

## **Toronto Water 2024 Capital Budget and 2025-2033 Capital Plan Adjustments**

**Date:** June 21, 2024

**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 2024 Capital Budget and 2025-2033 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 expenditures 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 2024 Capital Budget and 2025-2033 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 2024 Capital Budget and 2025-2033 Capital Plan in the amount of \$29.405 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 2024 Capital Budget and 2025-2033 Capital Plan in the amount of \$15.983 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 2024 Capital Budget and 2025-2033 Capital Plan in the total amount of \$29.405 million. The report also recommends the reallocation of 2024-2033 project costs and cash flows in the total amount of \$15.983 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). These changes result in no changes to total project cost for each project.

As outlined in Part C of Schedule A, additional funding is required to support the higher than forecasted award pricing for Security Upgrades and the M & T Pumping Station Critical Repairs at the Humber and Ashbridges Bay Wastewater Treatment plants respectively. Additional funding is also required to support the replacement of water meter data transmission units reaching end of life earlier than forecasted, and the increased owner-controlled insurance costs supporting the construction of the Outfall at the Ashbridges Bay Treatment Plant. The additional costs for these projects are to be offset from funds available from projects which have been awarded under budget, or where the funding is not required in 2024 based on current commitments and projected project forecast.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments, as noted above, will result in zero budget impacts and will align the 2024 Capital Budget and 2025-2033 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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Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan was adjusted by City Council on May 22, 23 & 24, 2024 (EX14.7 - Toronto Water 2023 Year End Capital Budget and 2024-2033 Capital Plan Adjustments) with a zero dollar impact on 2023 Approved Capital Budget and 2024-2033 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX14.7>

Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan, through adjustment to the carry-forwards, was amended by City Council on May 22, 23 & 24, 2024 (EX14.5 - Adjustments to Capital Budget, Carry Forward Funding and Future Year Commitments) resulting in an overall budget increase in 2024 of \$1.573 million. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX14.5>

City Council at its meeting of February 14, 2024 considered and debated the Mayor's Proposed Budget which was deemed adopted as amended by Council, including Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan, with a 2024 Capital Budget cash flow of \$1,273.362 million. The Council Decision Document can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2024.MPB15.1>

## COMMENTS

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Toronto Water is seeking to amend the 2024 Budget and 2025-2033 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 unforeseen costs for replacement of water meter transmission units and higher than expected costs for projects at the Humber and Ashbridges Bay Wastewater Treatment Plants.

The majority of Toronto Water's capital projects are multi-year complex infrastructure projects. Accelerated spending, as listed in Part A of Schedule A, can be attributed to site conditions, favourable weather, and 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 be attributed to project delays. Project delays can be attributed to: 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 or easements, 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 support the higher than forecasted award pricing for Security Upgrades and the M & T Pumping Station Critical Repairs at the Humber and Ashbridges Bay Wastewater Treatment plants respectively. Additional funding is also required to support the replacement of water meter data transmission units reaching end of life earlier than forecasted, and the increased owner-controlled insurance costs supporting the construction of the Outfall at the Ashbridges Bay Treatment Plant.

The additional costs for these projects are to be offset from funds available from projects which have been awarded under budget, projects which have been deferred or where the funding is not required in 2024 based on current commitments and projected project forecasts, 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 2024-2026 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2024-2026 Budget Adjustments Reallocations due to Deferrals

