

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

**Date:** October 13, 2023

**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 2023 Capital Budget and 2024-2032 Capital Plan by adjusting project cash flows contained within the Budget and Plan, 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**

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**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 \$55.817 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 \$8.469 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 cashflows in Toronto Water's Approved 2023 Capital Budget and 2024-2032 Capital Plan in the total amount of \$55.817 million. The report also recommends the reallocation of 2023-2032 approved project costs and cash flows in the total amount of \$8.469 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 the higher than forecasted award pricing for a number of projects at Toronto Water's Water and Wastewater Treatment plants, and to address unforeseen site conditions. 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.

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

## **DECISION HISTORY**

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Toronto Water's 2023 Approved Capital Budget and 2024-2032 Capital Plan was adjusted by City Council on July 19 & 20, 2023 (EX6.11 - Toronto Water 2023 Capital Budget and 2024-2032 Capital Plan Adjustments) with a zero dollar impact on 2023 Approved Capital Budget and 2024-2032 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX6.11>

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 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

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Toronto Water is seeking to amend the 2023 Approved Budget and 2024-2032 Capital Plan to better align 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 than anticipated bid prices for a number of projects at Toronto Water's Water and Wastewater Treatment plants.

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, 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 occur due to: additional effort required to complete designs or studies due to complexities within the infrastructure or site conditions, unforeseen ground/site conditions, inclement weather, issues with technical coordination in support of maintaining operations / addressing operational requirements / and coordinating with other projects, obtaining required permits, 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 cost for higher than forecasted award prices for the Testing of newly constructed watermain and sewer works as well as a number of projects at Water and Wastewater Treatment Plants (Scrubber and Tonner Improvements at Water Treatment Plants, Island Flooding Resiliency at the Island Water Treatment Plant and Gas Compressor Building works at the Humber Wastewater Treatment plant). Additional funding is also required to address unforeseen site conditions as part of the HVAC Rehab Construction project at the Harris Water Treatment Plant.

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, as outlined in Part C of Schedule A.

## **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 2023-2026 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2023-2026 Budget Adjustments Reallocations due to Deferrals

Schedule A - Part C - Toronto Water 2023-2026 Budget Adjustments Reallocations

## Toronto Water 2023-2025 Budget Adjustments

### Schedule A

#### Part A - Toronto Water 2023-2026 Budget Adjustment Reallocations due to Accelerations

Program Area	Account Name	Account Number	Total Project Cost*	2023	2024	2025	2026	FUNDING SOURCE	
								Type	Details
TRANSMISSION WATERMAINS	DOWNSVIEW MAIN (KEELE PS TO DOWNSVIEW) CONSTRUCTION	CPW041-06	73,067,179	13,200,000	(10,660,000)	(2,540,000)	0		
				(1,015,956)		1,015,956	0	R-Funds	XR6003
				(12,184,044)	10,660,000	1,524,044	0	DC	XR2111
ISLAND WATER TREATMENT PLANT	ISLAND FLOODING RESILIENCY	CPW064-28	1,500,000	650,000	(650,000)	0	0		
				(650,000)	650,000	0	0	R-Funds	XR6003
LINEAR ENGINEERING	TESTING - WATER	CPW545-14	243,000	207,000	(62,000)	(145,000)	0		
				(207,000)	62,000	145,000	0	R-Funds	XR6003
ASHBRIDGES BAY TREATMENT PLANT	OUTFALL CONSTRUCTION	CWW039-06	276,224,563	2,550,000	0	(1,745,000)	(805,000)		
				(2,367,739)	0	1,620,318	747,421	R-Funds	XR6004
				(182,261)	0	124,682	57,579	DC	XR2112
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING RELIEF - GROUP 4 (CONSTRUCTION)	CWW421-17	546,306,811	14,900,000	(14,900,000)	0	0		
				(14,461,666)	14,461,666	0	0	R-Funds	XR6004
				(438,334)	438,334	0	0	DC	XR2112
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING RELIEF - GROUP 4 (CONST DC)	CWW421-23	351,039,873	6,000,000	(6,000,000)	0	0		
				(5,284,350)	5,284,350	0	0	R-Funds	XR6004
				(715,650)	715,650	0	0	DC	XR2112
HARRIS WATER TREATMENT PLANT	HVAC REHAB CONSTRUCTION	CPW061-11	14,919,283	1,135,000	(1,135,000)	0	0		
				(1,135,000)	1,135,000	0	0	R-Funds	XR6003
LINEAR ENGINEERING	SEWER SYSTEM INSPECTION	CWW452-05	140,087,765	2,100,000	(2,100,000)	0	0		
				(2,100,000)	2,100,000	0	0	R-Funds	XR6004
WET WEATHER FLOW	DON & WATERFRONT TRUNK/CSO CONSTRUCTION - PHASE 1	CWW480-03	442,490,705	9,100,000	(9,100,000)	0	0		
				(8,014,610)	8,014,610	0	0	R-Funds	XR6004
				(1,085,390)	1,085,390	0	0	DC	XR2112
TRUNK SEWERS	TRUNK SEWER REHABILITATION - 2018	CWW014-17	137,217,231	3,450,000	(950,000)	(2,500,000)	0		
				(3,450,000)	950,000	2,500,000	0	R-Funds	XR6004

