



Report to: General Committee

Meeting Date: December 5, 2023

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**SUBJECT:** Status of Capital Projects as of September 30, 2023  
**PREPARED BY:** Jay Pak – Senior Manager, Financial Planning and Reporting (Ext. 2514)  
Jemima Lee – Manager, Capital Budgets (Ext. 2963)  
Annie Wang – Senior Financial Analyst (Ext. 2015)

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**RECOMMENDATION:**

- 1) That the report dated December 5, 2023 titled “Status of Capital Projects as of September 30, 2023 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 associated with these projects in the amount of \$2,530,594 be transferred to the original sources of funding as identified in Exhibit B; and
- 3) That the Projects Not/Partially Initiated, as identified in Exhibit C, be approved for closure and funds associated with these projects in the amount of \$276,500 be transferred to the original sources of funding as identified in Exhibit C; and
- 4) That the Non-Development Charge Capital Contingency Project be topped up from the Life Cycle Replacement and Capital Reserve Fund by \$894,417 to the approved amount of \$250,000; and,
- 5) That the Engineering Capital Contingency Project be topped up from the Development Charges - City-Wide Hard Reserve by \$24,434 to the approved amount of \$100,000; and,
- 6) That the Waterworks Capital Contingency Project be topped up from the Waterworks Stabilization/Capital Reserve by \$20,738 to the approved amount of \$100,000; and,
- 7) That the following new capital projects, initiated subsequent to the approval of the 2023 capital budget but prior to the 2023 in-year capital additions approved by Council in November 2023, be received:

Project 23304 – Markham Village Arena Dressing Room Floor Replacement – Budget of \$19,877 to be funded from the Non-DC Capital Contingency

Project 23306 – Aaniin C.C. Corridor and Stairwell Ventilation – Budget of \$26,838 to be funded from the Non-DC Capital Contingency

Project 23307 – Aaniin C.C. Pool Lighting Replacement – Budget of \$18,035 to be funded from the Non-DC Capital Contingency

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Project 23310 – Centennial C.C. Gym Flooring Replacement – Budget of \$30,100 to be funded from the Non-DC Capital Contingency; and,

- 8) 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 by performing timely and appropriate 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.

This Status of Capital Projects report, as of September 30, 2023, is compiled based on a comprehensive analysis of all open capital projects and is organized 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. 104 capital projects are completed within scope with/without return of surplus funds. 54 of the 104 projects have surplus funds remaining in the amount of \$2,530,594 and the remaining 50 projects were fully spent.

**Section II: Projects Not/ Partially Initiated**

Exhibit C provides details of these projects. 6 capital projects not/partially initiated are recommended for closure, with a return of surplus funds in the amount of \$276,500.

**Section III: 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 \$894,417 is required from the Life Cycle Replacement & Capital Reserve Fund.
- Engineering DC Capital Contingency: Top up of \$24,434 is required from the City-Wide Hard DC Reserve.
- Waterworks Capital Contingency: Top up of \$20,738 is required from the Waterworks Stabilization/Capital Reserve.

**Section IV: Status of Open Projects**

This section identifies that there are 700 open capital projects with a budget of \$900.0M (\$585.6M committed, \$314.4M uncommitted).

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**PURPOSE:**

The purpose of this report is to provide an update on the status of capital projects as of September 30, 2023, 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 September 30, 2023.

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 projects recommended for closure  
(Summarizes Sections I to II below)

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

Exhibit C – Projects not or partially initiated and are recommended for closure  
(Refer to Section II below for details)

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

104 capital projects completed within scope are listed in Exhibit B with/without return of surplus funds. 54 of the 104 projects have surplus funds remaining in the amount of \$2,530,594 and the remaining 50 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) Building Services

Project 23059 – Project Dox Conversion to Cloud and Upgrade to 9.2 – Budget of \$213,700 with remaining funds of \$213,700 (100% of project budget). Project was completed with external funding received under the Streamline Development Approval Fund (SDAF) initiative.

b) Building Services

Project 23060 – Remote In-field Inspection App – Budget of \$122,100 with remaining funds of \$122,100 (100% of project budget). Project was completed with external funding received under the Streamline Development Approval Fund initiative.

