

To: COUNCIL

Meeting Date: 11/26/2024

Subject: Capital Status and Forecast – August 2024

Submitted By: Yogesh Shah, Deputy City Manager Infrastructure Services; and Sheryl Ayres, Chief Financial Officer

Prepared By: Mary Kennedy, Project Management Office Analyst; and Victoria Terella, Manager of Financial Planning

Report No.: 24-013-IFS

File No.: C11

Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 24-013-IFS Capital Projects Status and Forecast – August 2024 be received;

AND THAT the creation of capital projects identified in Report 24-013-IFS be approved;

AND THAT the cancellation of capital projects as identified in Appendix A of Report 24-013-IFS be approved;

AND THAT the capital forecast change requiring approval under the Budget Control By-law as identified in Appendix B of Report 24-013-IFS be approved;

AND FURTHER THAT transfers to and from reserve and reserve funds as identified in Appendix D of Report 24-013-IFS be approved.

EXECUTIVE SUMMARY:

Purpose

- To inform Council of the status and performance of the capital portfolio through August 31, 2024, including the status of key projects.
- As per the City’s Budget Control By-law, Council is to be provided updates related to capital forecast and status twice a year.

Key Findings

As of August 31, 2024, there are 272 open projects. This includes:

- Two hundred and four active projects underway – including nine projects created during this reporting period (Approved, In Progress, Delayed);
- Forty-six projects where work is substantially complete (In Maintenance, Project work complete);
- Eighteen projects ready for closure. These projects will be held in this status until year end, when complete financial reporting will be provided to Council.; and
- Four projects to be cancelled.

In this reporting period, nine new projects were created through stand alone reports and motions. Further, this report proposes the creation of three new projects, resulting in a total of 275 projects.

Through the years 2020-2024 the City of Cambridge has approved a total of 414 capital projects with an original investment of \$442.5 million to maintain existing infrastructure and build new infrastructure. Based on the current forecast, the estimated cost to implement these capital projects is \$461.8 million, which is 4.3% higher than the original budget.

Financial Implications

This report summarizes forecast changes approved by Council between May 1, 2024 and August 31, 2024 as well as forecast changes resulting from the cancellation of four projects.

The impact of these forecast changes result in a net increase in funding requirement totalling \$11,788,691. The components of this impact are summarized below.

Reserves

The forecast changes result in a net return to reserve funds of \$188,244 as follows:

Table 1: Net Reserve Change

Description	Total
Cancelled projects	\$985,884
Forecast changes (previously approved)	(\$797,640)
Net Return of Reserves	\$188,244

External Funding

Across all forecast changes, a total increase of \$11,976,935 in grant funding have been identified. Of this amount, \$60,000 represents new funding secured for the Newland Pool Accessibility Improvements project, while \$11,916,935 relates to the Housing Accelerator Fund (HAF) Program. The Canada Mortgage & Housing Corporation (CMHC) and the City entered into an agreement on January 31, 2024, under the Housing Accelerator Fund (HAF) program. CMHC will provide the City \$13,346,935 in federal funding, allowing the City to progress eight city initiatives and a housing needs assessment.

Through the 2024 Capital Budget, the City created three projects related to housing in anticipation of receiving \$1,430,000 in grant funding. With the signing of the agreement and establishment of the HAF Program, five more projects were created, and the existing Housing Needs Assessment & Strategy project budget was increased.

On June 4, 2024, Council directed staff to establish the necessary capital projects and allocate funding from the Housing Accelerator Fund to allow work to proceed to complete the nine initiatives, and that staff report back to Council on the allocation of funds and necessary forecast changes.

This report includes forecast changes to allocate the remaining \$11,916,935 and distribute funds to the nine HAF initiatives, in accordance with internal memo IM24-022(CD): Housing Accelerator Fund Program Update, circulated through the Council Information Package on October 4, 2024.

The HAF Program includes:

Project	Budget
1. Fast Tracking Municipal Lands Program for Affordable Housing	\$5,038,735
2. Digital Twin Data Driven Accelerated Approval Process	\$3,896,400
3. Additional Residential Unit (ARU) Assistance Program	\$1,563,400
4. City's Comprehensive Zoning By-Law and Form Based Zoning	\$570,800
5. Delegation of Authority Enhancements	\$281,400
6. Online Pre-Application Development Guide Portal and Committee of Adjustment Portals	\$364,600
7. Expand Affordable Housing Community Improvement Plan	\$845,000
8. Strategic Growth Areas Secondary Plans	\$366,500
9. Housing Needs Assessment	\$420,100

STRATEGIC ALIGNMENT:

Strategic Action

Objective(s): Not Applicable

Strategic Action: Not Applicable

OR

Core Service

Program: Project Management Services

Core Service: Project Management Governance and Leadership

Regular status reports provide an update on capital project status to Council and the community. This update is in addition to the project specific communication being provided to Council by various project managers through the project life cycle.

