



Report to: General Committee

Date Report Authored: November 29, 2016

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SUBJECT: Status of Capital Projects as of September 30, 2016  
PREPARED BY: Andrea Tang – Senior Manager, Financial Planning (Ext. 2433)  
Alison Yu – Senior Financial Analyst (Ext. 2498)

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**RECOMMENDATION:**

- 1) THAT the report dated November 29, 2016 entitled “Status of Capital Projects as of September 30, 2016” be received;
- 2) AND THAT the amount of \$6,342,509 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 in 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 \$444,075 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 \$45,299 to the approved amount of \$100,000;
- 6) AND THAT the Design Capital Contingency Project be topped up, from the Development Charges Reserve, by \$44,644 to the approved amount of \$100,000;
- 7) AND THAT the Waterworks Capital Contingency Project be topped up, from the Waterworks Stabilization/Capital Reserve, by \$14,974 to the approved amount of \$100,000;
- 8) AND THAT the funding for 11093 Warden Ave (Elson Miles Farm), in the amount of \$15,240,666, be changed from the Parks Cash in Lieu 5% Reserve Fund to the Land Acquisition Reserve Fund;

- 9) AND THAT the following in-year new capital projects, subsequent to the approval of the 2016 capital projects, be received;

Project Number	Name	Budget	Funding Source
16274	Markham Village Arena Brine Pump Replacement	\$14,895	Non-DC Capital Contingency
16278	Cornell Community Centre Pool Dectron Air Handling	\$18,200	Non-DC Capital Contingency
16281	Clatworthy Community Centre Support Columns	\$47,519	Non-DC Capital Contingency
16285	Fire Stations 92 and 95 Fire Alarm Systems	\$8,000	Non-DC Capital Contingency
16282	Replacement of Milliken Mills Soccer Dome Subfloor	\$160,000	Life-Cycle Replacement & Capital Reserve Fund

- 10) 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 September 30, 2016, and obtain Council approval for the transfer of funds to and from Reserves and Reserve Funds.

#### **DISCUSSION/OPTIONS:**

##### **CAPITAL PROJECTS TO BE CLOSED**

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, 2016. As a result, 168 projects are identified for closure, with a total budget remaining of \$6,342,509 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 original funding sources as of September 30, 2016

Exhibit B – Details of capital projects to be closed with funding to be returned to original funding sources as of September 30, 2016

Exhibit C – Summary of capital projects to be closed that are fully expended as of September 30, 2016

Details within Exhibit A include the following:

##### **Life-Cycle Replacement & Capital Reserve Fund**

The closure of capital projects identifies funds in the amount of \$3,727,687 to be returned to the Life-Cycle Replacement & Capital Reserve Fund. Below are highlights of the

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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) Operations - Parks

Project 15221 — Gazebo Replacement— Budget of \$107,400 with remaining funds of \$71,177 (66% of project budget). Four gazebos were rehabilitated. The replacement of the Denison Park gazebo was deferred based on condition assessment.

Project 15228 — Playstructure & Rubberized Safety Surface Replacement— Budget of \$759,408 with remaining funds of \$534,529 (70% of project budget). Four playground structures at three parks were replaced. Nine locations were deferred based on condition assessment, visual inspection and playground audit.

Project 15233 — Volunteer Ice Rink Program—Budget of \$15,300 with remaining funds of \$11,774 (70% of project budget). The number of applications was lower than anticipated.

b) Operations - Roads

Project 15198 — Bridge Structure Preventative Maintenance – Budget of \$45,287 with remaining funds of \$25,653 (56% of project budget). The actual incurred was lower than budget.

c) Recreation Services

Project 15165 – Milliken Mills Soccer Dome emergency exit door replacement – Budget of \$9,200 with remaining funds of \$5,145 (56% of project budget). The scope was changed from complete replacement to replacing the accessories of the door.

Project 15634 – Mount Joy Insulation-CIMCO – Budget of \$10,141 all unspent. The expenses were charged to the 2015 operating budget.

Project 16101 – Centennial C.C. Domestic Hot Water Recirculation Pumps— Budget of \$18,300 with remaining funds of \$9,167 (50% of project budget). The actual incurred was lower than budget.

