



Council Report

Report Number:	CA2021-005
Meeting Date:	September 21, 2021
Title:	Early-Start Approval for Certain Proposed 2022 Capital Projects
Description:	This report recommends that Council provide early-start approval for certain proposed 2022 capital projects for which timely initiation and procurement are considered essential.
Author and Title:	Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report CA2021-005, **Early-Start Approval for Certain Proposed 2022 Capital Projects**, be received; and

That the proposed capital projects identified in Tables 1-2 of Report CA2021-005 be approved and included in the applicable forthcoming 2022 capital budgets.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

As part of the budget preparation process, staff has identified certain proposed 2022 capital projects for which early-start approval is considered essential. These projects are outlined in Tables 1-2 below, wherein estimated capital costs and associated financing are indicated.

Table 1: Downtown Lindsay Reconstruction - Phase 4 of 4

Road Section	Estimated Cost (\$)	Financing (\$)				
		Roads		Water-Wastewater		Total
		DC Reserve	Federal Gas Tax Reserve	Water Reserve	Sewage Reserve	
William St. - Russell St. to Peel St.	2,637,000	162,500	1,462,500	476,000	536,000	2,637,000
York St. / Peel St. - Russell St. to William St.	2,042,000	131,300	1,181,700	326,000	403,000	2,042,000
Total	4,679,000	293,800	2,644,200	802,000	939,000	4,679,000

Table 2: Other Proposed 2022 Capital Projects Requiring Early-Start Approval

Project	Estimated Cost (\$)	Financing (\$)				Total
		Capital Reserve	DC Reserve	Public Works Fleet Reserve	ICIP Grant	
Replace Salem Rd. Culvert (ID# 300053)	400,000	400,000				400,000
Replace and Acquire Buses (4)	800,000		200,000		600,000	800,000
Replace Single-Axle Plow Trucks (1)	270,000			270,000		270,000
Replace Tandem-Axle Plow Trucks (6)	1,950,000			1,950,000		1,950,000
Remount Ambulances (2)	400,000	400,000				400,000
Replace Lindsay Recreation Complex Ice Pads	3,000,000	3,000,000				3,000,000
Total	6,820,000	3,800,000	200,000	2,220,000	600,000	6,820,000

This report requests that Council provide early-start approval for the capital projects outlined in Tables 1-2.

Rationale:

Just as with the previous phases of Downtown Lindsay Reconstruction, Phase 4, the final phase, will benefit greatly from early-start approval. It is imperative that Phase 4 of the project, as outlined in Table 1, be tendered in the fall of 2021 in order to realize expected cost savings and project management efficiencies (e.g. more competitive pricing) and to minimize disruption for downtown merchants. Indeed, recent experience has demonstrated the advantages of timely initiation and procurement of downtown reconstruction projects. Staff considers the realization of the foregoing benefits to be essential, and has planned and budgeted accordingly.

Early-start approval for the proposed 2022 capital projects outlined in Table 2 is also considered essential for the reasons now outlined.

Replace Salem Rd. Culvert (ID# 300053): This culvert is quite large and at end of life, and it requires design in advance of construction. Early-start approval will enable

Engineering and Corporate Assets to accommodate that project sequencing and minimize the probability of failure of the culvert.

Replace and Acquire Buses (4), Replace Single-Axle Plow Trucks (1) and Replace Tandem-Axle Plow Trucks (6): These projects are for the replacement of three buses, acquisition of one bus for route expansion, replacement of one single-axle plow truck and replacement of six tandem-axle plow trucks. For these particular types of fleet equipment, the COVID-19 pandemic has resulted extensive delays with production and shipping. Indeed, suppliers of fleet equipment are generally refusing to commit to firm delivery dates. As such, early-start approval will enable Public Works to order fleet equipment as early as possible to minimize undue delays and risks to service.

Remount Ambulances (2): The remounting of ambulances requires specialized chasses to be ordered well in advance of production, a requirement that has become all the more essential due to ongoing supply chain challenges associated with the COVID-19 pandemic. Early-start approval will enable Paramedic Service to provide chasses suppliers adequate lead time, thus avoiding undue delay to project completion and risk of disruption to the service.

Replace Lindsay Recreation Complex Ice Pads: Major capital work on ice pads must occur between winter seasons to avoid undue disruption of arena service. Timely replacement of two ice pads in the face of ongoing supply chain uncertainty associated with the COVID-19 pandemic is expected to be unusually challenging. To ensure arena service at the Lindsay Recreation Complex is not disrupted for the 2022-2023 winter season, the procurement process for the replacement of the ice pads should begin in the fall of 2021.

Other Alternatives Considered:

The obvious alternative to the recommendation of staff is for Council to defer approval of the capital projects outlined in Tables 1-2 to regular capital budget deliberations, which are presently scheduled for November 30, 2021. Staff strongly advises against this option for the reasons previously noted, namely that it would unnecessarily result in undue delays and risks, increased costs and foregone project management synergies.

Alignment to Strategic Priorities:

The recommendations of this report support responsible financial and asset management, and hence align with the strategic priority of "Good Government" identified in the City's 2020-2023 Strategic Plan.

Financial/Operation Impacts:

Without early-start approval, the capital projects outlined in Tables 1-2 can be expected to incur cost increases in the range of 10%-20% and or be unduly delayed, thus adversely impacting the City's finances, risk exposure and or service levels.

Consultations:

Senior Management Team

City Treasurer

Department Head email: jrojas@kawarthalakes.ca

Department Head: Juan Rojas, Director of Engineering and Corporate Assets