

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Corporate Services
Date	Monday, May 2, 2022
Subject	<b>2021 Year-end Capital Budget Monitoring Report</b>

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## Recommendation

1. That in accordance with the 2021 Year-end Capital Budget Monitoring Report dated May 2, 2022, the reallocations shown in Table 3 of Attachment-1 Q4, 2021 Capital Budget Adjustments be approved.
  2. That in accordance with recommendation 3 of 2020 Year-end Capital Budget Monitoring Report 2020-138, due to provincial soil regulations a net budget increase of \$2,504,300 be approved for projects PN0043 Metcalfe: Speedvale to Eramosa – Phase 2 and PN0264 York: GJR Spurline to Stevenson.
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## Executive Summary

### Purpose of Report

This report provides a summary of the 2021 capital spending for the year ended December 31, 2021 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

For 2021, as included in Attachment-2, City Council approved a capital budget of \$263.3 million and as of December 31, 2021, had approved an additional \$15.6 million through special motions and/or due to receipt of additional funding. This is in addition to the carry-over budget amount from 2020 unspent capital budget of \$233.6 million.

This report reflects 2021 spending totaling \$77.8 million: a decrease in spending from 2020 by \$2.3 million. This decrease can be mostly attributed to continued impact from COVID-19, which continued to cause disruptions in supply chain and material availability. Additionally, a few projects (four out of 137 tenders/RFPs) were temporarily paused due to higher than anticipated costing and projects experienced delays as a result of staffing capacity as described in the [Capital Program Resourcing Strategy](#).

Considering all the challenges that the pandemic continued to bring in 2021, staff have been able to rebound the capital program considerably as demonstrated through purchase order (PO) commitments outstanding at year-end being over 70 per cent higher than the previous year.

Approximately 45 per cent of the \$77.8 million spent during 2021 can be attributed to 25 key projects that had in-year spending amounts greater than a million dollars. A summary of what was completed includes the following highlights by program of work; \$8.5 million for five corporate projects; \$8.2 million for three wastewater service projects; \$6.8 million for four transportation systems projects; \$5.6 million for three water services projects; \$2.9 million for two open spaces, recreation, culture, and library projects; \$2.6 million for seven emergency services projects and \$1.3 million for a solid waste management project.

Additional project details are outlined in the body of the report under the appropriate strategic pillar.

## **Financial Implications**

Substantial capital work has been completed in 2021 with \$77.8 million spent. The 2021 uncommitted carry-over budget into 2022 is \$363.3 million and will be spent in future years as on-going multi-year projects continue to progress. As was addressed through the [Inflationary Financial Impact Strategy report](#), staff are focused on prioritizing capital projects and managing budget pressures with a focus on moving forward with critical work, within a Council-approved methodology, given the current cost environment.

Two projects required additional budget due to new On-site and Excess Soil Regulations, PN0043 Metcalfe: Speedvale to Eramosa – Phase 2 and PN0264 York: GJR Spurline to Stevenson. Additional funding is being requested to be approved by Council from tax and rate reserve funds as well as development charge reserve funds. This reporting satisfies Council resolutions 3 and 4 as approved in May 2021 through the [2020 Year-end Capital Budget Monitoring Report 2021-138](#).

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## **Report**

This report provides a summary of the annual capital spending as of December 31, 2021 and highlights significant capital project activity and milestones. A summary of financial capital activity can be found in Attachment-2

Capital budget carried over from 2020 was \$233.6 million, Council approved a 2021 capital budget of \$263.3 million in December 2020; as well, capital budget additions of \$15.6 million have been made since that time. This provided for a total available budget in 2021 of \$516.6 million.

The total year-to-date capital spending is \$77.8 million, which is \$2.3 million less than 2020. This decrease can be mostly attributed to the continued impacts of COVID-19, causing delays due to provincial restrictions, supply chain interruptions and volatile pricing which caused the pause of some projects. Further, staff continuity and capacity challenges continued to impact 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 \$70.1 million as of December 31, which is \$28.8 million or 70 per cent more than December 31, 2020.