**Part A - Toronto Water 2023-2026 Budget Adjustment Reallocations due to Accelerations  
(Cont'd)**

Program Area	Account Name	Account Number	Total Project Cost*	2023	2024	2025	2026	FUNDING SOURCE	
								Type	Details
ASHBRIDGES BAY TREATMENT PLANT	INTEGRATED PUMPING STATION (IPS) - CONSTRUCTION	CWW040-08	1,059,635,319	850,000	(850,000)	0	0		
				(748,684)	748,684	0	0	R-Funds	XR6004
				(101,316)	101,316	0	0	DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	AERATION TANK 12 & 13	CWW040-12	212,279,865	310,000	(310,000)	0	0		
				(310,000)	310,000	0	0	DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	NTPP - ELECTRICAL UPGRADES - ECAR	CWW046-01	15,688,952	420,000	0	(420,000)	0		
				(420,000)	0	420,000	0	R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	NTPP - PROCESS IMPROVEMENTS	CWW046-04	24,589,243	450,000	0	(450,000)	0		
				(450,000)	0	450,000	0	R-Funds	XR6004
NEW SEWERS	SHEPPARD SANITARY SEWER AT EAST DON STS	CWW453-05	19,133,886	400,000	(400,000)	0	0		
				(151,084)	151,084	0	0	R-Funds	XR6004
				(248,916)	248,916	0	0	DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	POLYMER UPGRADE	CWW019-27	148,990,902	95,000	(95,000)	0	0		
				(95,000)	95,000	0	0	R-Funds	XR6004
	<b>SUBTOTAL - PART A</b>			<b>55,817,000</b>	<b>(47,212,000)</b>	<b>(7,800,000)</b>	<b>(805,000)</b>		

\*No change in approved project costs.

