



Report to: General Committee

Date Report Authored: May 23, 2018

SUBJECT: Status of Capital Projects as of April 30, 2018
PREPARED BY: Andrea Tang – Senior Manager, Financial Planning (Ext. 2433)

RECOMMENDATION:

- 1) THAT the report dated May 23, 2018 entitled “Status of Capital Projects as of April 30, 2018” be received;
- 2) AND THAT the amount of \$6,221,764 from the closure of capital projects be transferred to the sources of funding as listed on Exhibit A;
- 3) AND THAT the closure of projects as outlined on Exhibit B and C be approved;
- 4) AND THAT the Non-Development Charge Capital Contingency Project be topped up from the Life Cycle Replacement and Capital Reserve Fund by \$390,531 to the approved amount of \$250,000;
- 5) AND THAT the Engineering Capital Contingency Project be topped up from the City-Wide Hard Development Charges Reserve by \$35,465 to the approved amount of \$100,000;
- 6) AND THAT the Planning Capital Contingency Project be topped up from the Development Charges Reserve by \$6,878 to the approved amount of \$50,000;
- 7) AND THAT the Waterworks Capital Contingency Project be topped up from the Waterworks Stabilization/Capital Reserve by \$226,078 to the approved amount of \$100,000;
- 8) AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide a status update of capital projects as of April 30, 2018, and obtain Council approval for the transfer of funds to Reserves and Reserve Funds.

DISCUSSION/OPTIONS:

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 April 30, 2018. As a result, 172 projects are identified for closure, with a total budget remaining of \$6,221,764 to be returned to the original sources of funding.

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 funding from closed capital projects to be returned to funding sources as of April 30, 2018

Exhibit B – Details of capital projects to be closed with funding to be returned to funding sources as of April 30, 2018

Exhibit C – Summary of capital projects to be closed that are fully expended as of April 30, 2018

Details within Exhibit A include the following:

Life Cycle Replacement & Capital Reserve Fund

The closure of capital projects identifies funds in the amount of \$1,597,660 to be returned to the Life Cycle Replacement & Capital Reserve Fund. Below are highlights of the capital projects listed in Exhibit B with surplus funds of more than 50% of the approved budget as well as other projects that will be returned to the Life Cycle Replacement & Capital Reserve Fund.

- a) Environmental Services – Right of Way Assets
Project 16219 – Retaining Wall Rehabilitation (B043) - Design & Const. –Budget of \$209,600 with remaining funds of \$173,139 (83% of project budget). Rehabilitation work was not required based on condition assessment. Costs were incurred to install monitoring wells to monitor groundwater table fluctuation. Staff will monitor the water penetration through the retaining wall for the next 2-3 years and will submit a request for remedial works through the annual capital budget process if required.
- b) Operations Parks
Project 17152 – Goal Posts Replacement – Annual Program – Budget of \$19,100 with remaining funds of \$10,946 (57% of project budget). The project request included budget for replacement at three parks. Based on condition assessment, replacement at two parks were required.
- c) Operations Roads
Project 17133 – Fence Replacement Program - Annual Program – Budget of \$109,300 with remaining funds of \$103,210 (94% of project budget). The budget included removal and replacement of fences at three locations. Removal of the existing fence was done at one location, and replacement was not necessary as there are existing hedges. Replacement at the other two locations was not required based on condition assessment.
- d) Recreation Services
Project 17080 – Angus Glen C.C. Lighting Replacement – Budget of \$61,200 with remaining funds of \$31,486 (52% of project budget). An alternative lighting fixture that met the required specifications was purchased at a cost that was lower than budgeted.

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- e) Sustainability & Asset Management – Facility Assets
Project 16197 – Museum - Markham Little Theatre – Budget of \$67,000 with remaining funds of \$42,072 (63% of project budget). The original scope was to replace the exterior cladding. After condition assessment, only landscaping work around the perimeter of the building was required.
 - f) Sustainability & Asset Management – Facility Assets
Project 17172 – Asbestos Management Plan – Budget of \$123,100 with remaining funds of \$101,579 (83% of project budget). Ontario Reg 278/05 requires that all properties owned and operated by the City, identified with asbestos products within the building, develop Asbestos Management Plans. 2017 was the first year of the requirement and the budget scope included management plans for 18 buildings and the Museum site. The budget was based a previous report done for one large site. The actual cost was lower than budgeted as reports were done all at once as opposed to individually. The Life Cycle Reserve Study has been updated accordingly.
 - g) Sustainability & Asset Management – Facility Assets
Project 17181 – Fire Facility Improvements – Budget of \$84,372 with remaining funds of \$49,770 (59% of project budget). Favourable pricing was achieved as facility improvements included in the project scope were done concurrently with renovations under Project 17072 Gender Diversity.
 - h) Sustainability & Asset Management – Facility Asset
Project 17192 – Tennis Clubhouse Improvements – Budget of \$5,085 with remaining funds of \$5,085 (100% of project budget). The budget included the City's share of the facility improvement costs at Pomona and Armadale tennis clubhouses. The project did not proceed as both tennis clubs did not have sufficient funds to initiate the works at the time. Requests will be made as part of a future capital budget process.
 - i) Planning
Project 16006 – Heritage Façade Improvements/Sign Replacement – Budget of \$25,000 with remaining funds of \$15,000 (60% of project budget). Two successful applicants with approved grant of \$5,000 each decided not to enter into the Façade Easement Agreement with the City which was a requirement of the program for grants exceeding \$5,000.

