



Report to: General Committee

Meeting Date: September 6, 2022

SUBJECT: 2023 Capital Budget Pre-Approval
PREPARED BY: Jay Pak, Acting Senior Manager, Financial Planning

RECOMMENDATION:

1. That the report dated September 6, 2022 entitled, “2023 Capital Budget Pre-Approval” be received; and
2. That Council approve the 2023 Capital Budget pre-approvals, which total \$48,879,300 as outlined in Appendices 1 and 2; and
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To obtain Council approval of the City of Markham’s 2023 Capital Budget pre-approval.

BACKGROUND:

With the municipal election on Monday, October 24, 2022, the 2023 Capital Budget will likely be approved in February/March 2023. Prior to budget approval, some capital projects are required to be initiated in order to prevent delays in design or construction, meet operational/program requirements and allow early commencement of the procurement process to potentially achieve competitive pricing. Pre-approval of the 2023 capital projects mentioned in this report will achieve this goal.

OPTIONS/ DISCUSSION:

There are 49 projects requested to be pre-approved in this report, and the corresponding request forms are attached for reference (Appendix 2). Projects being requested for pre-approval and the rationale for requiring pre-approval in 2022 by department are as follows:

- **Recreation Services (\$2.0M)**
 - Angus Glen CC Pool Repair- Construction
 - Centennial CC Pool Repair - Construction
 - PanAm Centre Pool Filter Refurbishment
 - Recreation Arena Refrigeration Gasket Replacement

Rationale for pre-approval: All pre-approval projects within Recreation require the procurement process to begin in Q3 or Q4, 2022. Based on the facility and program timelines, the requested projects are intended to commence work prior to March 2023, so that the City can mitigate any potential impact to residents and user groups.

- **Operations – Roads (\$9.3M)**

- Asphalt Resurfacing
- Boulevard Repairs
- Bridge Structure Preventative Maintenance - Roads
- Emergency Repairs
- Localized Repairs - Curb & Sidewalk
- Localized Repairs - Parking Lots
- Parking Lots- Rehabilitation

Rationale for pre-approval: All projects listed above are annual completion projects associated with asphalt and concrete rehabilitation and maintenance contracts that either need to commence in January 2023 or go to the market by Q1 2023. Subsequently, significant work is required to prepare the tender prior to going to the market in early 2023 for spring construction commencement.

- **Operations – Parks (\$3.9M)**

- AODA Playground Refurbishments - Year 1 of 4
- Boulevard/Park Trees Replacement
- Court Resurfacing/Reconstruction - Markham Tennis Club
- Court Resurfacing/Reconstruction/Maintenance
- Fence (Tennis Courts)
- Markham Trees for Tomorrow
- Pathways Resurfacing
- Playstructure Replacement
- Sportsfield Maintenance & Reconstruction

Rationale for pre-approval: All projects listed above require pre-approval in 2022 due to weather conditions permitting either the survey, verification, planting or consulting work to be done prior to awarding the main contract. Several of the projects are to go out to the market starting in January of 2023 which also necessitates significant work to prepare the tender for spring construction and planting season.

- **Operations - Fleet (\$2.6M)**

- Corporate Fleet Replacement - Non-Fire - Pre Approval
- Corporate Fleet Replacement – Waterworks
- New Fleet - Parks - Pre Approval
- New Fleet – Roads
- Upfit of Fleet Services Mobile Van

Rationale for pre-approval: The Fleet projects listed above require pre-approval mainly due to escalating market conditions whereby staff are seeking to secure inventory and pricing in Q4 2022 in the face of escalating costs and supply chain delivery issues. As the contracts begin in the spring of 2023, any delays in the delivery of the vehicles would significantly risk timely delivery of the vehicles required to maintain 2023 service levels.