**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 2023-2026 Budget Adjustment Reallocations due to Deferrals**

Program Area	Account Name	Account Number	Total Project Cost*	2023	2024	2025	2026	FUNDING SOURCE	
								Type	Details
WTP - PLANTWIDE	ZEBRA MUSSEL CONTROL - CONSTRUCTION	CPW070-05	76,883,000.27	(4,500,000)	4,500,000	0	0		
				4,500,000	(4,500,000)	0	0	R-Funds	XR6003
ISLAND WATER TREATMENT PLANT	PLANTWIDE HVAC UPGRADES	CPW064-22	7,588,002.38	(500,000)	500,000	0	0		
				500,000	(500,000)	0	0	R-Funds	XR6003
ASHBRIDGES BAY TREATMENT PLANT	DISINFECTION SYSTEM CONSTRUCTION	CWW039-02	220,231,935.65	(7,000,000)	7,000,000	0	0		
				6,144,491	(6,144,491)	0	0	R-Funds	XR6004
				855,509	(855,509)	0	0	DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	PELLETIZER FACILITY	CWW043-08	173,643,520.57	(4,500,000)	4,500,000	0	0		
				4,500,000	(4,500,000)	0	0	R-Funds	XR6004
NEW SEWERS	WATERFRONT SANITARY MASTER SERVICING PLAN IMPLEMENTATION	CWW453-03	52,362,510.18	(7,000,000)	4,100,000	2,900,000	0		
				3,499,795	(2,049,880)	(1,449,915)	0	R-Funds	XR6004
				3,500,205	(2,050,120)	(1,450,085)	0	DC	XR2112
WT - STORAGE & PS	INDOOR/OUTDOOR SWITCHGEAR (PHASE 4)	CPW067-05	31,089,361.92	(4,000,000)	4,000,000	0	0		
				4,000,000	(4,000,000)	0	0	R-Funds	XR6003
TRANSMISSION WATERMAINS	CAST IRON TRUNK REPLC - PHASE 4 - CONSTRUCTION	CPW058-21	27,001,000.00	(4,400,000)	4,400,000	0	0		
				4,400,000	(4,400,000)	0	0	R-Funds	XR6003
SEWER REPLACEMENT	SEWER REPLC - 2022-2023 PROGRAM	CWW472-24	32,997,012.96	(3,000,000)	3,000,000	0	0		
				2,772,088	(2,772,088)	0	0	R-Funds	XR6004
				227,912	(227,912)	0	0	DC	XR2112
TRUNK SEWERS	TRUNK SEWER REHABILITATION - 2019	CWW014-18	131,134,023.50	(4,000,000)	4,000,000	0	0		
				4,000,000	(4,000,000)	0	0	R-Funds	XR6004
HUMBER TREATMENT PLANT	ODOUR CONTROL IMPLEMENTATION - PHASE 1	CWW050-01	66,812,282.85	(2,500,000)	2,500,000	0	0		
				2,201,865	(2,201,865)	0	0	R-Funds	XR6004
				298,135	(298,135)	0	0	DC	XR2112
PS & FORCEMAINS	ELLIS AND SOUTHPORT	CWW476-10	12,085,559.46	(2,750,000)	2,750,000	0	0		
				2,750,000	(2,750,000)	0	0	R-Funds	XR6004

**Part B - Toronto Water 2023-2026 Budget Adjustment Reallocations due to Deferrals  
(Cont'd)**

Program Area	Account Name	Account Number	Total Project Cost*	2023	2024	2025	2026	FUNDING SOURCE	
								Type	Details
WET WEATHER FLOW	DCW - PHASE 1 - OFFLINE STORAGE TANK AT SHEPPARD/LESLIE	CWW480-02	47,723,894.67	(2,500,000)	2,500,000	0	0		
				2,202,010	(2,202,010)	0	0	R-Funds	XR6004
				297,990	(297,990)	0	0	DC	XR2112
PS & FORCEMAINS	FORCEMAIN REPLACEMENT - PHASE 2	CWW472-23	43,144,692.35	(2,900,000)	1,000,000	1,900,000	0		
				2,900,000	(1,000,000)	(1,900,000)	0	R-Funds	XR6004
WTP - PLANTWIDE	SCRUBBER AND TONNER CONNECTION IMPROVEMENTS AT WTP - CONSTRUCTION	CPW070-11	5,953,000.00	(1,500,000)	695,000	0	805,000		
				1,321,250	(612,179)	0	(709,071)	R-Funds	XR6003
				178,750	(82,821)	0	(95,929)	DC	XR2111
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING DESIGN - GROUP 5	CWW421-24	73,387,999.71	(4,000,000)	1,000,000	3,000,000	0		
				4,000,000	(1,000,000)	(3,000,000)	0	R-Funds	XR6004
WT - STORAGE & PS	PS REHAB - PHASE 2 - CONSTRUCTION	CPW060-16	33,386,343.82	(767,000)	767,000	0	0		
				767,000	(767,000)	0	0	R-Funds	XR6003
	<b>SUBTOTAL-PART B</b>			<b>(55,817,000)</b>	<b>47,212,000</b>	<b>7,800,000</b>	<b>805,000</b>		

\*No change in approved project costs.