BACKGROUND:

The purpose of the capital investment program is to replace and maintain existing infrastructure and build new infrastructure required to support growth and intensification. Infrastructure built and maintained through the capital investment program supports and improves existing services provided by the City. Each year Council provides approval to fund a portfolio of projects and reviews a nine-year forecast for future projects.

It is the mandate of the Project Management Office (PMO) to keep Cambridge's management team and the project management community informed. This is achieved by providing a variety of regular updates ranging from monthly status of projects to a report on the organization's progress at institutionalizing project management. Further, the PMO seeks to deliver successful capital projects by providing project management mentoring and coaching, and oversight for capital projects.

To enable project managers to operate efficiently and effectively while remaining accountable and transparent, the Budget Control By-Law (By-Law 152-14) identifies policies pertaining to budget control, including the requirement for status and forecast change updates to Council.

ANALYSIS:

New Projects

With this report, three new projects are proposed for creation outside of the annual budget process. New projects are:

Project Number	Project Name	Budget	Approval Mechanism
A/01566-40	Blair Cemetery Maintenance	\$76,000	Appendix E
A/01724-20	BIA Modernization	\$100,000	Appendix F

The Blair Cemetery Maintenance project will allow for restoration of monuments and the grounds. This project will be funded using money received from the former Blair Cemetery owner.

The BIA Modernization project will review best practices from other municipalities and recommend strategies to modernize governance and relationships with the City for the three Cambridge BIAs.

The final project to be created is a housekeeping item to allow better financial management and tracking. The existing Soper Park Outdoor Pool Design and Plan project (A/01483-30) includes two complementary and distinct scopes of work:

- Design of an outdoor pool facility to be located in Soper Park, and;
- A Park Plan to evaluate and plan for future use and amenities in Soper Park.

It is proposed that the funding for these two phases of work be split into two separate capital projects as follows:

Project Number	Project Name	Budget
A/01483-30	Soper Park Outdoor Pool Design	\$400,000
A/01483-31	Soper Park Plan	\$50,000

As noted above, five new projects were created during the reporting period to support the HAF Program. A further, four projects were created during the reporting period:

Project Number	Project Name	Budget	Approval Mechanism
A/01545-40	Elgin Street Pedestrian Cross Over	\$75,000	24-075-CD
A/01546-40	Hamilton Street Watermain Extension	\$510,000	24-083-CD
A/01553-40	1300 Bishop Street North Renovation	\$115,000	24-010-IFS
A/01568-40	Karl Homuth Arena Repairs	\$95,000	24-007-IFS

Project Changes

Stormwater Master Plan Update (A/00975-20) – Scope and Schedule Change

This capital project was originally approved by Council in 2022. Original scope of the project included development of intensity duration and frequency (IDF) parameter review (which relates to climate change impacts), updating City’s stormwater management policy reflecting current best management practices, review of design criteria and the development of operation and maintenance program.

The stormwater management team within Environmental Service division will focus and complete the development of an operations and maintenance program. Completing remaining scope of work now will ensure upcoming developments are using current IDF parameters and design criteria and that the City's stormwater management policy reflects current best management practices. As such the Stormwater Master Plan Update project will be re-scoped to include policy, parameter and design criteria updates and will be renamed to Stormwater Technical Study, to reflect the revised scope. It is anticipated this revised scope of work will be completed by April of 2026. No change to the budget or funding sources is proposed.

Status of Key Projects – as of October 2024

Recreation Complex Construction (A/00463-41)

On October 24, 2024, the official groundbreaking for the Recreation Complex took place. The contract for construction has been awarded to Melloul-Blamey Construction and work is underway. The City has applied to the Community Sport and Recreation Infrastructure Fund – Stream 2 grant program for this project and expects to hear back in early 2025 from the Province of Ontario. Construction of the neighbouring shared elementary school is expected to start this fall.

Preston Auditorium Expansion Construction (A/00420-40)

The construction phase of work began in December 2023, with significant work completed to date. The project remains on target for fall 2025 arena operation. The City has applied to the Community Sport and Recreation Infrastructure Fund – Stream 1 grant program and expects to hear back in early 2025 from the Province.

