

## **Toronto Water 2021 Capital Budget and 2022-2030 Capital Plan Adjustments**

**Date:** September 3, 2021

**To:** Executive Committee

**From:** General Manager Toronto Water

**Wards:** All

### **SUMMARY**

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This report requests City Council's authority to amend Toronto Water's Approved 2021 Capital Budget and 2022-2030 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 cash flows and project costs are requested where project costs exceed the current approved cash flows and project costs. 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 2021 Capital Budget and 2022-2030 Capital Plan and will align the budget and plan with Toronto Water's capital project delivery schedule and program requirements.

### **RECOMMENDATIONS**

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The General Manager of Toronto Water recommends that:

1. City Council authorize the reallocation of cash flows within Toronto Water's approved 2021 Capital Budget and 2022-2030 Capital Plan in the amount of \$70.083 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 cash flows in Toronto Water's approved 2021 Capital Budget and 2022-2030 Capital Plan in the amount of \$11.867 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

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The approval of this report will authorize the acceleration and deferral of cash flows in Toronto Water's Approved 2021 Capital Budget and 2022-2030 Capital Plan in the total amount of \$70.083 million and the reallocation of 2021-2030 approved project costs and cash flows in the total amount of \$11.867 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 offset 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 Sewer Rehabilitation, New Sewers and Pumping Station improvements. The additional costs for these projects are to be offset from funds available from projects which have been completed under budget or awarded 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 2021 Capital Budget and 2022-2030 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

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The approved budget, through adjustment to the carry-forwards, was amended by City Council at its meeting of May 5 and 6, 2021 (EX 23.11 Adjustments to Capital Budget, Carry Forward Funding and Future Year Commitments (Ward All)) resulting in an overall budget decrease of \$13.038 million and can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX23.11>

Toronto Water's 2021 Approved Capital Budget was adjusted by City Council at its meeting of May 5 and 6, 2021 (EX 23.12 Toronto Water 2020 Year End Capital Budget and 2021-2030 Capital Plan Adjustments) with a zero dollar impact on 2021 Approved Capital Budget and 2022-2030 Capital Plan and can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX23.12>

City Council at its meeting of December 16, 17 and 18, 2020 approved Toronto Water's 2021 Capital Budget and 2022-2030 Capital Plan, which included approval of a 2021 Capital Budget cash flow of \$1,343.676 million. The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=17179>

## COMMENTS

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Toronto Water is seeking to amend the 2021 Approved Budget and 2022-2030 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 New Sewers, Sewer Rehabilitation and Pumping Stations & Forcemain programs.

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, extended working hours, 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, delays resulting from impacts of COVID-19, 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 address a higher than forecasted volume of sewer renewal requirements in 2021 (Sewer Rehab – 2008 Program), and to support a required Purchase Order Amendment to address contract administration and site inspection requirements for the Group 5 Sewage Pumping Station Upgrades project. The bid prices for the Sheppard Sanitary Sewer at East Don STS project exceeded the approved budget requiring additional funding. The additional costs are offset by projects which have been completed under budget or awarded under budget as outlined in Schedule A (Part C).

## CONTACT

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## **SIGNATURE**

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Lou Di Gironimo  
General Manager, Toronto Water

## **ATTACHMENTS**

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Schedule A – Part A: Toronto Water 2021-2024 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B: Toronto Water 2021-2024 Budget Adjustments Reallocations due to Deferrals

