



Report to: General Committee

Meeting Date: May 31, 2021

SUBJECT: Status of Capital Projects as of March 31, 2021
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RECOMMENDATION:

- 1) That the report dated May 31, 2021 titled “Status of Capital Projects as of March 31, 2021” be received; and,
- 2) That the Projects Completed within Scope with Surplus Funds and the Projects Completed within Scope without Surplus Funds, as identified on Exhibit B, be approved for closure and funds in the amount of \$4,146,732 be transferred to the original sources of funding as identified on Exhibit B; and
- 3) That the Projects Closed and Deferred to a Future Year and the Projects Closed and Not or Partially Initiated, as identified on Exhibit C, be approved for closure and funds in the amount of \$2,275,999 be transferred to the original sources of funding as identified in Exhibit C; and
- 4) That the surplus funds of \$828,276 from open capital projects be returned to the original sources of funding as identified on Exhibit D; and
- 5) That the Non-Development Charge Capital Contingency Project be topped up from the Life Cycle Replacement and Capital Reserve Fund by \$394,580 to the approved amount of \$250,000; and,
- 6) That the Engineering Capital Contingency Project be topped up from the Development Charges - City-Wide Hard Reserve by \$30,409 to the approved amount of \$100,000; and,
- 7) That the Design Capital Contingency Project be topped up from the Development Charges – Parks Development Reserve by \$1,482,623 to the approved amount of \$100,000; and,
- 8) That the Planning Capital Contingency Project be topped up from the Development Charges – City-Wide Soft Reserve by \$32,191 to the approved amount of \$50,000; and,
- 9) That the Waterworks Capital Contingency Project be topped up from the Waterworks Stabilization/Capital Reserve by \$20,910 to the approved amount of \$100,000; and,
- 10) That the additional funding, for LPAT - Growth Related Hearings (Project 19021), in the amount of \$818,186, to be funded \$181,000 from Development Charges –

City-Wide Hard Reserve, \$573,467.40 from Development Charges – City-Wide Soft Reserve and \$63,718.60 from Development Fee Reserve; and,

- 11) That the funding sources for the following projects be changed:
 - a. Box Grove Community Park - Construction (Project 20024): Additional funding, in the amount of \$147,095.40, funded from the Design Capital Contingency Account be returned to the Development Charges – Parks Development Reserve and replaced with funding from Parks Cash-in-Lieu; and,
 - b. Aaniin Public Art (Project 13500): Additional funding, in the amount of \$254,481, funded from the Non-DC Capital Contingency be returned to the Life Cycle Replacement and Capital Reserve Fund and replaced with funding from the Public Art Acquisition Reserve Fund; and,
 - c. Land Acquisition 55 Parkway Avenue (Project 16291): Additional funding, in the amount of \$42,576, funded from the Non-DC Capital Contingency be returned to the Life Cycle Replacement and Capital Reserve Fund and replaced with funding from the Land Acquisition Reserve; and,
 - d. Parking Lots - Rehabilitation (Project 21113): Funding in the amount of \$678,900 be changed from Gas Tax to the Life Cycle Replacement and Capital Reserve Fund; and,
 - e. Boulevard Repairs (Project 21102): Funding in the amount of \$58,400 be changed from Gas Tax to the Life Cycle Replacement and Capital Reserve Fund; and,
- 12) That a new capital project named, “Markham Senior Centre Asphalt Replacement” be set up in the amount of \$82,219 and be funded from the Life Cycle Replacement and Capital Reserve Fund; and
- 13) That Council approve delegated authority for the Treasurer and/or CAO to adjust the funding source for projects charged to the contingency project when appropriate, and report on these decisions as part of subsequent Status of Capital Projects reports to Council; and
- 14) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Capital projects are an integral part of the City's operations to ensure City assets are in a good state or repair by performing capital repairs, rehabilitation, replacements and preventive maintenance. Capital projects play an important role in meeting the goals and objectives of the City's Building Markham's Future Together Strategic Plan.

On a semi-annual basis, Finance consolidates information received from Departments and reports to Council through the Status of Capital Projects report, providing an update on projects and how they are progressing. Senior Management also reviews this report in conjunction with the annual capital budget submission process, reviewing project dependencies and confirming resource availability before next year's capital program is tabled for consideration.

In 2020, 32 projects were deferred as a result of resource availability, facility closures and COVID health and safety restrictions. The 2021 Capital Budget considered these projects and resulted in a decreased number of capital projects proposed for approval. Of the 32 deferred projects, 21 have since been approved to proceed, 1 was closed in 2020, 3 are recommended for closure in this report, resulting in 7 remaining projects which continue to be deferred.