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

Contract awards greater than \$25,000 with surplus funds are returned to the original funding source(s).

Since the last report on Status of Capital Projects tabled at General Committee in November 2017, \$1,568,904 has been returned to the Life Cycle Replacement & Capital Reserve Fund from contract awards.

Development Charges (DC) Reserves

The closure of capital projects identifies funds in the amount of \$2,715,517 to be returned to the Development Charges (DC) Reserve Fund. Below are highlights of the capital projects listed in Exhibit B with surplus funds of more than 50% of the approved budget as well as other projects that will be returned to the Development Charges (DC) Reserve Fund.

- a) Engineering
Project 17040 – Engineering Studies Related to Secondary Plans – Budget of \$261,700 with remaining funds of \$261,700 (100% of project budget). The project scope included conducting transportation and servicing studies to understand the servicing impacts and mitigation measures in support of Secondary Plans. The transportation study will now be conducted as part of the project scope under Project #18058 Transportation Studies Related to Secondary Plans which included additional secondary plans. Developers will carry out the servicing studies; therefore there was no requirement for the City to fund the studies.
- b) Engineering
Project 15061 – Miller Avenue-Warden to Birchmount - Phase 1 of 6 (Design) – Budget of \$772,900 with remaining funds of \$720,475 (93% of project budget). The design and future construction has been put on hold pending the finalization of a concept plan for the hydro corridor. The funds are not required at this time. Project will be requested as part of a future capital budget process.
- c) Engineering
Project 17046 – Municipal Rd. South of 14th. Middlefield to 14th (Construction) – Budget of \$295,100 with remaining funds of \$295,100 (100% of project budget). The original project was to be financed 100% by the City and Neasmy is to reimburse the City about 55% when the south side is developed. Since Neasmy is proceeding with its development, Neasmy is paying for its share and the City does not need to upfront the additional amount. Therefore, this project is no longer required.
- d) Engineering
Project 17052 – Tributary 4 Modification / Hagerman Storm Study & Design – Budget of \$284,200 with remaining funds of \$284,200 (100% of project budget). The budget included funds from the Developer and City to complete a joint study. The Developer has not expressed a desire to initiate the project at this time.
- e) Engineering
Project 17323 – OMB Hearing Studies (Engineering) – Budget of \$224,200 with remaining funds of \$224,200 (100% of project budget). There was no hearing in 2017. Therefore, this project is no longer required.
- f) Planning
Project 12010 – New Official Plan 2012 – Budget of \$175,882 with remaining funds of \$107,133 (61% of project budget). \$96,373 will be returned to Development Charges, \$1,698 will be returned to the Life Cycle Replacement & Capital Reserve

Fund and remaining \$9,063 will be returned to other Reserves. The budget scope included hiring expert consultants to assist in the preparation of selected components of the Official Plan. The actual cost was less than budget as majority of work was completed in-house by Staff.

g) Planning

Project 16007 – OMB Official Plan & Growth Related Hearing – Budget of \$500,000 with remaining funds of \$457,004 (91% of project budget). \$411,303 will be returned to Development Charges and remaining \$45,700 will be returned to other Reserves. The budget scope included OMB growth related hearings to retain expert witnesses to represent the City's interest at the hearings, OMB appeals on the 2014 Official Plan and Phase 3 of the Region's Official Plan Amendment (Markham's urban expansion area). With the majority of the Official Plan policies brought into force through negotiated policy modifications and OMB settlement arrangements completed in house by Staff, there is no longer a need for a 6+ week OMB hearing with expert witnesses and external legal Counsel for the Official Plan.

h) Planning

Project 17033 – Growth Monitoring Program & Data Collection – Budget of \$20,000 with remaining funds of \$18,245 (91% of project budget). The 2017 York Region Employment Survey in the amount of \$15,000 was charged to the 2016 capital project #16005 "Growth Monitoring Program & Data Collection". 2018 invoice will be charged to the 2018 project.