Schedule A – Part C: Toronto Water 2021-2024 Budget Adjustments Reallocations

**Toronto Water 2021 and 2022-2024 Budget Adjustments**

**Schedule A – Part A: Budget Adjustment Reallocations due to Accelerations**

<b>Program</b>	<b>WBS#</b>	<b>Sub-project Description</b>	<b>Total Project Cost*</b>	<b>2021 Proposed Reallocation</b>	<b>2022 Proposed Reallocation</b>	<b>2023 Proposed Reallocation</b>	<b>2024 Proposed Reallocation</b>
TRANSMISSION WATERMAIN	CPW058-14	CAST IRON TRUNK REPLACEMENT - PHASE 3 - ENGINE	3,461,605	285,000	-285,000		
WATER TREATMENT - STORAGE & PUMPING STATION	CPW060-08	ROSEHILL RESERVOIR	33,868,976	3,000,000	-3,000,000		
HARRIS WATER TREATMENT PLANT	CPW061-15	HARRIS WATER TREATMENT PLANT FILTERS REHABILITATION - PILOT	12,464,130	405,000	-405,000		
TRANSMISSION WATERMAIN	CPW066-07	JOS - WATERMAIN FROM SCAR PS TO ST. CLAIR AND M	37,991,718	1,350,000	-1,350,000		
WATER TREATMENT PLANTS - PLANTWIDE - PLANTWIDE	CPW070-05	ZEBRA MUSSEL CONTROL - CONSTRUCTION	44,850,000	1,000,000	-1,000,000		
WATERMAIN REPLACEMENT	CPW542-23	DIST W/M REPLACEMENT - 2018	81,778,996	310,000	-310,000		
WATERMAIN REHABILITATION	CPW543-04	WATERMAIN STRUCTURAL LINING	644,298,331	18,800,000	-6,748,000	-12,052,000	
WATER SERVICE REPLACEMENT	CPW544-15	WATER SERVICE REPAIR - WATERMAIN REHAB PROGRAM	71,832,883	6,600,000		-6,600,000	
TRUNK SEWERS	CWW014-17	TRUNK SEWER REHABILITATION - 2018	152,053,816	580,000	-580,000		
YARDS AND FACILITIES	CWW021-03	LAB FACILITY	48,339,843	1,480,000	-1,480,000		
BUSINESS & TECHNOLOGY	CWW034-15	WWATER TREATMENT PLANTS - PLANTWIDE PLC PLATFORM UPGRADE	13,784,636	425,000	-425,000		
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	CWW036-15	LIQUID TRAIN - ENGINEERING	54,007,123	900,000		-900,000	
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	CWW036-18	LIQUID TRAIN REPAIRS - PHASE 1	99,098,816	2,000,000		-2,000,000	
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW039-01	OUTFALL AND DISINFECTION UPGRADES ENGINE	14,832,122	1,250,000		-1,250,000	

Program	WBS#	Sub-project Description	Total Project Cost*	2021 Proposed Reallocation	2022 Proposed Reallocation	2023 Proposed Reallocation	2024 Proposed Reallocation
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW039-02	DISINFECTION SYSTEM CONSTRUCTION	214,916,888	3,000,000		-3,000,000	
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW039-04	OUTFALL ENGINEERING	34,347,303	660,000	-660,000		
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW042-04	BIOFILTERS UPGRADE	25,329,136	450,000	-450,000		
HUMBER WASTEWATER TREATMENT PLANT	CWW052-03	SECONDARY TREATMENT UPGRADES - SOUTH - C	157,029,378	4,039,000		-1,105,000	-2,934,000
BASEMENT FLOODING PROTECTION	CWW421-17	BASEMENT FLOODING RELIEF -GROUP 4 (CONS)	474,758,653	4,530,000		-4,530,000	
LINEAR ENG	CWW452-05	SEWER SYSTEM INSPECTION	131,525,483	1,800,000		-1,800,000	
PUMPING STATIONS & FORCEMAINS	CWW472-18	FORCEMAIN REPLACEMENT - 2016	17,896,407	2,750,000	-2,200,000	-550,000	
SEWER REPLACEMENT	CWW472-20	SEWER REPLACEMENT - 2018 PROGRAM	7,320,481	618,000	-618,000		
PUMPING STATIONS & FORCEMAINS	CWW476-06	SPS UPGRADES - GROUP 7	28,647,881	672,000	-672,000		
WET WEATHER FLOW	CWW480-01	DON & WATERFRONT TRUNK/CSO PHASE 1 - DES	60,969,859	1,113,000		-1,113,000	
WET WEATHER FLOW	CWW480-03	DON & WATERFRONT TRUNK/CSO CONSTRUCTION	411,418,641	12,066,000		-12,066,000	
	<b>SUB-TOTAL</b>			70,083,000	-20,183,000	-46,966,000	-2,934,000

\*No change in approved project costs.