Year-end uncommitted approved budget remains high at \$363.3 million however with the recently approved [Capital Program Resourcing Strategy](#), the City will increase project delivery capacity and see increased annual spending over time,

drawing down the uncommitted budget over the implementation of the strategy. In addition, the available budget provides flexibility in addressing inflationary pressures as communicated to Council in April 2022.

## **Powering our future**

The [Powering our future](#) priority includes Economic Development and Tourism, Culture, Smart Cities Office, and Strategy Innovation and Intergovernmental Services.

This priority area includes two capital projects, one being the citywide fibre-optic network and the other being the Hanlon Creek Business Park (HCBP). 2021 spending and current PO commitments total \$1.9 million.

The citywide fibre-optic network project is underway and currently in the construction phase. The project will likely be completed by the end of 2026, as the project was delayed due to COVID-19. Where possible, opportunities are being leveraged to complete conduit work during ongoing road reconstruction to provide efficiencies and cost savings. This project will see fibre-optic networking connect City-owned facilities and traffic controllers over the next five years removing the City's reliance on third-party providers.

Work at the HCBP to prepare lots for sale as well as the required environmental monitoring is ongoing. Sale of the Phase 3 lands expected in 2022 will replenish the Industrial Land Reserve.

## **Sustaining our future**

The [Sustaining our future](#) priority includes Environmental Services, Planning and Building Services, Stormwater, Parks Operations, and Energy Management.

The sustaining our future capital budget is the largest of the strategic plan and 2021 capital spending on projects within this priority was \$33.8 million with another \$38.3 million in PO commitments as of December 31, 2021. This leaves \$138.7 million of budget to be executed. The majority of this unspent budget relates to work at the water and wastewater plants as well as underground watermain and sanitary sewer infrastructure as part of road reconstruction works.

Water Services is undertaking several large multi-year capital projects including the FM Woods Station Upgrade (\$25.8 million uncommitted), Paisley Pump Upgrades (\$2.1 million uncommitted), and the replacement of Clythe Water Treatment Plant (\$6.4 million uncommitted), all of which are in the initial planning stages. Significant Water Services capital spends for 2021 totaling \$5.6 million involve work on three environmental service projects; FM Woods Station Upgrade (\$2.6 million); Meter Repair and Replacement (\$1.8 million) and New Water Supply (\$1.2 million).

At the Wastewater Treatment Plant, work is being completed in the multi-year program to upgrade/replace the aeration blowers to support energy efficiency initiatives. This work is anticipated to be tendered for the construction phase during 2022 (\$6.7 million uncommitted). In addition, two standby generators have been installed and will provide backup power for Plant 4 and process control. With the installation of these two generators the whole facility now has emergency backup power to allow the treatment process to continue and to meet environmental compliance approval limits in all circumstances. Annual utility savings are anticipated for this project and will be based on several factors that continue to evolve. Once project milestones are completed, estimates will be provided.

Significant wastewater capital spends for 2021 totaling \$8.2 million, involve work on road reconstruction projects; York-GJR Spurline-Stevenson (\$3.7 million); Stevenson St N Reconstruction, Bennett Ave to Era (\$2.8 million) and Manitoba Street- Ontario Street to Huron Street (\$1.6 million). Due to new On-site and Excess Soil Regulations projects that require the movement of soils, primarily road reconstruction with pipe replacement, are requiring increased budgets to meet these new regulations. In 2021 PN0043 Metcalfe: Speedvale to Eramosa – Phase 2 and PN0264 York: GJR Spurline to Stevenson required an increase in budget to proceed, approval of this additional funding is being requested to be approved by Council from tax and rate reserve funds as well as development charge reserve funds as part of this report.

