

December 16, 2013

To: His Worship the Mayor
and Members of City Council

Re: Advance Approval for Capital Projects

**RECOMMENDATION OF THE EXECUTIVE COMMITTEE
- DECEMBER 4, 2013**

That advance approval of \$25,210,000 be provided for the 2014 General Capital Projects and \$3,600,000 be provided for the 2014 Utility Capital Projects as detailed in the body of this report.

EXECUTIVE COMMITTEE – DECEMBER 4, 2013

The Committee adopted a resolution to concur in the recommendation contained in the report.

Mayor Michael Fougere, Councillors: Bryon Burnett, John Findura, Jerry Flegel, Shawn Fraser, Bob Hawkins, Terry Hincks, Wade Murray, Mike O'Donnell and Barbara Young were present during consideration of this report by the Executive Committee.

The Executive Committee, at its meeting held on December 4, 2013, considered the following report from the Administration:

RECOMMENDATION

That advance approval of \$25,210,000 be provided for the 2014 General Capital Projects and \$3,600,000 be provided for the 2014 Utility Capital Projects as detailed in the body of this report.

CONCLUSION

The 2014 General Capital and Utility Budgets will not be approved until February of 2014 at the earliest. As a result, the Administration is requesting advance approval from Committee and City Council for a certain portion of the Capital Program to allow deadlines with respect to the projects to be achieved. The specific advance approval requested totals \$25,210,000 about 27.98% out of a total \$90,085,850 (excluding the Stadium Project) from 2014 in the proposed 2014 – 2018 General Capital Program. The funding sources for the General Capital projects are as follows: \$13,250,000 Current Contributions to Capital, Federal Gas Tax Grant; \$7,115,000, Fleet Replacement Reserve \$4,460,000, Solid Waste Reserve \$300,000 and Servicing Agreement Fees – Parks \$85,000.

The specific advance approval also requests a total of \$3,600,000 or about 10.47% out of a total \$34,380,000 from 2014 in the proposed 2014 – 2018 Utility Capital Program. The funding sources for Utility Capital projects are as follows: \$2,600,000 Servicing Agreement Fees – Utility and \$1,000,000 General Utility Reserve.

BACKGROUND

The purpose of this report is to request advance approval for certain capital projects. The 2014 – 2018 Capital Program for both General and Utility Capital will be submitted for consideration by Committee and Council in January 2014.

Ideally, the 2014 budgets would be approved in December of 2013 and advance approval for capital projects would not be required. However, we have extended the timeline of our budget process for 2014 in order to ensure that Council has sufficient time to review and fully reflect on the Administration's 2014 budget proposals. As a result, advance approval for some projects is required this year, but will not be needed in the future as we return to an earlier approval timeline.

Certain projects require advance approval in order to enable the project to be initiated prior to final approval of the capital program. Advance approval is requested where lead-time is required to allow the project to be designed or tendered for construction early in the spring or summer, equipment or other supplies must be ordered to meet certain deadlines, or the timing of the project requires an early start to be completed by the end of the year.

DISCUSSION

Each year City Council adopts a five-year capital program. The 2014 – 2018 General Capital and Utility Capital Programs have not been finalized for submission to Committee and City Council. Based on the current plans for the 2014 budget process, the 2014 – 2018 Utility Capital Program will likely be submitted to Committee or City Council in January 2014 in order to obtain approval by the end of February 2014.

In the proposed 2014 – 2018 Capital Program, the total General Capital Program for 2014 is projected to be \$90,085,850 (excluding the stadium project) and the Utility Capital Program for 2014 is \$34,380,000.

Through the 2014 Budget development process, the Administration has been working to prioritize the capital program in the context of City Council's Vision. Projects have been included in this advance approval request where early approval is required to meet seasonal construction or delivery demands and where:

- a portion of the funding is from non-mill rate supported revenue sources such as the Utility Reserve, the Civic Fleet Reserve, Federal infrastructure grant programs, servicing agreement fees; or
- the project has been determined to be in the highest priority of projects included in the draft 2014 Capital Program.

