

Toronto Water 2019 Capital Budget and 2020-2028 Capital Plan Adjustments

Date: August 22, 2019

To: Executive Committee

From: General Manager, Toronto Water

Wards: All

SUMMARY

This report requests City Council's authority to amend Toronto Water's Approved 2019 Capital Budget and 2020-2028 Capital Plan by adjusting project 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 additional project costs 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 2019 Capital Budget and 2020-2028 Capital Plan and will align the budget and plan with 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 cashflows within Toronto Water's approved 2019 Capital Budget and 2020-2028 Capital Plan in the amount of \$28.510 million, for acceleration and deferral of projects, as presented in Schedule A (Part A and B) to the report, with a zero Budget impact.
2. City Council authorize the reallocation of project costs and cashflows in Toronto Water's approved 2019 Capital Budget and 2020-2028 Capital Plan in the amount of \$13.976 million from projects that have been awarded under budget or completed 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 cashflows in Toronto Water's Approved 2019 Capital Budget and 2020-2028 Capital Plan in the total amount of \$28.510 million and the reallocation of 2019-2028 approved project costs and cash flows in the total amount of \$13.976 million as detailed in Schedule A (attached).

A number of multi-year projects are projected to proceed ahead of the forecast. The accelerated spending of these projects is off-set by delays within other projects where works are delayed due to delays in completing designs, due to coordination with other projects or delays to construction works as outlined in Schedule A (Part A and B).

As outlined in Part C of Schedule A, additional funding is required for two projects at the Wastewater Treatment Plants, and for additional CCTV inspection works. The additional costs for these projects are to be offset from funds available from projects awarded under budget, or project which have been completed under budget with funds available for reallocation.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2019 Capital Budget and 2020-2028 Capital Plan with Toronto Water's capital project delivery schedule and program requirements.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Toronto Water's 2019 Approved Capital Budget was adjusted by Executive Committee on July 4, 2019 (EX7.26 Toronto Water 2019 Capital Budget and 2020-2028 Capital Plan Adjustments) with a zero dollar impact on 2019 Approved Capital Budget and 2020-2028 Capital Plan and can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX7.26>

The approved budget, through adjustment to the carry-forwards, was amended by City Council at its meeting of May 14 and 15, 2019 (EX 5.4 2019 Capital Budget Adjustments for Carry Forward Funding) resulting in an overall budget decrease of \$8.981 million and can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX5.4>

Toronto Water's 2019 Approved Capital Budget was adjusted by Budget Committee on April 15, 2019 (BU 5.2 Toronto Water 2018 Year End Capital Budget and 2019-2028 Capital Plan Adjustments) with a zero dollar impact on 2019 Approved Capital Budget and 2020-2028 Capital Plan and can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=15868>

City Council at its meeting of March 7 and 8, 2019 approved Toronto Water's 2019 Capital Budget and 2020-2028 Capital Plan, which included approval of a 2019 Capital Budget cash flow of \$960.506 million. The Council Decision Document can be found at: <http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=15350>

COMMENTS

Toronto Water is seeking to amend the 2019 Approved Budget and 2020-2028 Capital Plan to better align the cash flows with capital project delivery and program requirements, primarily to address accelerated project delivery for the Watermain and Sewer replacement programs, Basement Flooding Protection Program and works at the Ashbridges Bay Wastewater Treatment Plant, and to address higher costs for two projects at the Wastewater Treatment Plants.

The majority of capital projects being delivered for Toronto Water are multi-year complex infrastructure projects. Accelerated spending, where projects are proceeding ahead of the forecast, 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 or site conditions, unforeseen ground/site conditions, delays resulting from inclement weather, delays resulting from technical coordination to maintain operations or address operational requirements, consultant/contractor performance issues, delays in executing agreements, delays in award 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 for two projects at the Ashbridges Bay Wastewater Treatment Plants: the Biofilter Upgrade where additional costs are required to accommodate an extended timeline for completion of the works and the Raw Sewage Pumping Station Rebuild Engineering project where additional engineering costs are required due to the project complexity and to address additional design components. Additional funding is required for the CCTV Inspection project, where there has been a higher than anticipated demand for this service in 2019.

The additional costs are offset by projects which have been awarded under budget, completed under budget or cancelled, as outlined in Schedule A (Part C). The Sewer System Inspection project and the Heating and Air Systems project at Ashbridges Bay Treatment Plant were awarded under-budget resulting in available funding for reallocation. Several Watermain Replacement, Sewer Replacement and Cast Iron Trunk Replacement projects have been completed under budget with funds available for reallocation. The scope of work for the Environmental Assessment project at

Ashbridges Bay will be consolidated into the scope of work for another study at the plant, and funds are available for reallocation.

CONTACT

Eleanor McAteer, Director, Water Infrastructure Management, Toronto Water,
Telephone: (416)397-4631, E-mail: Eleanor.McAteer@toronto.ca

Katherine Crowther, Manager, Capital Programming & Facility Asset Planning, Water
Infrastructure Management, Toronto Water, Telephone: (416) 392-7695, E-mail:
Katherine.Crowther@toronto.ca

SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

ATTACHMENTS

Schedule A – Part A - Toronto Water 2019-2021 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2019-2021 Budget Adjustments Reallocations due to Deferrals

Schedule A – Part C - Toronto Water 2019-2021 Budget Adjustments Reallocations