Waterworks Stabilization/Capital Reserve

Funds in the amount of \$1,790,017 will be returned to the Waterworks Stabilization/Capital Reserve resulting from the closure of capital projects. Below are highlights of the capital projects listed in Exhibit B with surplus funds of more than 50% of the approved budget as well as other projects that will be returned to the Waterworks Stabilization/Capital Reserve.

a) Environmental Services - Waterworks

Project 17214 — Flow Monitoring Technology Pilot – Budget of \$104,100 with remaining funds of \$104,100 (100% of project budget). The project scope will be conducted under Capital Project #18294 "District Metering Area" pilot project. Therefore, a separate technology assessment is not required.

b) Engineering

Project 16047 – Miller Avenue - Woodbine Ave. to Rodick (Construction) – Budget of \$1,477,000 with remaining funds of \$1,477,000 (100% of project budget). The construction of Miller Avenue has been held up by the implementation of the storm pond. The funds are not required at this time. Project will be requested as part of a future capital budget process.

Other Reserves and Reserve Funds

Funds in the amount of \$118,570 will be returned to other Reserves and Reserve Funds resulting from the closure of capital projects.

CAPITAL CONTINGENCY PROJECTS

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

1. 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 (\$140,531). Therefore a top-up of \$390,531 is required from the Life Cycle Replacement & Capital Reserve Fund.

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

a) Recreation

Project 17321 – Improvement of Stiver Mill CC - \$187,127 – construction award was higher than budgeted by \$75,238; a soil chemical analysis at Stiver Mill site identified the need to remove an unanticipated 880 tonnes of contaminated soil to an accredited site in the amount of \$69,810 and subsequently additional contaminated soil were removed and disposed in the amount of \$42,079.

b) Museum

Project 17022 – Museum Locust Hill Train Station – \$42,263 – The award was higher than budgeted as a geotechnical engineer had to be retained to validate soil conditions and structural design. As well, additional construction components were identified during design development, as well as unanticipated inspection electrical disconnects and related earthworks incurred that were not included in the budgeted.

c) Recreation

Project 18132 – Clatworthy Arena Compressors - \$24,453 – Unforeseen additional work to remove and rebuild wall as the new compressors were too large to pass through the doorway.

d) Recreation

Project 17348 – Milliken Mills CC Hot Water Tank Repair - \$18,907 – The pressure release valve broke down which required emergency repairs.

e) Recreation

Project 17104 - Milliken Mills CC Pump Replacement - \$15,108 – The budget was under estimated.

f) Sustainability & Asset Management – Facility Assets

Project 18093 – Fire Facility Improvements - \$14,397 – The overhead door at one of the apparatus bays broke which required unplanned replacement.

g) Recreation

Project 17349 – Angus Glen CC BECS Chemical Controllers - \$13,219 – Replaced 2 Chemical Controllers for the leisure and main pool due to malfunction.

- h) Engineering
Project 14405 - Cycling and Trails EA - Thornhill/Milliken - \$12,160 – The award was higher than budgeted.
- i) Recreation Services
Project 18326 – Thornhill Front Counter Replacement - \$11,000 – Repair and reconfiguration of the front counter at Thornhill Community Centre and Library.

The remaining draws totaling \$51,897 were each under \$10,000.

2. 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 \$64,535 therefore requiring a top up of \$35,465 from the City-Wide Hard DC Reserve.

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

- a) Engineering
Project 14054 - Illumination Program - \$20,670 – The project scope was increased to install two new poles for pedestrian lighting.

The remaining draws totaling \$14,795 were each under \$10,000.

3. 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 and as such, no top up is required at this time.

4. 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 \$43,122 therefore requiring a top-up of \$6,878 from the Planning DC Reserve.

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

- a) Planning
Project 16057 - Planning - 3D Modelling Program - \$6,878 – Increase in project scope to include the newer technology required to provide more accurate design for the project.

5. Waterworks Capital Contingency

The Waterworks Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a negative balance of (\$126,078) therefore requiring a top-up of \$226,078 from the Waterworks Stabilization/Capital Reserve.