- **Operations - Utility Inspection & Survey (\$0.1M)**

- German Mills Meadow Environmental Monitoring Program

Rationale for pre-approval: Year 1 of this project is renewed in late 2022 for January 2023 start. Waiting until 2023 to commence the project will jeopardize the City's obligation to meet legislated requirements.

- **Environmental Services - Infrastructure (\$15.5M)**

- Bridges and Culverts - Condition Inspection
- Storm and Sanitary Sewer CCTV Inspection
- Structures Program-Full-time Staff
- West Thornhill Flood Control Implementation Phase 4B Construction

Rationale for pre-approval: The majority of projects listed above are require pre-approval as the Purchase Orders for the projects are set to expire by the end of 2022. In order to continue the service levels into January 2023, the POs need to be renewed by Q4 2022. The West Thornhill Flood Control Implementation Phase 4B requires pre-approval in order to be properly prepared for the tender process in Q1 of 2023. Each phase is critical in order to be ready for construction in Q2 of 2023.

- **Environmental Services - Stormwater (\$0.3M)**

- SWM Ponds - Condition Inspection
- Water Quality Improvements
- Water Quality Monitoring at Swan Lake
- West Thornhill Flood Control - Phase 4C & 4D Additional Design

Rationale for pre-approval: The majority of projects listed above require pre-approval in order to commence in time for a January 2023 start date and as such, are dependent on weather conditions prior for work to be completed prior to the tender process. The West Thornhill Flood Control – Phase 4C & 4D additional design project aligns with the Yonge subway line project. As the completion of the design project will require 6-9 months, a consultant is needed in 2022 to ensure that construction can commence on schedule in 2024.

- **Environmental Services - Waterworks (\$12.3M)**

- Asset Management Analyst - Full Time Staff
- Cathodic Protection of Ductile Iron Watermains
- CI Watermain Replacement – Construction
- SCADA Instrumentation and Replacement
- Water Meters - Replacement Program

Rationale for pre-approval: The Asset Management Analyst position is a continuation from 2022 with a contract expiry of December 2022. This project requires pre-approval in 2022 in order to ensure that the position is continuously funded into 2023. The majority of the remaining projects listed above require pre-approval in order to commence the tendering process in Q4 of 2022 so that 2023 targets can be met. The SCADA Instrumentation and Replacement project requires

pre-approval due to long lead times from recent supply shortages experienced in the market.

- **IT Services (\$1.3M)**

- ITS - TXM Solution Replacement (Consulting)
- IT Lifecycle Asset Replacement
- ITS - Leap Cloud (formerly Feb Server)
- ITS - Microsoft 365
- ITS - Oracle DB Licensing

Rationale for pre-approval: The projects listed above require pre-approval in 2022 to expedite software and licensing updates across the IT infrastructure to maintain system security and resilience.

- **Finance (\$0.2M)**

- Water Billing Transition Project - Phase 2 of 3

Rationale for pre-approval: The project above relates to the Alectra water billing system replacement and requires pre-approval in 2022 as it is phase 2 of a 3 phase project, and the consultant is imperative in ensuring that Phase 3 commences on target.

- **Sustainability & Asset Management (\$0.8M)**

- Roofing Replacement Projects

Rationale for pre-approval: The project above requires pre-approval in 2022 due to extensive lead times required as a result of supply chain issues experienced in the market.

- **Theatre (\$0.6M)**

- Theatre-Dressing Room Renovations
- Theatre-Fire Curtain Replacement

Rationale for pre-approval: The projects above require pre-approval in 2022 mainly due to extensive lead times required as a result of supply chain issues experienced in the market.

- **Building Services (\$0.1M)**

- Building Standards Guide Builder

Rationale for pre-approval: To ensure the software and guides are active and available for customers before the spring rush for permits. If not in place for spring 2023, the full benefit of this software will not be experienced until 2024.