This Status of Capital Projects report is compiled based on a comprehensive analysis of all open capital projects and is split into the following categories:

Section I: Projects Completed Within Scope With/Without Surplus Funds

Exhibit B provides details of these projects. Details are provided for projects with surplus funds of more than 50% of the approved budget or in excess of \$100,000. 190 capital projects are completed within scope with/without return of surplus funds. 119 of the 190 projects have surplus funds remaining in the amount of \$4,146,732 and the remaining 71 projects were fully spent.

Section II: Projects Closed and Deferred to a Future Year

The top section of Exhibit C provides details of these projects. 6 capital projects are being closed and to be deferred to a future year with a return of surplus funds in the amount of \$1,783,112.

Section III: Projects Closed and Not, or Partially Initiated

The bottom section of Exhibit C provides details of these projects. 9 capital projects are being closed and not, or partially initiated with a return of surplus funds in the amount of \$492,887

Section IV: Return of Surplus Funds from Open Projects

Exhibit D provides details of these projects. Details are provided for projects with surplus funds of more than 50% of the approved budget or in excess of \$100,000. 6 open projects have \$828,276 of surplus funds available to return to original funding sources.

Section V: Capital Contingency Projects

- This section details the projects and rationale for the draws from the capital contingency projects.
- Non-DC Capital Contingency: Top-up of \$394,580 is required from the Life Cycle Replacement & Capital Reserve Fund.
- Engineering DC Capital Contingency: Top up of \$30,409 is required from the City-Wide Hard DC Reserve.
- Design DC Capital Contingency: Top up of \$1,482,623 is required from the Parks Development DC Reserve.
- Planning DC Capital Contingency: Top up of \$32,191 is required from the City-Wide Soft DC Reserve.
- Waterworks Capital Contingency: Top up of \$20,910 is required from the Waterworks Stabilization/Capital Reserve.

Section VI: Approval for Additional Funds for Open Project

This section details the projects and rationale for projects requesting additional funds. Additional funding for 1 project in the amount of \$818,186 is being requested.

Section VII: Projects Requiring Reallocation of Funding

This section details the recommendation to reallocate funding in 5 projects.

Section VIII: Request for New Project

This section details 1 new project with a funding request in the amount of \$82,219.

Section IX: Status of Open Projects

This section identifies that there are 564 open capital projects with a budget of \$591.1M (\$404.5M committed, \$186.6M uncommitted).

Section X: Motion for Council Approval

Staff recommend that the Treasurer and/or CAO be provided with delegated authority to adjust the funding source for projects charged to the contingency project when appropriate, and report on these decisions as part of subsequent Status of Capital Projects reports to Council.

PURPOSE:

The purpose of this report is to provide an update on the status of capital projects as of March 31, 2021, and advise Council of the net transfer of funds to reserves.

OPTIONS/ DISCUSSION:

In an effort to promote timely closure of projects and the return of surplus funds, Staff conducted a status review of all open capital projects as of March 31, 2021.

A detailed listing of projects to be closed and the funding amounts to be transferred are included in the following exhibits:

Exhibit A – Summary of surplus funds from open and closed projects
(Summarizes Sections I to III below)

Exhibit B – Projects closed and completed within scope with/without surplus funds
(Refer to Section I below for details)

Exhibit C – Projects closed and deferred/not or partially initiated
(Refer to Section II & III below for details)

Exhibit D – Return of surplus funds from open projects
(Refer to Section IV below for details)

Requests for additional, reallocation and new project funding are detailed in section V through VIII. Section IX provides an overview of the remaining number of open capital projects including overall budget, committed and uncommitted amounts. To streamline future capital funding source adjustments to a more appropriate funding source, section X requests delegated authority to reallocate funding sources on previously approved capital projects.

Update on Projects Deferred in 2020

Throughout 2020 and 2021, Staff re-evaluated the timing of projects amongst resource availability, facility closures and COVID health and safety restrictions. Staff identified projects that could be closed and where appropriate, obtained approved to proceed.

Of the 32 deferred projects, 21 have been approved to proceed, 1 was closed in 2020, 3 are recommended for closure in this report, resulting in 7 projects which continue to be deferred.

The following lists summarizes the projects in each category.

Approved to Proceed – 21 Projects

1. 19063: ITS - City Wide Telephone System Replacement
2. Various: Pan Am, SAM - Facility Assets (Lighting Retrofit)
3. 20290: Markham Innovation Exchange
4. 20048: Streetlight Program (Construction)
5. 20091: Hose Rolling Equipment Replacement
6. 17327: Antique Fire Truck Refurbishment Donation
7. 20057: Digital Literacy Strategy Implementation – Phase 2 of 2
8. 20061: ITS Strategic Plan Implementation
9. 20210: Playstructure Replacement
10. 20102: Armadale C.C. Millwork Replacement
11. 20124: ECO Camp Chimo Equipment Replacement
12. 20132: Milliken Mills C.C. Arena Boards and Frame Replacement
13. 20135: Milliken Mills C.C. Arena Pad Replacement
14. 20144: Mt. Joy C.C. Low Emissivity Ceiling Replacement

