

Toronto Water 2024 Year End Capital Budget and 2025-2034 Capital Plan Adjustments

Date: April 14, 2025

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 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 2024 Capital Budget.

This report also requests City Council's authority to amend Toronto Water's 2025 Capital Budget and 2026-2034 Capital Plan by adjusting project costs and cashflows contained within the 10-Year Capital Budget and Plan, respectively, to align the 2025 Capital Budget and 2026-2034 Capital Plan with the final 2024 capital expenditures and project progress. The adjustments will have a zero dollar impact on the 2025 Capital Budget and 2026-2034 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 \$32.378 million in 2024 for acceleration and deferral of projects within Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan, with offsetting acceleration and deferral cashflow and corresponding funding reallocation adjustments in the equal amount in 2025, 2026 and 2027 within Toronto Water's 2025 Capital Budget and 2026-2034 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 2024 cashflows, project costs, and corresponding funding in Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan in the amount of \$6.871 million from projects experiencing reduced demand or 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 2024, Toronto Water achieved a delivery rate of approximately 76% of its 2024 Capital Budget of \$1,274 million.

The delivery of a number of projects proceeded ahead of the forecast, exceeding the 2024 cash flow forecasts while some others fell behind schedule or experienced reduced expenditures, resulting in the need to amend the 2024 Budget to reflect project accelerations and deferrals as outlined in Schedule A (Part A & B).

The increases to the 2025, 2026 and 2027 cashflows for projects that have been delayed as shown in Schedule A - Part B are offset by corresponding decreases in cashflow for projects that have proceeded ahead of the forecast in 2024 as shown in Schedule A - Part A, resulting in no changes to individual project costs.

Some projects experienced increased spending in 2024, while some other projects incurred lower than forecasted spending in 2024 or were completed under budget. As a result, funding from these projects is available for reallocation to address projects that incurred additional expenditures in 2024 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, as noted above, will result in zero budget impacts and will align the 2024 Capital Budget with final year end expenditures and also align the 2025 Capital Budget and 2026-2034 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 11, 2025 - considered and debated the Mayor's Proposed Budget which was deemed adopted as amended by Council, including Toronto Water's 2025 Capital Budget and 2026-2034 Capital Plan, with a 2025 Capital Budget cash flow of \$1,282.869 million. The Council Decision Document can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2025.MPB27.1>

Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan was adjusted by City Council on December 17 & 18, 2024 (GG18.24 - Amendment to Purchase Order Number 6047137 with North Tunnel Constructors ULC for the Construction of the

Coxwell Bypass Tunnel between Ashbridges Bay Treatment Plant and Coxwell Ravine Park) with a zero dollar impact on 2024 Capital Budget and 2025-2033 Capital Plan.

The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.GG18.24>

Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan was adjusted by City Council on October 9 & 10, 2024 (EX17.16 - Toronto Water 2024 Capital Budget and 2025-2033 Capital Plan Adjustments) with a zero dollar impact on 2024 Capital Budget and 2025-2033 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX17.16>

Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan was adjusted by City Council on October 9 & 10, 2024 (EX17.11 – Capital Variance Report for the Six Months Ended June 30, 2024) to transfer 2024 allocation of \$0.803 million for Phases 2 and 3 of the Enterprises Management System project from Toronto Water to Technology Services Division with a zero dollar impact on the City's 2024 Capital Budget and 2025-2033 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX17.11>

Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan was adjusted by City Council on July 24 & 25, 2024 (EX16.18 - Toronto Water 2024 Capital Budget and 2025-2033 Capital Plan Adjustments) with a zero dollar impact on 2024 Capital Budget and 2025-2033 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 2023 Capital Budget and 2024-2032 Capital Plan was adjusted by City Council on May 22 & 23, 2024 (EX14.7 - Toronto Water 2023 Year End Capital Budget and 2024-2033 Capital Plan Adjustments) with a zero dollar impact on 2023 Capital Budget and 2024-2032 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 was adjusted by City Council on May 22 & 23, 2024 (GG12.15 - Award of Doc4328129808 to ASCO Construction (Toronto) Ltd., for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project) with a zero dollar impact on 2024 Capital Budget and 2025-2033 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.GG12.15>

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, 2024 (EX14.5 - Adjustments to Capital Budget, Carry Forward Funding and Future Year Commitments) resulting in an overall budget increase in 2024 of \$66.897 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 requires the amendment of the 2024 Budget to align the cash flows with 2024 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 2025 Capital Budget and 2026-2034 Capital Plan to align with project delivery accelerations and deferrals.