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- c) Building Services  
Project 23058 – Development Service ePlan Portal Replacement – Budget of \$101,800 with remaining funds of \$101,800 (100% of project budget). Project was completed with external funding received under the Streamline Development Approval Fund initiative.
- d) Recreation  
Project 22116 – Milliken Mills C.C. Painting Project – Budget of \$134,200 with remaining funds of \$99,612 (74% of project budget). The contract awarded was more favourable than originally budgeted, as original quote was received during unfavourable market conditions.
- e) Recreation  
Project 22112 – Cornell C.C. Mixing Valves Replacement – Budget of \$31,700 with remaining funds of \$22,729 (72% of project budget). The contract awarded was more favourable than originally budgeted, as original quote received was for a different model, and during unfavourable market conditions.
- f) Financial Services  
Project 20062 – Bill 108 – Community Benefits Charge By-law – Budget of \$129,200 with remaining funds of \$78,196 (61% of project budget). Staff were able to complete the project in-house with operating dollars.
- g) ES - Stormwater  
Project 20252 – West Thornhill Flood Control Implementation – Phase 3A Construction – Budget of \$10,570,466 with remaining funds of \$532,317 (5% of project budget). Warranty period has ended. The use of contingency and some provisional items was lower than anticipated
- h) ES - Waterworks  
Project 20258 – CI Watermain Replacement – West Thornhill Phase 3A – Budget of \$5,893,876 with remaining funds of \$362,216 (6% of project budget). Warranty period has ended. The use of contingency and some provisional items was lower than anticipated
- i) ES - Infrastructure  
Project 20239 – Streetlight Poles & Cable Replacement (Varley Village) – Budget of \$1,375,547 with remaining funds of \$199,911 (15% of project budget). Warranty period has ended. The use of contingency and some provisional items was lower than anticipated
- j) Engineering  
Project 17050 – Streetlights – Budget of \$1,111,742 with remaining funds of \$163,121 (15% of project budget). Warranty period has ended. The use of contingency and some provisional items was lower than anticipated

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**SECTION II: PROJECTS NOT/PARTIALLY INITIATED**

The following section provides details of 6 capital projects that are not/partially initiated, and are being recommended for closure, with a return of surplus funds in the amount of \$276,500 as listed in Exhibit C.

- a) Operations - Parks  
Project 20208 – Parks Interpretative Signage Implementation – Phase 1 of 3 – Budget of \$101,800 with remaining funds of \$101,800 (100% of project budget). Project not initiated due to challenges with scheduling seasonal staff at the Museum. Staff will revisit project requirements and re-request at a later date.
- b) Operations – Roads & Survey  
Project 23205 – 14<sup>th</sup> Avenue Railway Crossing – Budget of \$82,100 with remaining funds of \$82,100 (100% of project budget). Project not required as CN rail did not end up charging Markham for this work.
- c) Building Services  
Project 23050 – Building Standards Guide Builder – Budget of \$71,200 with remaining funds of \$71,200 (100% of project budget). Project not required as similar functionality found in new portal developed in projects funded by the Streamline Development Approval Fund initiative.
- d) ES - Infrastructure  
Project 23239 – MNRF Monitoring for Capital Projects at Water Crossing – Budget of \$21,400 with remaining funds of \$21,400 (100% of project budget). Project not required. Staff did not identify any relevant City structures that met the mitigation plan reporting requirements set out by the Ministry of Natural Resources and Forestry (MNRF).
- e) Development Services Commission  
Project 22317 – SDAF – Contract Project Manager – Budget of \$0 with remaining funds of \$0 (100% of project budget). Funding (to be fully offset from external funding) for contract staff not required as project was completed by existing in-house staff. Project had an original estimated budget of \$139,754, which was not received, as no expenses were realized.
- f) Development Services Commission  
Project 22312 – SDAF – Project Dox Workflows – Budget of \$0 with remaining funds of \$0 (100% of project budget). Project scope amended and incorporated in project 23059 funded by the Streamline Development Approval Fund initiative. Project had an original estimated budget of \$50,000, which was not received, as no expenses were realized.

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**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 March 2023, \$697,227 has been returned to the Life Cycle Replacement & Capital Reserve Fund from contract awards.

**SECTION III: CAPITAL CONTINGENCY PROJECTS**

In accordance with the Capital Budget Control Policy, the 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 project currently has a negative balance of \$644,417. Thereby a top-up of \$894,417 is required from the Life Cycle Replacement & Capital Reserve Fund.