The specific projects within the General Capital Program where advance approval is requested total \$25,210,000. This represents about 27.98% of the anticipated program for 2014 (not including the Stadium Project) included in the 2014 – 2018 General Capital Program. The

specific projects within the Utility Capital Program where advance approval is requested total \$3,600,000, or about 10.47% of the anticipated program for 2014 included in the 2014 – 2018 Utility Capital Program.

The projects from the 2014 General Capital Program that require advanced approval are:

- \$15,000,000 for Street Infrastructure Renewal: This program funds planning, design, project co-ordination, and contract administration for street infrastructure renewal projects. Activities include project coordination; engagement of consultants and contractors to provide engineering, design, project management and construction services; co-ordination of street infrastructure projects with construction activities managed by other divisions or departments; and collection of data on the physical condition of roads. The program strengthens the street infrastructure which supports in our community public safety, economic development, commerce and industry, and the environment. The proposed 2014 Capital expenditure is \$15,000,000. Advanced approval will allow the Administration to initiate and award a construction tender early in 2014. The Street Infrastructure Renewal Program typically tenders projects in January to acquire favourable pricing from the market. Tendering a project earlier in the year typically results in more competitive pricing (i.e. lower costs) as contractors are looking to fill work for the upcoming construction season. Common practice in bidding strategies among contractors is to increase pricing as they obtain more work, as their risks in not completing work on time increase as they obtain more work. In addition, an early construction start in April is needed to complete the amount of work associated with the project. There is temperature and seasonal sensitive components of the work (i.e. concrete, asphalt, sealers, paint etc.) that require the project to finish before temperatures drop in the fall. For these reasons, advanced approval is requested. The funding sources for this capital expenditure are as follows: \$7,115,000 Gas Tax grant, and \$7,885,000 Current Operating Contributions to Capital.
- \$1,350,000 for Bridge Infrastructure Renewal – Ross Avenue Bridge over Ring Road: The Bridge Infrastructure Renewal program funds planning, design, project co-ordination, and contract administration for the City's roadway and pedestrian bridge infrastructure renewal projects. Typical major repairs/rehabilitation includes repairs to deteriorated sidewalks, deck surfaces and asphalt wearing surfaces, concrete barriers, expansion joints, safety curbs, slope protection, and the approaches on both ends of the deck. The program strengthens the bridge infrastructure which supports public safety, economic development, commerce and industry in our community and the environment. The proposed 2014 Capital expenditure is \$3,000,000. Advanced approval of \$1,350,000 will allow the Administration to initiate and award a construction tender early in 2014 for the Ross Avenue Bridge over Ring Road project. This will help to minimize the project cost and will ensure that required resources are available for this project. In addition advanced approval will allow the contractor to start the project early in the 2014 construction season thereby maximizing the probability that the contractor will be able to complete the required work by the end of the 2014 construction season. The funding source for this capital expenditure is \$1,350,000 Current Operating Contributions to Capital.
- \$3,830,000 for Civic Fleet Replacement: This capital program is concerned with the replacement of fleet assets that have reached or exceeded their useful life. In 2014, 94 vehicles and equipment units are planned for replacement. The proposed 2014 Capital expenditure is \$6,526,200. Advance approval of \$3,830,000 is requested for the purchase of vehicles and equipment that are required for the start of the 2014 construction and

maintenance season. This amount represents about 59% of the proposed 2014 civic fleet replacement budget. The breakdown is as follows: \$770,000 for one landfill dozer (maintenance contract expires Feb 2014), \$640,000 for the replacement of fourteen graders, \$780,000 for the replacement of two, five-yard wheel loaders, \$630,000 for sixteen turf/light equipment units, and \$1,010,000 for the replacement of twenty five light trucks. It is necessary to proceed with these vehicle and equipment purchases in order to receive the units early enough in the year to avoid repair expenses on the units being replaced. The funding source for this capital expenditure is the Fleet Replacement Reserve (Civic portion).

