

# Staff Report



To	<b>Committee of the Whole</b>
Service Area	Corporate Services
Date	Monday, May 3, 2021
Subject	<b>2020 Year-end Capital Budget Monitoring Report</b>

## Recommendation

1. That in accordance with the 2020 Year-end Capital Budget Monitoring Report dated May 4, 2021, reallocations BR-20CAP-38 and BR-20CAP-40 in Table 3 of Attachment-3 2020 Capital Budget Reallocations be approved at a net zero change to the 2020 approved capital budget.
2. That in accordance with the 2020 Year-end Capital Budget Monitoring Report dated May 4, 2021, budget adjustment BR-21CAP-28 in Attachment-1 Additional Approved Capital Funding be approved at a net budget increase of \$240,000 to the 2021 approved capital budget.
3. As a result of the new provincial On-Site and Excess Soil Regulation, and understanding that impacted projects may result in costs in excess of approved capital budget of approximately \$5 million, that a one-time strategy to authorize staff to proceed with these projects in 2021 while reporting on these over budget requirements as part of the quarterly budget monitoring reports be approved.
4. That staff seek Council funding approval of the total budget requirement resulting from the On-Site and Excess Soil Regulation at year-end as part of the 2021 year-end budget monitoring report, if in-year capital budget surplus is not sufficient to mitigate this pressure.

## Executive Summary

### Purpose of Report

This report provides a summary of the 2020 capital spending for the year ended December 31, 2020, and highlights significant capital project activity and milestones.

This report also serves to notify of any deviations from the approved capital plan and seek approvals for adjusted funding where required.

### Key Findings

On an annual basis, the City approves the capital budget. The 2020 capital budget is the City's plan to take care of its assets and plan for future growth while also focusing on the community's health and safety and meeting legislative requirements all while balancing affordability for our citizens and businesses.

For 2020, City Council approved a capital budget of \$151.6 million and as of December 31, 2020, had approved an additional \$8.3 million through special motions and/or due to receipt of additional funding (Attachment-1). This is in addition to the carry-over budget amount from 2019 unspent capital of \$157.2 million.

This report reflects 2020 spending totaling \$81.4 million; a decrease in spending from 2019 by \$20.1 million. This decrease can be mostly attributed to COVID-19 (COVID) due to delayed projects as a result of Provincial essential service restrictions and Council cost and cashflow mitigation measures. Vendor and supply challenges also persisted through a good portion of the year contributing to delays.

Further, staff continuity and capacity challenges continue to extend project timelines or delay project start dates as the City relies on temporary capital project managers that leave for full-time employment in the midst of projects. Staff will be reporting to Council in June in more detail regarding this growing capital staff-resourcing gap. It is important to note that while spending is down, this does not eliminate the need for those project budgets, as aging infrastructure backlogs continue to increase. A permanent staffing solution is required to address this growing capital program execution challenge.

Considering all the challenges that the pandemic brought in 2020, staff have been able to rebound the capital program considerably and the City has finished out 2020 with spending and commitments outstanding at year-end only 16% lower than the previous year.

Below is the capital activity for 2020, all numbers are in thousands.

Details are provided in Attachment-2.

<b>Capital variance</b>	<b>Tri-annual 3 (December 31)</b>	<b>Tri-annual 2 (August 31)</b>	<b>Tri-annual 1 (April 30)</b>
2019 carry-over budget	157,208	157,208	157,208 <sup>1</sup>
2020 capital budget, approved	151,590	151,590	151,590
2020 additional approved funding	8,338	3,315	2,699
Available capital funding for 2020	<b>317,136</b>	<b>312,113</b>	<b>311,497</b>
2020 capital spending	81,420	41,066	21,389
Open purchase orders (PO)	41,352	57,295	48,904
Projects closed	2,131	0	0
Total spending and commitments	<b>124,903</b>	<b>98,361</b>	<b>70,293</b>
Uncommitted approved budget	<b>192,233</b>	<b>213,752</b>	<b>241,204</b>

<sup>1</sup> 2019 Year-end Capital Variance Report 2020-25 dated May 25, 2020 reported a carry-over budget of 157,311 however, two journal entries were subsequently posted.