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15. 20168: Thornhill C.C. Rink Board and Arena Netting Replacement
 16. 20071: Designated Substances Management
 17. 20084: Satellite Community Centre Repair and/or Replacement
 18. 20085: Tennis Clubhouse Repair and/or Replacement Projects
 19. 18075: Operations - Utility Billing Automation
 20. 19036: Intersection Improvements (Construction)
 21. 20037: Main Street Unionville Road Reconstruction and Underground Servicing (Design)

Closed in 2020 – 1 Project

1. 20204: Decorative Fountain Replacement at Swan Lake Park
The decorative fountain cannot be installed until the water quality study of Swan Lake is complete and the project will be re-evaluated once the results are known.

Recommended to be Closed in this Report – 3 Projects

1. 19070: Bird Safe Film
The project will be re-requested in 2022. See Section II item b for additional details.
2. 20008: Theatre-Dressing Room Refurbishment
The project will be re-requested in 2023. See Section II item e for additional details.
3. 20292: MESF - 2020 Zero Waste Program at 10 schools
The project will be re-requested in 2022. See Section III item h for additional details.

Deferred – 7 Projects

1. 20178: Markham Centre Library - Phase 1 of 2
Deferred pending the completion of the Secondary Plan which will discuss public and community spaces. Library will be invited to participate in the Secondary Plan.
2. 20004: Museum - Various Buildings
Based on condition assessment renovations were deferred. Will initiate in 2022.
3. 20001: Markham Economic Strategy
Will be initiated in 2022. In the interim Staff are working with Destination Markham on the ShopHERE program and other initiatives.
4. 19037: John Street Multi-Use Pathway (MUP) (Construction)
Deferred until the updated 2021 Draft Active Transportation Master Plan is brought forward to the June 21, 2021, DSC meeting.
5. 20054: Museum Mimsy Upgrade
6. 20055: ITS - Recreation Fitness Training Management Application
7. 20282: ITS - Library Bibliotheca (3M)
Projects 20054, 20055 and 20282 are part of the Digital Markham strategy. Digital Markham projects are flexible and may be reprioritized and these deferred projects will be initiated in 2022. Staff have prioritized resources towards the following

projects: Facility Booking and Program Registration, Enterprise Asset Management solution, Customer Resource Management system and eTicketing.

SECTION I: PROJECTS COMPLETED WITHIN SCOPE WITH/WITHOUT SURPLUS FUNDS

190 capital projects completed within scope are listed in Exhibit B with/without return of surplus funds. 119 of the 190 projects have surplus funds remaining in the amount of \$4,146,732 and the remaining 71 projects were fully spent. The following section provides details of capital projects completed within scope with surplus funds of more than 50% of the approved budget or in excess of \$100,000 that will be returned to the applicable funding sources. The list is sorted by percentage of budget remaining.

a) Operations - Roads

Project 20193 – Retaining Wall Repair Program – Budget of \$78,700 with remaining funds of \$73,464 (93% of project budget). Based on condition assessment only repairs on one small wall were required at Markham Main Street/Rouge Street.

b) Infrastructure

Project 20238 – Stormwater Pumping Stations - Maintenance – Budget of \$70,000 with remaining funds of \$53,258 (76% of project budget). Inspection results showed the pumps were in good condition and therefore there was no major overhaul to the pumps as planned.

c) Recreation Services

Project 20152 – Recreation AED Program Replacement – Budget of \$18,400 with remaining funds of \$14,361 (76% of project budget). This is an annual project. Spend in 2020 was reduced as a result of COVID related program closures.

d) Operations - Roads

Project 20184 – Don Mills Storm Channel – Budget of \$15,000 with remaining funds of \$10,935 (73% of project budget). This is an annual project. Based on a condition inspection by Environmental Services the vegetation was not removed and only the debris removal was undertaken.

e) Operations - Parks

Project 20195 – Backstop and Outfield Fence Replacement at Armadale Pk – Budget of \$39,300 with remaining funds of \$26,580 (68% of project budget). Based on condition assessment no posts were replaced, only the wire mesh and all hardware.

f) Recreation Services

Project 20147 – Old Unionville Library Vinyl Tile Replacement – Budget of \$22,400 with remaining funds of \$14,361 (64% of project budget). Lower spend due to favourable market conditions as a result of more competitive pricing during the COVID pandemic.

g) Infrastructure

Project 20235 – MNRF Monitoring for Capital Projects at Water Crossings – Budget of \$27,000 with remaining funds of \$14,460 (54% of project budget). Spend was lower than consultant provided estimates to complete the 10 monitoring reports and 5 migration plan reports, based on actual billable hours.

h) Planning

Project 17034 – Heritage Façade Improvements/Sign Replacement – Budget of \$10,452 with remaining funds of \$5,452 (52% of project budget). Work initially anticipated by applicants did not materialize, hence, funding no longer required.

