

Toronto Water 2023 Capital Budget and 2024-2032 Capital Plan Adjustments

Date: June 23, 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 2023 Capital Budget and 2024-2032 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 project costs exceed the current approved cashflows 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 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 within Toronto Water's approved 2023 Capital Budget and 2024-2032 Capital Plan in the amount of \$18.185 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, cashflows and corresponding funding in Toronto Water's Approved 2023 Capital Budget and 2024-2032 Capital Plan in the amount of \$15.939 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 2023 Capital Budget and 2024-2032 Capital Plan in the total amount of \$18.185 million. The report also recommends the reallocation of 2023-2034 approved project costs and cash flows in the total amount of \$15.939 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 the higher than forecasted award pricing for Basement Flooding Design Group 5, and the Electrical Grounding System project at the Horgan Water Treatment Plant. Additional funding is also required to support emergency raw water pump replacements at the Horgan Water Treatment Plant (Raw Water Pump Upgrades project). The additional costs for these projects are to be offset by funds available from projects which have been completed under budget or awarded under budget.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 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

Toronto Water's 2023 Approved Capital Budget and 2024-2032 Capital Plan was adjusted by City Council on May 10, 11 & 12, 2023 (EX4.7 - Toronto Water 2022 Year End Capital Budget and 2023-2032 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=2023.EX4.7>

Toronto Water's 2023 Approved Capital Budget and 2024-2032 Capital Plan, through an adjustment to the carry-forwards, was amended by City Council on May 10, 11 & 12, 2023 (EX4.4 - Adjustments to Capital Budget, Carry Forward Funding and Future Year Commitments) resulting in an overall budget increase in 2023 of \$5.782 million. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX4.4>

City Council at its meeting of February 15, 2023 – considered and debated the Mayor's Proposed Budget which was deemed adopted as amended by Council, including Toronto Water's 2023 Capital Budget and 2024-2032 Capital Plan, with 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>

COMMENTS

Toronto Water is seeking to amend the 2023 Approved Budget and 2024-2032 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 Basement Flooding Protection Program and at the Horgan Water Treatment Plant.

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 claims and final project costs, extended working hours, revised project phasing to address operational requirements, accelerated project delivery to coordinate with other planned works 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 or studies 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, delays in obtaining required permits, delays resulting from revised project phasing, resource constraints, consultant/contractor performance issues, and extended procurement phases.

The funding adjustment for projects being delivered ahead of schedule is to be offset by projects that are behind schedule.

As outlined in Part C of Schedule A, additional funding is required to align the funding with the higher than forecasted award prices for the Basement Flooding Group 5 Engineering and Electrical Grounding System project at the Horgan Water Treatment Plant. Additional funding is also required to support emergency raw water pump replacements at the Horgan Water Treatment Plant (Raw Water Pump Upgrades project). These works are required urgently to ensure adequate drinking water supply is available, particularly in advance of high demand in the summer months, as well as to address health and safety risks at the plant.

The additional costs for these projects are to be offset by funds available from projects which have been completed under budget or awarded under budget, as outlined in Part C of Schedule A.

CONTACT

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

Katherine Crowther, Manager, Capital 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 2023-2025 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2023-2025 Budget Adjustments Reallocations due to Deferrals

Schedule A – Part C - Toronto Water 2023-2025 Budget Adjustments Reallocations

Toronto Water 2023-2025 Budget Adjustments

Schedule A

Part A - Toronto Water 2023-2025 Budget Adjustment Reallocations due to Accelerations

Program Area	Account Number	Account Name	Total Project Cost	2023	2024	2025	Total	FUNDING SOURCE	
								Type	Details
TRANSMISSION WATERMAINS	CPW041-06	DOWNSVIEW MAIN KEELE PS-	68,467,179	4,600,000	(4,600,000)		0		
		DOWNSVIEW CONSTR		(4,600,000)	4,600,000			DC	XR2111
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	CWW036-15	LIQUID TRAIN - ENGINEERING	57,420,433	384,748	(384,748)		0		
				(384,748)	384,748			R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	CWW040-12	AERATION TANK 12 & 13	210,554,963	1,724,903	(1,724,903)		0		
				(1,724,903)	1,724,903			DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	CWW046-01	NTPP-ELECTRICAL UPGRADES	14,618,952	1,070,000		(1,070,000)	0		
				(1,070,000)		1,070,000		R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	CWW046-04	NTPP - PROCESS IMPROVEMENTS	23,369,243	1,220,000		(1,220,000)	0		
				(1,220,000)		1,220,000		R-Funds	XR6004
BASEMENT FLOODING PROTECTION PROGRAM	CWW421-14	BASEMENT FLOODING EA STUDIES	69,116,263	1,448,000	(1,448,000)		0		
				(1,275,286)	1,275,286			R-Funds	XR6004
NEW SEWERS	CWW453-05	SHEPPARD SANITARY SEWER AT EAST DON STS	17,731,034	1,402,853	(1,402,853)		0		
				(529,872)	529,872			R-Funds	XR6004
WET WEATHER FLOW	CWW480-01	DON & WATERFRONT TRUNK/CSD PHASE 1 - DES	60,794,025	434,000	(434,000)		0		
				(382,229)	382,229			R-Funds	XR6004
WET WEATHER FLOW	CWW480-03	DON & WATERFRONT TRUNK/CSD CONSTRUCTION	436,590,692	5,900,013		(5,900,013)	0		
				(5,477,808)		5,477,808		R-Funds	XR6004
		SUBTOTAL		18,184,517	(9,994,504)	(8,190,013)			

Note: For each project (account) requested adjustments to cash flows are shown in the top line, while the bottom line(s) reflect corresponding adjustments to funding sources.

