015 at a cost of \$15.9 million (net of HST recoveries). During construction, delays and costs have been incurred as a result of unforeseen site conditions and issues with the design. Additional funding is required for an amendment to the construction purchase order. The report to request the amendment is on the agenda of the September 19, 2017 Public Works and Infrastructure Committee meeting.

As outlined in Part C of Schedule A, funds are available for reallocation as follows. Upon completion of a Process Roadmap for the Ashbridges Bay Treatment Plant, it has been concluded that plant expansion is not required and funding is not required for an Environmental Assessment. The Architectural Upgrades project for the Clark Water Treatment Plant was awarded under-budget resulting in available funding for reallocation. The replacement of sewers as part of the 2017 Stormwater Management Conveyance project has been delayed due to issues in acquiring land through easement or expropriation, funding for this project will be requested in the 2018 budget.

CONTACT

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SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

ATTACHMENTS

Schedule A – Part A - Toronto Water 2017-2018 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2017-2018 Budget Adjustments Reallocations due to Deferrals

Schedule A - Part C - Toronto Water 2017-2018 Budget Adjustments Reallocations