



Staff Report for Council Meeting

Date of Meeting: December 7, 2022

Report Number: SRCFS.22.033

Department: Corporate and Financial Service
Planning and Infrastructure

Division: Financial Services
Planning and Infrastructure Engineering Services

Subject: SRCFS.22.033 – 2023 Early Approval of Capital Expenditures

Purpose:

To recommend the approval of time sensitive capital expenditures to ensure project completion based on program facility timing, continuity and financial savings.

Recommendation(s):

That, to ensure seamless delivery of the City's capital program, Council approve the early approval of capital expenditures for the time sensitive projects identified in SRCFS.22.033 in the amount of \$9,802,000 plus \$316,800 in project management and overhead costs, with funding sources identified for each project as identified in SRCFS.22.033.

Contact Person:

Paolo Masaro, Executive Director Infrastructure and Engineering Services
Sara Beukeboom, Manager, Fiscal Planning and Strategy

Report Approval:

Submitted by: Tracey Steele, Interim Commissioner, Community Services
Sherry Adams, Commissioner, Corporate and Financial Services
Kelvin Kwan, Commissioner, Planning and Infrastructure Department

Approved by: Darlene Joslin, Interim City Manager

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

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Background:

The City's Capital Budget process is the instrument that municipalities use to prioritize and budget for capital projects. The capital projects can vary from minor to major works and from new capital to replacement capital or rehabilitation of assets. This process is a major outlay of cash, outlining the City's financial needs for growth and maintenance of existing infrastructure.

The Official Plan provides direction for growth, balancing change in the City with protection of what is valued from the past, truly blending the old and the new while the City seeks to "Build a new kind of urban" supported by community asset investments, partnerships, policies and supporting implementation vehicles.

The various plans and strategies are in place to support the city's vision to ensure that our residents are provided with infrastructure necessary to support their choice to live, work and play in our community.

The development of capital projects is further informed by the City's Enterprise Asset Management System (EAM) and Corporate Asset Management (CAM) plan's ongoing state of good repair recommended investments. Capital projects are also further informed by professional studies, approved programs, development charge commitments, programs of other levels of government (including York Region), and emerging Council priorities.

The City's Capital Budget and Forecast is typically presented to Council during the October or November meetings, with approval early December.

This year, the 2022 Municipal Election process coincided with the Capital Budget cycle. The 2023 Capital Budget and Forecast is anticipated to be presented to Council in January 2023.

This early approval provides significant benefits in the capital delivery schedule to ensure sufficient time for design planning prior to summer construction, as well to provide cost savings as tenders are awarded in advance of the peak construction season.

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, and financial cost savings and to attract competitive bids from qualified contractors.

The expectation is that any project that receives pre-approval is initiated to achieve the process benefits prior to the formal approval of the entire capital Budget.

The 16 projects totaling \$9,802,000 plus \$316,800 project management and overhead costs included in Appendix A, were selected in accordance with the **Capital Budget Strategy**, the **City's various Master Plans, Asset Management Plan** and the

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advancement of the prioritization of the projects using an evidence based risk prioritization process and also addressed the following queries:

- Why does the project require early approval?
- Has the project been identified in consultation with Purchasing?
- Is the project ready to tender?

The list was presented to the Capital Budget Committee on October 16, and the Executive Leadership Team (ELT) on November 1st, 2022.

Appendix “A” summarizes the capital expenditure approval requested by Service, Subservice, Asset and Division Delivering and their associated funding sources.

The early capital approval will fund Transportation Services, Environmental Services, Recreation and Culture Services, Municipal Services, Other Services and include the following type of assets: roads, water, sanitary, buildings, Infrastructure Technology, Trees and Strategies, Plans, Studies.

Asset Type: Roads

As listed below, the early approval, being requested is \$2,875,000 for road assets.

Asset	Amount Requested(\$)
Roads	\$2,875,000
Roads Overlay Resurfacing	2,500,000
Annual Traffic Improvements	375,000

The \$2,500,000 for Roads Overlay Resurfacing will allow the City to tender early in to achieve competitive vendor pricing and to ensure that work proceeds during the spring of 2023.

The capital request for the Annual Improvement Traffic project requires early approval to allow staff to address community traffic concerns that require immediate attention.

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Asset Type: Water and Sanitary

A total of \$1,656,000 combined water and sanitary assets is requested for early start for a third party developer delivered project through a Servicing Agreement.

Asset	Amount Requested(\$)
Water and Sanitary	\$1,656,000
Water	\$400,000
Watermain Replacement Harding Boulevard - Yonge Street to Church Street South	400,000
Sanitary	\$1,256,000
UMESP Sanitary Improvement Project WW-14	1,256,000

Timing has become critical for the developer to proceed with execution of this agreement to support approvals for site plan developments that require this municipal servicing improvement on Harding. The Servicing Agreement identifies City contributions toward the construction of this project.

