



Staff Report for Committee of the Whole Meeting

Date of Meeting: December 11, 2018

Report Number: SREIS.18.012

Department: Environment and Infrastructure Services
Division: Select Division

Subject: Approval of Capital Expenditures (SREIS.18.012)

Purpose:

To recommend the approval of routine Capital Expenditures items that are time sensitive in order to ensure completion based on program facility timing, continuity and financial savings.

Recommendation(s):

- a) That Council approve the Capital Expenditure for the design and construction capital projects identified as time sensitive in SREIS.18.012 to ensure a seamless delivery of the Town's capital program in the amount of \$16,938,300 with funding sources as identified for each project.

Contact Person:

J. Concepcion, Financial Management Advisor, Ext. 2499

Report Approval:

Submitted by: Italo Brutto, Commissioner of Environment and Infrastructure Services
Ilmar Simanovskis, Commissioner of Community Services
Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, Chief Administrative Officer

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), Town Solicitor (as required), Commissioner, and Chief Administrative Officer. Details of the reports approval are attached.

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Background:

“Richmond Hill is a vibrant community, one that is dynamic, offers a great place to live, do business and provides a sense of place and identity. It is where people come together to build a community.”

The Town of Richmond Hill, owns, manages, and maintains its asset portfolio. The assets which are managed on behalf of the Town’s Council and Citizens, include a state-of the-art theatre; award-winning community centres, pools, parks, playgrounds and trails; highly valued libraries, arenas and gathering places; the critical community connectivity infrastructure of roads, sidewalks, sanitary and storm sewers and watermains; and the service-delivery capacity associated with fleet, emergency vehicles, safety and security facilities (fire-halls), office and operational spaces, furniture, fixtures, equipment, telephony and information technology systems.

The Corporation’s Capital Budget contains the investment priorities, choices, and decision points that ultimately represent the tangible implementation of the Town’s Strategic Plan and Official Plan. These two plans are the primary documents that set the foundation to shape and guide the future growth, development and aspirations of the Town. In addition, they provide key directions supported by and aligned with Council-approved plans and strategies (for example, transportation, pedestrian and cycling infrastructure, parks and recreation, culture, information technology, etc.), to ensure that our residents are provided with the infrastructure necessary to support their choice to live, work and play in our community.

The Town’s Capital Budget process is the formal tool that municipalities use to prioritize and budget for numerous capital projects. The capital projects can vary from minor to major works and from new capital to replacement capital, and also rehabilitation of assets under the Town’s control. The process is a major outlay of cash, outlining the Town’s financial needs for growth, and maintenance of existing infrastructures such as community centres, fire stations, pools, parks, trails, arena, roads and sidewalk.

The Town’s Capital Budget and Forecast is normally tabled to Council during the October and November months, with approval early December. This early approval provides significant benefits in capital delivery schedules to ensure sufficient time for design planning prior to summer construction, and as well provide cost savings as tenders are awarded in advance of the peak construction season.

This year, the 2018 Municipal Election process coincided with the Capital Budget cycle. The 2019 Capital Budget is not expected to be presented to Council until January 2019. In order to ensure a seamless capital delivery process for 2019, staff departments have identified capital projects that are time sensitive which require early approval. These requests are being brought forward on the premise that early approval is necessary to achieve the anticipated service delivery dates, construction schedules, financial cost savings and to attract competitive bids from qualified contractors.

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The overall objectives for the 2019 Draft Capital Budget and Forecast, as presented to Council on June 20, 2018 (SRCFS.18.010), are to:

1. Align with the Town's Strategic Plan and other Council Approved initiatives;
2. Continue to manage the Town's capital program reflective of corporate priorities; and
3. Maximize all funding from external sources, development charges and reserve funding and consider the prudent issuance of debt as an alternate use of available funding resources.

Environment and Infrastructure Services along with Community Services are seeking early approval of \$16,938,300 in capital projects, which includes the allocation of salary and overhead costs related to capital project delivery. The capital expenditures requested is equivalent to approximately 27% of the Town's Total 2019 Capital Budget expenditure. The early capital approval will fund the following groups of projects:

- Parks redevelopment projects
- Storm Water Management Rehabilitation design and construction projects
- Flood remediation improvement project
- Facilities design, construction & maintenance projects
- Fire & Emergency Services equipment
- Roads overlay program & parking lot rehabilitation projects

Appendix "A" summarizes the capital expenditure approval request by Division and their associated funding sources. The listed projects are consistent with the Capital Budget and Forecast.

Environment and Infrastructure Services

Environment and Infrastructure Services is requesting \$13,047,800 of capital projects for early approval.

Parks Redevelopment Projects

Advanced approval for the Bayview Hill Park Revitalization (\$862,100) and the Rumble Pond Park (\$171,000) projects will allow staff to advance the detail design allowing for more refined project estimates to support the 2020 budget submission for construction. As well several park structures including bridges and culverts were identified through Parks Operations inspections requiring rehabilitation at 14 locations (\$115,300). This project is identified to be designed and constructed within 2019, therefore in view of the aggressive timeline, the preapproval for design will safeguard the completion of construction in 2019.