**Schedule A – Part B: Budget Adjustment Reallocations due to Deferrals**

<b>Program</b>	<b>WBS#</b>	<b>Sub-project Description</b>	<b>Total Project Cost*</b>	<b>2021 Proposed Reallocation</b>	<b>2022 Proposed Reallocation</b>	<b>2023 Proposed Reallocation</b>	<b>2024 Proposed Reallocation</b>
WATER TREATMENT - STORAGE & PUMPING STATION	CPW060-16	PS REHAB - PHASE 2 - CONSTRUCTION	26,426,298	-4,400,000		2,900,000	1,500,000
WATER TREATMENT - STORAGE & PUMPING STATION	CPW060-19	RESERVOIR REHAB - PHASE 2 - CONSTRUCTION	24,045,221	-5,534,000		4,100,000	1,434,000
HORGAN WATER TREATMENT PLANT	CPW062-10	ELEC GROUNDING SYSTEM & BULK CHEM UNLOA	4,321,196	-1,391,000		1,391,000	
ISLAND WATER TREATMENT PLANT	CPW064-22	PLANTWIDE HVAC UPGRADES	7,425,890	-1,000,000		1,000,000	
WATER TREATMENT - STORAGE & PUMPING STATION	CPW067-05	INDOOR/OUTDOOR SWITCHGEAR (PHASE 4)	25,336,296	-2,000,000		2,000,000	
WATER TREATMENT PLANTS - PLANTWIDE - PLANTWIDE	CPW070-06	STANDBY POWER - PHASE 2 - ENG	11,457,613	-850,000	700,000	150,000	
WATER TREATMENT PLANTS - PLANTWIDE - PLANTWIDE	CPW070-10	STANDBY POWER - PHASE 2 - CONSTRUCTION	66,190,221	-9,200,000		9,200,000	
TRUNK SEWERS	CWW014-18	TRUNK SEWER REHABILITATION - 2019	87,229,759	-1,100,000		1,100,000	
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW019-27	POLYMER UPGRADE	113,696,567	-925,000		925,000	
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW019-45	ASHBRIDGES BAY WASTEWATER TREATMENT PLANT SOLAR PV PILOT PROJECT	3,045,787	-1,250,000	1,250,000		
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW019-46	HEATING AND AIR SYSTEMS	34,074,818	-3,650,000		3,650,000	
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	CWW036-10	CEPA COMPLIANCE -HIGHLAND CREEK WASTEWATER TREATMENT PLANT	37,677,392	-4,000,000	2,900,000	1,100,000	

