

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

Date: September 13, 2024

To: Executive Committee

From: General Manager Toronto Water

Wards: All

SUMMARY

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 10-Year 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

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 \$17.283 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 \$9.550 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 2024 Capital Budget and 2025-2033 Capital Plan in the total amount of

\$17.283 million. The report also recommends the reallocation of 2024-2033 project costs and cash flows in the total amount of \$9.550 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). 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 resolution of outstanding claims associated with the Group 5 Sewage Pumping Station projects, and a purchase order amendment required to support the continuation of contract administration services associated with the Basement Flooding Fairbanks Silverthorne project. Additional funding is also required to support increased costs associated with the completion of Raw Water Pump Upgrades at the Horgan Water Treatment Plant ahead of other planned capital works and to address urgent roof replacement required at the Humber Wastewater 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 cancelled due to high pricing or projects which are nearing completion and forecast to be completed under budget.

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 over the 10-year planning period 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

Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan was adjusted by City Council on July 24, 25 & 26, 2024 (EX16.18 - Toronto Water 2024 Capital Budget and 2025-2033 Capital Plan Adjustments) with a zero-dollar impact on 2024 Capital Budget and 2025-2034 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX16.18>

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

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 additional costs required to address claims and purchase order amendments supporting the Group 5 Sewage Pumping Station Upgrades, Raw Water Pump Upgrades, and Contract Administration for the Basement Flooding Fairbanks Silverthorn project.

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, 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 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, 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 resolution of outstanding claims associated with the Group 5 Sewage Pumping Station project and to support the completion of the Raw Water Pump Upgrades project at the Horgan Water Treatment Plant. Additional funding is also required to support increased contract administration costs associated with the Basement Flooding Fairbanks Silverthorne project and costs required to support urgent roof replacement for the Operations Control Centre at the Humber Wastewater Treatment Plant.

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

CONTACT

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SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

ATTACHMENTS

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
WATERMAIN REPLACEMENT	DIST WATERMAIN REPLACEMENT - 2019	CPW542-25	238,850,333	450,000	(450,000)	0		
				(429,511)	429,511		R-Funds	XR6003
				(20,489)	20,489		DC	XR2111
NEW SEWERS	DOWNSVIEW LANDS EXTERNAL UPGRADES	CWW453-04	7,408,669	3,000,000	(3,000,000)	0		
				(1,090,764)	1,090,764		R-Funds	XR6004
				(1,909,236)	1,909,236		DC	XR2112
PUMPING STATIONS & FORCEMAINS	FORCEMAIN REPLACEMENT - PHASE 2	CWW472-23	53,091,906	6,100,000	(3,100,000)	(3,000,000)		
				(6,100,000)	3,100,000	3,000,000	R-Funds	XR6004
PUMPING STATIONS & FORCEMAINS	SPS UPGRADES - GROUP 6	CWW476-05	31,001,902	1,150,000	0	(1,150,000)		
				(1,067,670)		1,067,670	R-Funds	XR6004
				(82,330)		82,330	DC	XR2112
WATERMAIN C&L	CATHODIC PROTECTION	CPW543-05	46,951,506	615,000	(615,000)	0		
				(615,000)	615,000		R-Funds	XR6003
WTP - PLANTWIDE	UV DISINFECTION-ISLAND WATER TREATMENT PLANT-ENGINEERING	CPW070-07	6,901,746	300,000	(300,000)	0		
				(300,000)	300,000		R-Funds	XR6003
TRUNK SEWERS	TRUNK SEWER REHABILITATION - 2018	CWW014-17	123,895,230	680,000	(680,000)	0		
				(680,000)	680,000		R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	OUTFALL AND DISINFECTION UPGRADES ENGINEERING	CWW039-01	23,169,320	700,000	(700,000)	0		
				(649,985)	649,985		R-Funds	XR6004
				(50,015)	50,015		DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	NTTP-ELECTRICAL UPGRADES	CWW046-01	14,570,939	400,000	(400,000)	0		
				(400,000)	400,000		R-Funds	XR6004

*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 A - Toronto Water 2024-2026 Budget Adjustment Reallocations due to Accelerations
(Cont'd)**