Asset Type: Buildings

A total of \$3,810,000 recreation facilities is requested for early approval.

Asset	Amount Requested(\$)
Buildings	\$3,810,000
Lois Hancey - Roof Replacement	1,500,000
Bond Lake - Dome Roof Replacement	1,400,000
Tom Graham Arena - Roof Replacement	480,000
Elgin Barrow Arena - Board Replacement	310,000
Elgin Barrow Arena- West Sports Flooring	120,000

The requirement for early approval for the roof replacement projects listed above for **Lois Hancey Community Centre, Bond Lake Arena, Tom Graham Arena** is in accordance with the roofing industry practice to retain a roofing contractor early in the new year and to schedule the construction work during the spring/summer months

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The roof construction is recommended to occur late spring and summer months, mainly since this is the optimal time for roof replacement projects. The risk of inclement weather is less and the days are longer, allowing for a compressed construction schedule. Therefore, staff will need to tender early and award the contracts in January or early February 2023.

Both **Elgin Barrow - West Pad Board Replacement and Sports Flooring Replacement** require early approval to allow sufficient time for the procurement process and long manufacturing lead times, while coinciding with the facility shutdown scheduled for April 28 – August 21, 2023.

Due to the operational needs of the facility, approximately one week following the start of the shutdown is required to remove ice and approximately two weeks is required before the end of the shutdown to start the ice plant and build ice for the season start. These operational needs lessen the shutdown window by an additional three weeks further limiting the construction window for this project. Therefore, construction needs to be completed by the end of July 2023 to minimize the risk of any project delays.

Asset Type: IT Infrastructure

A total of \$425,000 has been identified for early approval for two IT projects.

Asset	Amount Requested(\$)
IT Infrastructure	\$425,000
Clear Risk Claims System	215,000
Richmond Hill Public Library - ILS Discovery Layer	210,000

Staff is requesting early approval for the Clear Risk Claims System in order to benefit from this Group Procurement award facilitated by the Association of Municipalities of Ontario/Local Authority Services on behalf of all Ontario Municipalities,

Early approval will allow staff to commence the lengthy IT Risk and Security Assessment and Agreement negotiations in order to allow implementation of the **Clear Risk Software** in 2023. The Claims and Certificate data is currently held in an antiquated York Region system that does not support Richmond Hill's Risk Management's needs.

The **Richmond Hill Public Library (RHPL) – ILS Discovery Layer** is a foundational component of the Library's website it's the digital platform that lets online customers search the catalogue for books and other materials. This project has been identified as a critical dependency for RHPL's Website Replacement Project. Currently, this core website functionality is broken with no roadmap for replacement by the vendor, causing frustrating experiences for users and directly impacting service. The majority of RHPL's new website requirements directly interface with the ILS Discovery Layer and development cannot progress without it. Any further delays in the acquisition of this

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product will cause significant delays to the new website project, which will prolong the negative service on the current website and stall the ability to continue development and delivery of the new website to the community. Information Technology and Procurement are aligned and ready to implement. More details related to this project can be found in Appendix C - RHPL – ILS Discovery Layer Business Case

Asset Type: Strategies, Plans, Studies

The total amount of **\$560,000** is required for early approval of strategies, plans, studies projects that inform the City on future assets.

Asset	Amount Requested(\$)
Strategies/Plans/Studies	\$560,000
Addison Street Environmental Assessment	250,000
Strategic Plan	130,000
Traffic Data Collection Program	105,000
Community Improvement Plan Development	75,000

Addison Street Environmental Assessment project needs to commence as soon as possible, as there are active development applications in this area and this study is needed to inform the preferred alignment. This is an existing project, however previous bids have exceeded the current budget allocated in the existing the capital account hence a top-up is required.

The budget for the **2023-2027 Strategic Plan** project is included for early approval as a result of a recommendation from the November 1st. Executive Leadership Team meeting so that work can begin to ensure that a Strategic Plan is in place for the new term of Council at the earliest possible date. This funding will support the development of an environmental scan, community engagement design and execution and a summary report to inform the development of the plan so that it can be presented to Council in December 2023. More details related to this project can be found in Appendix B - Strategic Plan 2023-2027 Business Case.

Early approval is required for the **Traffic Data Collection Program** to enable assistance with the assessment of the community traffic concerns and inform technical work and design decisions for these improvements.

Community Improvement Plan Development is a joint study between the Policy and Sustainability sections to develop a Community Improvement Plan as a financial incentive to encourage affordable housing and sustainable design in new/re-development. It is a multi-year project (spans 2022-2024) and a business case was prepared as part of the 2022 Capital Budget and Forecast process to request for funds to initiate the Terms of Reference and hire a consultant to initiate the background study. The project work commenced in June 2022, and staff is requesting early approval of \$75,000 to continue the work in 2023 with a final report anticipated in June 2024.

