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Briefing Note

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2018 Capital Budget Briefing Note Options for expediting the Wet Weather Flow Master Plan Budget Summary

Issue:

The Budget Committee at its meeting November 10, 2017 requested that the General Manager of Toronto Water to submit a briefing note to the November 28, 2017 Executive Committee meeting providing a status update on the Wet Weather Flow Management Plan and options for expediting the implementation of the plan.

Background:

Council, at its meeting of December 8, 9, and 12, 2005, approved annual 9% water rate increases each year starting in 2006 and continuing through 2014 to address the need to renew aging infrastructure.

Council, as part of the 2015 budget approval process, approved additional 8% water rate increases in 2015 and 2016, followed by successive 5% increases in 2017 and 2018, in order to offset approximately \$1 billion in capital funding lost from a systematic decline in water consumption, and to fund emerging projects.

On May 9, 2017 Public Works and Infrastructure Committee received the report entitled, "2017 Wet Weather Flow Master Plan (WWFMP) Implementation Status Update" from the General Manager, Toronto Water for information. This report advised on the implementation status of the City's 2003 WWFMP to the end of 2016, and highlighted the implementation priorities over the next five to ten years. The information presented in this report remains current. The next update is forecasted to take place five years from now, in 2022. The Public Works and Infrastructure Committee decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PW21.6>

Key Points:

- In order to assess the opportunities to expedite the implementation of the WWFMP, a detailed review of the schedule and delivery plan for the Basement Flooding Protection Program, Wet Weather Flow Program and the Don River and Central Waterfront project was undertaken.
- Projects considered for acceleration were evaluated based on a review of: project priority; construction co-ordination; industry capacity to deliver; stage-gating of the

projects to ensure delivery is achievable for each phase of the projects; and additional resources required to deliver an expedited capital program.

- Basement Flooding Environmental Assessment (EA) studies and the design and construction of the Basement Flooding Protection Program are not recommended for acceleration due to limited capacity within the engineering and construction industries to deliver an accelerated program.
- The Wet Weather Program is already prioritized for delivery in accordance with the *2017 Wet Weather Flow Master Plan (WWFMP) Implementation Status Update* report, and further acceleration of projects is not recommended.
- A review of the Don River and Central Waterfront Project indicates that the design and construction of the remaining phases of this project may be expedited.
- Table 1 outlines an option for an expedited delivery plan for the Don River and Central Waterfront Project. The net impact of this acceleration on the reserve is \$685 Million.
- Based on the funding allocated in the recommended 2018-2027 Capital Plan, the earliest that the Don River and Central Waterfront Project would be completed is 2035. The expedited plan described in Table 1 would support completion in 2028.

Table 1: Expediting the Implementation of the Wet Weather Flow Management Plan

PROJECT	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2027	Original Start Year	Revised Start year
DON & WATERFRONT TRUNK/CSO CONSTRUCTION - PHASE 2	0	2,000	3,500	4,000	27,500	47,500	47,500	47,500	30,500	0	210,000	2025	2019
DON & WATERFRONT TRUNK/CSO CONSTRUCTION - PHASE 3+	0	2,000	8,000	8,000	45,000	127,000	123,000	123,000	123,000	73,000	632,000	2028+	2019
TOTAL CAPITAL BUDGET IMPACT	0	4,000	11,500	12,000	72,500	174,500	170,500	170,500	153,500	73,000	842,000	n/a	n/a
OPERATING IMPACT OF ACCELERATED DON RIVER AND CENTRAL WATERFRONT	300	300	300	300	300	300	300	300	300	200	2,900	n/a	n/a
TOTAL OPERATING BUDGET IMPACT	300	300	300	300	300	300	300	300	300	200	2,900	n/a	n/a

- A detailed phasing and implementation plan should be developed through further review and consultation with the Engineering and Construction Services division.
- In order to deliver an expedited program, additional engineering staff would be required. The operational impact of the requirement for three positions for Engineering and Construction Services starting in 2018 is shown in Table 1.
- The current 2018-2027 Capital Budget and Plan reflects a prioritized program. Additional revenues would be required in order to expedite the Don River and Central Waterfront project.
- Table 2 outlines two water rate scenarios for Block 1 and 2 users to increase revenues by more than \$750 Million to expedite the implementation of the Wet Weather Flow Master Plan.
- A reduction of 1% or more to the water rate scenarios outlined in Table 2 will not generate the minimum revenues required to expedite the delivery of the Don River and Central Waterfront Project.

Table 2: Rate Scenario for Additional Revenue from 2018 to 2027

Options		2018*	2019	2020	2021	2022	Additional Revenue Generated
1	Block 1	5%	7.2% °	6%	3%	3%	\$754,287,614
	Block 2	5%	7.2% °	6%	3%	3%	
2	Block 1	5%	6% °°	5%	5%	4%	\$786,820,641
	Block 2	5%	6% °°	5%	5%	4%	

* Rate increases of 5% in 2018 have been previously approved

° Effective rate increase of 6% due to election year

°° Effective rate increase of 5% due to election year

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Circulated to: Executive Committee

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