

Toronto Water 2022 Year End Capital Budget and 2023-2032 Capital Plan Adjustments

Date: April 18, 2023

To: Executive Committee

From: General Manager, Toronto Water

Wards: All

SUMMARY

This report requests City Council's authority to amend Toronto Water's Approved 2022 Capital Budget by adjusting project costs and cash flows to align with year-end expenditures and project progress. The adjustments will have a zero dollar impact on the 2022 Capital Budget.

This report requests City Council's authority to amend Toronto Water's Approved 2023 Capital Budget and 2024-2032 Capital Plan by adjusting project costs and cashflows contained within the Budget and Plan, respectively, to align the 2023 Capital Budget and 2024-2032 Capital Plan with the final 2022 capital expenditures and project progress. The adjustments will have a zero dollar impact on the 2023 Capital Budget and 2024-2032 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 and corresponding funding in the amount of \$34.378 million in 2022 for acceleration and deferral of projects within Toronto Water's approved 2022 Capital Budget and 2023-2031 Capital Plan, with offsetting acceleration and deferral cashflow and corresponding funding reallocation adjustments in the equal amount in 2023, 2024 and 2025 within Toronto Water's Approved 2023 Capital Budget and 2024-2032 Capital Plan to align with project delivery, as presented in Schedule A (Part A & B), with a zero Budget impact.
2. City Council authorize the reallocation of 2022 cashflows, project costs, and corresponding funding in Toronto Water's approved 2022 Capital Budget and 2023-2031 Capital Plan in the amount of \$5.195 million from projects that have been

completed under budget to those requiring additional funding in the same amount as presented in Schedule A (Part C), with a zero Budget impact.

FINANCIAL IMPACT

In 2022, Toronto Water achieved a delivery rate of approximately 71.1% of its 2022 Approved Capital Budget of \$1,417.832 million.

The delivery of a number of projects proceeded ahead of the forecast, exceeding the 2022 cash flow forecasts while some others fell behind schedule or experienced reduced expenditures, resulting in the need to amend the 2022 Approved Budget to reflect project accelerations and deferrals as outlined in Schedule A (Part A & B).

The increases to the Approved 2023, 2024 and 2025 cashflows for projects that have been delayed as shown in Schedule A - Part B are offset by decreases for projects that have proceeded ahead of the forecast as shown in Schedule A - Part A, resulting in no additional costs.

Some projects experienced lower than anticipated invoicing in 2022, while some other projects were completed under budget. As a result, funding from these projects is available for reallocation to address projects that incurred additional expenditures in 2022 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 2022 Capital Budget with final year end expenditures and align the Approved 2023 Capital Budget and 2024-2032 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

City Council at its meeting of February 15, 2023 approved Toronto Water's 2023 Capital Budget and 2024-2032 Capital Plan, which included approval of a 2023 Capital Budget cash flow of \$1,383.194 million. The Council Decision Document can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2023.MPB4.1>
Item 86 and 87

Toronto Water's 2022 Approved Capital Budget and 2023-2031 Capital Plan was adjusted by City Council on July 19, 20, 21 and 22, 2022 (EX34.34 - Toronto Water 2022 Capital Budget and 2023-2031 Capital Plan Adjustments) with a zero dollar impact of 2022 Approved Capital Budget and 2023-2031 Capital Plan (Decision 1 and 2) and an increase of total project cost by \$69.750 million in 2022 and cash flow commitments

by \$7.750 million, \$18.000 million, \$18.000 million, \$18.000 million, \$2.500 million and \$1.500 million in 2023, 2024, 2025, 2026, 2027 and 2028 respectively (Decision 3).

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EX34.34>

Toronto Water's 2022 Approved Capital Budget and 2023-2031 Capital Plan Capital Plan was adjusted by City Council on July 19, 2022 (IE31.5 - Award of Request for Tender Ariba Document Number 3320202763 for the Biosolids Master Plan Implementation Project and South Facility Upgrades Project at the Highland Creek Treatment Plant, and Amendment to Purchase Order Number 6052723 with CH2M Hill Canada Limited for Contract Administration Services) with a zero dollar impact on 2022 Approved Capital Budget and 2023-2031 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2022.IE31.5>

Toronto Water's 2022 Approved Capital Budget and 2023-2031 Capital Plan was adjusted by City Council on June 15, 2022 (IE30.6 - Amendments to Purchase Order Number 6042338 and 6042339 for Project Management and Engineering Services for the Detailed Design of the Integrated Pumping Station at the Ashbridges Bay Treatment Plant) with a zero dollar impact on 2022 Approved Capital Budget and 2023-2031 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2022.IE30.6>