## Financial Implications

Substantial capital work has been completed in 2020 with \$81.4 million spent. The 2020 uncommitted carry-over budget into 2020 is \$192.2 million and will be spent in future years as on-going multi-year projects continue to progress. Work will continue corporately to focus on maintaining momentum in our capital programs and draw down the uncommitted approved budget.

Budget adjustments to the 2021 approved budget through this report include an additional \$240,000 to fund the budget deficit in MU0021 related to the Locomotive 6167 move as well as an estimated additional \$5,000,000 to carry out additional work in accordance with the On-Site and Excess Soil Regulation for capital projects in 2021. Staff will carry out any budget adjustments related to the regulation as required throughout the year to ensure timely procurement and construction of associated projects. Staff will report any in-year adjustments to Council through the quarterly budget monitoring reports and will seek formal Council approval for all adjustments as part of the 2021 year-end budget monitoring report.

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## Report

Staff is reporting on a tri-annual basis to ensure timely, transparent and meaningful reporting. This report provides a summary of the annual capital spending as of December 31, 2020 and highlights significant capital project activity and milestones.

Budget carried over from 2019 was \$157.2 million, Council approved a 2020 capital budget of \$151.6 million in December 2019; as well, capital budget additions of \$8.3 million have been made since that time; details are provided in Attachment-1.

This provides for a total available budget in 2020 of \$317.1 million.

The total year-to-date (YTD) capital spending is \$81.4 million, which is \$20.1 million less than 2019. This decrease can be mostly attributed to COVID due to delayed projects as a result of Provincial essential service restrictions and Council cost mitigation measures. Further, staff continuity and capacity challenges continue to extend project timelines or delay project start dates as the City often relies on temporary capital project managers that, at times, leave for full-time employment in the midst of projects.

Outstanding PO commitments total \$41.4 million as of December 31, which is \$2.0 million less than December 31, 2019. See Attachment-2 for a summary of 2020 capital activity.

**Table 1 - Year over Year Comparisons**

		<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
PO Commitments	2020	41,352	57,295	48,904
PO Commitments	2019	43,336	59,018	56,881
<b>Change</b>		<b>(1,984)</b>	<b>(1,723)</b>	<b>(7,977)</b>
Spending (cumulative)	2020	81,420	41,066	21,389

		<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
Spending (cumulative)	2019	102,239	55,402	19,303
<b>Change</b>		<b>(20,819)</b>	<b>(14,336)</b>	<b>2,086</b>

2020 was a challenging year for the City’s capital program. The year started out with a robust plan to deliver on project work plans however in March that was altered by the COVID pandemic. In March of 2020 much of the capital program was put on hold as staff had to navigate around new government regulations and restrictions. Staff grappled with vague definitions within the regulation as to what was considered an essential project and what could continue as well as the need to manage the overall City’s cashflow for which capital program plays a major part in the City’s overall spending.

Staff were forced to pause and assess each project against guidelines developed internally through the COVID Construction Working Table, aimed at complying with the regulations put in place. As the City placed staff on declared emergency leave to respond to the financial pressures of the pandemic, capital projects were impacted due to a reduction in overall capacity to directly manage and support projects. Overall, approximately two months of progress were lost. In May, once all projects were allowed to continue, staff had to manage around vendors and contractors that were themselves dealing with project backlogs, staffing constraints and new public health guidelines for worksites.

Considering all the challenges that the pandemic brought in 2020, staff have been able to rebound the capital program considerably and the City has finished out 2020 with spending and commitments outstanding at year-end only 16% lower than the previous year.

**Reallocations and Project Closures**

Throughout the year staff have the flexibility to reallocate budget between capital projects with approval from a combination of their General Manager and Deputy Chief Administrative Officer, as well as the City’s Chief Financial Officer and Manager of Financial Strategy, depending on overall value. This allows for the management of overages within the approved budget envelope as all reallocations are a net zero impact to the approved budget. A listing of reallocations completed in 2020 can be found in Attachment-3.

It is typical for surpluses of completed projects to be reallocated to mitigate overages on ongoing projects. In 2020, a total of 33 capital project accounts were closed out.

At the end of 2020, staff evaluated all approved projects that had no spending or commitments within the previous 12-month period. After careful consideration of department work plans, project sequencing and existing staffing capacity, it was determined that four linear reconstruction projects totaling \$0.5 million could be closed out and re-budgeted in a future year as these projects would not be able to move forward within the next two years.