Program Area	Account Name	Account Number	Total Project Cost*	2024	2025	2026	FUNDING SOURCE	
							Type	Details
ASHBRIDGES BAY TREATMENT PLANT	NTTP - PROCESS IMPROVEMENTS	CWW046-04	22,584,154	450,000	(450,000)	0		
				(450,000)	450,000		R-Funds	XR6004
WT - STORAGE & PS	RESERVOIR REHABILITATION - PHASE 2 - ENGINEERING	CPW060-14	1,830,227	288,000	(288,000)	0		
				(288,000)	288,000		R-Funds	XR6003
ISLAND TREATMENT PLANT	ISLAND FLOODING RESILIENCY	CPW064-28	3,865,000	180,000	(180,000)	0		
				(180,000)	180,000		R-Funds	XR6003
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	HCTP - BIOSOLIDS IMPLEMENTATION	CWW047-02	30,723,205	500,000	(500,000)	0		
				(464,235)	464,235		R-Funds	XR6004
				(35,765)	35,765		DC	XR2112
HUMBER TREATMENT PLANT	SECONDARY TREATMENT UPGRADES - SOUTH - C	CWW052-03	157,029,976	935,000	(935,000)	0		
				(886,810)	886,810		R-Funds	XR6004
				(48,190)	48,190		DC	XR2112
HUMBER TREATMENT PLANT	BLOWER REPLACEMENT	CWW037-14	73,027,087	385,000	(385,000)	0		
				(385,000)	385,000		R-Funds	XR6004
PUMPING STATIONS & FORCEMAINS	GROUP 5 SEWAGE PUMPING STATION UPGRADES	CWW465-08	22,608,928	600,000	(600,000)	0		
				(597,872)	597,872		R-Funds	XR6004
				(2,128)	2,128		DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	OUTFALL ENGINEERING	CWW039-04	34,133,686	300,000	(300,000)	0		
				(278,496)	278,496		R-Funds	XR6004
				(21,504)	21,504		DC	XR2112
HUMBER TREATMENT PLANT	EQUIPMENT REPLACEMENT	CWW005-123	17,580,187	250,000	0	(250,000)		
				(250,000)		250,000	R-Funds	XR6004
	SUBTOTAL - PART A			17,283,000	(12,883,000)	(4,400,000)		

*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
SEWER REPLACEMENT	SEWER REPLACEMENT - 2022-2023 PROGRAM	CWW472-24	46,631,217.24	(4,778,000)	2,778,000	2,000,000		
				4,415,257	(2,567,096)	(1,848,161)	R-Funds	XR6004
				362,743	(210,904)	(151,839)	DC	XR2112
HUMBER TREATMENT PLANT	SERVICE REHABILITATION AND UPGRADES	CWW037-18	95,106,373.47	(6,000,000)	3,600,000	2,400,000		
				6,000,000	(3,600,000)	(2,400,000)	R-Funds	XR6004
YARDS & FACILITIES	ACCOMMODATION PLAN	CWW034-06	21,803,661.24	(2,000,000)	2,000,000	0		
				2,000,000	(2,000,000)		R-Funds	XR6004
TRUNK WATERMAINS	CAST IRON TRUNK REPLACEMENT - PHASE 4 - CONSTRUCTION	CPW058-21	28,200,597.16	(2,000,000)	2,000,000	0		
				2,000,000	(2,000,000)		R-Funds	XR6003
WT - STORAGE & PS	SCARBOROUGH RESERVOIR SURGE TANK	CPW060-17	20,457,685.59	(2,505,000)	2,505,000	0		
				2,505,000	(2,505,000)		R-Funds	XR6003
	SUBTOTAL - PART B			(17,283,000)	12,883,000	4,400,000		

*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
PUMPING STATIONS & FORCEMAINS	GROUP 5 SEWAGE PUMPING STATION UPGRADES	CWW465-08	22,608,928	3,400,000	600,000		26,608,928	Increased costs associated with the resolution of outstanding claims		
				(3,237,126)	(597,872)				R-Funds	XR6004
				(162,874)	(2,128)				DC	XR2112
FJ HORGAN TREATMENT PLANT	RAW WATER PUMP UPGRADES	CPW062-08	5,446,915	550,000			5,996,915	Increased costs associated with completion of the project.		
				(550,000)					R-Funds	XR6003
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING TUNNEL - CONTRACT ADMINISTRATION	CWW421-25	23,179,732		3,000,000		26,179,732	Increased contract administration fees to support the Fairbanks Silverthorne project.		
					(1,989,575)				R-Funds	XR6004
					(214,468)				DC	XR2112
					(795,957)				Other	DMAF
HUMBER TREATMENT PLANT	OPERATIONS CONTROL CENTRE - CONSTRUCTION	CWW037-20	46,048,573	2,000,000			48,048,573	Additional costs to address required roof renewal works.		
				(2,000,000)					R-Funds	XR6004
	SUBTOTAL - PART C			5,950,000	3,600,000	0				
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING EA STUDIES	CWW421-14	68,340,862		(3,600,000)		64,740,862	Studies are nearing completion, with some studies forecast to be completed under budget.		
					3,342,269				R-Funds	XR6004
					257,731				DC	XR2112
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING TUNNEL - CONSTRUCTION - PHASE 3	CWW421-27	56,900,000	(3,950,000)			52,950,000	Phase 3 construction works awarded under budget.		
				3,479,160					R-Funds	XR6004
				470,840					DC	XR2112
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	LIQUID TRAIN - CONSTRUCTION	CWW036-24	54,900,000	(2,000,000)			52,900,000	Tender was cancelled due to high bid prices		
				2,000,000					R-Funds	XR6004
	SUBTOTAL - PART C			(5,950,000)	(3,600,000)	0				

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.