**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 2023-2026 Budget Adjustment Reallocations

Program Area	Account Name	Account Number	Total Project Cost	2023	2024	2025	2026	Revised Project Cost	COMMENTS	FUNDING SOURCE	
										Type	Details
LINEAR ENGINEERING	TESTING - WATER	CPW545-14	243,000	0	204,000	0	0	447,000	Higher than anticipated bid prices.		
				0	(204,000)	0	0			R-Funds	XR6003
LINEAR ENGINEERING	TESTING - WASTEWATER/STORMWATER	CWW470-09	1,772,000	171,000	245,000	104,000	30,000	2,322,000	Higher than anticipated bid prices.		
				(171,000)	(245,000)	(104,000)	(30,000)			R-Funds	XR6004
WTP - PLANTWIDE	SCRUBBER AND TONNER CONNECTION IMPROVEMENTS AT WTP - CONSTRUCTION	CPW070-11	5,953,000	0	0	1,550,000	0	7,503,000	Higher than anticipated bid prices.	R-Funds	XR6003
				0	0	(1,365,292)	0			DC	XR2111
ISLAND WATER TREATMENT PLANT	ISLAND FLOODING RESILIENCY	CPW064-28	1,500,000	0	2,365,000	0	0	3,865,000	Higher than anticipated bid prices.		
				0	(2,365,000)	0	0			R-Funds	XR6003
HUMBER TREATMENT PLANT	GAS COMPRESSOR BUILDING	CWW037-25	15,083,000	200,000	1,300,000	0	0	16,583,000	Higher than anticipated bid prices.		
				(200,000)	(1,300,000)	0	0			R-Funds	XR6004
HARRIS WATER TREATMENT PLANT	HVAC REHAB CONSTRUCTION	CPW061-11	14,919,283	0	2,300,000	0	0	17,219,283	Increased costs to address unforeseen site conditions.		
				0	(2,300,000)	0	0			R-Funds	XR6003
	<b>SUBTOTAL-PART C</b>			<b>371,000</b>	<b>6,414,000</b>	<b>1,654,000</b>	<b>30,000</b>				
NEW SEWERS	DOWNSVIEW LANDS EXTERNAL UPGRADES	CWW453-04	10,500,000	(371,000)	(2,950,000)	(805,000)	0	6,374,000	Project awarded under budget.		
				371,000	2,950,000	805,000	0			DC	XR2112
TRANSMISSION WATERMAINS	JOS - WM FROM SCAR PS TO ST. CLAIR AND MIDLAND (CONST)	CPW066-07	38,047,658	0	(1,500,000)	0	0	36,547,658	Project Completed under budget.		
				0	797,000	0	0			R-Funds	XR6003
				0	362,000	0	0			DC	XR2111
				0	341,000	0	0		Other	ROY	
TRANSMISSION WATERMAINS	CAST IRON TRUNK REPLC - PHASE 3 - ENGINEERING	CPW058-14	3,268,969	0	(750,000)	0	0	2,518,969	Project Completed under budget.		
				0	750,000	0	0			R-Funds	XR6003
WATER SERVICE REPLACEMENT	2018 WATER SERVICE REPLACEMENT - SOGR	CPW544-19	16,956,700	0	(1,214,000)	0	0	15,742,700	Some projects completed under budget.		
				0	1,214,000	0	0			R-Funds	XR6003
SEWER REPLACEMENT	SEWER REPLC - 2019 -2021 PROGRAM	CWW472-22	30,884,061	0	0	(849,000)	(30,000)	30,005,061	Some projects completed under budget.		
				0	0	784,556	27,723			R-Funds	XR6004
				0	0	64,444	2,277			DC	XR2112
	<b>SUBTOTAL-PART C</b>			<b>(371,000)</b>	<b>(6,414,000)</b>	<b>(1,654,000)</b>	<b>(30,000)</b>				

**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.