After all budget reallocations, total surplus funds returned to their original source amounted to \$2.1 million, see Attachment-4 for details.

## **Staff Capacity**

As previously indicated staff capacity plays a large factor in the City's ability to move projects forward in alignment with the [asset management plan](#) and to reduce the infrastructure gap.

The City has made great strides on providing funding for infrastructure renewal with consistent and focused contributions to infrastructure renewal reserve funds through the annual budget. However, staff resources need to grow along with the capital project funding in order to continue on the path to sustainability. A fulsome discussion around staff capacity and recommendations will be brought forward for Council's consideration through a dedicated staff report in June 2021.

## **On-Site and Excess Soil Management Regulation**

The introduction of [O. Reg 406/19 On-site and Excess Soil Management](#), effective in part on January 1, 2021 (will come into full effect January 1, 2022), has led to greater testing, handling, and documentation requirements for soil that is managed during a construction project. Presently, soils are re-used on site as much as possible, but by the nature of construction, especially linear works, excess soils are generated that must be moved off site for re-use or disposal at regulated landfill facilities. The City (as Owners), contractors and receiving sites for excess soils now have increased obligations for environmental stewardship, sustainability and responsibility to manage excess soils resulting from construction activities.

The City has implemented new practices as a result of the regulation, and through this work staff are identifying soil quality to be outside of the limits for disposal on an unregulated site. Once the soils are deemed unsuitable for re-use offsite, costs are incurred for additional handling, hauling and tipping fees at a regulated landfill site. A review of the City's linear reconstruction projects within Engineering and Transportation Department found that the estimated additional soil management costs for works currently underway and planned to commence in 2021 is approximately \$5,000,000. Based on the soil quality and volume, the percentage increase ranges from 2% to 34% of the project's capital budget with the average being 14%.

Going forward, staff are actively looking to mitigate budget risks and overall cost escalations by reviewing best practices to better characterize soil quality, on-site soils separation and possible interim storage alternatives. In addition, staff are developing a strategy and budget planning processes to better estimate funding required in the 2022 Capital Budget development across all the City's capital projects.

In 2021, staff will carry out any budget adjustments related to the regulation as required throughout the year to ensure timely procurement and construction of associated projects. Staff will report any in-year adjustments to Council through the quarterly budget monitoring reports and will seek formal Council approval for all adjustments as part of the 2021 year-end budget monitoring report.

## **Program of Work Summaries**

**(all figures reported in thousands unless otherwise noted)**

As in the previous tri-annual capital variance reports, this report follows the Program of Work (Program) format that was used during the 2020 budget. For fiscal year 2021, reporting on capital will be presented through a consolidated

quarterly operating and capital budget monitoring report. Capital will be reported in alignment with the [Strategic Plan](#) priorities to mirror the presentation of the 2021 budget.

Each Program provides a summary of available funding, spending YTD and outstanding PO commitments in the purchasing system. A summary of key projects, and any significant differences from the approved capital budget are included.

For further information on the City's current Tier-1 projects please visit the [Tier-1 project webpage](#).

## Contaminated Sites

This Program is focused on managing the City's contaminated site liabilities in order to: protect the City's drinking water, reduce public health and safety risks, invest in land for potential divestiture or redevelopment, revitalize neighbourhoods, and be compliant with Ministry of the Environment, Conservation and Parks guidelines.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	5,174	5,174	5,174
2020 capital budget, approved	3,750	3,750	3,750
2020 additional approved funding	240	240	0
Available capital funding for 2020	<b>9,164</b>	<b>9,164</b>	<b>8,924</b>
2020 capital spending	1,098	582	275
Open POs	1,017	1,362	835
Projects closed	0	0	0
Total spending and commitments	<b>2,115</b>	<b>1,944</b>	<b>1,110</b>
Uncommitted approved budget	<b>7,049</b>	<b>7,220</b>	<b>7,814</b>

Substantial completion has been reached on the Snow Disposal Facility and the project will remain in warranty until the end of 2021. At year-end, \$687 remained in uncommitted budget and it is expected to come in under budget.

Goldie Mills remediation work has been completed and the site re-opened to the public in February 2021. Trees are still to be planted and it is expected that the project will be closed out in the second quarter of 2021 (Q2).

