

**DATE:** May 31, 2020

**TO:** MAYOR AND COUNCIL

**NAME AND TITLE:** Dave Dyer, General Manager of Infrastructure and Public Works

**SUBJECT:** Capital Projects Update

**ATTACHMENT(S):** Capital Projects Update PowerPoint

**RECOMMENDATION(S):**

That Council RECEIVES FOR INFORMATION the report dated May 31, 2020 from the General Manager of Infrastructure and Public Works titled “Capital Projects Update”.

**PURPOSE:**

To provide an update on the Capital Projects funded by Municipal Financing Authority of BC (MFA) debt that will be under construction in 2020.

**BACKGROUND:**

The 2020 Capital Plan was previously approved, with a total value of \$74.4 million of capital projects. The City has also carried forward capital projects from previous years worth \$48.6 million. Deferring \$24.8 million of projects will leave the 2020 capital plan with a total value of \$98.2 million.

The City relies on debt financing for new infrastructure and significant repair or replacement of existing infrastructure. The long-term debt must be undertaken through the adoption of a loan authorization bylaw approved by the Inspector of Municipalities. The maximum term of debt is the lesser of thirty years or the reasonable life expectancy of the capital asset or the term of any related agreement.

The MFA, created in 1970, is an independent organization directed by its members (elected officials representing every regional district in BC) and provides long-term, short-term and equipment financing; investment management; and a range of low-cost and flexible financial services. The MFA achieves this by pooling the borrowing and investment needs of its local government members. This collective structure, along with the requirement that regional districts guarantee their members' debt obligations, grants the MFA an excellent credit rating (AAA) that enables attractive and sustainable borrowing solutions to contribute to BC communities' financial well-being.

**DISCUSSION:**

In recent years, the City has taken a multi-year strategic approach to reinvest in its core infrastructure. The projects approved in 2018 and 2019 are now actively under construction or will be starting shortly. This multiyear reinvestment plan has become even more significant because of COVID-19. This investment in the local economy is more important than ever to help offset the negative economic impacts of COVID-19.

The current MFA Capital Projects that are or will be under construction this year are listed in the table below. The table does not include MFA Capital Projects that were deferred to 2021.

Project #	Project Name	MFA Budget	Projected Expenditure	Stage	Substantial Completion
1457	Fire Hall #1 Replacement	\$ 15,000,000	\$ 17,000,000	Construction	Q4 2020
1504	FSLP Replacement	\$ 35,000,000	\$ 35,000,000	Procurement	Q3 2022
3118	14 Ave Upgrades	\$ 1,200,000	\$ 1,200,000	Construction	Q4 2020
3119	Domano/St. Lawrence Signalized	\$ 500,000	\$ 500,000	Procurement	Q4 2020
3218	Hwy 16 Frontage Heyer to Henrey	\$ 800,000	\$ 800,000	Construction	Q4 2020
3244	Goose Country Rd Culvert Replacement	\$ 1,100,000	\$ 600,000	Construction	Q4 2020
3252	Critical Street Light Replacement	\$ 5,000,000	\$ 5,000,000	Design	Q4 2021
3086	Mausoleum Expansion Phase II	\$ 1,400,000	\$ 1,400,000	Procurement	Q4 2020
3204	Masich Stadium Amenities Refurb	\$ 2,701,000	\$ 2,701,000	Construction	Q3 2020
3228	Ron Brent Park Redevelopment Ph 2&3	\$ 1,675,000	\$ 1,675,000	Construction	Q4 2020
3243	Civic Facilities Roofs Replacement	\$ 4,670,450	\$ 4,670,000	Construction	Q4 2022
3134	Kelly Road North Culvert	\$ 1,100,000	\$ 720,000	Warranty	Substantial Completion
1271	Update Radio Communication	\$ 700,000	\$ 700,000	Construction	Q3 2020
	Total	\$ 70,846,450	\$ 71,966,000		

Currently, the only project expected to exceed its budget is the Fire Hall #1 Replacement. One of the main drivers for this over expenditure is the size of the building. During the initial schematic design process, the space requirements for a modern Fire Operations Communications Centre were underestimated. Another issue was that the site contained deleterious materials and soils that were not identified in the initial geotechnical investigation. Kelly Road North Culvert and Goose Country Road Culvert are projected to be under budget. The projects generated a lot of interest and the bids were very competitive.

The BC Construction Association estimates that 8.34 direct and 8.63 indirect jobs are created for every \$1,000,000 of construction expenditure. The City's capital investment will create an estimated 600.20 direct and 621.07 indirect jobs.

COVID-19 is having an impact on the construction industry. However, the industry is taking the COVID-19 situation seriously, and is implementing safe work plans based on advice from health experts. COVID-19 is impacting delivery times of some materials. We will continue to monitor the COVID-19 construction impacts and make adjustments to reduce the risks to budgets and schedule.

#### STRATEGIC PRIORITIES:

Two of Council's Focus areas:

- Prioritize infrastructure reinvestment and renewal to ensure the delivery of critical recreation, emergency, transportation, and utility services
- Maintain fiscal sustainability and balance service levels with the affordability of City services, facilities, and operations.

#### FINANCIAL CONSIDERATIONS:

As per the City's *Sustainable Finance Guidelines*, cumulative budget amendments in a calendar year of up to 5% of the total operating budget may be approved by the City Manager. If the cumulative budget amendments in a calendar year total 5% of the total operating budget, subsequent budget amendments must be approved by Council. Any required amendments would be funded from reserves.

**SUMMARY AND CONCLUSION:**

Following the Provincial Health Officer and WorkSafeBC's guidance and drawing on the best practices of the construction industry, the City and industry are continuing with many of the safety measures put in place to respond to COVID-19. They are implementing additional practices and procedures to align with BC's Restart Plan.

The City's 2020 MFA Capital Projects will provide a much needed economic boost to the region and align with BC's Restart Plan. The projects will contribute significantly to the continuation of excellent infrastructure that our citizens benefit from and enjoy.

**RESPECTFULLY SUBMITTED:**

Dave Dyer, General Manager of Infrastructure and Public Works

**PREPARED BY:** Adam Homes, Director of Infrastructure Services

**APPROVED:**

Kathleen Soltis, City Manager

Meeting Date: 2020/06/15