Schedule A – Part C - Toronto Water 2024-2026 Budget Adjustments Reallocations

# Toronto Water 2024-2026 Budget Adjustments

## Schedule A

### Part A - Toronto Water 2024-2026 Budget Adjustment Reallocations due to Accelerations

Program Area	Account Name	Account Number	Total Project Cost*	2024	2025	2026	FUNDING SOURCE	
							Type	Details
ASHBRIDGES BAY TREATMENT PLANT	SECONDARY CLARIFIER CROSS COLLECTOR UPGRADE	CWW019-44	6,411,560	150,000	(150,000)			
				(150,000)	150,000		R-Funds	XR6004
WET WEATHER FLOW	DON & WATERFRONT TRUNK/CSO CONSTRUCTION	CWW480-03	430,311,269	3,000,000	(2,226,000)	(774,000)		
				(2,785,655)	2,066,655	719,000	R-Funds	XR6004
				(214,345)	159,345	55,000	DC	XR2112
HUMBER TREATMENT PLANT	OPERATIONS CONTROL CENTRE - CONSTRUCTION	CWW037-20	30,933,446	1,900,000	(1,900,000)			
				(1,900,000)	1,900,000		R-Funds	XR6004
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	BMP IMPLEMENTATION - CONSTRUCTION	CWW047-03	207,806,150	2,000,000		(2,000,000)		
				(1,856,875)		1,856,875	R-Funds	XR6004
				(143,125)		143,125	DC	XR2112
HUMBER TREATMENT PLANT	SECONDARY TREATMENT UPGRADES - SOUTH - CONSTRUCTION	CWW052-03	156,051,977	700,000	(700,000)			
				(649,875)	649,875		R-Funds	XR6004
				(50,125)	50,125		DC	XR2112
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	BUILDING REHABILITATION	CWW048-01	81,789,728	4,900,000	(1,000,000)	(3,900,000)		
				(4,900,000)	1,000,000	3,900,000	R-Funds	XR6004
WATERMAIN REPLACEMENT	LAWRENCE ALLAN REVITALIZATION PLAN- INFRASTRUCTURE	CPW701-01	16,345,933	550,000	(550,000)			
				(220,833)	220,833		R-Funds	XR6003
				(329,167)	329,167		DC	XR2111
WTP - PLANTWIDE	STANDBY POWER - PHASE 2 - CONSTRUCTION	CPW070-10	128,491,842	1,600,000	(1,600,000)			
				(1,148,037)	1,148,037		R-Funds	XR6003
				(114,490)	114,490		DC	XR2111
				(337,473)	337,473		Other	ROY
WT - STORAGE & PS	PS REHAB - PHASE 2 - ENGINEERING	CPW060-15	4,317,046	100,000	(100,000)			
				(100,000)	100,000		R-Funds	XR6003
WT - STORAGE & PS	RESERVOIR REHAB - PHASE 2 - CONSTRUCTION	CPW060-19	19,519,122	1,000,000	(1,000,000)			
				(1,000,000)	1,000,000		R-Funds	XR6003
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING DESIGN GROUP 5	CWW421-24	90,217,000	1,900,000	(1,900,000)			
				(1,900,000)	1,900,000		R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	NTPP - PROCESS IMPROVEMENTS	CWW046-04	22,022,154	500,000	(500,000)			
				(500,000)	500,000		R-Funds	XR6004
SEWER REHABILITATION	SEWER REHABILITATION - CWD	CWW465-09	394,970,816	3,000,000	(3,000,000)			
				(3,000,000)	3,000,000		R-Funds	XR6004
BUSINESS & TECHNOLOGY SUPPORT	ENTERPRISE SYSTEMS INTEGRATION	CPW048-05	7,697,682	400,000		(400,000)		
				(400,000)		400,000	R-Funds	XR6003
HUMBER TREATMENT PLANT	SECURITY UPGRADES	CWW037-22	7,254,625	1,000,000	(1,000,000)			
				(1,000,000)	1,000,000		R-Funds	XR6004
WATER METER PROGRAM (AMR)	AMR PILOT PROJECT	CPW532-02	244,701,386	6,705,000	(3,905,000)	(2,800,000)		
				(6,705,000)	3,905,000	2,800,000	R-Funds	XR6003
	<b>SUBTOTAL - PART A</b>			<b>29,405,000</b>	<b>(19,531,000)</b>	<b>(9,874,000)</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 B - Toronto Water 2024-2026 Budget Adjustment Reallocations due to Deferrals