The uncommitted budget included several large multi-year projects such as Beverley Street Monitoring and Remediation (\$2,259) and Baker Street Remediation (\$1,204). It also included \$2,369 for Historical Landfill Investigation work, which could not be tendered in 2020 due to a lack of staff resources, however it is anticipated that it will be tendered in Q2 2021.

## Corporate Projects

This Program is focused on ensuring the overall administrative operations of the corporation are able to effectively deliver service and guidance to the City's external facing service delivery areas. Providing corporate standards ensure that citizens experience a consistent look and feel in their interactions with the corporation.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	17,307	17,307	17,307
2020 capital budget, approved	17,188	17,188	17,188
2020 additional approved funding	5,536	166	(45)
Available capital funding for 2020	<b>40,031</b>	<b>34,661</b>	<b>34,450</b>
2020 capital spending	15,541	8,332	4,430
Open POs	7,506	6,915	8,164
Closed projects	75	0	0
Total spending and commitments	<b>23,122</b>	<b>15,247</b>	<b>12,594</b>
Uncommitted approved budget	<b>16,909</b>	<b>19,414</b>	<b>21,856</b>

The contract to begin work on the City's fibre optic network to connect all City-owned locations and City traffic controllers was awarded in late 2020. This multi-year project, budgeted over the next five years, will see significant spending beginning in 2021.

2020 planned fleet replacements for Operations was over 94% complete at year-end, with vehicles either received or on order. Vehicles received in 2020 include replacements of five tandem axle dump trucks with winter control systems and an ice re-surfacer.

In the Planning and Building Services department, significant work has occurred throughout 2020 on the zoning by-law review, Clair/Maltby Secondary Plan and the Official Plan review and implementation. However, the Urban Design guideline project was paused due to COVID and is now planned for 2021.

Projects included in the \$18,191 of uncommitted budget were \$2,553 for the Operations Campus planning which is now underway but was delayed by COVID and Courts facility renewal, including masonry and window restoration, with an uncommitted budget of \$1,144 which is expected to be tendered later in 2021.

The multi-year implementation of a Corporate Maintenance Management System with uncommitted budget of \$3,060 at year-end is anticipated to have the contract awarded in early 2021. However, staff have determined that additional budget will be required to complete this project successfully. Staff are working on a comprehensive plan and budget adjustment which will be brought to Council through the 2022 budget.

## Emergency Services

This Program is ensuring that our emergency service providers have the vehicles, equipment and facilities required to effectively deliver critical community services. This requires that their assets are in working and reliable condition and are replaced at the right time. Projects in this Program are directed by industry best practice and service-specific legislation.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	4,904	4,904	4,904
2020 capital budget, approved	5,399	5,399	5,399
2020 additional approved funding	681	681	399
Available capital funding for 2020	<b>10,984</b>	<b>10,984</b>	<b>10,702</b>
2020 capital spending	6,549	3,343	2,445
Open POs	922	2,609	1,906
Closed projects	24	0	0
Total spending and commitments	<b>7,495</b>	<b>5,952</b>	<b>4,351</b>
Uncommitted approved budget	<b>3,489</b>	<b>5,032</b>	<b>6,351</b>

2020 Spending on Emergency Services (Paramedics, Fire and Police) focused on lifecycle replacement of vehicles and equipment including protective gear for front-line staff such as body armour for Police and bunker gear for Fire.

Paramedics replaced three ambulances and one light duty vehicle in 2020. Alterations have also begun on the new downtown paramedic station which once in service will replace the Delhi Street paramedic's location.

Fire Services also had significant facility renewal by way of the roof replacement at Fire Headquarters on Wyndham Street North.

The uncommitted budget at the end of 2020 of \$3,489 included the replacement of a Fire pumper/aerial truck (\$1,800) and over \$1,700 in Police I.T. hardware replacement and other various Police equipment replacements being coordinated around specific construction milestones at the Guelph Police Service Headquarters.