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 strong consultant/contractor performance, favourable site conditions or weather conditions, equipment deliveries ahead of schedule, and resolution of final payments or fee adjustments. Where the 2024 Capital Budget is recommended to be increased to align with accelerated project spending in 2024, the 2025, 2026 and 2027 cashflows are recommended to be decreased by an equal amount.

Project under-spending, as listed in Part B of Schedule A, can be attributed to: delays in completing designs due to complexities within the infrastructure, unforeseen or complex ground/site conditions, consultant/contractor performance issues, coordination with other projects, projects nearing completion, delays in executing agreements, and extended procurement phases. Where 2024 Capital Budget is recommended to be decreased to align with delayed project spending, the 2025, 2026 and 2027 cashflows are recommended to be increased by an equal amount.

As outlined in Part C of Schedule A, additional project costs were incurred in 2024 due to higher than forecasted salary recoveries for the Policy, Planning, Finance and Administration division and to address a higher than forecasted demand for Site Servicing (New Service Connections - Site Servicing) in 2024. Project costs and cashflows are available for reallocation due to lower than forecasted expenditures for Toronto Water salaries in 2024, lower than forecasted need for Substandard Water Service Replacement (2022 Water Service Replacement – SOGR) in coordination with planned capital works and Emergency Erosion Control in 2024, as well as sub-projects nearing completion in the System Sustainability project.

CONTACT

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SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

ATTACHMENTS

Schedule A – Part A - Toronto Water 2024 and 2025-2034 Budget Adjustments
Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2024 and 2025-2034 Budget Adjustments
Reallocations due to Deferrals

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

Toronto Water 2024 and 2025-2034 Budget Adjustments

Schedule A

Part A - Toronto Water 2024 and Approved 2025-2034 Budget Adjustment Reallocations due to Accelerations

Program Area	Account Name	Account Number	Total Project Cost*	2024	2025	2026	2027	FUNDING SOURCE	
								Type	Details
BUSINESS & TECHNOLOGY SUPPORT	BUSINESS & TECHNOLOGY IMPROVEMENT - PHASE 2	CPW039-10	59,746,632.79	536,993.37	(436,993.37)	(100,000.00)	0.00		
				(536,993.37)	436,993.37	100,000.00	0.00	R-Funds	XR6003
WT - STORAGE & PS	DOWNSVIEW PS - CONSTRUCTION	CPW060-20	8,234,103.36	1,038,103.11	(707,174.11)	(330,929.00)	0.00		
				(138,861.88)	0.00	138,861.88		R-Funds	XR6003
				(899,241.23)	707,174.11	192,067.12	0.00	DC	XR2111
WTP - PLANTWIDE	ZEBRA MUSSEL CONTROL - CONSTRUCTION	CPW070-05	77,896,787.62	1,152,930.20	(1,152,930.20)	0.00	0.00		
				(1,152,930.20)	1,152,930.20	0.00	0.00	R-Funds	XR6003
WTP - PLANTWIDE	SCRUBBER & TONNER CONNECTION IMPROVEMENT- CONSTRUCTION	CPW070-11	8,666,673.16	1,271,925.92	(771,925.92)	(500,000.00)	0.00		
				(1,145,286.22)	679,786.22	465,500.00	0.00	R-Funds	XR6003
				(126,639.70)	92,139.70	34,500.00	0.00	DC	XR2111
ASHBRIDGES BAY TREATMENT PLANT	D BUILDING PHASE 2	CWW019-34	96,028,502.00	2,073,353.85	(2,073,353.85)	0.00	0.00		
				(2,073,353.85)	2,073,353.85	0.00	0.00	R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	HEATING AND AIR SYSTEMS	CWW019-46	81,142,138.56	833,833.06	(833,833.06)	0.00	0.00		
				(833,833.06)	833,833.06	0.00	0.00	R-Funds	XR6004
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	CEPA COMPLIANCE -HCTP	CWW036-10	37,383,755.17	1,024,866.45	0.00	(1,024,866.45)	0.00		
				(1,024,866.45)	0.00	1,024,866.45	0.00	R-Funds	XR6004
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	LIQUID TRAIN REPAIRS - PHASE 1	CWW036-18	99,616,362.12	509,793.99	0.00	(509,793.99)	0.00		
				(509,793.99)	0.00	509,793.99	0.00	R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	WASTE ACTIVATED SLUDGE UPGRADE - CONSTRUCTION	CWW043-06	150,477,743.42	1,495,913.72	0.00	(495,913.72)	(1,000,000.00)		
				(1,388,836.07)	0.00	460,413.53	928,422.54	R-Funds	XR6004
				(107,077.65)	0.00	35,500.19	71,577.46	DC	XR2112
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	HCTP - BIOSOLIDS IMPLEMENTATION	CWW047-02	31,157,996.34	289,790.22	0.00	(289,790.22)	0.00		
				(269,042.92)	0.00	269,042.92	0.00	R-Funds	XR6004
				(20,747.30)	0.00	20,747.30	0.00	DC	XR2112