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The Community Improvement Plan is intended to further the implementation of the Council approved Affordable Housing Strategy and the Sustainability Metrics Program, both of which arise from the Official Plan.

Asset Type: Trees

Asset	Amount Requested(\$)
Trees	\$476,000
May 2022 Storm Recovery Replacements	270,000
EAB Street Ash Tree Replacements (2023)	206,000

These projects require early approval to allow staff to put tenders out early December 2022 in order to secure nursery stock and contracted services in time for spring 2023 planting. If this window is missed, City residents will need to wait another 6 to 8 months for their street trees to be replaced in the Fall, which is well beyond The City's level of service for tree replacement wait times. The City of Richmond Hill is competing against all municipalities that are contracting these services at the same time. Nursery stock and services are currently in high demand across southern Ontario.

Financial/Staffing/Other Implications:

The recommended funding sources for the 2023 Early Capital Expenditures are listed in Appendix A for each individual project. The table below summarizes the Reserve and Reserve Funds that staff propose to fund for the \$9,802,000 capital project costs plus the \$316,800 overhead and project management costs for early approvals.

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Funding	Capital Project Cost	Project Management and Overhead Cost	Total
Tax Supported	2,101,600	155,100	2,256,700
Infrastructure Repair and Replacement	1,200,000	114,800	1,314,800
Capital Asset Continuity	127,000	25,400	152,400
Cash to Capital	774,600	14,800	789,400
Rate Supported	987,200	80,900	1,068,100
Watermain Repair and Replacement	400,000	32,800	432,800
Sanitary Repair and Replacement	587,200	48,100	635,300
Development Charges	1,067,400	78,400	1,145,800
Engineering	1,014,800	75,300	1,090,100
Government Studies DC	52,600	3,100	55,700
Cash in Lieu of Parkland	-	-	-
Other Reserves and Reserve Funds	662,800	2,400	665,200
Tax Rate Stabilization	587,800	2,400	590,200
Community Enhancement and Economic Vitality	75,000	-	75,000
Grants and Recoveries	4,983,000	-	4,983,000
Canada Community Building Fund	4,983,000	-	4,983,000
TOTAL RESERVES AND RESERVE FUNDS	\$9,802,000	\$316,800	\$10,118,800

Relationship to Council's Strategic Priorities 2020-2022:

The City'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 summarized below for the capital projects included for early approval:

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Council Strategic Priority	Total Cost	# Projects/Total Projects
Balancing Growth and Green	\$6,212,000	12/16
Fiscal Responsibility	\$5,095,000	11/16
Strong Sense of Belonging	\$1,845,000	8/16
Getting Around the City	\$860,000	4/16

Climate Change Considerations:

The capital projects proposed in this staff report include potential climate change considerations related to both mitigation and adaptation. These considerations include: the development of a community improvement plan study to incentivize sustainable design and buildings which will help conserve community energy and reduce greenhouse gas emissions; the development of the strategic plan which currently incorporates priorities related to climate resiliency; tree replacement initiatives which enable our urban forest canopy to grow and contribute to carbon sequestration, flood mitigation and the cooling of our communities; and proposed upgrades to facilities and infrastructure which prolong their life, minimizing the frequency of construction activity and related emissions, and provide opportunities to incorporate energy-efficient or climate-resilient technology and design.

Conclusion:

Departments reviewed and identified the list of time sensitive capital projects requiring early approval to ensure continuity, financial savings and timing efficiencies in the delivery of the 2023 Capital Program.

The traditional capital budget approval timing of October/November is not achievable in 2022 due to the election year. Therefore, to ensure seamless delivery of the 2023 Capital Program it is necessary to receive early approval for the projects as outlined.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format, please call the contact person listed in this document.

- Appendix A – List of 2023 Early Approval Capital Budget Expenditure Items
- Appendix B – Strategic Plan 2023-2027 Business Case
- Appendix C - RHPL – ILS Discovery Layer Business Case

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Report Approval Details

Document Title:	SRCFS.22.033 Approval of Capital Expenditures.docx
Attachments:	<ul style="list-style-type: none">- SRCFS.22.033 Appendix A - List of 2023 Early Approval Capital Expenditures Items.pdf- SRCFS.22.033 Appendix B - Strategic Plan 2023-2027 - Business Case.pdf- SRCFS.22.033 Appendix C - RHPL-ILS Discovery Layer Business Case.pdf
Final Approval Date:	Nov 30, 2022

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

Paolo Masaro - Nov 29, 2022 - 4:49 PM

Gigi Li - Nov 30, 2022 - 6:16 AM

Sherry Adams - Nov 30, 2022 - 10:17 AM

Darlene Joslin - Nov 30, 2022 - 12:23 PM