## Open Spaces, Recreation, Culture and Library

Leisure and active living play a critical role in providing Guelph residents and visitors options to support their quality of life, health and well-being. Social, cultural and recreational infrastructure is a key indicator for quality of life and serves as visitor destinations, which stimulates the local economy.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	12,590	12,590	12,590



<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2020 capital budget, approved	12,005	12,005	12,005
2020 additional approved funding	264	234	45
Available capital funding for 2020	<b>24,859</b>	<b>24,829</b>	<b>24,640</b>
2020 capital spending	9,251	4,718	1,700
Open POs	2,233	4,513	3,347
Closed projects	(7)	0	0
Total spending and commitments	<b>11,477</b>	<b>9,231</b>	<b>5,047</b>
Uncommitted approved budget	<b>13,382</b>	<b>15,598</b>	<b>19,593</b>

Several roof replacements at various facilities were ongoing throughout 2020 including at the Farmers’ Market and River Run Centre. Roof replacement at the Sleeman Centre is also set to begin in 2021 with the tender closed in the first quarter of 2021.

Locomotive 6167 was successfully moved from its home on Farquhar Street to John Galt Park in November of 2020. However, unforeseen work had to be incurred due to many factors such as fibre conduit encountered during the excavation work for the new plinth structure, removal of contaminated soil and additional railings which had to be installed. These overages require that an additional \$240,000 in funding be approved by Council.

South End Community Centre (SECC) design and planning work continued throughout 2020 with final design revisions completed in early 2021 and the anticipated pre-qualification of vendors for construction in mid 2021. For further information on SECC please visit the [project’s capital page](#).

In Parks and Culture and Recreation, 2020 saw lifecycle replacements completed for vehicles, playground equipment, sports fields, courts and facilities. Design work is also ongoing on Norm Jary Park and completed for the downtown pedestrian bridge. The Parks and Recreation Master Plan is also 75% complete.

The Program had \$13,382 of uncommitted budget remaining at the end of 2020. This included \$1,264 for recreation facilities work delayed due to reduced staffing levels from COVID. In Parks and Open Spaces, \$1,506 for new trail construction, which is dependant on developer timing and coordination, \$1,686 for construction of the new downtown pedestrian bridge, which will go to tender in the third quarter of 2021 (Q3), \$1,930 for parks facilities renewal (primarily the Hanlon Creek Park washroom and splash pad project which is now in the contract award stage) and \$1,199 for the Urban Forest Management Plan Implementation, which saw delays due to COVID.

**Solid Waste Services**

This Program provides for continued customer service, growth, site compliance and maintenance of critical infrastructure required to maintain diversion of waste from

landfill. It minimizes landfill disposal costs while reducing the environmental footprint of waste management operations in the City.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	7,381	7,381	7,381
2020 capital budget, approved	2,213	2,213	2,213
2020 additional approved funding	274	274	300
Available capital funding for 2020	<b>9,868</b>	<b>9,868</b>	<b>9,894</b>
2020 capital spending	2,001	523	123
Open POs	2,618	2,752	2,505
Closed projects	1	0	0
Total spending and commitments	<b>4,620</b>	<b>3,275</b>	<b>2,628</b>
Uncommitted approved budget	<b>5,248</b>	<b>6,593</b>	<b>7,266</b>

A few projects are still behind schedule due to COVID deferrals earlier in the year including some equipment replacements, work at the organic waste processing facility and transfer station, as well as general site renewal projects.

Two single stream garbage packers were replaced in 2020 as part of their lifecycle replacement as well as asphalt resurfacing at the Waste Resource Innovation Centre. Other renewal projects completed include overhead door replacement, floor repairs, dust control system work, and sprinkler system work.

The public drop off scales is in final design with \$2,047 in uncommitted budget and along with a few other less significant projects make up the majority of overall solid waste uncommitted budget of \$5,248.

### **Stormwater Services**

This Program involves constructing, operating, maintaining and improving the City's existing stormwater management infrastructure for providing flood and erosion control, water quality treatment and environmental protection.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	9,229	9,229	9,229
2020 capital budget, approved	7,823	7,768	7,630
2020 additional approved funding	(120)	(1,046)	0
Available capital funding for 2020	<b>16,932</b>	<b>15,951</b>	<b>16,859</b>
2020 capital spending	3,763	1,228	851

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
Open POs	3,173	3,484	1,805
Closed projects	183	0	0
Total spending and commitments	<b>7,119</b>	<b>4,712</b>	<b>2,656</b>
Uncommitted approved budget	<b>9,813</b>	<b>11,239</b>	<b>14,203</b>

Pond rehabilitation work completed in 2020 was almost a quarter of all stormwater spending. This work ensures that stormwater management ponds remain in working order to mitigate flood risks.

