



Report to: General Committee

Meeting Date: November 21, 2023

SUBJECT: 2023 In-Year Capital Additions
PREPARED BY: Jay Pak – Senior Manager, Financial Planning and Reporting (Ext. 2514)
Jemima Lee – Manager, Capital Budgets (Ext. 2963)

RECOMMENDATION:

- 1) That the report dated November 21, 2023 titled “2023 In-Year Capital Additions” be received; and,
- 2) That Council approve 36 2023 in-year capital additions, which total \$38,701,511 as outlined in Appendix 1; 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 36 time-sensitive, in-year capital additions to the 2023 budget that Council approved earlier this year, for which an in-year addition will be processed either through: 1) creation of a new in-year capital project, or 2) a budget adjustment to an existing capital project.

BACKGROUND:

Revisions to the *Municipal Act, 2001* that came into effect in July 2023 introduced Special Powers and Duties of the Head of Council (Part VI.1) and has impacts on the process and timing of the 2024 budget for the City of Markham. Under the changes and the associated regulations, the Head of Council will have until February 1, 2024 to develop and introduce the 2024 budget, after which a period of up to 55 days for budget review follows. The final 2024 budget could, therefore, be adopted as late as the end of Q1 2024.

To address this timing change, Staff have identified a number of time sensitive capital projects or components of projects which must be approved prior to December 31, 2023 in order to prevent delays in design or construction, meet operational/program requirements, and allow commencement of the procurement process to potentially achieve competitive pricing. Council approval of these projects would optimize project delivery plans and mitigate disruptions to the City’s business-as-usual capital requirements.

Similarly, in 2022 Council approved 49 additional capital projects, (previously called “pre-approvals”), totaling \$48,896,100, that needed to advance prior to the budget process.

OPTIONS/ DISCUSSION:

There are 36 capital additions being requested in this report, and the corresponding summary of additions is attached for reference (Appendix 1). The projects being requested, listed by department along with the rationale are as follows:

Theatre**In-year Addition Requiring a New Capital Project (\$0.2M)**

- Theatre – Auditorium Lighting Replacement

Rationale: The project identified is time-sensitive and requires the procurement process to begin in Q4 2023 to mitigate against long lead times required as a result of supply chain issues and chip shortages experienced in the market.

Planning**In-year Additions Requiring a New Capital Project (\$1.2M)**

- Employment and Commercial Land Study
- Planning for Urban Boundary Expansion Lands
- Reforestation Projects on City-Owned Natural Areas
- Wetland Creation Projects on City-Owned Natural Areas
- York Region Employment Survey

Rationale: The projects identified require consultant and procurement contracts awarded by Q4 2023 or Q1 2024, at the latest, for the City to update its Official Plan and zoning by-laws in preparation for anticipated changes to Provincial legislation taking effect in 2024. The York Region Employment Survey project is required to ensure that the City adheres to cost sharing agreement timelines with York Region. Lastly, inventory from nurseries must be secured in time for the planting season set out in project schedules.

Engineering**In-year Additions Requiring a New Capital Project (\$1.2M)**

- Active Transportation Master Plan (ATMP) – 5 Location Design and Contract Administration
- Downstream Improvements – Contract Administration & Service Inspections (Rouge River)
- Streetlighting Peer Review

Rationale: The projects identified require new projects to release tenders in January 2024 and award contracts for consultation and review required prior to April 2024 to ensure: funding contribution from Infrastructure Canada for the active transportation implementation is obtained; construction commencing in March 2024 is met; and required peer reviews are completed to meet development applications timelines.

Fire Services**In-year Addition Requiring a New Capital Project (\$0.1M)**

- High Rise Firefighting Upgrade

In-year Additions to Existing Capital Projects (\$0.1M)

- Fire Hose Replacement
- Firefighting Tools & Equipment Replacement
- Replacement of Equipment due to Staff Retirements
- Rescue Equipment Replacement

Rationale: All projects identified require the procurement process to begin in Q4 2023/Q1 2024 at the latest to mitigate against extensive lead times required as a result of supply chain issues, and to secure favourable contract pricing. The projects are intended to be awarded prior to March 2024 to avoid service disruptions from Markham Fire and Emergency Services.

Sustainability and Asset Management**In-year Additions Requiring a New Capital Project (\$0.1M)**

- Angus Glen C.C. East Entrance Wall Repair
- Angus Glen C.C. Library Window Replacement

In-year Additions to Existing Capital Projects (\$0.1M)

- Parking Lot Light Replacement
- Roofing Replacement Projects

Rationale: New capital projects are required for the consulting portions of Angus Glen C.C. repairs and replacements, which must be awarded in Q1 2024 in order for construction to be completed as scheduled. The remaining projects identified are for annual programs that require funding to be in place by January 2024 to initiate required repairs and maintenance activity.

Environmental Services - Infrastructure**In-year Addition Requiring a New Capital Project (\$23.7M)**

- Markham Village Flood Control Phase 1A – Construction

Rationale: A new capital project is required to be awarded by early Q1 2024 in order to commence construction by March/April 2024, and for this phase to be completed on schedule.