Project 16121 – Milliken Mills C.C. washroom fixtures— Budget of \$43,300 with remaining funds of \$24,245 (56% of project budget). The actual incurred was lower than budget.

Project 16123 – Mount Joy C.C. Condenser Replacement— Budget of \$71,200 all unspent. Project has been cancelled pending discussion on the future use of the facility.

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Project 16125 – Mount Joy C.C. Rubber Flooring– Budget of \$45,800 all unspent. Project has been cancelled pending discussion on the future use of the facility.

d) ITS

Project 13811 – Human Resources System (Phase 2 of 3) – Budget of \$80,000 all unspent. \$64,000 will be returned to the Life-Cycle Replacement & Capital Reserve Fund, \$11,200 will be returned to Development Fee Reserve, and the remaining balance of \$4,800 will be returned to Waterworks Stabilization/Capital Reserve. Project is replaced by the Human Resource Information System (HRIS) conversion and implementation.

Project 15079 – Recreation - Employee Time Tracking System – Budget of \$15,300 all unspent. Project is being closed due to the implementation of the HRIS project. Project will be requested in the future if required.

Project 15091 – Fire - Replacement of 15 Dot Matrix printers – Budget of \$22,900 with remaining funds of \$13,905 (61% of project budget). The actual incurred was less than budgeted.

e) Design

Project 13013 – Markham Sports Park - Studies / E.A.s / Consultation – Budget of \$553,800 all unspent. \$55,380 will be returned to the Life-Cycle Replacement & Capital Reserve Fund, and the remaining balance of \$498,420 will be returned to DC Reserves. Project will be requested as part of a future budget process pending Council decision.

Project 15035 – Markham Sports Park - Interim Park Facilities – Budget of \$255,900 all unspent. \$25,590 will be returned to the Life-Cycle Replacement & Capital Reserve Fund, and the remaining balance of \$230,310 will be returned to DC Reserves. Project will be requested as part of a future budget process pending Council decision.

f) Planning

Project 10013 – Heritage Façade Improvements/Sign Replacement – Budget of \$8,982 with remaining funds of \$7,794 (87% of project budget). Projects were completed and paid out to property owners. Actual reimbursements were less than budgeted.

Project 11026 – Heritage Façade Improvements/Sign Replacement – Budget of \$6,419 all unspent. Applications were abandoned by property owners.

Project 13002 – Heritage Façade Improvements/Sign Replacement – Budget of \$50,000 with remaining funds of \$25,216 (50% of project budget). Some applications were completed and paid out to property owners. Remaining applications were abandoned by property owners.

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Project 14000 – Heritage Façade Improvements/Sign Replacement – Budget of \$30,000 all unspent. Applications were abandoned by property owners.

g) Fire

Project 10127 – Training & Education Facility Study – Budget of \$150,000 all unspent. \$75,000 will be returned to the Life-Cycle Replacement & Capital Reserve Fund, and the remaining balance of \$75,000 will be returned to Waterworks Stabilization/Capital Reserve. Project will be requested as part of a future budget process if required.

h) Asset Management – Right-of-Way Assets

Project 12423 - Structure Rehabilitation - Culverts – Budget of \$2,187,080 with remaining funds of \$852,460 (39% of project budget). Rehabilitation on one of the culverts was not required. In addition, favourable pricing was received due to timing of the tender release to market.

Project 13333 - Culverts Rehabilitation (10 Structures) - Design & Const – Budget of \$1,147,300 with remaining funds of \$438,168 (38% of project budget). One culvert (C166) was replaced by the Region of York as part of the project to widen Warden. In addition, favourable pricing was received due to timing of the tender release to market.

Project 13332 - Structures Rehabilitation (11 Structures) - Construction – Budget of \$363,070 with remaining funds of \$177,929 (49% of project budget). One pedestrian bridge (P001) was rehabilitated by Engineering as part of the Multi-Use Pathway project. In addition, favourable pricing was received due to timing of the tender release to market.

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

It is the City's practice to return all surplus funds to the original funding source at time of award. Since the last report on Status of Capital Projects tabled at General Committee in April, \$906,816 has been returned to the Life-Cycle Replacement & Capital Reserve Fund from contract awards.