Emergency sewer main repairs were required on a trunk sanitary sewer main within Howitt Creek due to soil erosion, this issue was discovered during the ongoing investigation of stormwater channels and therefore was outside of any planned renewal project. Funding was obtained from previous budget reallocation balances and the biosolids facility upgrade, as per Table 3 of Attachment 1. Council approval of BR-21CAP-88 & BR-21CAP-92 is requested via this report.

Solid waste services had a significant capital spend of \$1.3 million for the Public Drop Off Scales and Software Upgrade project. In order to proceed additional work was required on the site due to geological conditions were different than those indicated by pre-construction investigation. Funding was reallocated from other Solid Waste capital accounts, as per Table 3 of Attachment 1. Council approval of BR-21CAP-91 is requested via this report.

In Planning and Building Services, work continues on the Clair Maltby Secondary Plan. The Draft Master Environmental Servicing Plan and Secondary Plan have been released and the latest project update indicates that the project will be completed by the second quarter of 2022.

## **Navigating our future**

The [Navigating our future](#) priority includes Transportation Services, Guelph Transit and Parking.

From a capital budget perspective, navigating our future priority includes most transportation-related projects including road reconstruction, the active transportation network, and transit. 2021 spending and PO commitments for projects totaled \$27.7 million, leaving \$38.6 million of budget to be executed. Projects in the procurement stage include \$4.3 million for the electrification upgrades at Transit Operations Facility, as well as projects to be tendered in early 2022 such as \$2.8 million for Speedvale Road (Elmira Road to Imperial Road) and \$5.0 million for York Road (Stevenson Street South to Victoria Road South).

The Request For Proposal (RFP) for electrical infrastructure upgrades and electric bus chargers as part of the Transit Operations Facility work was awarded at the end of the second quarter. This work will allow the City to move forward with the electrification of the transit fleet, a key initiative of the navigating our future priority. The RFP for the replacement of four diesel buses with electric buses has been awarded and marked the first milestone in the City's commitment to electrification of the transit fleet in support of the 100RE strategy.

Staff were successful in their application for Investing in Canada Infrastructure Program COVID-19 Resilience Infrastructure Stream grants for two active

transportation projects. A pedestrian crossing on College Avenue will be relocated to align with the City's active transportation network (\$99,400), and the Hanlon Creek Boulevard Multi-use Path will be paved with the funding received (\$698,300).

Significant transportation systems capital spends for 2021 totaling \$6.8 million, involve work on two engineering and transportation services projects which include the Road Restoration and Resurfacing Program (\$1.9 million paving Gordon street from south of Stone Road to Harts Lane; Elanor Court; Eric Court; and Fobert Court) and Norwich Pedestrian Bridge (\$1.1 million). Further, investment in vehicle and equipment life cycle included: Bus Replacement (\$2.3 million) and Public Works Vehicle and Equipment Replacement (\$1.5 million).

Work continued on the Downtown Infrastructure Revitalization Program, with additional budget required due to cost increases and additional work identified through initial stages of the program. Funding was transferred in from related capital projects to allow this work to proceed in order to ensure timely development of overall plan for downtown infrastructure renewal. Council approval of BR-21CAP-77 is requested via this report.

### **Working together for our future**

The [Working together for our future](#) priority includes many of the internal facing services like Finance, Corporate Fleet, Human Resources, Legal, Realty, and Court Services, Information Technology, Strategic Communication and Community Engagement, and the City Clerk's Office.

Capital projects that align with working together for our future include projects to leverage technology to improve how the City communicates with residents and delivers service. 2021 capital spending and PO commitments as of December 31, 2021 were \$5.4 million, which relates primarily to investments in software applications to support digitization of services and Information Technology lifecycle replacement. Total budget left to execute for this priority was \$3.0 million at the end of the year which includes \$1.9 million for the replacement of the City's current property tax billing software and point-of-sale systems which will support the Service Simplified Strategy. This system acquisition is nearing the end of the procurement process and will be implemented through 2022.