Toronto Water's 2022 Approved Capital Budget and 2023-2031 Capital Plan was adjusted by City Council on May 11 and 12, 2022 (EX32.8 - Toronto Water 2021 Year End Capital Budget and 2022-2031 Capital Plan Adjustments) with a zero dollar impact on 2022 Approved Capital Budget and 2023-2031 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EX32.8>

Toronto Water's 2022 Approved Capital Budget, through adjustment to the carry-forwards, was amended by City Council on May 11 and 12, 2022 (EX32.9 - Adjustments to Capital Budget, Carry Forward Funding and Future Year Commitments) resulting in an overall budget increase of \$10.188 million. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EX32.9>

City Council at its meeting of December 15, 2021 approved Toronto Water's 2022 Capital Budget and 2023-2031 Capital Plan, which included approval of a 2022 Capital Budget cash flow of \$1,408.664 million. The Council Decision Document can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2021.EX28.6>

COMMENTS

Toronto Water requires the amendment of the 2022 Approved Budget to align the cash flows with 2022 actual expenditures to better reflect capital project delivery and program

requirements resulting from changes in project delivery schedules and in-year expenditures. As the majority of the projects are multi-year projects, a corresponding adjustment is required to Toronto Water's Approved 2023 Capital Budget and 2024-2032 Capital Plan to align with project delivery accelerations and deferrals.

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 conditions, equipment deliveries ahead of schedule, coordination with other projects and/or facility operations, resolution of final payments or fee adjustments, impacts of COVID-19, and strong consultant/contractor performance. Where the 2022 Approved Capital Budget is recommended to be increased to align with accelerated project spending in 2022, the Approved 2023, 2024 and 2025 cashflows are recommended to be decreased by an equal amount.

Project under-spending, as listed in Part B of Schedule A, can arise from: delays in completing designs due to complexities within the infrastructure, unforeseen or complex ground/site conditions, consultant/contractor performance issues, extended project scoping phase, and extended procurement or permit acquisition phase. Where 2022 Approved Capital Budget is recommended to be decreased to align with delayed project spending, the Approved 2023, 2024 and 2025 cashflows are recommended to be increased by an equal amount.

As outlined in Part C of Schedule A, additional project costs were incurred in 2022 due to higher than forecasted expenditures for substandard water services, additional costs for interim tank cleaning at Ashbridges Bay Treatment Plant (Process and Equipment), additional engineering services due to extended construction schedules as a result of impact of COVID-19 at Humber Treatment Plant (Admin Building Expansion). Additionally, there were higher costs due to site conditions and a contractor going out of business (Group 5 Sewage Pumping Station), and there were additional design costs due to complex site conditions (SPS Upgrades - Group 7).

Project costs and cashflows are available for reallocation due to a lower than forecasted invoicing for Cut Repairs (for the Watermain Rehabilitation Program), and projects completed under budget under the 2019 Water Services Replacement and Sewer Replacement programs. Additionally, the Primary Treatment Upgrade construction project at Ashbridges Bay Treatment Plant was completed under budget.

CONTACT

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SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

ATTACHMENTS

Schedule A – Part A - Toronto Water 2022 and Approved 2023-2032 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2022 and Approved 2023-2032 Budget Adjustments Reallocations due to Deferrals

Schedule A - Part C - Toronto Water 2022 Budget Adjustments Reallocations

Toronto Water 2022 and 2023-2032 Budget Adjustments

Schedule A

Part A - Toronto Water 2022 and Approved 2023-2032 Budget Adjustment Reallocations due to Accelerations