2024 Road and Underground Infrastructure Construction

Construction is substantially complete on seven City street reconstruction projects. Watermain Lining on Holiday Inn Drive, Sanitary Sewer Lining (Citywide) and Asphalt Renewal program (Citywide) are also complete. Dickson Street storm rehabilitation, storm pond rehabilitation at 20 Lyndsay Road, and Edward Street retaining wall construction are also substantially complete. The Beverly Street reconstruction is planned to be substantially complete by the end of November 2024.

Up to date information about project scope, construction schedule, current status and contact information for respective projects can be found on the Current Projects website at: www.cambridge.ca/construction.

Preston Parkway Sidewalk (A/01204-40)

In October, a new sidewalk was constructed on the south side of Preston Parkway between Woods Lane and Fountain Street South. This is an important active transportation connection which connects the Preston Heights area to Fountain Street with existing multi-use trails on Fountain Street connecting to the Cambridge Soccer Complex and the City's greater trail network.

Soper Park Pedestrian Tunnel Repairs (A/01133-40)

Through October and the early part of November, repairs were made to the Soper Park pedestrian tunnel. This is an important heritage structure in the City and the repairs will extend its life for many years. The tunnel is located under Dundas Street North approximately 30m north of Spruce Street and within Soper Park. The structure is located within the Region of Waterloo's road allowance but is owned by the City of Cambridge. The repairs include repointing of masonry joints, removing and replacing deteriorated stones (if required), removing and replacing concrete coping and graffiti removal.

Elgin Street North at Galt Avenue Pedestrian Crossover (A/01545-40)

In October, a new pedestrian crossover was installed on Elgin Street North at Galt Avenue. The pedestrian crossover includes rapid flashing beacons and push button

activation, new traffic signs and pavement markings, additional street lighting and new accessible sidewalk connections.

Parks

Design concepts for Lions Can-Amera Splashpad have been created and will be shared with the public through an engage Cambridge site this fall. Playgrounds at Stirling MacGregor and Sault Park (West) will be fully installed this fall. Construction of sports court refurbishments at Greenway and Willard Park are underway and will be completed in early Spring of 2025. A consultant has been retained to develop a park plan for Soper Park.

Facilities

Procurement is underway for a consultant to design the Soper Park Outdoor Pool and for building condition assessments. Heritage restoration work at the Community Theatre and Landreth Cottage is underway. A consultant has been selected for the heritage restoration design for the Farmer's Market Building. Roof replacements at Allan Reuter Centre, Preston Scout House, Fire Station 1 and New Hope Cemetery are either complete or expected to be complete this fall.

A purchase order has been issued for the installation of four new door sets (an exterior and interior vestibule door set on either side of the building) at Galt Arena.

Portfolio Status – August 31, 2024

As of August 31, 2024, there are 272 open projects. This includes:

- Two hundred and four active projects underway (Approved, In Progress, Delayed);
- Forty-six projects where work is substantially complete (In Maintenance, Project work complete);
- Eighteen projects ready for closure; and
- Four projects to be cancelled.

Appendix G: Capital Project Status Report provides detailed information for all active and substantially complete projects.

Budget Summary (2020-2024)

Since 2020, the City of Cambridge has approved \$442.5 million for community investments to maintain existing infrastructure and build new infrastructure. This includes capital projects approved during the annual capital budget process, as well as supplementary projects approved throughout the year, for a total of 414 capital projects approved over five years. Infrastructure built and maintained through the capital program supports and improves services provided by the City. Total approved capital projects by budget year are 72, 63, 91, 92, and 96 for the budget years 2020, 2021, 2022, 2023, and 2024 respectively.