### **Building our future**

The [Building our future](#) priority includes Recreation Services, Community Investment, Public Works, Corporate and Community Safety, all of the Emergency Services including Fire, Paramedic and Police, Guelph Public Library, Corporate Building Maintenance, and Infrastructure Planning and Construction.

This is the second largest Strategic Plan priority from a capital budget perspective with the building of key assets a main driver. Approved budget for Baker Street Redevelopment (including the library, open space, and parking), and South End Community Centre account for over 74 per cent of this priority. See the [City's capital projects webpage](#) for quarterly updates on these and other Tier 1 capital projects.

2021 capital spending on projects within the building our future priority was \$24.4 million with another \$16.4 million in PO commitments as of December 31, 2021. The majority of the 2021 spending in this priority relates to capital infrastructure

renewal for corporate facilities which supports the Corporate Asset Management Plan to maintain the City's assets.

From a corporate Facility Design and Construction perspective, projects include spending of \$5.3 million including; Baker Street Redevelopment (\$2.5 million) and Drill Hall Assessment and Repair (\$1.6 million). As part of the funding provided to the County of Wellington, \$1.8 million was spent on capital improvements for Social Housing and the Asset Management Division advanced the Corporate Asset Management System implementation with a spend of \$1.3 million.

Major work in open spaces, recreation, culture, and library program focused on upgrades and renewals in parks and recreation facilities. Parks Facility Renewal spent \$1.5 million to replace facilities at Hanlon Creek Park, improvements to Goldie Park, and Exhibition Park. An additional \$1.2 million was spent to replace outdoor recreation amenities at Norm Jary Park, St. George's Park, W.E. Hamilton Park, Bullfrog Park, Clair Park, Kortright Hills Park and Westminster Woods Park. Spending will continue on these projects until the work is completed in 2022.

Recreation Facilities Renewal spent \$1.4 million to upgrade chillers at two ice rink refrigeration systems, upgrades on pool boilers, replacement of the turf at the Sports Dome and began the replacement to Heating, Ventilation and air-conditioning (HVAC) system at West End Community Centre (WECC). These equipment upgrades will result in energy and cost savings while reducing greenhouse gas (GHG) emissions. The most significant GHG emission reductions will be seen through the completion of the replacement of the aging HVAC equipment at WECC.

Emergency Services had several major project expenditures totaling \$2.6 million, two relating to facilities being Guelph Police Services Headquarters Renovation project (\$0.57 million) and Fire Facilities Renewal project (\$0.33 million). Fire Services completed projects for Bunker Gear and Small Kit replacement (\$0.65 million). Guelph Police Services had major spends for the Fleet and Fleet Equipment Replacement (\$0.53 million) and Information Technology Hardware projects (\$0.27 million). Finally, the Guelph-Wellington Paramedic Services spent (\$0.24 million) on vehicle replacements.

### **Safe Restart Grants and other Grant Funding Updates**

The City was able to secure funding through a number of grant programs, some application based while others are annual programs that were enhanced for 2021. In the current environment all municipalities are looking for support from other levels of government and partners, and in some cases grant opportunities are greatly oversubscribed, leading to us as well as others unable to obtain funds. The City will continue to put forward applications where appropriate for the projects that have the best chance of success, however, there is an expectation the competition is only going to increase for some of these limited funding opportunities.

The City received \$798 thousand of funding for active transportation projects under the Investing in Canada Infrastructure Program (ICIP) COVID-19 Resilience Stream, and the City also received \$147 thousand to expand our tree canopy.

Staff are working diligently to identify grant funding opportunities, prioritize projects based on eligibility requirements and to prepare high quality applications in time to meet tight application deadlines. Notably, in May 2021, the Ministry of

Transportation announced a new intake under the public transit stream of the ICIP. The City has \$23.6 million in unused allocated funding to leverage as part of this intake. Staff are currently prioritizing projects for application.

