

Toronto Water 2020 Capital Budget and 2021-2029 Capital Plan Adjustments

Date: September 24, 2020

To: City Council

From: General Manager Toronto Water

Wards: All

SUMMARY

This report requests City Council's authority to amend Toronto Water's Approved 2020 Capital Budget and 2021-2029 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 2020 Capital Budget and 2021-2029 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 2020 Capital Budget and 2021-2029 Capital Plan in the amount of \$52.234 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 2020 Capital Budget and 2021-2029 Capital Plan in the amount of \$6.169 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 2020 Capital Budget and 2021-2029 Capital Plan in the total amount of \$52.234 million and the reallocation of 2021-2029 approved project costs and cash flows in the total amount of \$6.169 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 as outlined in Schedule A (Part A and B).

As outlined in Part C of Schedule A, additional funding is required to support Water Service Replacement, Sewer Rehabilitation and the Don River and Central Waterfront Real Time Control project. The additional costs for these projects are to be offset from funds available from projects 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 2020 Capital Budget and 2021-2029 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

The approved budget, through adjustment to the carry-forwards, was amended by City Council at its meeting of July 28, 2020 (EX 15.6 Adjustments to Capital Budget Carry Forward Funding and Future Year Commitments) resulting in an overall budget decrease of \$31.124 million and can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX15.6>

Toronto Water's 2020 Approved Capital Budget was adjusted by City Council at its meeting of May 28, 2020 (CC21.11 Toronto Water Toronto Water 2020 Capital Budget and 2021-2029 Capital Plan Adjustments) with a zero dollar impact on 2020 Approved Capital Budget and 2021-2029 Capital Plan and can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC21.11>

Toronto Water's 2020 Approved Capital Budget was adjusted by City Council at its meeting of May 28, 2020 (CC21 Toronto Water 2019 Year End Capital Budget and 2020-2029 Capital Plan Adjustments) with a zero dollar impact on 2020 Approved Capital Budget and 2021-2029 Capital Plan and can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC21.12>

City Council at its meeting of December 17 and 18, 2019 approved Toronto Water's 2020 Capital Budget and 2021-2029 Capital Plan, which included approval of a 2020

Capital Budget cash flow of \$1,217.837 million. The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=15359>

COMMENTS

Toronto Water is seeking to amend the 2020 Approved Budget and 2021-2029 Capital Plan to better align the cash flows with capital project delivery and program requirements, primarily to address accelerated delivery for a number of Toronto Water projects, and to address higher costs for projects in the Don River and Central Waterfront program and the Water Service Replacement Program.

The majority of capital projects being delivered for Toronto Water are multi-year complex infrastructure projects. Accelerated spending as listed in Part A of Schedule A can arise due to site conditions, favourable weather and/or site conditions, equipment deliveries ahead of schedule, resolution of final project costs, reduced traffic congestion, 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 or to coordinate with other projects, consultant/contractor performance issues, delays in executing agreements or acquiring permits, extended procurement phase, and 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.

Additional funding is required to permit the continued tendering and contract award for Water Service Replacements scheduled for replacement in 2020 in conjunction with watermain, sewer and road reconstruction projects and to support a higher than forecasted demand for CCTV Inspection. The bid prices for the Real Time Control project exceeded the approved budget requiring additional funding. The additional costs are offset by projects which have been completed under budget as outlined in Schedule A (Part C).

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 2020-2021 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2020-2021 Budget Adjustments Reallocations due to Deferrals

Schedule A - Part C - Toronto Water 2020-2021 Budget Adjustments Reallocations