For this period, the City continued to experience increased costs due to the effects of inflation and supply chain pressures on labour and materials. Further, Staff undertook 10 emergency facility and structural repairs. Of the \$894,417 drawn from the Non-DC Capital Contingency Project, \$589,916 (66%) was related to extraordinary economic pressures or emergency projects, outlined as follows:

- a) Recreation  
Project 23001 – Angus Glen C.C. Pool Repair - Construction - \$348,081 (48% of project budget) – Additional funding required for pool structural column repairs after structural engineering consultant conducted in-depth investigation on the columns that displayed severe corrosion.
- b) Operations – Fleet  
Project 23020 – Corporate Fleet Replacement - \$63,733 (3% of project budget)  
Additional funds required for the supply and delivery of 4 pick-up trucks and one articulated sidewalk tractor as part of 2023 capital replacements due to vehicle cost increases and supply chain challenges.
- c) Recreation  
Project 21078 – Centennial C.C. Mechanical Replacement - \$38,514 (34% of project budget) – Additional funding required for immediate replacement of a damaged heat pump not included in original project scope.
- d) Recreation  
Project 23310 – Centennial C.C. Gym Flooring Replacement - \$30,100 (100% of project budget) – Funding required for emergency repair of gym floor damaged as a result of unexpected flooding.

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- e) Recreation  
Project 23306 – Aaniin C.C. Corridor and Stairwell Ventilation Project - \$26,838 (100% of project budget) – Funding required for emergency investigation and repair to address chemical smell detected at community centre.
  - f) Recreation  
Project 23169 – Angus Glen C.C. Exterior Wood Refurbishment - \$23,541 (11% of project budget) – Additional funding required to replace 12 additional timber beams, not identified in original scope of project, due to unforeseen internal wood rot.
  - g) Operations - Parks  
Project 23219 – Irrigation Refurbishment - \$21,197 (14% of project budget) – Additional funding required due to increased costs related to ongoing fuel, freight and labour shortage challenges.
  - h) Recreation  
Project 23304 – Markham Village Arena Dressing Room Flooring Replacement - \$19,877 (100% of project budget) – Funding required for emergency repair required for rubber flooring and tiles removed to remediate mold found in arena dressing room.
  - i) Recreation  
Project 23307 – Aaniin C.C. Pool Lighting Replacement - \$18,035 (5% of project budget) – Funding required for immediate replacement of pool lighting system to comply with lighting level requirements set out by Ontario regulations, after aquatic safety audit conducted on all City pools.

Of the \$894,417 drawn from the Non-DC Capital Contingency Project, \$304,501 (34%) was necessitated by the following projects:

- j) ES - Infrastructure  
Project 23240 – Storm Culvert Rehabilitation (2 Structures) - Construction - \$80,081 (3% of project budget) – contract awarded for the contract administration portion was higher than budget.
- k) Sustainability and Asset Management – Facility Assets  
Project 21049 – Civic Centre Vestibule Repairs and/or Replacements - \$46,338 (20% of project budget) – Additional funds required due to changes in sub-contractor, and for unanticipated work required, including: unbudgeted structural framing of interior doors, widening of Great Hall floor slabs to accommodate new concrete curb and door frames, and wiring of exterior doors.
- l) Engineering  
Project 19260 – Whistle Cessation - \$24,800 (14% of project budget) – Additional funds required for changes to study scope to meet criteria required by Metrolinx.

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The remaining draws from the Non-DC Capital Contingency totaling \$153,282, were for projects each under \$15,000.

**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 \$75,566 thereby requiring a top up of \$24,434 from the City-Wide Hard DC Reserve.

Of the \$24,434 drawn from the Engineering DC Capital Contingency Project, 88% are related to the following projects:

- a) Engineering  
Project 23098 – Establish Design Standards for Underground Stormwater Management Tanks - \$11,435 (9% of project budget) – Contract awarded was higher than budget.
  
- b) Engineering  
Project 22345 – High Frequency Rail Project – Markham Station - \$10,176 (12% of project budget) – Additional funds required due to scope change to update information in study completed in 2022.

There was 1 additional draw of \$2,823.

**Waterworks Capital Contingency**

The Waterworks Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a balance of \$79,262 therefore requiring a top up of \$20,738 from the Waterworks Stabilization/Capital Reserve.

Of the \$20,738 drawn from the Waterworks Capital Contingency Project, 86% is related to the following projects:

- a) Operations - Fleet  
Project 23021 – Corporate Fleet Replacement - Waterworks - \$10,694 (9% of project budget) – Additional funds required for the supply and delivery of Waterworks vehicles as part of 2023 capital replacements due to vehicle cost increases and supply chain challenges.
  
- b) ES – Stormwater  
Project 23265 – Suspended Watermain Insulation – Condition Inspection - \$7,225 (22% of project budget) – Contract awarded was higher than budget.

There was 1 additional draw of \$2,819.

**Design DC Capital Contingency**

The Design DC Capital Contingency Project was approved to a maximum of \$100,000. It is currently at the maximum balance (no draws undertaken since the last report) and as such, no top up is required at this time.