i) Design

Project 14022 – Reimbursement to Wykland Estates Inc. – Budget of \$599,500 with remaining funds of \$100,117 (17% of project budget). The use of contingency and provisional items was lower than anticipated.

j) ES - Waterworks

Project 20266 – Water Meters - Replacement Program – Budget of \$966,700 with remaining funds of \$163,966 (16% of project budget). Lower number of water meters were replaced as some homeowners did not allow entry into their homes due to COVID related safety concerns. These water meters will be replaced in a future year.

k) ES - Waterworks

Project 19249 – Sanitary Sewers - Rehabilitation – Budget of \$781,962 with remaining funds of \$120,266 (15% of project budget). Based on results of the CCTV inspection, rehab required was less than anticipated.

l) Operations - Roads

Project 20270 – 2020 A/C Premium – Budget of \$701,000 with remaining funds of \$108,111 (15% of project budget). Lower A/C index resulted in a favourable variance.

m) Engineering

Project 16043 – Illumination – Budget of \$1,020,609 with remaining funds of \$125,125 (12% of project budget). The use of contingency and provisional items was lower than anticipated.

n) Operations - Parks

Project 18220 – Artificial Turf- Bill Crothers S.S. – Budget of \$1,339,365 with remaining funds of \$124,615 (9% of project budget). Project is managed by York Region District School Board (YRDSB). The actual costs were lower than the estimates provided by YRDSB.

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- o) ES - Stormwater
Project 17201 – West Thornhill Phase 2B - Flood Control Construction – Budget of \$9,164,850 with remaining funds of \$666,631 (7% of project budget). The use of contingency and provisional items was lower than anticipated.
 - p) Infrastructure
Project 13346 – ES ROW Assets - Streetlights - LED Conversion of Cobra-Head Fixtures – Budget of \$6,927,402 with remaining funds of \$347,629 (5% of project budget). The use of contingency and provisional items was lower than anticipated.
 - q) Engineering
Project 15635 – Residential Water Service Connections – Budget of \$3,646,250 with remaining funds of \$160,588 (4% of project budget). The use of contingency and provisional items was lower than anticipated.

SECTION II: PROJECTS CLOSED AND DEFERRED TO A FUTURE YEAR

The following section provides details of 6 capital projects that are closed and to be deferred to a future year with a return of surplus funds in the amount of \$1,783,112 as listed in the top section of Exhibit C.

- a) Design
Project 20027 – Leitchcroft Building - Construction – Budget of \$713,400 with remaining funds of \$713,400 (100% of project budget). Additional phases are being added to the Ada Mackenzie Park and the building will be designed and constructed in tandem with those phases.
- b) SAM – Facility Assets
Project 19070 – Bird Safe Film – Budget of \$51,000 with remaining funds of \$51,000 (100% of project budget). Project was delayed due to COVID and will be re-requested in 2023.
- c) Building Services
Project 15015 – Sign By-law Review - Electronic Signage – Budget of \$43,757 with remaining funds of \$43,757 (100% of project budget). Building Services does not have the resources to review the sign by-law at this time. Given the age of the original request and the changing requirements for signs, the project will be restarted at a future date using updated requirements.
- d) ITS
Project 19059 – ES - Waste Depots - Internet Connectivity & Toughbooks – Budget of \$15,100 with remaining funds of \$15,100 (100% of project budget). Project cannot commence until the completion of the CLASS replacement to PerfectMind (expected completion of Spring 2023). The project will be re-requested once the transition to PerfectMind has been completed.

e) Theatre

Project 20008 – Theatre-Dressing Room Refurbishment – Budget of \$319,800 with remaining funds of \$289,068 (90% of project budget). Project was delayed due to COVID and will be re-requested in 2023.

f) SAM – Facility Assets

Project 19259 – 115 & 135 Torbay Road Buildings Demolition – Budget of \$970,325 with remaining funds of \$670,787 (69% of project budget). The scope of the project was reduced, and the demolition and disposal of all underground works (foundation, pipes, etc.) was deferred, and will be combined in a future project for the flood control facility, as this is more cost efficient.