Program Area	Account Name	Account Number	Total Project Cost *	2022	2023	2024	2025	FUNDING SOURCE	
								Type	Details
TRANSMISSION WATERMAINS	TRANSMISSION SYSTEM AUTOMATION	CPW058-15	8,001,781	317,049	0	(317,049)	0	R-Funds	XR6003
				(317,049)	0	317,049	0		
HARRIS WATER TREATMENT PLANT	HVAC REHAB - CONSTRUCTION	CPW061-11	15,919,498	1,000,216	(1,000,216)	0	0	R-Funds	XR6003
				(1,000,216)	1,000,216	0	0		
ISLAND TREATMENT PLANT	AMMONIA AND FLUORIDE SYSTEM	CPW064-17	14,533,311	595,896	(595,896)	0	0	R-Funds	XR6003
				(595,896)	595,896	0	0		
WTP - PLANTWIDE	ZEBRA MUSSEL CONTROL - CONSTRUCTION	CPW070-05	78,756,086	1,873,086	0	(1,873,086)	0	R-Funds	XR6003
				(1,873,086)	0	1,873,086	0		
WATERMAIN C&L	WATERMAIN STRUCTURAL LINING	CPW543-04	722,939,297	9,512,133	(4,071,674)	(5,240,459)	(200,000)	R-Funds	XR6003
				(9,512,133)	4,071,674	5,240,459	200,000		
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	ODOUR CONTROL UPGRADES PHASE 1 CONST	CWW045-02	82,946,511	1,381,170	(500,000)	(881,170)	0	R-Funds	XR6004
				(1,216,521)	440,556	775,965	0		
				(164,649)	59,444	105,205	0	DC	XR2112
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	LIQUID TRAIN - ENGINEERING	CWW036-15	58,781,373	1,360,940	(1,360,940)	0	0	R-Funds	XR6004
				(1,360,940)	1,360,940	0	0		
ASHBRIDGES BAY TREATMENT PLANT	NTPP-ELECTRICAL UPGRADES	CWW046-01	15,368,525	559,573	0	0	(559,573)	R-Funds	XR6004
				(559,573)	0	0	559,573		
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	BMP IMPLEMENTATION ENHANCEMENTS - CONSTR	CWW047-04	17,538,484	396,484	0	(396,484)	0	R-Funds	XR6004
				(349,170)	0	349,170	0		
				(47,314)	0	47,314	0	DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	SECONDARY CLARIFIER CROSS COLLECTOR UPGRADE	CWW019-44	7,543,349	71,674	0	(71,674)	0	R-Funds	XR6004
				(71,674)	0	71,674	0		

**Part A - Toronto Water 2022 and Approved 2023-2032 Budget Adjustment Reallocations due to Accelerations
(Cont'd)**

Program Area	Account Name	Account Number	Total Project Cost *	2022	2023	2024	2025	FUNDING SOURCE	
								Type	Details
ASHBRIDGES BAY TREATMENT PLANT	ADMIN & BLOWER BLDG IMPROVEMENTS	CWW038-08	14,293,726	240,000	(240,000)	0	0	R-Funds	XR6004
				(240,000)	240,000	0	0		
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING RELIEF- GROUP 2	CWW421-12	98,439,130	490,179	0	(490,179)	0	R-Funds	XR6004
				(490,179)	0	490,179	0		
BASEMENT FLOODING PROTECTION PROGRAM	BF TUNNEL - CONSTRUCTION	CWW421-22	340,428,645	13,376,421	0	(13,376,421)	0	R-Funds	XR6004
				(8,449,958)	0	8,449,958	0		
				(1,595,547)	0	1,595,547	0		
				(3,330,916)	0	3,330,916	0	FED	DMAF
BASEMENT FLOODING PROTECTION PROGRAM	BF TUNNEL - CONTRACT ADMIN	CWW421-25	18,399,732	130,732	0	0	(130,732)	R-Funds	XR6004
				(75,607)	0	0	75,607		
				(9,369)	0	0	9,369		
				(45,756)	0	0	45,756	FED	DMAF
LINEAR ENGINEERING	SEWER SYSTEM INSPECTION	CWW452-05	142,330,507	2,040,743	0	(2,040,743)	0	R-Funds	XR6004
				(2,040,743)	0	2,040,743	0		
SEWER REPLACEMENT	SEWER REPLC - 2018 PROGRAM	CWW472-20	7,907,181	328,415	(328,415)	0	0	R-Funds	XR6004
				(303,906)	303,906	0	0		
				(24,509)	24,509	0	0		
PUMPING STATION & FORCEMAINS	FORCEMAIN REPLACEMENT - PHASE 2	CWW472-23	43,847,539	702,846	(702,846)	0	0	R-Funds	XR6004
				(702,846)	702,846	0	0		
	SUBTOTAL - PART A			34,377,557	(8,799,987)	(24,687,264)	(890,306)		

*No change in approved project costs.