- \$630,000 for Transit Fleet Replacement: This capital program concerns the replacement of Transit Fleet assets that have reached or exceeded their planned economic life. In 2014, the replacement of seven, 40' low floor Transit buses, six Paratransit minibuses and one support vehicle is planned. The proposed 2014 Capital expenditure for Transit Fleet Replacement is \$4,105,000. Advanced approval of \$630,000 is requested for the purchase of six replacement Paratransit buses. Annually the provincial government makes available a grant to Paratransit operations in order to subsidize the purchase of new Paratransit buses. The grant can be up to \$55,000 per bus. One of the stipulations of the grant is the vehicle must be purchased, received and paid for no later than February 28th of the next calendar year. The procurement process must be started early in the new year to ensure these buses are delivered prior to this deadline. The funding source for this capital expenditure is \$630,000 from the Fleet Replacement Reserve (Transit portion). The amount of any provincial contribution is unknown at this time.
- \$1,000,000 for Facilities Asset Revitalization & Sustainability: This capital program is concerned with the key facilities projects identified in the Facilities Management Services capital planning program and other condition assessments. Projects include structural, architectural, mechanical, electrical, and code or safety requirements in order to maintain the integrity of the facility systems such that the City programs and operations can continue to effectively operate. The work does not include enhancements, replacement or additions to facilities. The proposed 2014 Capital expenditure for Facilities Asset Revitalization & Sustainability is \$3,000,000. Advanced approval of \$1,000,000 is requested for the engagement of a consultant to complete detailed design and construction drawings. It is necessary to proceed with design in early 2014 in order to be prepared to tender the project in April in order to complete the work by the end of the year. The funding source for this capital expenditure is Current Operating Contributions to Capital.
- \$500,000 for Douglas Park/Leibel Field Support Facility: Douglas Park is considered one of the City's premiere sports parks. In the last ten years, over \$5,000,000 has been invested in this site by the City and community partners to provide the level of facility that exist today. It is the home to Leibel Field artificial turf, the Canada Games Athletic Complex, four ladies softball diamonds, one baseball diamond, the City's only cricket pitch and five of the City's synthetic surface tennis courts. The support buildings for this space, however, have met their life span and need to be replaced. In addition to condition concerns, they no longer meet the needs of the growing volume of participants and diversity of programming at the site. The proposed 2014 Capital Expenditure for the Douglas Park/Leibel Field Support Facility is \$2,175,000. Advanced approval of \$500,000 is requested for the engagement of a consultant to complete detailed design and construction drawings. It is necessary to proceed with design early in 2014 in order to be prepared to tender the project in April in order to complete the work by the end of the year. The funding sources for this capital expenditure are as follows: \$415,000 Current Operating Contributions to Capital and \$85,000 Servicing Agreement Fees – Parks.

- \$300,000 for Landfill Development - Design and Engineering Services: The Fleet Street Solid Waste Disposal and Recovery Facility (“Landfill”) is a critical component of the City’s waste management infrastructure. A three-phase expansion plan, to provide the City with adequate capacity for the next seventy-five to eighty years, has been approved by the Ministry of Environment. The proposed 2014 Capital expenditure for Landfill Development – Engineering, Design and Construction is \$10,000,000. Advanced approval of \$300,000 is requested in advance to allow the Administration to initiate and award a consulting contract for engineering and design services for the completion of the Phase I Expansion. Currently, only two to three years of capacity remain at the Landfill. Construction of Phase I is planned for late 2014, providing adequate capacity for the next 25 years. The funding source for this capital expenditure is \$300,000 from the Solid Waste Reserve.
- \$2,600,000 for Trunked Radio System: The Trunked Radio System Infrastructure was upgraded in 2003 and many of the existing components are at the end of their life cycle. This project will facilitate a gradual, financially and technically feasible system migration to the P25 System that will begin in 2014 and conclude in 2018. Public Safety users require a Public Safety Grade Project 25 (P25) System. P25 is a suite of standards for digital radio communications for use by federal, provincial and local public safety agencies in North America that allow communication with other agencies and mutual aid response teams during emergencies. The proposed 2014 Capital expenditure for Trunked Radio System is \$4,731,700. Advanced approval of \$2,600,000 is requested in order to procure the necessary radio infrastructure for an early 2014 implementation. The funding source for this capital expenditure is Current Operating Contributions to Capital