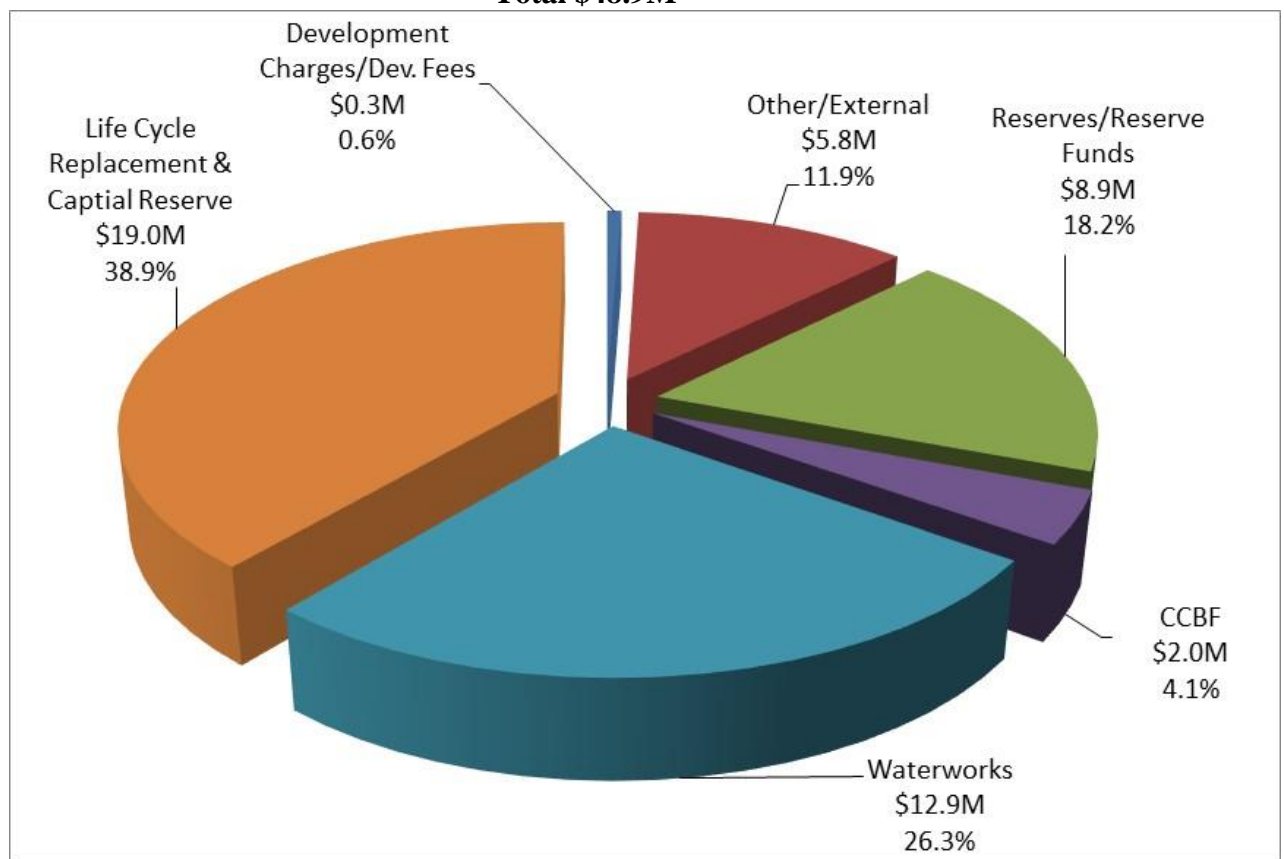
The major sources of funding for the 2023 Capital Budget pre-approval include:

- \$19.0M (38.9%) from Life Cycle Replacement and Capital Reserve Fund for the maintenance of parks, roads/bridges, as well as community centre pools;

- \$12.9M (26.3%) from Waterworks Reserve to support Waterworks maintenance;
- \$7.2M (14.6%) from Stormwater Reserve Fund and \$2.0M (4.1%) from Canada Community Building Fund (CCBF) totalling \$9.2M for flood control program
- \$5.8M (11.9%) from federal Disaster Mitigation and Adaptation Fund (DMAF) grant to support the flood control program;
- \$1.7M (3.6%) from Facility Ramp and Trees for Tomorrow Reserve Funds mainly for AODA playground compliance and Trees for Tomorrow; and
- \$0.3M (0.6%) from Development Charges and Development Fees.