**Development Charges (DC) Reserves**

Funds in the amount of \$1,624,073 will be returned to the DC Reserves from the closure of capital projects.

There are five (5) projects listed in Exhibit B with surplus funds of more than 50% of the approved budget that will be returned to original sources.

a) Design

Project 13013 – Markham Sports Park - Studies / E.A.s / Consultation – Budget of \$553,800 all unspent. \$498,420 will be returned to DC Reserves, and the remaining balance of \$55,380 will be returned to the Life-Cycle Replacement &

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Capital Reserve Fund. Project will be requested as part of a future budget process pending Council decision.

Project 15035 – Markham Sports Park - Interim Park Facilities – Budget of \$255,900 all unspent. \$230,310 will be returned to DC Reserves, and the remaining balance of \$25,590 will be returned to the Life-Cycle Replacement & Capital Reserve Fund. Project will be requested as part of a future budget process pending Council decision.

b) Engineering

Project 15057 – Markham Centre Transportation Study – Budget of \$247,900 all unspent. Project will be requested as part of a future budget process pending Council decision.

Project 15068 – Woodbine Steeles Sanitary Pumping Station/Sewer (EA) – Budget of \$309,800 all unspent. Project will be requested as part of a future budget process pending Council decision.

c) Fire

Project 15010 – Firefighter Equipment for Cornell Second Crew – Budget of \$247,900 all unspent. Project will be requested as part of a future budget process pending Council decision.

**Waterworks Stabilization/Capital Reserve**

Funds in the amount of \$550,241 will be returned to the Waterworks Stabilization/Capital Reserve resulting from the closure of capital projects.

There are six (6) projects listed in Exhibit B with surplus funds of more than 50% of the approved budget that will be returned to the Waterworks Stabilization/Capital Reserve and represent approximately 89% of the total funds to be returned to this funding source, details of which are outlined below.

a) ITS

Project 13811 – Human Resources System (Phase 2 of 3) – Budget of \$80,000 all unspent. \$4,800 will be returned to Waterworks Stabilization/Capital Reserve, \$64,000 will be returned to the Life-Cycle Replacement & Capital Reserve Fund, and the remaining balance of \$11,200 will be returned to Development Fee Reserve. Project is replaced by the Human Resource Information System (HRIS) conversion and implementation.

Project 15096 — WW - Bridge Software (Compliance 365) - Budget of \$15,300 all unspent. Project was cancelled. Vendor did not release the software as scheduled.

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Project 15098 — WW - DARTS Phase 3 of 3 - Budget of \$50,900 with remaining funds of \$30,047 (59% of project budget). Project was completed. The actual incurred was less than budgeted.

Project 15100 — WW- Adobe LiveCycle Enterprise Suite 4 - Budget of \$61,100 all unspent. Project was cancelled as the project scope can be addressed by existing software tools.

b) Waterworks

Project 16245 — Water System Upgrade Program-Annual Program - Budget of \$316,100 all unspent. Project is being cancelled as the scope of the project will be included as part of the 2017 capital project #17224 “Water System Upgrade Program - Curb Box”.

i) Fire

Project 10127 – Training & Education Facility Study – Budget of \$150,000 all unspent. \$75,000 will be returned to the Waterworks Stabilization/Capital Reserve, and the remaining balance of \$75,000 will be returned to Life-Cycle Replacement & Capital Reserve Fund. Project will be requested as part of a future budget process if required.

**Other Reserves and Reserve Funds**

Funds in the amount of \$440,508 will be returned to other Reserves and Reserve Funds resulting from the closure of capital projects. There are two (2) projects listed in Exhibit B with surplus funds of more than 50% of the approved budget that will be returned to original sources.

a) Operations – Roads (*Facility Ramp-Up Reserve*)

Project 10063 — Unionville Main Street Parking Lot – Budget of \$375,000 all unspent. Full budget of \$375,000 will be returned to the original funding source.

b) ITS (*Development Fee Reserve*)

Project 13811 – Human Resources System (Phase 2 of 3) – Budget of \$80,000 all unspent. \$11,200 will be returned to Development Fee Reserve, \$64,000 will be returned to the Life-Cycle Replacement & Capital Reserve Fund, and the remaining balance of \$4,800 will be returned to Waterworks Stabilization/Capital Reserve. Project is replaced by the Human Resource Information System conversion and implementation.