City staff are also working diligently to submit applications to Infrastructure Canada's Disaster Mitigation and Adaptation Fund. Applications have been prepared to secure grant funding for Priority Upgrades to the Stormwater Management Network and retrofits to the F.M. Woods Water Treatment Plant. Funding decisions are expected in 2022. If successful, the federal government will cover 40 per cent of eligible costs.

2021 also saw the federal government double the Federal Gas Tax, now renamed the Canada Community-Building Fund. The City received an additional \$8 million for a total of \$16.4 million from this funding stream.

## **Financial Implications**

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

The pandemic has caused significant issues across the globe which has led to supply chain issues related to supply and movement of goods. This has created significant volatility in pricing for capital projects reliant on the impacted materials. Critical to the City's projects are pricing related to steel, plastics, and other related construction materials. As this uncertainty continues, the ability to predict where prices will go is difficult and the focus is on ensuring the best use of City's funds are being made based on the requirements of each project.

## **Consultations**

Corporate Management Team

## **Strategic Plan Alignment**

Reporting quarterly on the financial status of the operating and capital budget supports the Strategic Plan's Working Together for our Future pillar through maintaining a fiscally responsible local government.

## **Attachments**

Attachment-1: 2021 Capital Budget Adjustments

Attachment-2: 2021 Capital Spending

## **Departmental Approval**

Antti Vilkkö, General Manager, Facilities and Energy Management

Jennifer Rose, General Manager, Environmental Services

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Gene Matthews, General Manager, Parks

Danna Evans, General Manager, Culture and Recreation

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## Attachment-1 Q4, 2021 Capital Budget Adjustments

**Table 1 – Summary of reallocations under \$100,000**

<b>Description</b>	<b>Amount \$</b>
Additional funding required for accessible ramps/trails (PO0021 Parks Facilities Renewal)	75,000
Additional funding required to closeout project (WT0007 Water Facility Upgrades and Studies)	34,800
<b>Grand Total</b>	<b>109,800</b>

**Table 2 - Reallocations greater or equal to \$100,000 and under \$500,000**

<b>ID</b>	<b>Transfer From</b>	<b>Transfer To</b>	<b>Entry Description</b>	<b>Amount \$</b>
BR-21CAP-84	PL0056 Urban Design Guidelines (\$188,500)	PL0022 Clair/Maltby Secondary Plan	Additional funding for Clair-Maltby work	<b>150,000</b>
	PL0057 Community Land Use Studies (\$166,600)	GG0256 Clearing Account for Reallocations		<b>205,100</b>
<b>Grand Total</b>	n/a	n/a	n/a	<b>355,100</b>

**Table 3 - Reallocations greater than \$500,000**

Based on the total reallocated to one capital account

To be approved by Council

<b>ID</b>	<b>Transfer From</b>	<b>Transfer To</b>	<b>Entry Description</b>	<b>Amount \$</b>
BR-21CAP-58 <sup>1</sup>	CT0002 Culture Facilities Renewal (\$150,000)	FM0003 Drill Hall Assessment and Repair	Additional funds required for building stabilization. Funds were re-budgeted in the originating accounts in the 2022 capital budget.  Non-eligible funds from GG0158 Courts Facility Renewal to be directed to GG0256.	2,500,000
	GG0158 Courts Facility Renewal (\$1,000,000)	GG0256 Clearing Account for Reallocations		243,200
	GG0245 Administration Facilities Renewal (\$150,000)			
	PO0021 Parks Facilities Renewal (\$100,000)			
	RF0080 Facilities Renewal (Recreation) (\$1,100,000)			
	GG0233 Facilities Renewal (Transit) (\$243,200)			
BR-21CAP-49 <sup>2</sup>	PN0043 Metcalfe-Speedvale / Eramosa-Phase 2-Terry / Eramosa		Additional funding required due to excess soil regulations as well as increased costs for PVC pipe.	1,494,300
BR-21CAP-56 <sup>2</sup>	PN0264 York- GJR Spurline -Stevenson		Additional funding required to cover unforeseen costs related to disposal of excess non-hazardous contaminated soils (per regulation).	1,010,000
BR-21CAP-76 <sup>2</sup>	ST0003 Biosolids Facility Upgrade	ST0001 Plant Generators	Additional funding for work needed to bring generators up to current TSSA code	532,000
		GG0256 Clearing Account for Reallocations		350,000