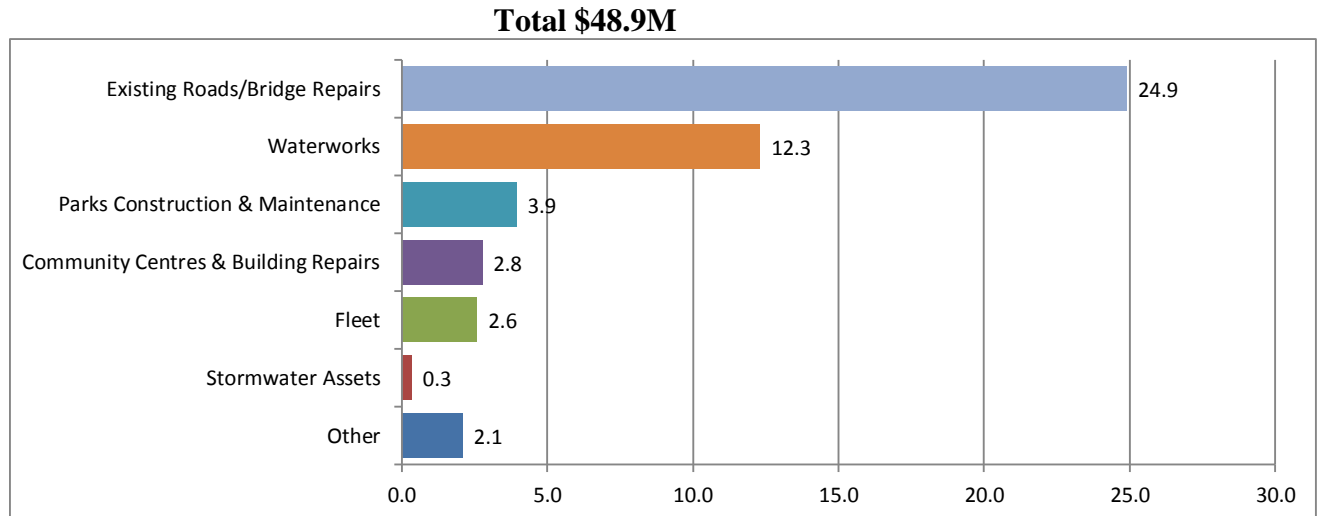
Further details on sources of funding are illustrated on Table 1.

Table 1: 2023 Capital Budget Pre-approval Funding Sources
Total \$48.9M



2023 Capital Budget pre-approval expenditures by category are summarized on Table 2.

Table 2: 2023 Capital Budget Pre-approval Expenditures by Category (In \$Millions)



FINANCIAL CONSIDERATIONS

The 2023 Capital Budget pre-approval includes \$48,879,300 of capital projects which are funded from multiple funding sources as outlined in Appendix 1.

2023 Capital Budget pre-approval will not impact any major directions from the new Council after the municipal election on October 24, 2022.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The 2023 Capital Budget pre-approval of \$48,879,300 includes capital projects that align with the City of Markham's strategic priorities developed by Council.

BUSINESS UNITS CONSULTED AND AFFECTED:

All business units have been consulted during the 2023 Capital Budget pre-approval submission and review process.

RECOMMENDED BY:

Joel Lustig, Treasurer

Trinela Cane, Commissioner,
Corporate Services

ATTACHMENTS:

Appendix 1 – 2023 Capital and Other Programs Budget: Summary of Pre-Approval Projects

Appendix 2 – 2023 Capital and Other Programs Budget: Project Request Forms