**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.

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## 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 (\$194,075). Therefore a top-up of \$444,075 is required from the Life-Cycle Replacement & Capital Reserve Fund.

The use of the contingency account was necessitated by various projects as follows:

- Floodlights, Poles & Cross Arms Replacement - \$80,721 – increase of \$53,246 was due to change in scope from replacing 6 poles (52.5' tall with 36 lights) at Bishops Cross Park softball court to 6 poles (57.5' tall with 42 lights) at Milliken Mills baseball court. Increase of \$23,405 was because unit price for floodlights were higher than budgeted;
- Roofing Replacement Projects - \$59,700 – Replacement of shingled roof of Markham Village Community Centre as there were multiple leaks;
- Clatworthy Community Centre Support Column (in-year new project) - \$47,519 – Repair of a support column as it had deteriorated and was damaged;
- Corporate Security Operations & System Upgrades - \$38,672 – The award was higher than budgeted due to unforeseen work required in the installation of security gates;
- Angus Glen Air Handling Unit - \$36,405 – Repair and replacement of two corroded condenser coils at the Angus Glen Community Centre;
- Thornhill Community Centre - Underfloor Heat Failure - \$25,750 – Emergency repair of the under-floor heat exchange due to failure;
- Emergency Repairs - \$20,953 – The quantity of storm sewer repairs were higher than budgeted;
- Cornell Community Centre Pool Dectron Air Handling (in-year new project) - \$18,200 – Emergency repairs to Dectron Air handling equipment due to unforeseen leaks within the refrigerant system;
- Markham Village Arena Brine Pump Replacement (in-year new project) - \$14,895 – Replacement of brine pump at the Markham Village Arena;
- Rouge River/ Markham Green Golf Course Irrigation - \$14,772 – Replacement of stormwater pool fountain at the Rouge River Community Centre;
- Thornhill Park Improvements - \$14,498 – Additional funds to Grandview Park Improvements Projects for tree-planting, walkways, T-ball diamond relocation and landscape buffering;



- Storm Sewer Inspection - \$13,300 – Cost of contract awarded higher than budget due to pricing;
- 14th Avenue Dust Management Review-Consulting - \$12,350 – Additional consultation required by Technical Advisory Committees and Ministry of the Environment and Climate Change;
- Fire Stations 92 and 95 Fire Alarm Systems (in-year new project) - \$8,000 – Design of new fire alarm system installations at Fire Station 92 (Riviera Drive) and Fire Station 95 (Unionville Main Street) to be compliant with the Building Code.

The remaining draws totaling \$42,410 were 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 \$54,701 therefore requiring a top up of \$45,299 from the City-Wide Hard DC Reserve.

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

- Main St. Markham, 16th Ave to Major Mack- Property Acquisition and Construction - \$45,299 – Cost of contract awarded higher than budget.

## 3. Design DC Capital Contingency

The Design DC Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a balance of \$55,356 therefore requiring a top-up of \$44,644 from the Design DC Reserve.

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

- Villages of Fairtree Washroom Building - \$44,644 – Additional soil, anti-graffiti coating, removal of interior power and exterior water outlets, water meter and chamber adjustments.

## 4. 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 and as such, no top-up is required at this time.

## 5. Waterworks Capital Contingency

The Waterworks Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a balance of \$85,026 therefore requiring a top-up of \$14,974 from the Waterworks Stabilization/Capital Reserve.

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

- Sanitary Sewer Design - \$14,974 – The award was higher than budgeted due to construction being performed in stages to reduce traffic disruption and full width restoration of the sanitary sewer was not anticipated at the outset of project.

### **IN-YEAR NEW PROJECT – REPLACEMENT OF MILLKIEN MILLS SOCCER DOME SUBFLOOR**

The Milliken Mills Indoor Soccer Dome suffered fire damage on June 22, 2016. Insurance proceeds paid for the replacement of the dome, turf, equipment and some clubhouse repairs. The City funded the repairs of the subfloor. The cost was \$160,000 to be funded from the Life-Cycle Replacement & Capital Reserve Fund.