Schedule A

Part B - Toronto Water 2022 and Approved 2023-2032 Budget Adjustment Reallocations due to Deferrals

Program Area	Account Name	Account Number	Total Project Cost *	2022	2023	2024	2025	FUNDING SOURCE	
								Type	Details
ASHBRIDGES BAY TREATMENT PLANT	DISINFECTION SYSTEM CONSTRUCTION	CWW039-02	217,731,936	(2,500,000)	2,500,000	0	0		
				2,130,105	(2,130,105)	0	0	R-Funds	XR6004
				369,895	(369,895)	0	0	DC	XR2112
WET WEATHER FLOW	DON & WATERFRONT TRUNK/CSO	CWW480-03	421,548,287	(15,042,404)	4,099,987	10,122,264	820,153		
				12,816,742	(3,493,356)	(8,624,582)	(698,804)	R-Funds	XR6004
				2,225,662	(606,631)	(1,497,682)	(121,349)	DC	XR2112
WATERMAIN REPLACEMENT	2022-2024 WATERMAIN REPLACEMENT	CPW542-27	287,330,882	(9,100,000)	0	9,100,000	0		
				8,400,668	0	(8,400,668)	0	R-Funds	XR6003
				699,332	0	(699,332)	0	DC	XR2111
HUMBER WASTEWATER TREATMENT PLANT	SECONDARY TREATMENT UPGRADE	CWW052-03	153,368,714	(3,665,000)	2,200,000	1,465,000	0		
				3,122,796	(1,874,529)	(1,248,266)	0	R-Funds	XR6004
				542,204	(325,471)	(216,734)	0	DC	XR2112
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING DESIGN GROUP 4	CWW421-15	311,775,014	(4,070,153)	0	4,000,000	70,153		
				3,702,552	0	(3,638,735)	(63,817)	R-Funds	XR6004
				144,079	0	(141,595)	(2,483)	DC	XR2112
				223,522	0	(219,670)	(3,853)	FED	DMAF
SUBTOTAL - PART B				(34,377,557)	8,799,987	24,687,264	890,306		

*No change in approved project costs.

Schedule A

Part C - Toronto Water 2022 Budget Adjustment Reallocations

Program Area	Account Name	Account Number	Total Project Cost	2022	Revised Project Cost	Comments	FUNDING SOURCE	
							Type	Details
WATER SERVICE REPLACEMENT	2022 WATER SERVICE REPLACEMENT	CPW544-23	85,595,893	3,409,894	89,005,787	Higher than forecasted expenditures for Substandard Water Service Replacement with state of good repair watermain works.	R-Funds	XR6003
				(3,409,894)				
ASHBRIDGES BAY TREATMENT PLANT	PROCESS AND EQUIPMENT	CWW019-25	17,789,087	346,228	18,135,314	Additional costs for interim cleaning of tanks due extended capital works.	R-Funds	XR6004
				(346,228)				
HUMBER WASTEWATER TREATMENT PLANT	ADMIN BUILDING EXPANSION	CWW037-10	3,570,303	244,632	3,814,935	Additional construction services to accommodate revised construction schedule due to COVID 19 issues.	R-Funds	XR6004
				(244,632)				
PUMPING STATIONS & FORCEMAINS	GROUP 5 SEWAGE PUMPING STATION UPGRADES	CWW465-08	23,423,556	917,927	24,341,483	Additional construction services related to extended schedule after original contractor went out of business, and due to site conditions.	R-Funds	XR6004
				(782,000)			DC	XR2112
PUMPING STATIONS & FORCEMAINS	SPS UPGRADES - GROUP 7	CWW476-06	29,725,695	276,557	30,002,251	Additional engineering costs for subsurface analysis more complex design solution due to site conditions.	R-Funds	XR6004
				(276,557)				
	SUBTOTAL			5,195,237				
WATERMAIN C&L	CUT REPAIRS	CPW543-03	49,245,700	(826,604)	48,419,096	Lower than forecasted invoicing for cut repairs.	R-Funds	XR6003
				826,604				
ASHBRIDGES BAY TREATMENT PLANT	PRIMARY TREATMENT UPGRADE CONT #1	CWW040-07	144,223,496	(1,377,278)	142,846,218	Project completed under budget. Funds are available for reallocation.	R-Funds	XR6004
				1,174,011			DC	XR2112
SEWER REPLACEMENT	SEWER REPLAC - 2019 PROGRAM	CWW472-22	31,444,969	(736,617)	30,708,352	Some projects completed under budget. Funds are available for reallocation.	R-Funds	XR6004
				679,986			DC	XR2112
WATER SERVICE REPLACEMENT	2019 WATER SERVICE REPLACEMENT	CPW544-21	66,414,984	(2,254,738)	64,160,245	Some projects completed under budget. Funds are available for reallocation.	R-Funds	XR6003
				2,254,738				
	SUBTOTAL			(5,195,237)				