Environmental Services - Stormwater**In-year Addition Requiring a New Capital Project (\$0.8M)**

- Erosion Restoration at Mills Street and Other Sites

Rationale: A new capital project for the annual erosion restoration program is required to be awarded by Q4 2023 in order to undertake erosion-related emergency repairs commencing in January 2024.

Environmental Services - Waterworks**In-year Addition Requiring a New Capital Project (\$1.1M)**

- Water Meters – Replacement Program

In-year Additions to Existing Capital Projects (\$0.3M)

- Supervisory Control and Data Acquisition (SCADA) System Improvements
- Wastewater Flow Monitoring

Rationale: projects identified require the procurement process to begin in Q4 2023 so that 2024 targets can be met. The Water Meters Replacement project is under a multi-year contract requiring the purchase order to be issued by January of each year. Further, both the Wastewater Flow Monitoring project and SCADA Instrumentation and Replacement projects are scheduled for commencement by Q1 2024.

Markham Public Library**In-year Addition Requiring a New Capital Project (\$3.1M)**

- Library Collections

Rationale: A new capital project is required to allow procurement to commence the tender process and purchase order issuance for a new multi-year collections contract to take effect January 2024. Moreover, request will ensure sufficient funding for annual E-resources subscription renewals that will occur in Q1 2024.

Operations - Fleet**In-year Addition to Existing Capital Project (\$0.4M)**

- Corporate Fleet Replacement - Non-Fire

Rationale: The project identified requires procurement to commence in Q4 2023 to secure inventory and pricing (at lower, 2023 pricing) for 2 articulating sidewalk vehicles requiring Life Cycle replacement in 2024, amidst continued escalating costs, supply chain delivery issues, and availability or parts inventory. With the contracts beginning in the spring, any delays in the delivery of the sidewalk machines would significantly risk timely delivery of the equipment that is required to maintain 2024 winter service levels on municipal sidewalks.

Operations – Parks**In-year Addition Requiring a New Capital Project (\$0.2M)**

- Block Pruning Initiative – Year 5 of 8

In-year Additions to Existing Capital Projects (\$0.2M)

- Consulting studies required for the following construction projects:
 - Accessibility for Ontarians with Disabilities Act (AODA) Playground Refurbishments – Year 2 of 4
 - Court Resurfacing/Reconstruction – Bayview Reservoir
 - Court Resurfacing/Reconstruction/Maintenance
 - Exercise Equipment and Rubberized Safety Surface
 - Fence (Tennis Courts)
 - Playstructure & Safety Surface Replacement

Rationale: A new capital project is required for Block Pruning, as it is a multi-year Council approved project requiring the purchase order to be issued by January of each year to leverage contractor availability and capacity for competitive pricing. The remaining projects identified are for the consulting portions of each project, which are required to be completed prior to issuing the tender for construction planned to commence by Q1 2024.

Operations – Roads**In-year Additions Requiring a New Capital Project (\$4.2M)**

- Asphalt Resurfacing
- Emergency Repairs

Rationale: The projects identified requiring new capital projects are time sensitive and are annual projects associated with asphalt and concrete rehabilitation and emergency repairs contracts that need to commence in January 2024 or go to the market by Q1 2024. Subsequently, significant work is required to prepare the tender prior to going to the market in early 2024 for spring construction commencement. By going out to market and awarding in January, the City can leverage contractor availability and capacity for competitive pricing

Recreation Services**In-year Addition Requiring a New Capital Project (\$1.7M)**

- Markham Village C.C. Arena Replacement Project

In-year Addition to Existing Capital Project (\$0.1M)

- Aaniin C.C. Pool Light Replacement

Rationale: The projects identified require the procurement process to begin in Q4 2023. Based on the facility and program timelines, the requested projects are intended to commence work prior to March 2024, so that the City can mitigate any potential impact to residents and user groups.

FINANCIAL CONSIDERATIONS

The requested projects, totaling \$38,701,511, will be incorporated as additions into the 2023 capital plan that Council approved earlier this year, and will be funded from multiple sources as detailed in Appendix 1. The projects, costs and funding amounts are included in, and consistent with, the Life Cycle Reserve and DC Background studies.

The major sources of funding for the 2023 in-year additions include:

- \$21.7M (56.1%) from the Stormwater Fee Reserve Fund
- \$6.7M (17.2%) from the Life Cycle Replacement and Capital Reserve Fund
- \$6.0M (15.6%) from the Canada Community Building Fund (CCBF)
- \$1.8M (4.6%) from Development Charges
- \$1.4M (3.5%) from the Waterworks Reserve
- \$1.0M (2.6%) from Other Internal Reserves
- \$0.1M (0.4%) from External Funding

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

The requested projects align with and help deliver on the City of Markham's strategic priorities.

BUSINESS UNITS CONSULTED AND AFFECTED:

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

RECOMMENDED BY:

Joseph Silva
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Appendix 1 – Summary of 2023 In-Year Capital Addition Requests