Part A - Toronto Water 2024 and Approved 2025-2034 Budget Adjustment Reallocations due to Accelerations (Cont'd)

Program Area	Account Name	Account Number	Total Project Cost*	2024	2025	2026	2027	FUNDING SOURCE	
								Type	Details
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	BMP IMPLEMENTATION - CONSTRUCTION	CWW047-03	216,690,422.02	9,467,272.76	0.00	(9,467,272.76)	0.00		
				(8,789,771.05)	0.00	8,789,771.05	0.00	R-Funds	XR6004
				(677,501.71)	0.00	677,501.71	0.00	DC	XR2112
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	BMP IMPLEMENTATION ENHANCEMENTS - CONSTRUCTION	CWW047-04	20,130,518.15	3,088,283.49	(1,515,000.49)	(1,000,000.00)	(573,283.00)		
				(2,795,223.40)	1,334,284.73	928,571.43	532,367.24	R-Funds	XR6004
				(293,060.09)	180,715.76	71,428.57	40,915.76	DC	XR2112
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	BUILDING REHABILITATION	CWW048-01	83,833,921.77	2,828,194.11	(2,000,000.11)	0.00	(828,194.00)		
				(2,828,194.11)	2,000,000.11	0.00	828,194.00	R-Funds	XR6004
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING DESIGN - GROUP 5	CWW421-24	90,359,583.13	1,508,582.95	0.00	0.00	(1,508,582.95)		
				(1,508,582.95)	0.00	0.00	1,508,582.95	R-Funds	XR6004
SEWER REHABILITATION	SEWER REHABILITATION - CWD	CWW465-09	400,470,494.81	1,583,678.59	0.00	(1,583,678.59)	0.00		
				(1,583,678.59)	0.00	1,583,678.59	0.00	R-Funds	XR6004
PUMPING STATIONS & FORCEMAINS	FORCEMAIN REPLACEMENT - PHASE 2	CWW472-23	68,729,730.71	3,674,824.99	(1,000,000.00)	(2,674,824.99)	0.00		
				(3,674,824.99)	1,000,000.00	2,674,824.99	0.00	R-Funds	XR6004
	SUBTOTAL - PART A			32,378,340.78	(10,491,211.11)	(17,977,069.72)	(3,910,059.95)		

*No change in approved project costs.

Schedule A

Part B - Toronto Water 2024 and Approved 2025-2034 Budget Adjustment Reallocations due to Deferrals