Linear work accounts for almost 40% of stormwater spending in 2020 and included work on the Arthur Trunk (Phase 4), York Road (Phase 2), and Stevenson Street North Reconstruction as the major drivers.

The Stormwater Master Plan is 50% completed with another \$635 in uncommitted budget remaining.

Several projects in the stormwater program remain paused or deferred due to COVID, staff capacity, changing priorities or for further assessment and review. These include Sewer Relining and Repair, New Tractor Mower for specialized use around stormwater management ponds, and Drainage Oversizing which account for \$1,023 of the uncommitted budget remaining at the end of 2020.

### **Transportation Services**

This Program captures the network of services and assets that enable the flow of people and goods throughout the city, including: Guelph Transit, Parking, Traffic Management and Infrastructure Development both above and below ground, in the road and right-of-way.

The Program provides for the rehabilitation, renewal, replacement and construction of assets ranging from road surfaces and traffic signals to buses and bus shelters, as well as active transportation routes and parking facilities.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	16,848	16,848	16,848
2020 capital budget, approved	28,984	26,593	25,948
2020 additional approved funding	2,158	3,572	2,000
Available capital funding for 2020	<b>47,990</b>	<b>47,013</b>	<b>44,796</b>
2020 capital spending	16,369	8,537	4,509
Open POs	5,207	10,061	8,578
Closed Projects	448	0	0

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
Total spending and commitments	<b>22,024</b>	<b>18,598</b>	<b>13,087</b>
Uncommitted approved budget	<b>25,966</b>	<b>28,415</b>	<b>31,709</b>

Linear work in the City’s right-of-way typically consists of multi-year projects, which will carry large uncommitted budgets until the later stages of the project. These types of projects account for over half of the Transportation program’s uncommitted budget at year-end.

A total of 14 transportation projects were closed out in 2020 and another handful reached the warranty stage including Bagot Street and College Avenue East. Metcalfe Street at Speedvale Avenue to Eramosa Road (Phase 1) has now completed its warranty period and will be closed out in 2021.

The multi-year project to upgrade the City’s 13,000 streetlights with LED lights is now complete. The City has already begun to see benefits from this work including over \$750 in rebates received through the Save on Energy program and approximately \$400 in electricity savings. See the full [news release](#) for more details.

The Transit Fare Box Upgrade is expected to be completed in Q3 2021 within the revised budget (an additional \$115 was reallocated to this project). Several other Transit projects were still on hold at year-end due to COVID. Work schedules are now under review to determine when they can continue. These projects account for \$711 of the uncommitted budget.

Over \$10,000 of the uncommitted budget belongs to large scale multi-year Transit projects, specifically the Transit Operations Facility (\$5,716), Bus Replacement (\$2,407), and Terminal Upgrades and Expansion (\$1,265) which was delayed due to COVID, however, the RFP for consultant work is expected to be issued in Q2 of 2021.

### **Wastewater Services**

City staff continue to focus on the maintenance of critical infrastructure to avoid the risk of non-compliance and the higher costs of unplanned maintenance. Further benefits of this Program include: optimizing and increasing capacities of existing systems, reducing infiltration, protecting the natural environment, enhancing asset management, and ensuring wastewater can be conveyed in a manner to satisfy capacity requirements for the City’s Wastewater Treatment Plant.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	30,760	30,760	30,760
2020 capital budget, approved	24,164	26,910	27,692
2020 additional approved funding	(575)	(3,067)	0
Available capital funding for 2020	<b>54,349</b>	<b>54,603</b>	<b>58,452</b>

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2020 capital spending	13,091	7,372	3,798
Open POs	8,275	10,608	7,066
Closed projects	935	0	0
Total spending and commitments	<b>22,301</b>	<b>17,980</b>	<b>10,864</b>
Uncommitted approved budget	<b>32,048</b>	<b>36,623</b>	<b>47,588</b>

Treatment process upgrades completed in 2020 include the sodium hypochlorite project (now in warranty), and the replacement of sand filters. Lystek (bi-product of the treatment process) odour control upgrades are now substantially complete.

Digester 4 cleaning is complete and structural repairs and gas proofing has reached substantial performance and is now in the warranty stage.

