

To: Council in Committee of the Whole

From: Stephanie Sinnott, Executive Director, Finance
Services/Treasurer,
Office of the City Manager

Report Number: CM-16-39

Date of Report: December 9, 2016

Date of Meeting: December 12, 2016

Subject: 2017 Time Sensitive Capital Projects

File: C-2000

1.0 Purpose

The purpose of this report is to seek Council approval of the 2017 time sensitive capital projects in advance of finalizing the 2017 budget submission.

2.0 Recommendation

It is recommended to City Council:

1. That the time sensitive capital projects listed in Attachment 1 to Report CM-16-39 dated December 9, 2016 be approved: and
2. That an interfund note in the amount of \$4.0 million be approved as part of the financing strategy related to the rehabilitation of runway 12/30 at the Oshawa Executive Airport.

3.0 Executive Summary

Not applicable.

4.0 Input From Other Sources

Corporate Leadership Team

Capital Budget Team

5.0 Analysis

Experience has indicated that issuing major facility, road and park construction tenders and requests for proposals in early January can result in lower prices, greater competition and availability of experienced contractors. Approval of the annual budget in late January does not provide the City the ability to issue bid documents in early January (the optimal time) and realize the benefits of early tendering.

Staff have identified time sensitive projects for the 2017 capital budget submission that will result in potential cost savings to the City if approved in December allowing for tendering in early January 2017.

All capital projects are prioritized using the Council approved Interim Capital Project and Major Initiatives Prioritization Model. Based on the prioritized list, affordable projects are proposed.

Attachment 1 provides a summary of the proposed 2017 time sensitive capital projects.

Attachment 2 provides the project detail sheet for each time sensitive project including description, location and proposed funding strategy for each project.

The capital budget team and CLT have provided input and are in agreement with the list of proposed 2017 time sensitive capital projects.

6.0 Financial Implications

The list of 2017 time sensitive capital projects totals \$7.815 million with \$3.815 million funded from reserves and \$4.0 million funding proposed from an interfund note (I.F.N.).

The following table provides a summary of the reserve funding required for the proposed 2017 time sensitive capital projects. Adequate funding is available in the reserves for these proposed projects.

Reserve	Funding
1. Infrastructure Replacement	\$1,715,000
2. Airport Development	1,000,000
3. Federal Gas Tax	1,080,000
4. Arterial and Collector Roads	20,000
Total	\$3,815,000

6.1 Interfund Note

The airport business plan, approved by Council in 2015, identified the need to rehabilitate runway 12/30 and that the runway lighting and associated works are nearing the end their lifecycle. The runway continues to degrade which increases the risk of an aviation hazard.

The funding strategies for the 20-year capital plan identified in the business plan, including the use of land sale proceeds and increased contributions to the airport reserve, are insufficient to fully address the runway rehabilitation due to the increased cost of the project.

The capital project budget for the runway rehabilitation proposes the issuance of an interfund note in the amount of \$4.0 million to meet the funding requirements. The City's interfund note policy recommends that no more than 40% of the City's minimum cash balance be invested in I.F.N.s. The City's average minimum cash balance throughout 2016 is approximately \$35 million which would cap the City's I.F.N. balance at \$14.0 million per the policy. The issuance of the I.F.N. for the airport runway project would result in an I.F.N. balance of \$14.8 million.

It is recommended that \$200K be redirected from the anticipated 2016 surplus to lessen the amount by which the City will exceed the policy cap in 2017. The redirection of the surplus to pay down I.F.N.s is a recommendation contained in the City's approved Financial Strategy. The I.F.N. forecast shows the balance of interfund notes declining in 2018 to a level within the policy cap.

Debt servicing costs will be repaid over 10 years through the Oshawa Executive Airport's operating budget commencing in 2018.

7.0 Relationship to the Oshawa Strategic Plan

Approving 2017 time sensitive capital projects in advance of the full budget supports the Oshawa Strategic Plan goals of Economic Prosperity & Financial Stewardship and Accountable Leadership by allowing the City to realize the benefits of earlier tendering including lower prices, greater competition and availability of experienced contractors.