SECTION III: PROJECTS CLOSED AND NOT, OR PARTIALLY INITIATED

The following section provides details of 9 capital projects that are closed and not initiated with a return of surplus funds in the amount of \$492,887 as listed in the bottom section of Exhibit C.

a) SAM – Facility Assets

Project 20140 – Milliken Mills C.C. Parking Lot Light Replacement – Budget of \$140,500 with remaining funds of \$140,500 (100% of project budget). Work required was completed in project 20079 Parking Lot Light Replacement.

b) Recreation Services

Project 19148 – Recreation Membership Model Study – Budget of \$50,900 with remaining funds of \$50,900 (100% of project budget). The project was initially delayed due to the Provincially led Regional Government Review in 2019 and then further delayed due to the COVID pandemic in 2020. The decision has now been made to no longer pursue this study.

c) Planning

Project 20022 – York Region Employment Survey – Budget of \$39,000 with remaining funds of \$39,000 (100% of project budget). York Region cancelled the 2021 Employment Survey.

d) Financial Services

Project 18330 – Development Charges Background Studies – Budget of \$38,654 with remaining funds of \$38,654 (100% of project budget). Project was for the Future Urban Areas Area Specific Development Charges. It was delayed due to developer issues and will now be completed as part of the larger Development Charges Background Study (project 20145).

e) Recreation Services

Project 19127 – ILMP - Optimization of Outdoor Sport Fields – Budget of \$35,600 with remaining funds of \$35,600 (100% of project budget). The project was initially delayed due to the Provincially led Regional Government Review in 2019 and then further delayed due to the COVID pandemic in 2020. The decision has now been made to no longer pursue this study.

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- f) ITS
Project 20284 – ITS - City Wide Smartphone Replacement – Budget of \$27,528 with remaining funds of \$27,528 (100% of project budget). Smartphone replacements in 2020 were funded from the 2019 project (19277).
 - g) Recreation Services
Project 20130 – Markham Village C.C. Marquee Replacement – Budget of \$14,800 with remaining funds of \$14,800 (100% of project budget). Project not required as Markham Village Historical Society denied approval to place marquee.
 - h) ES - Waste Management
Project 20292 – MESF - 2020 Zero Waste Program at 10 schools – Budget of \$25,000 with remaining funds of \$24,370 (97% of project budget). This is an annual project. Spend in 2020 was reduced as a result of COVID protocols at York Region schools.
 - i) SAM – Facility Assets
Project 15034 – Morgan Park - Design – Budget of \$129,798 with remaining funds of \$119,535 (92% of project budget). The design of Morgan Park was primarily funded from to the Morgan Pool Revitalization Project Design - Phase 1 of 2 project (project 18152).

Return of Funds to the Life Cycle Replacement & Capital Reserve Fund

In addition to the above list, contract awards greater than \$25,000 with surplus funds are returned to the original funding source(s) at time of award.

Since the last Status of Capital Projects report tabled at General Committee in November 2020, \$1,380,358 has been returned to the Life Cycle Replacement & Capital Reserve Fund from contract awards.

SECTION IV: RETURN OF SURPLUS FUNDS FROM OPEN PROJECTS

Departments identified 6 open projects that have \$828,276 of surplus funds available to return to original funding sources as listed in Exhibit D. The following section provides details of the open capital projects with return of surplus funds of more than 50% of the approved budget or in excess of \$100,000.

- a) Engineering
Project 15060 - Miller Avenue - Woodbine Avenue to Rodick (Property) – Budget of \$176,700 with return of funds of \$167,000 (95% of project budget). The timing for the acquisition of land is currently unknown, once it is finalized, a new project will be requested. Project kept open for completion of land survey.
- b) Engineering
Project 19047 - Stormwater Thermal Cooling Pilot Project – Budget of \$304,489 with return of funds of \$208,551 (68% of project budget). The consultant provided

budget estimate for the construction component of the project is insufficient. Staff are seeking a grant to fund this portion and will only move forward if a grant is secured.

c) Operations – Fleet

Project 20224 - Corporate Fleet Replacement - Waterworks – Budget of \$394,596 with return of funds of \$200,818 (51% of project budget). Insufficient funds attributed to an increase in cost for the purchase of a specialized Cube Van Camera Truck and to account for higher technology costs attributed to advances in CCTV technology. This purchase will be re-requested for 2022 with a business case supporting the increase in cost.

d) Operations - Fleet

Project 19207 - Corporate Fleet Replacement - Non-Fire – Budget of \$3,015,412 with return of funds of \$207,600 (7% of project budget). The project had insufficient funds for the purchase of 4 vehicles (16' Cube Van, ¾ ton 4x4 pick-up with snow plow, crew-cab pick-up truck and a 4x4 tractor loader). The replacement cost for these units was requested as part of the 2021 capital budget (project 21140 – Corporate Fleet Replacement – Non-Fire).

SECTION V. CAPITAL CONTINGENCY PROJECTS

In accordance with the Capital Budget Control Policy, the 5 capital contingency projects are topped up to the maximum approved funding amount through the semi-annual Status of Capital Projects Report to Council.

Non-DC Capital Contingency

The Non-DC Capital Contingency Project was approved to a maximum of \$250,000. Currently, the account has a negative balance of \$144,580. Thereby a top-up of \$394,580 is required from the Life Cycle Replacement & Capital Reserve Fund.