Storm Water Management Rehabilitation & Flood Remediation Improvement Project (Design and Construction)

The Storm Water Management Rehabilitation and Flood Remediation Improvement capital request projects are listed in Appendix A. Two major projects being requested are the construction of the 28-1 Beaver Creek Stormwater Pond B rehabilitation and the Flood Remediation infrastructure projects amounting to \$3,136,000 & \$1,400,000 which

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are funded by the Water Quality Reserve Fund, and Town Wide Engineering Reserves Funds. Early approval of these capital projects will help the Town maintain the existing capital delivery schedule. Further, the construction projects will attract competitive pricing from contractors who are looking to secure their first projects early in the year. Using this early approval process will ensure that projects are completed in a timely manner and that the established design and construction cycle is not disrupted.

In total, the Design and Construction division is requesting a total of \$6,786,600 of capital expenditures to be approved as listed in Appendix A.

Facility Design, Construction & Maintenance Projects

The major capital projects being requested are for the design and construction for the life cycle mechanical and electrical systems renovation in the Operation Centre and the roof replacement at the Richvale Community Centre. These two projects total to \$1,975,000 and \$1,600,000 respectively, which will be funded from the Federal Gas Tax Reserves Fund and Capital Asset Continuity Reserve Fund. Approval of these capital projects will allow for the design to commence as soon as possible allowing for the construction to occur during the desired schedule.

Other facility repairs being requested for approval are consistent with previous capital requests and are to coincide with the annual facility shutdown periods in order to avoid interruption of their regular programming. In total, this division is requesting \$5,333,000 of capital expenditures to be approved as listed in Appendix A.

Community Services

The 2019 capital projects requested by Community Services Department amounts to \$3,890,500 as listed in Appendix A.

Fire & Emergency Services Equipment

The capital request of \$80,000 for Bunker Gear is to ensure the safety of the firefighters during their daily operations. This amount is funded from the Infrastructure Repair and Replacement Reserve Funds.

Roads Overlay Program & Parking Lot Rehabilitation Projects

The \$3,558,100 request from the division is composed of \$3,346,500 for the Roads Overlay Program, of which funding is requested from the Transportation Network and Federal Gas Tax Reserve Funds. As well \$211,600 is requested for the Parking Lot Rehabilitation Program funded by the Capital Asset Continuity Reserves Fund.

Approval of the above programs will allow the Town to tender projects early in the year in order to achieve the most competitive vendor pricing from contractors and also ensure that the work proceeds during spring and summer time of the coming year.

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Financial/Staffing/Other Implications:

The total capital expenditure request in this report is \$16,938,300. It is recommended that the projects be funded from the following Reserve Funds.

<u>Funding Breakdown</u>	<u>Amount</u>
Tax Supported	
Capital Asset Continuity	\$ 4,860,000
Transportation Network	\$ 3,085,500
Infrastructure R&R	\$ 1,044,000
225 EBC	<u>\$ 273,700</u>
Total Tax Rate Supported	\$ 9,263,200
Rate Supported	
Water Quality Protection	<u>\$ 4,585,700</u>
Total Rate Supported	\$ 4,585,700
Development Charges	
Town Wide Engineering	<u>\$ 1,514,800</u>
Total Development Charges	\$ 1,514,800
Cash in Lieu of Parkland	\$ 279,800
Federal Gas Tax	<u>\$ 1,294,800</u>
Total Pre-Approval Request	<u>\$16,938,300</u>

Relationship to the Strategic Plan:

The Town of Richmond Hill's vision of the future, "*Richmond Hill, where people come together to build our community*" refers to the importance of good capital infrastructure planning and management, and supported by all facets of the four goals:

1. Stronger Connections in Richmond Hill.
2. Better Choice in Richmond Hill.
3. A More Vibrant Richmond Hill.
4. Wise Management of Resources in Richmond Hill.

Presentation of a report for the approval of routine Capital Expenditure items that are time sensitive in order to ensure completion based on program facility timing, continuity and financial savings, aligns with the Strategic Plan Goal of Wise Management Resources by demonstrating fiscal responsibility and accountability on the use of Town funds.

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Conclusion:

Approval of these time sensitive capital expenditure items has been requested by departments with consideration of financial savings and timing efficiencies. The request for approval of capital funding is necessary to ensure seamless delivery of capital projects. Traditionally the early adoption and approval of the capital budget is undertaken in November of each budget year. However as a result of the election in October 2018 the traditional capital budget approval timing cannot be achieved in 2018. In order to ensure timely delivery of the 2019 capital program, it is necessary for the early adoption of these capital expenditures as outlined. In doing so, continuity, financial savings and timing efficiencies in the delivery of the capital program will be achieved.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format please call contact person listed in this document.

- Appendix A – List of Routine Capital Expenditure Items

Report Approval Details

Document Title:	SREIS.18.012 Approval of Capital Expenditures.docx
Attachments:	- SREIS.18.012 Appendix A.xlsx
Final Approval Date:	Dec 4, 2018

This report and all of its attachments were approved and signed as outlined below:

Ilmar Simanovskis - Nov 30, 2018 - 3:29 PM

MaryAnne Dempster - Nov 30, 2018 - 3:43 PM

Italo Brutto - Dec 4, 2018 - 10:45 AM

David Dexter - Dec 4, 2018 - 10:57 AM

Neil Garbe - Dec 4, 2018 - 11:26 AM