Budget Comparison

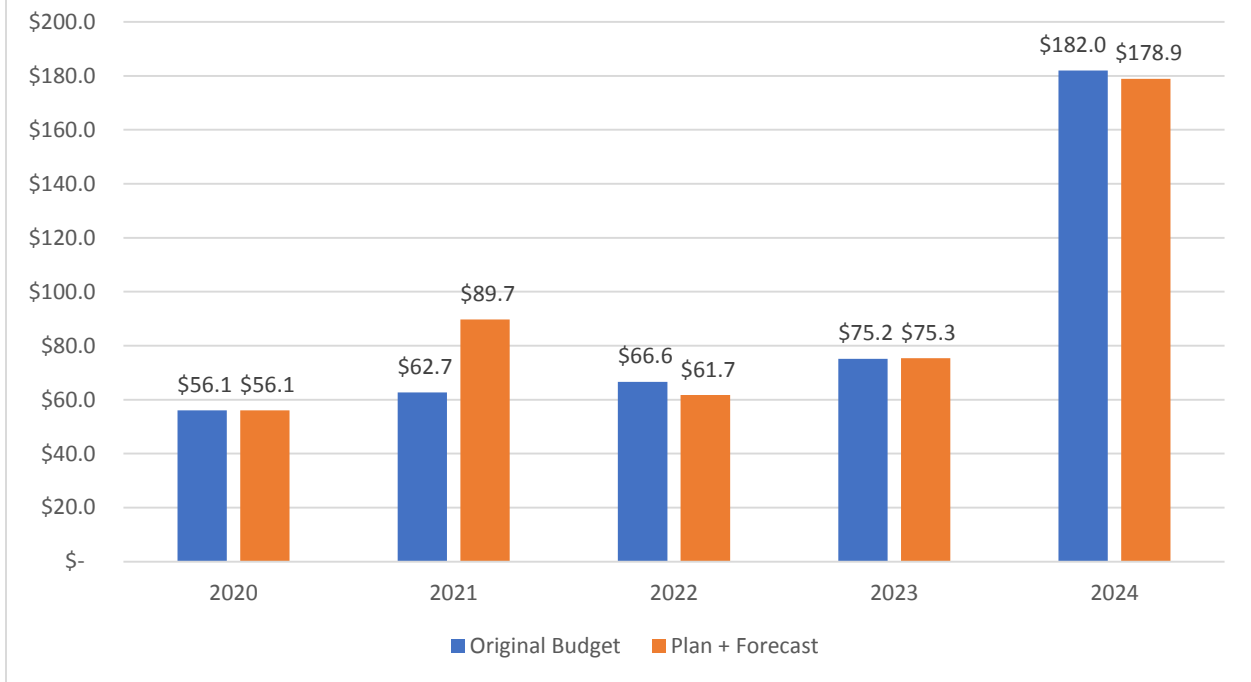
The following chart (Figure 1) illustrates approval year, original budget and current forecast budget including the forecast changes proposed in this report. Based on the current forecast (as of August 31, 2024) the estimated cost to implement the approved 2020 - 2024 capital program is \$461.8 million. This current forecast is 4.3% higher than the original approved budget.

The significant differential in 2021, original budget versus current plan cost, can primarily be attributed to the increased scope of work for the Preston Auditorium Improvement and Expansion project. The lower forecast for 2022 and 2024 projects can be attributed to several development and infrastructure engineering projects being completed or tendered under budget. Estimating budgets for construction projects was difficult through the pandemic and in the period following, therefore it is not surprising to see swings in planned versus actual costs for these types of projects.

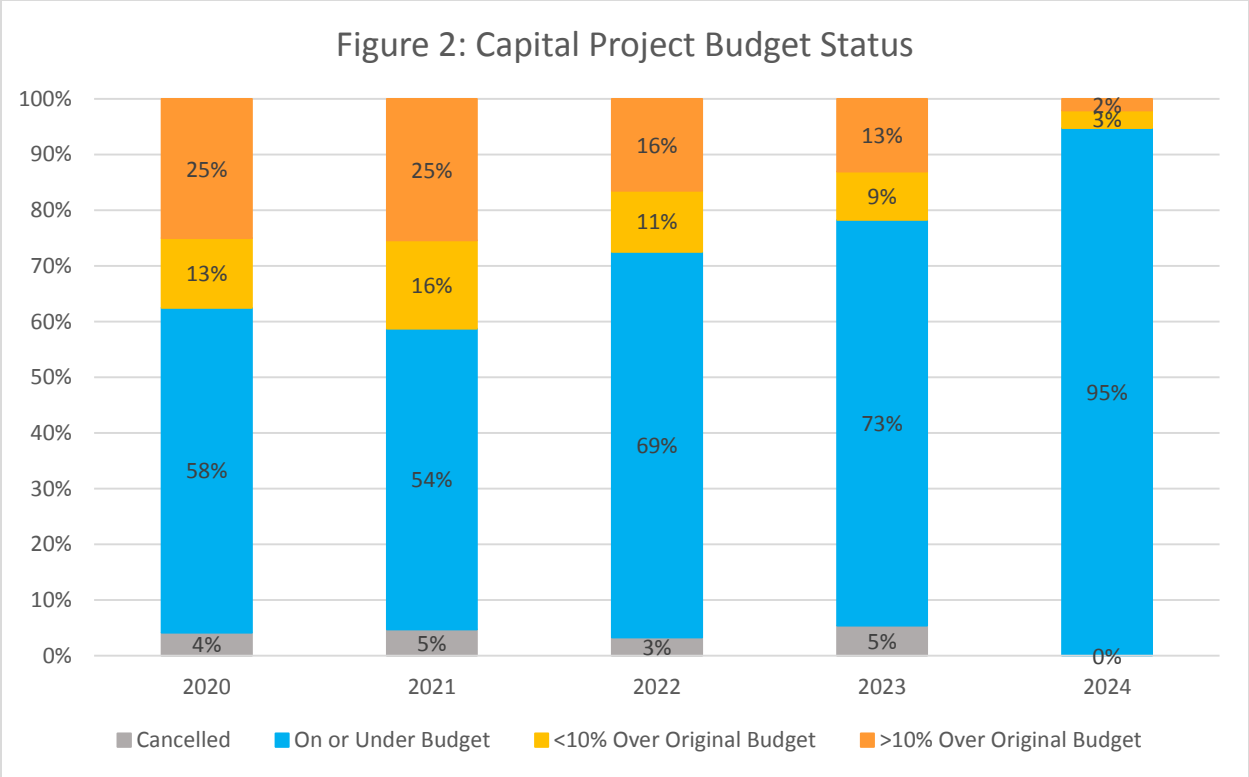
Note: This report does not include the impact of the Recreation Complex construction tender award approved on September 3, 2024. A forecast change of \$3,233,600 will be captured in the year end reporting. This will impact the forecasted cost for the 2024 budget year.