Program Area	Account Name	Account Number	Total Project Cost*	2024	2025	2026	FUNDING SOURCE	
							Type	Details
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING TUNNEL - CONSTRUCTION	CWW421-22	332,460,567.21	(5,105,000)	2,305,000	2,800,000		
				3,229,950	(1,458,381)	(1,771,569)	R-Funds	XR6004
				608,922	(274,939)	(333,983)	DC	XR2112
				1,266,128	(571,680)	(694,448)	Other	DMAF
SEWER REHABILITATION	SURVEY ABANDONED PROGRAM	CWW465-13	11,675,000.00	(2,400,000)	2,400,000			
				2,400,000	(2,400,000)		R-Funds	XR6004
WET WEATHER FLOW	DCW- PH1-OFFLINE STORAGE TANK SHEPPARD/L	CWW480-02	50,843,894.44	(3,000,000)	3,000,000			
				2,642,326	(2,642,326)		R-Funds	XR6004
				357,674	(357,674)		DC	XR2112
SEWER REPLACEMENT	SEWER REPLC - 2022-2023 PROGRAM	CWW472-24	45,035,217.41	(3,900,000)	3,900,000			
				3,603,914	(3,603,914)		R-Funds	XR6004
				296,086	(296,086)		DC	XR2112
TRANSMISSION WATERMAINS	CAST IRON TRUNK REPLC - PHASE 4 - CONSTRUCTION	CPW058-21	28,200,597.16	(7,000,000)	2,926,000	4,074,000		
				7,000,000	(2,926,000)	(4,074,000)	R-Funds	XR6003
BASEMENT FLOODING PROTECTION PROGRAM	CENTRAL ETOBICOKE BFPP-STORM (41-03/06)	CWW421-31	27,553,000.00	(4,400,000)	1,400,000	3,000,000		
				4,400,000	(1,400,000)	(3,000,000)	R-Funds	XR6004
HARRIS WATER TREATMENT PLANT	EMERGENCY STANDBY POWER	CPW061-21	5,108,648.02	(2,000,000)	2,000,000			
				2,000,000	(2,000,000)		R-Funds	XR6003
WET WEATHER FLOW	WESTERN BEACHES RETROFIT	CWW457-01	86,848,310.88	(1,600,000)	1,600,000			
				1,408,955	(1,408,955)		R-Funds	XR6004
				191,045	(191,045)		DC	XR2113
	<b>SUBTOTAL - PART B</b>			<b>(29,405,000)</b>	<b>19,531,000</b>	<b>9,874,000</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 2024-2026 Budget Adjustment Reallocations

Program Area	Account Name	Account Number	Total Project Cost	2024	2025	2026	Revised Project Cost	COMMENTS	FUNDING SOURCE	
									Type	Details
HUMBER TREATMENT PLANT	SECURITY UPGRADES	CWW037-22	7,254,625			1,500,000	8,754,625	Higher than forecasted award price.		
						(1,500,000)			R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	OUTFALL CONSTRUCTION	CWW039-06	270,560,210	528,000			271,088,210	Increased insurance costs required in 2024.		
				(465,028)					R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	M & T PUMPING STATION CRITICAL REPAIRS	CWW040-10	12,829,249			1,850,000	14,679,249	Higher than forecasted bid prices.		
						(1,850,000)			R-Funds	XR6004
WATER METER PROGRAM (AMR)	AMR PILOT PROJECT	CPW532-02	244,701,386	4,400,000	4,905,000	2,800,000	256,806,386	Additional costs to support earlier than forecasted need to replace water meter transmission units.		
				(4,400,000)	(4,905,000)	(2,800,000)			R-Funds	XR6003
	<b>SUBTOTAL - PART C</b>			<b>4,928,000</b>	<b>4,905,000</b>	<b>6,150,000</b>				
WTP - PLANTWIDE	ZEBRA MUSSEL CONTROL - CONSTRUCTION	CPW070-05	83,223,857			(3,350,000)	79,873,857	Project awarded under budget and funds are available for reallocation.		
						3,350,000			R-Funds	XR6003
ASHBRIDGES BAY TREATMENT PLANT	DISINFECTION SYSTEM CONSTRUCTION	CWW039-02	224,826,038	(528,000)			224,298,038	Funds are available for reallocation based on value of remaining commitments and forecasted spending for 2024.		
				465,019					R-Funds	XR6004
PUMPING STATIONS & FORCEMAINS	ELLIS AND SOUTHPORT	CWW476-10	11,545,761	(2,400,000)	(3,705,000)	(2,800,000)	2,640,761	Construction works have been deferred and funds are available for reallocation.		
				2,400,000	3,705,000	2,800,000			R-Funds	XR6004
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING PRELIMINARY DESIGN 45-48	CWW421-32	11,400,000	(2,000,000)	(1,200,000)		8,200,000	Project awarded under budget and funds are available for reallocation.		
				1,587,734	1,102,763				R-Funds	XR6004
				412,266	97,237				Other	DMAF
	<b>SUBTOTAL - PART C</b>			<b>(4,928,000)</b>	<b>(4,905,000)</b>	<b>(6,150,000)</b>				

**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.