Stephanie Sinnott, Executive Director, Finance Services/Treasurer,
Office of the City Manager

2017 Time Sensitive Capital Projects

Project Name	Project Location	Time Sensitive	Project Score	2017			
				Gross Cost	Operating	Reserves	Other
11-0021 Targeted Waterproofing Repairs/Improvements (Ph 2 of 5)	Centre Street Parkade	Yes	43	1,715,000		(1,715,000)	
70-1717 Runway 12/30 Rehabilitation and associated work	Oshawa Executive Airport	Yes	46	6,000,000		(2,000,000)	(4,000,000)
74-0054 2017 Crack Sealing	Various	Yes	33	100,000		(100,000)	
Total Time Sensitive Projects				7,815,000	-	(3,815,000)	(4,000,000)

City of Oshawa
Capital Project Detail Sheet

Project Name	Targeted Waterproofing Repairs/Improvements (Ph 2 of 5)
Department	Corporate Services
Subcategory	11 Buildings
Project Number	11-0021
Project Location	Centre Street Parkade
Ward	NA
Time Sensitive	Yes
Accessibility	No
Score	43

Project Details

Project Description

Subsequent to a facility condition audit and further investigative work by consulting engineers in 2013 and 2015, this project is for targeted repairs to address deterioration on the building's concrete structure, asphalt waterproofing, expansion joint replacement, rain water leader and drain replacement. In addition, three existing roof areas will be replaced as they have become problematic and have exceeded their expected life.

Justification

Repairs are necessary to stop rapid deterioration of the facility structure and maintain public safety.

WSP Audit Report, May 2013

WSP Audit Report, September 2015

Comments

Costs include consulting services to define full scope and prepare drawings and specifications suitable for tender and construction. The project will be undertaken in five phases. This is phase 2 of 5.

Project Budget Summary

Financing Sources	2017	2018 to 2021	2022 to 2026
Infrastructure Replacement	1,715,000	0	0
Total Financing Sources	1,715,000	0	0

City of Oshawa
Capital Project Detail Sheet

Project Name	Runway 12/30 Rehabilitation and associated work
Department	Development Services
Subcategory	70 Airport
Project Number	70-1717
Project Location	Oshawa Executive Airport
Ward	NA
Time Sensitive	Yes
Accessibility	No
Score	46

Project Details

Project Description

The Runway 12/30 Rehabilitation Project includes full depth excavation of the runway to remove all organic material; placement of a new granular base and new aviation grade asphalt; painting of all runway markings and replacement of all runway lighting with new, low cost LED lighting; construction of a noise berm along the Jane Street Community Buffer Area using surplus material removed during the excavation process; construction of the Runway End Safety Area (RESA) on the threshold of runway 12 consistent with Transport Canada standards; excavation and preparation of the RESA at the threshold of runway 30 consistent with Transport Canada standards; replacement of all drainage associated with runway 12/30; and rehabilitate a small section of Apron II to eliminate flooding caused in the tenant hangars.

Justification

The runway condition includes 14 major frost heaves and numerous significant cracks. Most of the runway sub-base and drainage dates back to the original construction. The runway continues to degrade and as it does the hazard to aviation increases particularly to the corporate aircraft which have a landing speed of over 200 km per hour.

In 2015, Council approved the airport's capital plan to rehabilitate the runway in 2016. The capital plan also identified that the runway lighting is nearing the end of its life cycle in 2019. It is prudent to replace it as part of the asphalt rehabilitation project in order to minimize the impact on users and to take advantage of economies of scale.

Comments

The project as proposed will result in a \$4M deficit in the airport development reserve to be funded through an inter-fund note as identified in the forecasted operating budget in the airport business plan.

Project Budget Summary

Financing Sources	2017	2018 to 2021	2022 to 2026
Interfund Note	4,000,000	0	0
Airport Development	1,000,000	0	0
Federal Gas Tax Reserve	1,000,000	0	0
Total Financing Sources	6,000,000	0	0

City of Oshawa
Capital Project Detail Sheet

Project Name	2017 Crack Sealing
Department	Development Services
Subcategory	74 Roads
Project Number	74-0054
Project Location	Various
Ward	NA
Time Sensitive	Yes
Accessibility	No
Score	33

Project Details

Project Description

Crack Sealing involves the grinding of cracks in the road surface and the placing of an asphalt emulsion into the crack and across the immediate surface. Through inspection and analysis of surface ages, road candidates have been identified for this treatment. When performed at the appropriate time, crack sealing can deter initial pavement cracking from spreading into deeper and wider road defects therefore prolonging the life span of the road structure and saving the City from having to commit financially to other costly road treatments.

Justification

Crack Sealing is a vital treatment in a Pavement Preservation plan. Performing this treatment will show the City is committed to the road standard outlined in DS-07-156 and translates to financially responsible decision making for managing the road network.

Project Budget Summary

Financing Sources	2017	2018 to 2021	2022 to 2026
Arterial and Collector Roads	20,000	0	0
Federal Gas Tax Reserve	80,000	0	0
Total Financing Sources	100,000	0	0