### Planning DC Capital Contingency

The Planning DC Capital Contingency Project was approved to a maximum of \$50,000. It is currently at the maximum balance (no draws undertaken since the last report) and as such, no top up is required at this time.

### Draws from Other Reserves

Since the last report, there were no draws from Other Reserves.

## **SECTION IV: STATUS OF OPEN PROJECTS**

After the closure of 111 projects, there are 700 open capital projects consisting of 644 active projects and 56 projects in warranty, with a total budget of \$895.8M as of September 30, 2023. The term “open” refers to approved projects that have not started, or are at various stages of project completion. The term “in warranty” refers to projects that are substantially complete but kept open for a specified period of time to allow for the identification of any potential deficiencies requiring repair.

In comparison, the September 2022 status update reported 617 open projects with a total budget of \$869.2M.

Of the 700 open capital projects as at September 30, 2023, 72% of the projects were approved in 2021 to 2023. (Refer to Table A).

**TABLE A**

<b>Project approval</b>				<b>Unencumbered</b>
<b>year</b>	<b># of open projects</b>	<b>% of open projects</b>		<b>\$ in M</b>
2023	275	39%	} 72%	\$132.3
2022	161	23%		\$151.3
2021	72	10%		\$11.9
2020	49	7%		\$3.5
2019 and prior	87	12%		\$13.3
<b>Total Active</b>	<b>644</b>	<b>92%</b>		<b>\$312.3</b>
Warranty	56	8%		\$2.1
<b>Total Open</b>	<b>700</b>	<b>100%</b>		<b>\$314.4</b>

**Table B** summarizes the status of open capital projects broken down by Encumbered/Committed and Unencumbered/Uncommitted funds:

**TABLE B**

(in millions)	Q3 2023		Q3 2022	
Encumbered/Committed	\$ 585.6	65%	\$ 524.6	60%
Unencumbered/Uncommitted	\$ 314.4	35%	\$ 344.6	40%
Total Open Capital	\$ 900.0		\$ 869.2	

**Unencumbered/Uncommitted**

The term “unencumbered/uncommitted” refers to budgeted funds that have not yet been spent nor committed.

Major projects, defined as multi-year, one-time projects, account for \$294.9M (95% of \$310.2M) of the total unencumbered amount and include:

- Road Design and Construction, including Hwy 404 Midblock Crossing North of 16<sup>th</sup> Avenue and other Hwy 404 related improvements.
- Victoria Square Boulevard Phase 1 Construction
- Main Street Unionville Reconstruction
- Energy Projects, including Near Net-Zero Retro-fit pilots at City facilities
- Secondary Plan and Engineering studies
- Parks and Trails Construction, including Markham Centre Parks and Trails, Ada Mackenzie Park Phase 3, and York Downs Park
- West Thornhill Stormwater Management
- Corporate Fleet Replacement
- Intersection, Streetlights and Illumination Design and Construction
- Corporate Wide ITS Initiatives

**Encumbered/Committed**

The term “encumbered/committed” refers to budgeted funds that have been spent or committed to a purchase/purchase order.

The total 2023 encumbered amount of \$585.6M includes expenditures of \$492.2M (84%) and commitments of \$93.4M (16%). Expenditures refer to payments issued for goods/services received and commitments refer to purchase orders on file with the Procurement Department.

**FINANCIAL CONSIDERATIONS**

The net amount of \$1,867,504, 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.

	<b>Funding Returns from Closed Projects</b>	<b>Contingency Projects Top up from Reserves</b>	<b>Net Change to Reserves</b>
	(A)	(B)	(C) = (A) + (B)
Life Cycle Replacement & Capital Reserve	995,833.06	(\$894,417)	\$101,416
Development Charge Reserves	259,036.46	(\$24,434)	\$234,602
Waterworks Stabilization / Capital Reserve	460,924.90	(\$20,738)	\$440,187
Other Reserves	\$1,091,299	\$0	\$1,091,299
<b>Net Change to Reserves &amp; Reserve Funds</b>	<b>2,807,093</b>	<b>(\$939,589)</b>	<b>\$1,867,504</b>

In addition to the above amount, funds from contracts awarded under budget are returned to the Life Cycle & Capital Reserve Fund. Since the last Status of Capital Projects report tabled at General Committee in March 2023, \$697,227 has been returned to the Life Cycle Replacement & Capital Reserve Fund from such 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:**

Joseph Silva  
Treasurer

Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

Exhibit A – Summary of surplus funds from projects recommended for closure

Exhibit B – Projects completed within scope with/without surplus funds recommended  
for closure

Exhibit C – Projects not/partially initiated recommended for closure