<sup>1</sup> From Second Quarter 2021 Budget Monitoring Report 2021-260

<sup>2</sup> From Third Quarter 2021 Budget Monitoring Report 2021-368

<b>ID</b>	<b>Transfer From</b>	<b>Transfer To</b>	<b>Entry Description</b>	<b>Amount \$</b>
BR-21CAP-77 <sup>2</sup>	PN0025 Bagot Street – Drew to Mercer (\$38,000)  PN0060 Wyndham St – Phase 1 – Carden to MacDonell (\$97,000)  PN0061 Wyndham St – Phase 3 – Cork to Douglas (\$114,000)  PN0004 100 Steps (\$229,000)  PN0748 Eramosa – Metcalfe to Glenhill (\$14,000)  PN0011 Norwich Pedestrian Bridge (\$163,400)  PN0102 Water – Maple to Gordon (\$174,700)	PN0879 Downtown Infrastructure Revitalization Program Coordination	Additional funding to complete necessary work for overall program scoping and preliminary costing	830,100
BR-21CAP-88 & BR-21CAP-92	GG0256 Clearing Account for Reallocations (\$825,000)  ST0003 Biosolids Facility Upgrade (\$353,900)	SC0062 Sewer Emergency Repairs  GG0256 Clearing Account for Reallocations	Additional funds required for emergency sewer main repair	1,055,000  123,900

<b>ID</b>	<b>Transfer From</b>	<b>Transfer To</b>	<b>Entry Description</b>	<b>Amount \$</b>
BR-21CAP-91	WC0006 Resource Innovation Centre Equipment Replacement (\$11,600)  WC0018 Materials Recovery Facility (\$240,000)  WC0020 Organic Waste Processing Facility (\$468,000)  WC0025 Administration Building (\$150,000)	WP0006 Public Drop Off Scales and Software Upgrade	Additional funding required due to unforeseen geology issues.	869,600
<b>Grand Total</b>	n/a	n/a	n/a	<b>9,008,100</b>

**Attachment-2 2021 Capital Spending** (all values are in thousands of dollars)

<b>Budget by Pillar</b>	<b>Powering our future</b>	<b>Sustaining our future</b>	<b>Navigating our future</b>	<b>Working together for our future</b>	<b>Building our future</b>	<b>Total Year to Date</b>
2020 carry-over budget	2,145	160,525	33,256	1,677	35,983	233,586
2021 capital budget, approved	1,500	51,435	29,673	6,791	173,871	263,270
2021 additional approved funding	(2)	(749)	(473)	(15)	16,835	15,596
<b>Available capital funding for 2021</b>	<b>3,643</b>	<b>211,211</b>	<b>62,456</b>	<b>8,453</b>	<b>226,689</b>	<b>512,452</b>
2021 capital spending	686	33,770	14,139	4,813	24,435	77,843
Open purchase orders (PO)	1,168	38,260	13,577	625	16,423	70,053
<b>Total spending and commitments</b>	<b>1,854</b>	<b>72,031</b>	<b>27,716</b>	<b>5,438</b>	<b>40,858</b>	<b>147,897</b>
Projects Closed	0	(455)	(697)	(67)	(35)	(1,254)
<b>Uncommitted approved budget</b>	<b>1,789</b>	<b>138,725</b>	<b>34,042</b>	<b>2,948</b>	<b>185,796</b>	<b>363,300</b>

Note: May not add due to rounding.