Multi-year capital works in progress at the Wastewater Treatment Plant account for over 65% of the program's uncommitted budget remaining at year-end with the remainder associated with the wastewater collection system.

Maintenance and investigation work of the sanitary sewer system including maintenance hole condition assessment and CCTV inspections were ongoing in 2020, however, the sewer reline and repair program was put on hold due to COVID.

Decommissioning of the Gordon Sewage Pumping Station is nearing completion and is expected to finish under budget.

Linear work in progress in the City's right-of-way with a sanitary sewer component included York Road Upgrades (in construction), Bristol Street Truck Sewer Upgrades (in design), Metcalfe Street reconstruction (in design). The reconstruction of Metcalfe Street was expected to be tendered in 2020 however due to a lack of staff resources it was pushed to 2021.

## **Water Services**

By proactively creating additional supply and renewing our existing systems, the City is focused on ensuring a safe and reliable source of water for existing customers and to meet the needs of growth.

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 carry-over budget	53,015	53,015	53,015
2020 capital budget, approved	50,064	49,765	49,765
2020 additional approved funding	(120)	2,262	0
Available capital funding for 2020	<b>102,959</b>	<b>105,042</b>	<b>102,780</b>
2020 capital spending	13,757	6,430	3,257

<b>Capital variance</b>	<b>Tri-annual 3</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
Open POs	10,399	14,990	14,697
Closed Projects	472	0	0
Total spending and commitments	<b>24,628</b>	<b>21,420</b>	<b>17,954</b>
Uncommitted approved budget	<b>78,331</b>	<b>83,622</b>	<b>84,826</b>

The Water Services program’s uncommitted budget included \$58,629 in plant and equipment works, most notably the multi-year upgrades to the FM Woods Station (\$29,754), New Water Supply (\$5,743), Paisley Pump Upgrades (\$5,448), and the Clythe Water Treatment Plant (\$6,440). The remainder was attributed to work on the water distribution system.

Design of the Paisley Pump Upgrades was 75% complete with construction anticipated to begin by the end of 2021. Project kickoff for the Clythe Water Treatment Plant will proceed in 2021. This project includes a new pumping station and additional water storage capabilities.

Renovations to the heritage building at FM Woods Station is the first phase in the overall upgrades, they are expected to be completed in Q2 2021. The project is also moving forward in 2021 with pre-selection for pumps and surge tanks as well as pre-qualifications for construction with the planned award of the construction tender by the end of 2021.

Projects ongoing relating to the water distribution system included Wellington Street at Edinburgh Road South for Siphon Rehabilitation, installation of a watermain adjacent to the Hanlon Expressway from Wellington Street West to Clair Road West and Speedvale Avenue Road Reconstruction

**Financial Implications**

Capital spending in 2020 was 20% lower than 2019, however staff have made tremendous strides to rebound capital work after unprecedented shutdowns and delays were caused by the COVID pandemic in 2020. PO commitments at year-end were only 5% below that of 2019.

The 2020 carry-over budget into 2021 is \$233.6 million (before commitments) and will be spent in future years as ongoing multi-year projects continue to progress. Work will continue corporately to focus on maintaining momentum in our capital programs and execute the uncommitted approved budget.

Budget adjustments to the 2021 approved budget through this report include an additional \$240,000 for MU0021 for the Locomotive move as well as an estimated additional \$5,000,000 to carry out additional work in accordance with the On-Site Excess Soil Regulation for capital projects in 2021. Staff will carry out any budget adjustments related to the regulation as required throughout the year to ensure timely procurement and construction of associated projects. Staff will report any in-year adjustments to Council through the quarterly budget monitoring reports and will seek formal Council approval for all adjustments as part of the 2021 year-end budget monitoring report.

Ongoing monitoring of capital spending ensures that projects are delivered as intended and that any financial impacts are addressed proactively.

## **Consultations**

Capital Steering Committee

## **Strategic Plan Alignment**

Reporting tri-annually on the progress of the City's capital program supports the Strategic Plan's Working Together for our Future pillar through maintaining a fiscally responsible local government.

## **Attachments**

Attachment-1 Additional Approved Capital Funding

Attachment-2 2020 Capital Spending as of December 31, 2020

Attachment-3 2020 Capital Budget Reallocations

Attachment-4 2020 Closed Capital Projects

## **Departmental Approval**

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