The projects from the 2014 Utility Capital Program that requires advance approval are:

- \$2,100,000 for Skyview & NW Regina Detention Pond J and Ag Ditch: This project will construct the outlet for the new storm water detention pond in the Skyview neighbourhood as well as phase 1 of the channelization of the agricultural bypass ditch from McCarthy Boulevard to Courtney Street to support development of northwest Regina. The proposed 2014 Capital expenditure for the South East Quadrant Detention Pond is \$2,100,000. Advance approval is requested because the timing of this project requires an early start in order to be completed by the end of the year. With the pace of development in the new Skyview neighbourhood, a detention pond and outlet is required in 2014 in order to provide a minimum level of service, and minimize liability related to flooding. The funding source for this capital expenditure is Servicing Agreement Fees – Utility.
- \$500,000 for Waste Hauler Dump Station (Septage): This project addresses the need to provide services to private septage haulers once the lagoons at the Waste Water Treatment Plant are decommissioned in mid-2016. Associated Engineering has been chosen, through a qualification-based selection, to work on this project and design work must begin early in 2014 in order for the project to be completed prior to the decommissioning of the lagoons in 2016. The proposed 2014 Capital expenditure for the Waste Hauler Dump Station is \$500,000. Advance approval is requested to ensure that the tight time constraints for delivery can be met. The funding source for this capital expenditure is the General Utility Reserve.

- \$500,000 for Severing the McCarthy Boulevard Pump Station from the Waste Water Treatment Plant: As the Wastewater Treatment Plant (WWTP) Upgrade project is proceeding with a Public Private Partnership model that includes the Design, Build, Finance, Operation, and Maintenance of the WWTP, the operations of the McCarthy Boulevard Pumping Station need to be severed from the WWTP. The essential work, which includes establishing fully separate Supervisory Control and Data Acquisition (SCADA) systems as well as facility work, must be completed prior to the private partner taking over the WWTP in mid-2014. The proposed 2014 Capital expenditure for Severing the McCarthy Boulevard Pumping Station is \$500,000. Advance approval is requested in order to allow work to begin immediately in 2014. The funding source for this capital expenditure is the General Utility Reserve.
- \$500,000 for Gordon Road Trunk Sewer – Aerodrome Road to Campbell Street: This project involves the construction of a deep sanitary trunk sewer from Aerodrome Road to Campbell Street. The proposed 2014 Capital expenditure for Gordon Road Trunk Sewer – Aerodrome Road to Campbell Street is \$500,000. Advanced approval is requested as the pace of development in Harbour Landing means that the funding for the trunk sanitary main extension along Gordon Road will be required early in 2014. These funds will be used to reimburse the developer who has constructed the extension as part of the obligations of an existing Servicing Agreement. This project is fully funded through Servicing Agreement Fees - Utility.

RECOMMENDATION IMPLICATIONS

Financial Implications

\$25,210,000 of the projects are proposed to be funded in the 2014 General Capital Program. The funding sources for the General Capital projects are as follows: \$13,250,000 Current Contributions to Capital, Federal Gas Tax Grant; \$7,115,000, Fleet Replacement Reserve \$4,460,000, Solid Waste Reserve \$300,000, Servicing Agreement Fees – Parks \$85,000.

\$3,600,000 of the projects are proposed to be funded in the 2014 Utility Capital Program. The funding sources for the Utility Capital projects are as follows: \$2,600,000 Servicing Agreement Fees – Utility and \$1,000,000 from the General Utility Reserve.

Environmental Implications

None related to this report.

Policy and/or Strategic Implications

Advance approval is requested where lead-time is required to allow the project to be designed or tendered for construction early in the spring or summer, equipment or other supplies must be ordered to meet certain deadlines, or the timing of the project requires an early start to be completed by the end of the year.

Other Implications

None related to this report.

Accessibility Implications

None related to this report.

COMMUNICATIONS

Individual projects will be pursued with communication and in consultation as necessary.

DELEGATED AUTHORITY

This report must be forwarded to City Council for approval.

Respectfully submitted,

EXECUTIVE COMMITTEE



Joni Swidnicki, Secretary