Part B - Toronto Water 2023-2025 Budget Adjustment Reallocations due to Deferrals

Program Area	Account Number	Account Name	Total Project Cost	2023	2024	2025	Total	FUNDING SOURCE	
								Type	Details
WT - Storage & Treatment	CPW060-17	SCARBOROUGH RESERVOIR SURGE TANK	21,892,965	(4,000,000)	3,000,000	1,000,000	0		
				4,000,000	(3,000,000)	(1,000,000)		R-Funds	XR6003
ASHBRIDGES BAY TREATMENT PLANT	CWW019-46	HEATING AND AIR SYSTEMS	61,595,914	(3,000,000)	3,000,000		0		
				3,000,000	(3,000,000)			R-Funds	XR6004
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	CWW048-01	BUILDING REHABILITATION	81,352,245	(3,384,517)	2,794,504	590,013	0		
				3,384,517	(2,794,504)	(590,013)		R-Funds	XR6004
NEW SEWERS	CWW453-04	DOWNSVIEW LANDS EXTERNAL UPGRADES	14,000,000	(3,500,000)		3,500,000	0		
				3,500,000		(3,500,000)		DC	XR2112
HORGAN WATER TREATMENT PLANT	CPW062-15	OZONATION SYSTEM REHAB	12,415,389	(3,100,000)		3,100,000	0		
				3,100,000		(3,100,000)		R-Funds	XR6003
SEWER REHABILITATION	CWW465-11	LARGE DIAMETER CSP RENEWAL	17,000,000	(1,200,000)	1,200,000		0		
				1,200,000	(1,200,000)			R-Funds	XR6004
		SUBTOTAL		(18,184,517)	9,994,504	8,190,013			

Note: For each project (account) requested adjustments to cash flows are shown in the top line, while the bottom line(s) reflect corresponding adjustments to funding sources.

Schedule A

Part C - Toronto Water 2023-2025 Budget Adjustment Reallocations

Program Area	Account Number	Account Name	Total Project Cost	2023	2024	2025	Revised Project Cost	COMMENTS	FUNDING SOURCE	
									Type	Details
HORGAN WATER TREATMENT PLANT	CPW062-08	RAW WATER PUMP UPGRADES	3,869,697	446,908	1,131,000	0	5,447,605	Increased costs to address emergency repairs to raw water valves.		
				(446,908)	(1,131,000)				R-Funds	XR6003
BASEMENT FLOODING PROTECTION PROGRAM	CWW421-24	BASEMENT FLOODING DESIGN - GROUP 5	73,388,000	0	8,870,840	4,775,490	87,034,330	Reallocation required to support award costs		
					(8,870,840)	(4,775,490)			R-Funds	XR6004
HORGAN WATER TREATMENT PLANT	CPW062-10	ELEC GROUNDING SYSTEM & BULK CHEM UNLOA	4,427,197		715,000	0	5,142,197	Reallocation required to support award costs		
					(715,000)				R-Funds	XR6003
		SUBTOTAL		446,908	10,716,840	4,775,490				
ISLAND WATER TREATMENT PLANT	CPW064-26	FIS - JSPS CROSS HARBOUR TUNNEL REHAB	16,169,015	0	(1,439,000)	0	14,730,015	Project completed under budget.		
					1,439,000				R-Funds	XR6003
BASEMENT FLOODING PROTECTION PROGRAM	CWW421-06	BASEMENT FLOODING RELIEF - DESIGN	21,985,532	0	0	(1,200,000)	20,785,532	Project completed under budget.		
						1,200,000			R-Funds	XR6004
BUSINESS & TECHNOLOGY SUPPORT	CWW034-15	WWTP PLC PLATFORM UPGRADE	13,728,487	0	(700,000)	(705,000)	12,323,487	Project completed under budget.		
					700,000	705,000			R-Funds	XR6004
TRUNK SEWERS	CWW014-17	TRUNK SEWER REHABILITATION - 2018	137,217,230	0	(8,577,840)	(2,870,490)	125,768,900	Some projects have been completed under budget and others have been		
					8,577,840	2,870,490			R-Funds	XR6004
SEWER REPLACEMENT	CWW472-22	SEWER REPLAC - 2019 PROGRAM	31,330,969	(446,908)			30,884,061	Some projects have been completed under budget.		
				412,908					R-Funds	XR6004
				34,000					DC	XR2112
		SUBTOTAL		(446,908)	(10,716,840)	(4,775,490)				

Note: For each project (account) requested adjustments to cash flows and project costs are shown in the top line, while the bottom line(s) reflect corresponding adjustments to funding sources.