Of the \$394,580 drawn from the Non-DC Capital Contingency Project 82% is related to the following projects:

a) SAM – Facility Assets

Project 13500 – Aaniin Public Art - \$254,481 – Additional funding required to complete the fabrication and installation of public art at Aaniin Community Centre. The original fabricator experienced challenges as a result of the COVID pandemic and informed Staff that additional funds and time would be required to complete the work, as they sought to stabilize their financial position. Staff evaluated the situation, which included the uncertainty of the future of the original fabricators business as a whole and determined the best course of action was to procure the services of new vendor to complete the work. To mitigate against the risk of losing the public art materials already completed and paid for, the City took possession of all the public arts materials, which were in various stages of completion, from the original fabricator. Additional funds are required for the new vendor to complete the fabrication of the remaining 5 tops and for installation of all 8 tops at Aaniin. The amount paid to the original fabricator is fair for the value of the work they

completed. As mentioned in Section VII, Staff recommend the additional funds of \$254,481, originally funded from the Non-DC Capital Contingency account, be returned to Life Cycle Replacement & Capital Reserve Fund and be funded from the Public Art Acquisition Reserve Fund.

- b) SAM – Facility Assets
Project 20083 – Roofing Replacement Projects - \$42,147 – Contract awarded higher than budget based on market prices for 2 of 7 roofs replaced.
- c) Operations - Fleet
Project 21140 – Corporate Fleet Replacement - Non-Fire - \$13,518 – Additional funds required as a result of impacts to the supply chain, restricting availability due to the COVID pandemic.
- d) Recreation Services
Project 20156 – Recreation Building Automation System (BAS) Replacement - \$12,252 – Contract awarded higher than budget based on market prices.

Of the remaining draws of 18% or \$72,182, all were for draws under \$10,000.

Engineering DC Capital Contingency

The Engineering DC Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a balance of \$69,591 thereby requiring a top up of \$30,409 from the City-Wide Hard DC Reserve.

The use of the contingency account was necessitated by the following project:

- a) Engineering
Project 19041 – Markham Centre Trails EA for Areas 1, 2, and 4 - \$30,409 – Contract awarded higher than budget based on market prices.

Design DC Capital Contingency

The Design DC Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a negative balance of \$1,382,623 thereby requiring a top up of \$1,482,623 from the Parks Development DC Reserve.

The use of the contingency account was necessitated by the following projects:

- a) Design
Project 20024 – Box Grove Community Park - Construction – \$1,470,954 – Additional funding required, primarily due to unanticipated costs related to storm water management and soil removal. The additional funds were approved by CAO in February 2021 to avoid delay claims and maintain project schedule. Staff informed Committee at the March 1st 2021 General Committee meeting. As mentioned in Section VII, Staff recommend that of the additional funds of \$1,470,954, originally funded from the Design Capital Contingency Account, \$147,095.40 or 10%, be returned to the Parks Development DC Reserve and be funded from Parks Cash-in-Lieu.

b) Design

Project 16021 – Box Grove Rizal Avenue Neighbourhood Park - Construction - \$11,669 – Additional funds required due to project scope increase to include frost hydrant extension (new standard to frost proof water hydrants) at Harmony Park.

Planning DC Capital Contingency

The Planning DC Capital Contingency Project was approved to a maximum of \$50,000. The project currently has a balance of \$17,809 thereby requiring a top up of \$32,191 from the City-Wide Soft DC Reserve.

The use of the contingency account was necessitated by the following project:

a) Planning

Project 19023 – Secondary Plans - \$32,191 – Additional funds required as scope of project increased to include a design charrette and additional meetings for the Markham Rd/Mount Joy Secondary Plan Study.

Waterworks Capital Contingency

The Waterworks Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a balance of \$79,090 therefore requiring a top up of \$20,910 from the Waterworks Stabilization/Capital Reserve.

Of the \$20,910 drawn from the Waterworks Capital Contingency Project 95% is related to the following projects:

a) Operations - Fleet

Project 20224 – Corporate Fleet Replacement - Waterworks - \$16,195 – Additional funds required for the purchase of a, three-ton flatbed complete with dump and crane/winch, which was upgraded from a 3500-series to a 5500-series to meet health and safety standards.

b) Engineering

Project 19500 – Residential Water Service Connections - \$3,570 – Additional funds required for the installation of a water service connection.

There was 1 additional draw of \$1,145.

SECTION VI: APPROVAL FOR ADDITIONAL FUNDS FOR OPEN PROJECT

Staff are seeking Council approval for additional funding for the following project.

a) Legal

Project 19021 – LPAT - Growth Related Hearings – Request for additional funds of \$818,186, to be funded \$181,000 from City-Wide Hard DC Reserve, \$573,467.40 from City-Wide Soft DC Reserve and \$63,718.60 from Development Fee Reserve. This is normally an annual program but no funding was requested for years 2020 and 2021. The additional funds are required for external legal consulting

costs for development areas based on higher than anticipated work. Examples of ongoing major LPAT appeal matters include 8293 & 8303 Warden Avenue (Aryeh), 28 Main Street (Markham) and Yonge/Steeles Secondary Plan.

