

Authority to Reallocate Funds for the Effluent Disinfection System Upgrades Project at Ashbridges Bay Treatment Plant

Date: July 7, 2026

To: General Government Committee

From: Chief Engineer and Executive Director, Engineering and Construction Services and
General Manager, Toronto Water

Wards: 14 (Toronto-Danforth)

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains advice that includes information related to litigation or potential litigation affecting the City.

The attachment is also about a position, plan, and criteria to be applied to negotiations to be carried on by or on behalf of the City of Toronto.

SUMMARY

This report seeks authority to reallocate funds for construction of the Effluent Disinfection System Upgrades Project at Ashbridges Bay Treatment Plant. The reallocation is needed for potential resolution of claims related to the project.

RECOMMENDATIONS

The Chief Engineer and Executive Director, Engineering and Construction Services and the General Manager, Toronto Water recommend that:

1. City Council adopt the confidential instructions to staff set out in Confidential Attachment 1 to the report, and direct that that the confidential instructions in Confidential Attachment 1 remain confidential at the discretion of the Chief Engineer and Executive Director, Engineering and Construction Services and the General Manager, Toronto Water, in

consultation with the City Solicitor, and that the balance of Confidential Attachment 1 to this report remain confidential in its entirety as it includes information related to litigation or potential litigation affecting the City and that it includes a position, plan, or criteria to be applied to any negotiations carried on, or to be carried on, by or on behalf of the City.

FINANCIAL IMPACT

Details outlined in Confidential Attachment 1.

The Chief Financial Officer and Treasurer has received this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting held on January 19, 2018, the Public Works and Infrastructure Committee granted authority to award Contract 17ECS-MI-03AB, Tender Call 235-2017, for the Effluent Disinfection System at Ashbridges Bay Treatment Plant to Graham Construction and Engineering LP, having submitted the lowest compliant bid and meeting the specifications in conformance with the Tender requirements, in the amount of \$209,363,500 net of all applicable taxes and charges (\$213,048,298 net of Harmonized Sales Tax recoveries). A copy of the Public Works and Infrastructure Committee Decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PW26.3>

At its meeting held on February 7 and 8, 2023, City Council adopted confidential instructions to staff from the City Solicitor as set out in Item No. 2023.IE1.9, Ashbridges Bay Treatment Plant Effluent Disinfection System – Construction Delay Claims. A copy of Council's decision and the public report to the Infrastructure and Environment Committee can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2023.IE1.9>

At its meeting held on October 23, 2025, the General Government Committee adopted Item No. 2025.GG25.11 thereby authorizing amendment of the purchase order No. 6046601 with Graham Construction and Engineering LP for the Effluent Disinfection System Upgrades at Ashbridges Bay Treatment Plant by an additional amount of \$9,680,000 net of all taxes and charges. A copy of the General Government Committee Decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2025.GG25.11>

COMMENTS

Background

The Ashbridges Bay Treatment Plant (ABTP) is the largest of four wastewater treatment plants owned and operated by the City of Toronto. It is located at 9 Leslie Street, in Toronto's east end, and is one of Canada's largest and oldest wastewater treatment plants. The Effluent Disinfection System Upgrades Project involves the construction of a state-of-the-art ultraviolet disinfection system for the secondary treated effluent at the Ashbridges Bay Treatment Plant. Once constructed, the upgraded system will eliminate reliance on chlorine for ABTP effluent disinfection.

The construction contract for the Effluent Disinfection System Upgrades Project was awarded to Graham Construction and Engineering LP ("**Graham**"), on January 19, 2018, allowing for 189 weeks of construction, with a completion date of November 15, 2021. The Order to Commence was issued on April 2, 2018.

Subsequently the Substantial Performance date was extended to August 2022 to account for unforeseen site conditions. As of June 2026, approximately 96% of the project is complete. Based on Graham's most recent schedule update, Substantial Performance is forecasted for October 2026, with final completion estimated in November 2026.

Construction Purchase Order Amendment for Graham

The original contract completion date was November 2021. This was extended contractually to August 2022. The contract has been significantly delayed due to both unforeseen subsurface conditions and issues arising on site, and on January 20, 2023, Purchase Order 6046601 to Graham was amended (Purchase Order Amendment 1) to extend the delivery date from December 31, 2022 to December 31, 2024, to allow for completion time and final payment for the works.

On September 24, 2025, Purchase Order Amendment 2 was approved to extend the delivery date from December 31, 2024 to December 31, 2026, to allow for completion time and final payment for the works.

On November 4, 2025, Purchase Order Amendment 3 was approved to increase the overall value of the Purchase Order from \$209,363,500 to \$219,043,500 net of all applicable taxes and charges, and to extend the delivery date from December 31, 2026 to December 31, 2027, to allow for completion time and final payment for the works.

Legal Disputes with Graham

Delays in the work led to the initiation of a legal claim against the City by Graham, and by several subcontractors against Graham. Some of these legal issues are to be determined in a three-week arbitration scheduled to commence on September 21, 2026.

In this arbitration, Graham and particular subcontractors claim they are entitled to payment of damages allegedly incurred in early stages of the Project (referred to as the "Part A" claims).

In addition to the Part A issues to be determined through arbitration, the City and Graham had a significant dispute with respect to the total number of excusable, compensable days of delay that Graham was entitled to submit in Graham's Part B claim. The City's delay expert did an evaluation, which allowed the City and Graham to agree upon a portion of the excusable, compensable delay. The remaining dispute was evaluated by a delay expert that the City and Graham jointly retained to calculate the remaining excusable, compensable delay in Graham's Part B claim. On April 30, 2026, the jointly retained expert delivered their decision.

Refer to the Confidential Attachment for additional information.

The City Solicitor was consulted in the preparation of this report.

CONTACT

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SIGNATURE

Jennifer Graham Harkness, P.Eng.
Chief Engineer and Executive Director

Lou Di Gironimo
General Manager, Toronto Water

ATTACHMENTS

Confidential Attachment 1 – Authority to Reallocate Funds for the Effluent Disinfection System Upgrades Project at Ashbridges Bay Treatment Plant