Program Area	Account Name	Account Number	Total Project Cost*	2024	2025	2026	2027	FUNDING SOURCE	
								Type	Details
WT - STORAGE & PS	INDOOR/OUTDOOR SWITCHGEAR (PHASE 4)	CPW067-05	44,129,421.45	(4,739,000.00)	4,739,000.00	0.00	0.00		
				4,739,000.00	(4,739,000.00)	0.00	0.00	R-Funds	XR6003
Automated Meter Replacement	AUTOMATED METER READING SYSTEM	CPW532-02	350,065,450.64	(4,742,001.01)	3,952,211.11	789,789.90	0.00		
				4,742,001.01	(3,952,211.11)	(789,789.90)	0.00	R-Funds	XR6003
WATERMAIN C&L	WATERMAIN STRUCTURAL LINING	CPW543-04	784,247,061.87	(10,145,000.00)	0.00	10,145,000.00	0.00		
				10,145,000.00	0.00	(10,145,000.00)	0.00	R-Funds	XR6003
TRUNK SEWERS	TRUNK SEWER REHABILITATION - 2018	CWW014-17	120,531,596.97	(1,800,000.00)	1,800,000.00	0.00	0.00		
				1,800,000.00	(1,800,000.00)	0.00	0.00	R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	RAW SEWAGE PUMP STATION REBUILD ENGINEERING	CWW040-02	117,384,451.35	(2,833,016.82)	0.00	1,972,956.82	860,060.00		
				2,495,191.43	0.00	(1,737,689.98)	(757,501.45)	R-Funds	XR6004
				337,825.39	0.00	(235,266.84)	(102,558.55)	DC	XR2112
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING RELIEF - GROUP 4 (CONSTRUCTION)	CWW421-17	755,665,127.01	(3,500,000.00)	0.00	3,500,000.00	0.00		
				3,500,000.00	0.00	(3,500,000.00)	0.00	R-Funds	XR6004
BASEMENT FLOODING PROTECTION PROGRAM	BF TUNNEL - CONSTRUCTION	CWW421-22	332,517,638.09	(3,049,999.95)	0.00	0.00	3,049,999.95		
				3,049,999.95	0.00	0.00	(3,049,999.95)	R-Funds	XR6004
SEWER REPLACEMENT	SEWER REPLACEMENT - 2024 PROGRAM	CWW472-26	9,613,451.03	(1,569,323.00)	0.00	1,569,323.00	0.00		
				1,569,323.00	0.00	(1,569,323.00)	0.00	R-Funds	XR6004
	SUBTOTAL - PART B			(32,378,340.78)	10,491,211.11	17,977,069.72	3,910,059.95		

*No change in approved project costs.

Schedule A

Part C - Toronto Water 2024 Budget Adjustment Reallocations

Program Area	Account Name	Account Number	Total Project Cost	2024	2025	2026	2027	Revised Project Cost	COMMENTS	FUNDING SOURCE	
										Type	Details
NEW CONNECTIONS	NEW SERVICE CONNECTIONS - SITE SERVICING	CPW600-02	517,472,548.21	6,620,303.30				524,092,852	Higher than anticipated demand for Site Servicing in 2024.		
				(6,620,303.30)						R-Funds	XR6003
LINEAR ENGINEERING	PPFA SALARIES	CPW545-11	38,944,137.65	251,059.92				39,195,198	Higher than forecasted salary recoveries in 2024.		
				(251,059.92)						R-Funds	XR6003
	SUBTOTAL - PART C			6,871,363.22							
LINEAR ENGINEERING	TW SALARIES	CPW545-13	28,598,405.69	(770,000.00)				27,828,406	Lower than forecasted salary recoveries in 2024.		
				770,000.00						R-Funds	XR6003
LINEAR ENGINEERING	TW SALARIES	CWW470-08	31,118,732.16	(1,012,000.00)				30,106,732	Lower than forecasted salary recoveries in 2024.		
				1,012,000.00						R-Funds	XR6004
WATER SERVICE REPLACEMENT	2022 WATER SERVICE REPLACEMENT - SOGR	CPW544-23	79,432,816.36	(2,639,363.22)				76,793,453	Lower than forecasted substandard water service replacement in 2024 in coordination with other capital works.		
				2,639,363.22						R-Funds	XR6003
WT - STORAGE & PS	SYSTEM SUSTAINABILITY	CPW069-01	26,933,752.67	(400,000.00)				26,533,753	One project has been completed under budget, and funds are available for reallocation.		
				204,425.71						R-Funds	XR6003
				47,629.08						DC	XR2111
				147,945.21						Other	ROY
WET WEATHER FLOW - STREAM	EMERGENCY EROSION CONTROL	CWW466-09	12,388,760.96	(2,050,000.00)				10,338,761	Lower than forecasted need for emergency erosion control works in 2024.		
				2,050,000.00						R-Funds	XR6004
	SUBTOTAL - PART C			(6,871,363.22)							