SECTION VII: PROJECTS REQUIRING REALLOCATION OF FUNDING

Staff are seeking Council approval for the reallocation of funding source for the following projects.

a) Design

Project 20024 – Box Grove Community Park - Construction – In March 2021, Staff informed General Committee of an additional funding request which was approved by the CAO on February 16, 2021. The higher cost primarily resulted from additional construction of storm water management features that were requested by the TRCA as well as higher than anticipated removal of fill material offsite. The additional funding request was temporarily coded to the Design Capital Contingency Account in the amount of \$1,470,954, to avoid delay claims and maintain the project schedule.

Staff recommend that of the additional funds of \$1,470,954, originally funded from the Design Capital Contingency Account, \$147,095.40 or 10%, be returned to the Parks Development DC Reserve and be funded from Parks Cash-in-Lieu.

b) SAM - Facility Assets

Project 13500 – Aaniin Public Art – In May 2021, a draw in the amount of \$254,481 was required to complete the fabrication and installation of public art at Aaniin Community Centre. The original fabricator experienced challenges as a result of the COVID pandemic and informed Staff that additional funds and time would be required to complete the work, as they sought to stabilize their financial position. Staff evaluated the situation, which included the uncertainty of the future of the original fabricators business as a whole and determined the best course of action was to procure the services of a new vendor to complete the work. To mitigate against the risk of losing the public art materials already completed and paid for, the City took possession of all the public arts materials, which were in various stages of completion, from the original fabricator. Additional funds are required for the new vendor to complete the fabrication of the remaining 5 tops and for installation of all 8 tops at Aaniin. The amount paid to the original fabricator is fair for the value of the work they completed. In order to expedite the work, funds were drawn from the Non-DC Capital Contingency account.

Staff recommend the additional funds of \$254,481, originally funded from the Non-DC Capital Contingency account, be returned to Life Cycle Replacement & Capital Reserve Fund and be funded from the Public Art Acquisition Reserve Fund.

c) Corporate Wide

Project 16291 – Land Acquisition 55 Parkway Avenue – A draw in the amount of \$42,576 was required to complete the sampling of excess soil at the site. In order

to expedite the emergency work, funds were drawn from the Non-DC Capital Contingency account.

Staff recommend the additional funds of \$42,576, originally funded from the Non-DC Capital Contingency account, be returned to the Life Cycle Replacement & Capital Reserve Fund and be funded from the Land Acquisition Reserve to be consistent with the funding source for the original land purchase.

d) Operations – Roads

Project 21113 – Parking Lots - Rehabilitation – Based on discussions with the Association of Municipalities of Ontario (AMO) the project is ineligible to be funded from Gas Tax (original funding source). Parking lots are only eligible if they are part of an otherwise eligible asset accessible by the public. In this case, the 2 parking lots scheduled for rehabilitation are for administrative facilities and are therefore ineligible.

Due to the fact that the project is ineligible to be funded from Gas Tax, Staff recommend the funding of \$678,900 be switched to the Life Cycle Replacement & Capital Reserve Fund.

e) Operations – Roads

Project 21102 – Boulevard Repairs – Based on discussions with the AMO the project is ineligible to be funded from the Gas Tax (original funding source). The nature of the work is considered ‘routine repairs’ or ‘maintenance’ which is ineligible for the funding.

Due to the fact that the project is ineligible to be funded from Gas Tax, Staff recommend the funding of \$58,400 be switched to the Life Cycle Replacement & Capital Reserve Fund.

SECTION VIII: REQUEST FOR NEW PROJECT

Staff are seeking Council approval for the following new project.

a) Recreation

Markham Senior Centre Asphalt Replacement – Budget of \$82,219 funded from the Life Cycle Replacement & Capital Reserve Fund. Project to reimburse Water Street Non-Profit Homes Inc., for the City’s portion, of unplanned parking lot repaving, as required in the lease agreement, at 22 Water St (also known as Cedarcrest Manor). The work was completed in July 2020 under the direction for the Cedarcrest Manor Property Manager. Legal reviewed the lease and has confirmed the City is responsible for 57.4% of the cost. In the future Cedarcrest Manor will seek approval before commencement of the work.

SECTION IX: STATUS OF OPEN PROJECTS

After the closure of 205 projects, there are 501 active capital projects and 63 projects in warranty, for a total of 564 open capital projects with a total budget of \$591.1M as of March 31, 2021. The term “open” refers to approved projects that have not started, or are at various stages of project completion.

In comparison, the March 2020 status update, reported 667 open projects with a total budget of \$697.6M.

