



## Council Report

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<b>Report Number:</b>	<b>CA2023-004</b>
<b>Meeting Date:</b>	September 26, 2023
<b>Title:</b>	<b>Early-Start Approval for Designated Proposed 2024 Capital Projects</b>
<b>Description:</b>	This report recommends that Council provide early-start approval for designated proposed 2024 capital projects for which timely initiation and procurement are considered essential.
<b>Author and Title:</b>	Adam Found, Manager of Corporate Assets

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### Recommendation(s):

**That** Report CA2023-004, **Early-Start Approval for Designated Proposed 2024 Capital Projects**, be received; and

**That** the proposed capital projects identified in Table 1 of Report CA2023-004 be approved as part of the 2024 Water-Wastewater Capital Budget.

**Department Head:** \_\_\_\_\_

**Financial/Legal/HR/Other:** \_\_\_\_\_

**Chief Administrative Officer:** \_\_\_\_\_

## Background:

As part of the budget preparation process, staff has identified proposed 2024 capital projects for which early-start approval is considered essential. These projects are outlined in Table 1 below, wherein proposed capital expenditures and associated financing are indicated.

Table 1: Proposed 2024 Capital Projects Requiring Early-Start Approval						
Program	Project	Primary Treatment	Expenditure (\$)	Financing (\$)		
				Water Reserve	Wastewater Reserve	Total
Water Treatment	Mariposa Estates WTP Wells #1 and #2	Replacement	300,000	300,000	-	300,000
Studies and Special Projects	SCADA Systems - Phase 3 of 8	Replacement; Upgrade	1,676,000	703,920	972,080	1,676,000
Total			1,976,000	1,003,920	972,080	1,976,000

This report requests that Council provide early-start approval for the capital projects identified in Table 1.

## Rationale:

Each year, staff typically bring forward to Council a number of capital projects for which early-start approval is considered essential. In a non-election year, capital budget deliberations routinely occur in November-December, with early-start approval for designated capital projects being sought from Council in the preceding September. Early-start approval for a capital project is typically considered essential if one or more of the following reasons pertains, with each reason reflecting a relatively high threshold:

1. Mitigate or prevent major service disruption or non-compliance with legislation, or a significant risk thereto.
2. Secure substantial grant funding, cost avoidance or efficiencies through timely project procurement, timely project commencement or orderly project sequencing.
3. Address other pressing and time-sensitive matters relating to capital projects proposed for the upcoming year.

Accordingly, decisions to propose capital projects for early-start approval by Council are not taken lightly by staff. Based on information received from City divisions and other sources, the following paragraphs rationalize early-start approval for the projects identified in Table 1 above.

Mariposa Estates WTP Wells #1 and #2: This capital project entails the replacement of Wells #1 and #2 at the Mariposa Estates WTP, which is operated on behalf of the City by the Ontario Clean Water Agency (OCWA). Informed by a recent inspection and assessment, OCWA has advised of the immediate need to replace these wells, especially Well #2 given it is in much worse condition than previously known or expected. There is significant concern that one or both wells may fail in the near term. With early-start approval, environmental applications and well drilling can begin in earnest, minimizing the chance of the Mariposa Estates WTP being forced out of service due to well failure. Moreover, drilling a new well under emergency conditions is likely to increase capital costs.

SCADA Systems – Phase 3 of 8: This capital project entails replacement and upgrade of several of the City's SCADA systems, which provide for control and monitoring capabilities over water treatment plants, water pollution control plants, sewage pumping stations and water storage facilities. Given the infeasibility of replacing and upgrading all SCADA systems in a single capital project, the required work has been phased over 2022-2029. Water-Wastewater Division advises of the need for the third (i.e. 2024) phase to commence immediately in order to secure timely specification and procurement of critical SCADA hardware and related equipment in a marketplace in which lead times are presently 10-12 months. This will avoid undue delay and disruption of existing work plans and ensure future phases proceed in a timely manner.

### **Other Alternatives Considered:**

The alternative to the recommendation of staff is for Council to defer approval of the capital projects identified in Table 1 to regular water-wastewater capital budget deliberations, which are presently targeted for December 5, 2023. Staff advises against that option for the reasons previously noted.

### **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:**

The expected financial and operational impacts of not providing early-start approval for the capital projects identified in Table 1 are those previously noted.

### **Consultations:**

Director of Corporate Services

City Treasurer

Director of Engineering and Corporate Assets

Manager of Water-Wastewater Operations

Ontario Clean Water Agency

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