Guidelines suggest that a variance of within +/- 5% of the approved budget is an indication of efficient project planning process including scope, schedule, and budget management.

Figure 1: 2020-2024 Capital Budget



As illustrated in the chart below (Figure 2), according to the current forecast 58%, 54%, 69%, 73%, and 95% of projects are expected to be completed within the original approved budget for the approval years 2020, 2021, 2022, 2023, and 2024 respectively. It is customary that as projects linger open the financial performance degrades, as a result it is not surprising to see the early years showing lower per cent to complete within budget.



Projects to be Cancelled

Cancellation of projects is a natural and important part of project portfolio management. It is the responsibility of the Project Manager to identify when environmental conditions, project expectations, or resource availability has changed substantially on a project. The Project Management Office then works with the Project Manager and leadership team to determine if a project change or full project cancellation is appropriate. A key to this analysis is reviewing the intended value and outcomes of the project, and if they are still relevant and important for the organization.

There are four projects to be cancelled in this reporting period, with savings of \$985,884 as reported in Appendix A.

- Project A/00486-40 Region - Fountain St N (Maple Grove to Kossuth) was created to support a Regional project for the reconstruction of Fountain Street North. The Region has completed design and started construction. The works to be completed in this phase of the project do not include City works and so the funding can be returned.
- Project A/00738-20 Growth Management Study (2019) was created to develop growth forecasts for the City. This work has been completed by the Region and so this project can be cancelled.

- Project A/01301-20 North Cambridge Collector Road Network Class Environmental Assessment is to be cancelled because upon further review, the original scope of work has been divided in two. The initial phase will be completed by the developer through their planning application. The project will be cancelled and the remaining work re-budgeted for a future year.
- Project A/01438-20 Winter Sidewalk Services Study was proposed to investigate expanding winter sidewalk maintenance services.

The City currently winter maintains 224 km (29%) of the City's sidewalk and paved trail network at an estimated annual cost of \$700,000. It requires twenty-one staff and pieces of equipment to plow the sidewalks as well as deliver salt to the sidewalk plow units in response to winter events and to monitor and address snow/ice on sidewalks. The remaining sidewalks are maintained by adjacent property owners as per the City's by-law.

To expand the sidewalk clearing to do all sidewalks in the City would require an estimated additional 40 staff and pieces of equipment at an estimated increase in operating cost of \$2.3 million and an estimated \$10M - \$15M in capital costs to purchase equipment. Additionally, the city would require a further capital investment to expand operations facilities to house staff, equipment and mechanic bays to support this expansion and additional mechanics to service the equipment and management/administration to oversee front line staff.

The City of Kitchener completed a series of pilots and public consultations to gauge the interest of their residents in expanding winter sidewalk services. The result of their study and pilots was to not proceed with expanded services. Key messages from that study included: concerns with increased salt use, concerns with increased boulevard damage, and insufficient operations facility space to accommodate expansion of staffing and equipment.