Of the 564 open capital projects as at March 31, 2021, 73% of the projects were approved in 2019 to 2021. **(Refer to Table A).**

TABLE A

Project approval year	# of open projects	% of open projects	Unencumbered \$ in M	% of Unencumbered \$
2021	201	36%	\$108.4	58%
2020	145	26%	\$24.7	13%
2019	61	11%	\$31.3	17%
2018	36	6%	\$6.5	3%
2017 and prior	58	10%	\$14.4	8%
Total Active	501	89%	\$185.3	99%
Warranty	63	11%	\$1.3	1%
Total Open	564	100%	\$186.6	100%

The following summarizes the status of open capital projects:

TABLE B

(in millions)	Q1 2021		Q1 2020	
Encumbered/Committed	\$ 404.5	68%	\$ 520.6	75%
Unencumbered/Uncommitted	\$ 186.6	32%	\$ 177.0	25%
Total Open Capital	\$ 591.1		\$ 697.6	

Encumbered/Committed

The total 2021 encumbered amount of \$404.5M includes expenditures of \$323.5M (80%) and commitments of \$81.0M (20%). (Expenditures refer to payments issued for goods/services received and commitments refer to purchase orders on file with the Procurement Department).

Unencumbered/Uncommitted

Major projects, defined as multi-year, one-time projects account for \$141.3M (76% of \$186.6M) of the total unencumbered amount which includes the following projects:

- Celebration Park, Wismer Community Park and Blowden Davis Park construction
- Markham Centre: Trails Design and Construction, Riverwalk Urban Park
- Official Plan and Secondary Plan studies

-
- Miller Pond Site Preparation and Miller Pond and Miller Ave Property
 - West Thornhill Stormwater Management Phase 3A, 3B, 4, 4A
 - Streetlights and Illumination Design and Construction
 - Watermain Design and Construction
 - Corporate Fleet Replacement
 - Corporate Wide ITS Initiatives

SECTION X: MOTION FOR COUNCIL APPROVAL

During the capital budget process staff make every attempt to ensure projects and budgets requested will be sufficient to complete the project. There may be circumstances where unanticipated costs, emergency purchases or approved scope changes may require additional funding. As permitted by the City's Capital Budget Control Policy and within pre-established amounts, budget increases may be funded from five available capital contingency projects and selected based on the funding source:

1. Non-DC Capital Contingency – Life Cycle Replacement & Capital Reserve Fund
2. Engineering DC Capital Contingency – City-Wide Hard Services DC Reserve
3. Design DC Capital Contingency – Parks Development DC Reserve
4. Planning DC Capital Contingency – City-Wide Soft Services DC Reserve
5. Waterworks Capital Contingency – Waterworks Reserve

The available pool of reserve and reserve fund for capital project funding is significantly more than the 5 usual funding sources identified above. Where additional funding should be sourced from another reserve fund, we temporarily fund it from the Non-DC Capital Contingency project as reserve fund draws requires Council approval under the Municipal Act. At a future report to Council, we request approval to reallocate funding as in section VII of this report. This is administratively onerous process. Staff recommend that the Treasurer and/or CAO be provided with delegated authority to adjust the funding source for projects charged to the contingency project when appropriate, and report on these decisions as part of subsequent Status of Capital Projects reports to Council.

FINANCIAL CONSIDERATIONS

The net amount of \$4,389,889, as summarized in the following table, will be transferred to Reserves and Reserve Funds as a result of closing capital projects, return of surplus funds from open projects, top-up of capital contingency projects and funding for existing and new projects.

	Funding Returns from Closed Projects	Funding Returns from Open Projects	Contingency Projects Top up from Reserves	Funding for Existing Projects	Funding for New Projects	Net Change to Reserves
	(A)	(B)	(C)	(D)	(E)	(F) =(A)+(B)+(C)+(D)+(E)
Life Cycle Replacement & Capital Reserve	\$2,782,194	251,907	(\$394,580)	\$0	(\$82,219)	\$2,557,302
Development Charge Reserves	\$1,347,606	\$375,551	(\$1,545,223)	(\$754,467)	\$0	(\$576,533)
Waterworks Stabilization / Capital Reserve	\$470,283	\$200,818	(\$20,910)	\$0	\$0	\$650,191
Other Reserves	\$1,822,648	\$0	\$0	(\$63,719)	\$0	\$1,758,929
Net Change to Reserves & Reserve Funds	\$6,422,731	\$828,276	(\$1,960,713)	(\$818,186)	(\$82,219)	\$4,389,889

Since the last report on Status of Capital Projects tabled at General Committee in November 2020, \$1,380,358 has been returned to the Life Cycle Replacement & Capital Reserve Fund from contract awards.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

All business units managing capital projects have been consulted in the development of this report.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

- Exhibit A – Summary of surplus funds from open and closed projects
- Exhibit B – Projects closed and completed within scope with/without surplus funds
- Exhibit C – Projects closed and deferred/not or partially initiated
- Exhibit D – Return of surplus funds from open projects