Program	WBS#	Sub-project Description	Total Project Cost*	2021 Proposed Reallocation	2022 Proposed Reallocation	2023 Proposed Reallocation	2024 Proposed Reallocation
HUMBER WASTEWATER TREATMENT PLANT	CWW037-11	FLOOD PROTECTION	1,309,946	-750,000	750,000		
HUMBER WASTEWATER TREATMENT PLANT	CWW037-18	SERVICE REHAB AND UPGRADES	62,155,471	-3,133,000	3,133,000		
HUMBER WASTEWATER TREATMENT PLANT	CWW037-20	OPERATIONS CONTROL CENTRE - CONSTRUCTION	30,081,063	-4,000,000		4,000,000	
HUMBER WASTEWATER TREATMENT PLANT	CWW037-21	DIGESTERS CLEANING REHAB	4,798,558	-1,200,000	1,200,000		
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW040-12	AERATION TANK 12 & 13	213,367,694	-1,350,000		1,350,000	
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW043-08	PELLETIZER FACILITY	110,955,000	-1,900,000		1,900,000	
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	CWW047-03	BMP IMPLEMENTATION - CONSTRUCTION	134,990,149	-2,500,000	2,500,000		
HUMBER WASTEWATER TREATMENT PLANT	CWW050-01	ODOUR CONTROL IMPLEMENTATION - PH 1 C	62,778,176	-1,250,000	1,250,000		
BASEMENT FLOODING PROTECTION	CWW421-15	BASEMENT FLOODING DESIGN - GROUP 4	286,989,042	-6,000,000	2,600,000	3,400,000	
BASEMENT FLOODING PROTECTION	CWW421-23	BASEMENT FLOODING RELIEF GR 4 (CONST DC)	147,157,000	-3,000,000	1,500,000	1,500,000	
BASEMENT FLOODING PROTECTION	CWW421-24	BASEMENT FLOODING DESIGN - GROUP 5	100,648,000	-900,000		900,000	
WET WEATHER FLOW	CWW447-17	GREEN STREETS	5,947,597	-900,000		900,000	
PUMPING STATIONS & FORCEMAINS	CWW465-08	GROUP 5 SEWAGE PUMPING STATION UPGRADES	20,076,999	-2,400,000	2,400,000		
SEWER REPLACEMENT	CWW472-22	SEWER REPLAC - 2019 PROGRAM	39,780,375	-3,000,000		3,000,000	
WET WEATHER FLOW	CWW480-06	DCW TRUNK/CSO IHW TUNNEL&CONNECTIONS-ENG	30,712,260	-2,500,000		2,500,000	
	<b>SUB-TOTAL</b>			<b>-70,083,000</b>	20,183,000	46,966,000	2,934,000

\*No change in approved project costs.

**Schedule A – Part C: Toronto Water Budget Adjustment Reallocations**

Program	WBS#	Sub-project Description	Project Cost	2021 Proposed Reallocation	2022 Proposed Reallocation	2023 Proposed Reallocation	2024 Proposed Reallocation	Revised Project Costs	Comments
WET WEATHER FLOW	CWW480-04	DCW - PHASE 1 - ADDITIONAL SCOPE	10,885,930	-127,000	-2,000,000			8,758,930	Projects have been completed under budget.
WATER TREATMENT - STORAGE & PUMPING STATION	CPW060-16	PS REHAB - PHASE 2 - CONSTRUCTION	26,426,298				-1,500,000	24,926,298	Project awarded under budget.
WATER TREATMENT - STORAGE & PUMPING STATION	CPW060-19	RESERVOIR REHAB - PHASE 2 - CONSTRUCTION	24,045,221				-1,434,000	22,611,221	Project awarded under budget.
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW043-06	WASTE ACTIVATED SLUDGE UPGRADE - CONS	160,023,573	-3,541,000				156,482,573	Projects have been awarded under budget.
ASHBRIDGES BAY WASTEWATER TREATMENT PLANT	CWW046-04	NTTP - PROCESS IMPROVEMENTS	27,348,500	-900,000	-540,000	-1,825,000		24,083,500	Projects have been awarded under budget.
	<b><i>SUB-TOTAL</i></b>			<b>-4,568,000</b>	<b>-2,540,000</b>	<b>-1,825,000</b>	<b>-2,934,000</b>		

Program	WBS#	Sub-project Description	Project Cost	2021 Proposed Reallocation	2022 Proposed Reallocation	2023 Proposed Reallocation	2024 Proposed Reallocation	Revised Project Costs	Comments
NEW SEWERS	CWW453-05	SHEPPARD SANITARY SEWER AT EAST DON STS	9,110,000	1,290,000	2,132,000	1,825,000	2,934,000	17,291,000	Bid Prices have exceeded the approved budget.
SEWER REHAB	CWW465-06	SEWER REHAB - 2008 PROGRAM	325,786,188	2,500,000				328,286,188	Higher than forecasted Sewer renewal requirements in 2021
PUMPING STATIONS & FORCEMAINS	CWW465-08	GROUP 5 SEWAGE PUMPING STATION UPGRADES	20,076,999	778,000	408,000			21,262,999	Additional contract administration costs due to extended contract duration.
	<b><i>SUB-TOTAL</i></b>			<b>4,568,000</b>	<b>2,540,000</b>	<b>1,825,000</b>	<b>2,934,000</b>		