It is recommended that this study be cancelled as staff feel that Kitchener's study is representative of what Cambridge would do resulting in the same or similar recommendations and constraints.

Forecast Change Requiring Approval

Under the Budget Control By-law 152-14, if the project is anticipated to have an overage exceeding the lesser of 10% or \$250,000 the additional spending requires Council approval. Additionally, if funds are required to be drawn from a reserve or reserve fund this requires Council approval.

During this reporting period, one forecast change requires Council approval due to an anticipated overage exceeding 10% of the project budget.

- **Project A/01437-40 Newland Pool Accessibility Improvements**

The project is requesting an additional \$60,000 or 52% increase, to reflect additional design and construction costs anticipated to meet the City's new Facility Accessibility Design Standards, and to incorporate recommendations from the City's Accessibility Advisory Committee.

The project has been successful in securing the Province of Ontario's Inclusive Communities Grant, providing a maximum funding amount of \$60,000. This grant funding will be fully allocated to extend the project budget, with no return to the Capital Works Reserve Fund expected at this time.

The additional funding request is \$60,000, as detailed in Appendix B, for Council's consideration and approval.

Forecast Changes Not Requiring Approval

During the reporting period, fourteen forecast changes were made through separate reports to Council. These are included in this report for information only, in support of financial transparency, by consolidating all forecast change impacts to reserve funds during the reporting period. The forecast changes previously approved by Council are forecasting an increase in funding of \$12,714,575 and are reported in Appendix C. Of the \$12,714,575 in previously approved forecast changes, the majority (\$11,916,935) represents additional funding from grants.

EXISTING POLICY / BY-LAW(S):

The Budget Control By-law 152-14 provides necessary guidelines to ensure accountability and controls for the financial management of the City. The By-law includes capital budget financial controls.

FINANCIAL IMPACT:

The forecast changes as reported in the analysis above result in transfers to and from reserve and reserve funds as well as changes to other sources of funding such as grant funding. The funding impacts of the forecast changes result in an overall net increase of \$11,728,691 of required funding, as follows and summarized in Table 2 below:

- Net return of \$188,244 to various reserve and reserve funds as shown in Appendix D; and
- Additional grant funding in the amount of \$11,976,935, \$11,916,935 attributed to the Housing Accelerator Fund from the Canada Mortgage & Housing Corporation and \$60,000 attributed to the Newland Pool Accessibility Improvement from the Province of Ontario’s Inclusive Communities Grant.

Table 2: Summary of Net Forecast Changes

Description	Total
Net Return of Reserves	\$188,244
Additional Grant Funding	(\$11,976,935)
Total Net Forecast Deficit	(\$11,788,691)

PUBLIC VALUE:

To ensure transparency, regular updates on the capital investment program are provided to Council. Live capital project status information is available on the [Current Projects](#) web page, and project specific web pages are available for key projects.

ADVISORY COMMITTEE INPUT:

Advisory Committees Consulted: Not Applicable.

PUBLIC INPUT:

Posted publicly as part of the report process.

INTERNAL / EXTERNAL CONSULTATION:

This report is prepared using information provided by respective project managers through the project management software. The PMO Analyst and Senior Financial Analysts meet regularly with project managers to review the status of their projects and to provide mentoring and coaching.

The PMO provides the Capital Project Status Report to the members of the Corporate Leadership Team and Senior Management Team monthly.

CONCLUSION:

This report provides a summary of the capital portfolio performance through August 31, 2024. After creating two projects and cancelling four projects the current capital project portfolio includes 270 ongoing projects. Forecast changes are reported in accordance with the Budget Control By-law, and result in transfers to and from reserve funds as well as changes to other sources of funding such as debenture and external recoveries.

REPORT IMPACTS:

Agreement: **No**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

APPROVALS:

This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:

Director

Deputy City Manager

Chief Financial Officer

City Solicitor

City Manager

ATTACHMENTS:

1. 24-013-IFS Appendix A – Cancelled Projects Requiring Council Approval
2. 24-013-IFS Appendix B – Forecast Changes Requiring Council Approval
3. 24-013-IFS Appendix C – Previously Reported to Council
3. 24-013-IFS Appendix D – Impact to Capital Reserve Funds
4. 24-013-IFS Appendix E – A/01566-40 Project Request Form
5. 24-013-IFS Appendix F – A/01724-20 Project Request Form
6. 24-013-IFS Appendix G – Capital Project Status Report