### **STATUS OF OPEN CAPITAL PROJECTS**

After the closure of 168 projects, there are 563 open capital projects/project groups with a total budget of \$659.3M as of September 30, 2016 (as compared to 562 open projects with a total budget of \$561.5M in the September 2015 status update). (The term “open” refers to projects which have been approved but have not started or are at various stages of completion.)

The following table summarizes the status of open capital:

Encumbered/Committed	\$501.9M	76%
Unencumbered/Uncommitted	<u>\$157.4M</u>	24%
Total Open Capital	\$659.3M	

#### **Encumbered/Committed**

The total encumbered amount of \$501.9M includes expenditures of \$421.5M and commitments of \$80.3M. (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 unencumbered/uncommitted amount of \$157.4M, approximately 46% were approved in 2016, 16% were approved in 2015 while 37% were approved between 2012 to 2014.

Major projects, defined as a multi-year one time project, account for \$137.1M (87%) of the total unencumbered amount, include projects such as Southeast Markham Community Centre, West Thornhill Flood Control Implementation and Construction, Hwy 404 Ramp Extension North of Hwy 7, Miller Avenue - Woodbine Avenue to Rodick Construction –

CN to Kennedy Road Phase 4 – Warden to Birchmount Phase 1 of 6 Design and Property Acquisition, Rodick Extension – Phase 2 of 3 – Miller Phase II – Miller to 14<sup>th</sup>, Woodbine By-pass Road Construction Phase 2A, 2B & 3A, and Hwy 404 Mid-Block Crossing, North of Hwy 7, Multi-Use Pathways - Phase 2 and 3, etc..

Compliant non-major projects account for the remaining \$20.3M (13%) of the total unencumbered amount.

Staff will continue to monitor the status of all capital projects to promote the timely closure and return of surplus funds, and will report to Council in June 2017.

#### **FINANCIAL CONSIDERATIONS AND TEMPLATE:**

The net amount of \$5,793,517 as summarized in the following table will be transferred to Reserves and Reserve Funds as a result of closing capital projects and top-up of capital contingency projects.

	<b>Return to Reserves / Reserve Funds from Closed Projects (A)</b>	<b>Top up Contingency Projects from Reserves / Reserve Funds (B)</b>	<b>Net Change to Reserves / Reserve Funds (C)=(A)+(B)</b>
Life-Cycle Replacement & Capital Reserve	\$3,727,687	(\$444,075)	\$3,283,612
Development Charge Reserves	\$1,624,073	(\$89,943)	\$1,534,130
Waterworks Stabilization/Capital Reserve	\$550,241	(\$14,974)	\$535,267
Other Reserves & Reserve Funds	\$440,508	-	\$440,508
<b>Net Change to Reserves &amp; Reserve Funds</b>	<b>\$6,342,509</b>	<b>(\$548,992)</b>	<b>\$5,793,517</b>

As well, the funding source for the acquisition of 11093 Warden Ave. (“Elson Miles Farm”) in the amount of \$15,240,666 is to be changed from Parks Cash in Lieu 5% Reserve Fund to Land Acquisition Reserve Fund.

#### **CHANGES TO LAND FUNDING SOURCE:**

In 2010, the City purchased approximately 100 acres of land at 11093 Warden Avenue (“Elson Miles Farm”) for \$15,240,666 (inclusive of land transfer tax and legal fees) using the Parks Cash in Lieu 5% Reserve Fund. As it remains uncertain as to whether that parcel of land will eventually be used for park purposes, it is recommended that the funding source be changed to the City’s Land Acquisition Reserve Fund to align with other purchases made by the City for where the ultimate use of the land yet to be determined. Once the usage of the land parcel is determined, the appropriate funding source will be identified.

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**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:**

12/6/2016

06/12/2016

X 

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Joel Lustig  
Treasurer

X 

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Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

[Exhibit A – Summary of funding from closed capital projects to be returned to original funding sources as of September 30, 2016](#)

[Exhibit B – Details of capital projects to be closed with funding to be returned to original funding sources as of September, 2016](#)

[Exhibit C – Summary of capital projects to be closed that are fully expended as of September 30, 2016](#)