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

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- a) Environmental Services – Waterworks
Project 17226 – Watermain Construction Design - \$99,000 – Increase in project scope to include unbudgeted sanitary upgrade design of Valloncliffe Road/Old English Land in order to align with the watermain replacement project.
 - b) Environmental Services – Waterworks
Project 18251 – Waterworks Fleet Replacement - \$51,626 – Budget was understated. The Waterwork Life Cycle Reserve Study will be updated accordingly.
 - c) Environmental Services – Waterworks
Project 15292 - Sanitary Sewer Design - \$40,958 – Contract value was increased for additional contract administration and inspection services due to delay in construction works.
 - d) Environmental Services – Waterworks
Project 17220 - Sanitary Sewer System Upgrade/Rehab Program - \$34,494 – Increase in the quantity of sanitary sewer joints to be pressure-tested and grouted.

STATUS OF OPEN CAPITAL PROJECTS

After the closure of 172 projects, there are 647 open capital projects/project groups with a total budget of \$719.0M as of April 30, 2018. The term “open” refers to approved projects that have not started, or they are at various stages of project completion.

In comparison to the April 2017 status update, there were 621 open projects with a total budget of \$670.9M.

Of the 647 open capital projects, 256 were approved in 2018 (40%), 150 were approved in 2017 (23%) and 241 were approved in 2016 & prior (37%) (Refer to **TABLE A**).

TABLE A

Project approval year	# of open projects	% of open projects	Unencumbered \$ in M	% of Unencumbered \$
2018	256	40%	\$71.3	32%
2017	150	23%	\$76.2	34%
2016	86	13%	\$28.2	13%
2015	54	8%	\$8.6	4%
2014	31	5%	\$19.1	9%
2013 and prior	70	11%	\$20.5	9%
	647	100%	\$223.9	100%

The following summarizes the status of open capital projects:

(in millions)	Q1 2018		Q1 2017	
Encumbered/Committed	\$ 495.1	69%	\$ 441.9	66%
Unencumbered/Uncommitted	\$ 223.9	31%	\$ 229.0	34%
Total open capital projects	\$ 719.0		\$ 670.9	

Encumbered/Committed

The total 2018 encumbered amount of \$495.1M includes expenditures of \$435.9M (88%) and commitments of \$59.2M (12%). (Expenditures refer to payments issued for goods/services received and commitments refer to purchase orders on file with the Purchasing Department.)

Unencumbered/Uncommitted

Of the 2018 unencumbered/uncommitted amount of \$223.9M, approximately 32% was approved in 2018, 34% was approved in 2017 while 34% was approved in 2016 & prior.

Major projects, defined as a multi-year one time projects account for \$197.8M (88% of \$223.9M) of the total unencumbered amount which includes the following projects:

- Highway 404 ramp extension, North of Hwy 7
- West Thornhill flood control implementation
- Miller Avenue – Woodbine Avenue to Rodick Road (Construction)
- Rodick Road Reconstruction – Miller to 14th Avenue
- Whistling Cessation Program
- Kirkham Drive park Construction
- Hwy 404 mid-block crossing, North of Hwy 7
- Watermain construction and replacement program
- Cornell Community park construction
- Box Grove community park
- Angus Glen Community Centre combined heat and power (CHP) system
- Thornhill park improvements
- Official Plan and Secondary Plan engineering studies
- Wismer Community park and maintenance building construction
- Rouge Valley trail multi-use pathway

FINANCIAL CONSIDERATIONS:

The net amount of \$5,562,812 as summarized in the following table will be transferred to/(draw from) Reserves and Reserve Funds as a result of closing capital projects, return of surplus funds from open projects and top-up of capital contingency projects.

	Return to Reserves / Reserve Funds from Closed Projects (A)	Top up Contingency Projects from Reserves / Reserve Funds (B)	Net Change to Reserves / Reserve Funds (C)=(A)+(B)
Life Cycle Replacement & Capital Reserve	\$1,597,660	(\$390,531)	\$1,207,129
Development Charge Reserves	\$2,715,517	(\$42,343)	\$2,673,174
Waterworks Stabilization / Capital Reserve	\$1,790,017	(\$226,078)	\$1,563,939
Other Reserves & Reserve Funds	\$118,570	-	\$118,570
Net Change to Reserves & Reserve Funds	\$6,221,764	(\$658,952)	\$5,562,812

Since the last report on Status of Capital Projects tabled at General Committee in November 2017, \$1,568,904 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 the capital status update.

RECOMMENDED BY:

2018-06-11

X 

Joel Lustig
Treasurer
Signed by: cxa

2018-06-11

X 

Trinela Cane
Commissioner, Corporate Services
Signed by: cxa

ATTACHMENTS:

- Exhibit A – Summary of funding from closed capital projects to be returned to original funding sources as of April 30, 2018
- Exhibit B – Details of capital projects to be closed with funding to be returned to original funding sources as of April 30, 2018
- Exhibit C – Summary of capital projects to be closed that are fully expended as of April 30, 2018