



**SUPPLEMENTAL INFORMATION
FOR THE REGULAR MEETING OF COUNCIL
MONDAY, JULY 17, 2023**

REGULAR MEETING OF COUNCIL

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COUNCIL REPORT

Date: July 14, 2023
 File: 10.6.0 / 2.10.3.1
 To: Warren Waycheshen, CAO - for Mayor and Council
 From: Alex Ramos-Espinoza, Director of Engineering Services
 Re: 2023 Capital Project Update
 and Request for Additional Funds
 Applicant: N/A
 Location: N/A



Recommendation:

Action: That Council discusses the 2023 Capital Project Update and Request for Additional Funds Memorandum.

Recommended Motion:

1. **THAT the Radio Communications Coverage up-grade project budget be increased by \$90,000.**
2. **THAT Courthouse HVAC project budget be increased by \$233,000.**
3. **THAT the Pool Air Handling Unit #7 project budget be increased by \$34,000.**
4. **THAT the Mechanic Shop HVAC project budget be increased by \$187,000.**
5. **THAT the new projects outlined in Table 3 to the 2023 Capital Projects Update and Request for Additional Funds report dated July 14, 2023 be allocated \$300,000.**
6. **AND THAT \$450,000 from the projects outlined in Table 4 to the 2023 Capital Projects Update and Request for Additional Funds report dated July 14, 2023 be transferred to fund the total project deficiency of \$844,000.**

Background:

The engineering services department has been busy with delivering the approved capital projects, several projects have been tendered and several projects are under design or construction. The following table summarizes the 2023 project activities to date:

Projects Completed to Date	Projects Under Construction	Projects Under Design	Projects Tendered/Not Awarded	Projects In Progress	Projects to be started	Total 2023 Projects Assigned
4	9	11	7	16	14	<u>61</u>

Table 1: Engineering Services 2023 Capital Project Activity

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As projects have been tendered and progressed, we have outlined four projects that we are seeking additional funds to award and complete. The projects are as follows:

Project Name	Original Budget	New Budget	Additional Funds Required	Comments
FIRE - Radio Communications Coverage up-grade	\$800,000	\$890,000	\$90,000	The project is near completion, and we had a few unexpected costs that were incurred, which includes increased equipment costs, additional effort to install new generator and other miscellaneous cost increases.
Courthouse HVAC*	\$252,000	\$485,000	\$233,000	We had three contractors bid the project and we worked with lowest bidder to look at cost reduction and we were able to realize at an overall 15% cost reduction.
Pool Air Handling Unit 7*	\$232,000	\$266,000	\$34,000	Similar review was completed as outlined in the Courthouse HVAC project.
Mechanic Shop HVAC*	\$143,000	\$330,000	\$187,000	Similar review was completed as outlined in the Courthouse HVAC project.
		Total Additional Funds Required	\$544,000	

Table 2: 2023 Communication and HVAC projects requiring additional funding.

*The HVAC projects were tendered as one contract with the intent to attract more bidders. The reasons for cost increases are contractor staffing and equipment costs. It should also be noted that the new equipment for these projects has a significant lead time from 22 to 30 weeks.

Over the last few months several unexpected projects have risen that require immediate attention and we are asking Council to consider funding them in 2023. The projects are as follows:

Item	Title	Estimated Amount	Comment
1.0	Cable Car Reservoir – Structural Repair Design	\$60,000	During a general inspection of the reservoir, it was discovered that a section of the reservoir is starting to show signs of leakage through the concrete structure. Staff is seeking funds to complete the engineering to

			repair sections of the reservoir in time to bring a construction cost estimate to repair the reservoir in 2024.
2.0	Service Centre Bulk Water Replacement	\$75,000	Engineering and Public Works have been working together to relocate the existing Bulk Water Station. We recently experienced a failure in the existing station that requires an investment of approximately \$20,000, approximately 33% of the cost to purchase a new bulk water station. Based on the age of the existing station and the ongoing problems with the existing bulk station, staff's recommendation is to allocate new funds to purchase a new bulk water station that will be located near the old CN station along Industrial Avenue.
3.0	Water System Pump House # 7 – Pump 7A Rebuilt	\$90,000	One of the pumps located in Pumphouse #7 requires a full rebuild as we continue to experience mechanical failures. This pump is critical to meeting the water demands of the community and without this pump we introduce immense pressure to the existing pumps, such as running them continuously for 5 to 7 days in a row. Several repair methods have been tried and evaluated and have not been successful and we have concluded that pump rebuild is the best option to bring the pump back in operation.
4.0	Service Centre Lift Station - Redesign	\$75,000	We have experienced significant failures at the service centre lift station over the last few months. Such failures have led to usage restriction for one of our main industrial users. The lift station is at its end of life and its replacement priority has skipped a few years over originally planned. The current lift station is functioning but is at a critical point. Staff is asking Council to consider funding to initiate the design to start the replacement of the lift station in 2024.
	Total Ask for New Projects	\$300,000	

Table 3: New 2023 Projects requiring funding.

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Under the assumption the tendered projects are awarded and the new projects are approved, the total funding deficit is \$844,000 which is a significant change to the approved capital budget. Staff reviewed the 2023 capital project list to determine whether some projects funding can be reduced due to various reasons such as scope changes, grant funding and market availability. The table below outlines the projects staff determined will have reduced spending in 2023 therefore allowing the balance of the project funds to be allocated for other purposes.

Project	2023 Budget	2023 Revised Budget	Available Funds for other projects	Comments
Fire Signal Upgrades	\$50,000	\$25,000	\$25,000	Signage improvements have been completed; we will be focusing on line painting in 2023
Kildala Dike Feasibility Study	\$125,000	\$75,000	\$50,000	A grant application has been submitted to offset some of the cost.
Service Centre Water Main Improvements	\$250,000	\$125,000	\$125,000	We are projecting this year that we will only be able to complete partial work in 2023.
Walkway Reconstruction Program	\$580,000	\$330,000	\$250,000	The walkway reconstruction project was tendered, and we did not receive any bids, therefore the work was reduced to inhouse only and we will not be able spend the full amount.
		Total Funds Available to be reallocated	\$450,000	

Table 4: 2023 Projects with options to reallocate funding.

In summary we are currently underfunded by \$844,000 and this funding deficit can be offset by reallocating \$450,000 from the noted existing project which leaves a shortfall of \$394,000.

Alternative Options:

- 1. THAT the 2023 Capital Project Update and Request for Additional Funding report date July 14, 2023, be received for information.**
2. Another option as developed through discussion of Council.

Budget Implications:

"DR"

Director of Finance Initials

The total unbudgeted amount is estimated to be \$844,000 and this shortfall can be funded by reallocation of funds from the noted projects in Table 4 and from Growing Communities Fund Reserve.

Budgeted:

Unbudgeted: X

Council Initiative/Other Relevant Plans:

Strategic Plan (2023-2026)

Strategic Priority 4 – Infrastructure, Services and Human Resources

Goals:

- *A long term asset management system*

Strategic Actions:

- *Adopt an asset management and reserve plan that integrates and funds municipal infrastructure, equipment, and building replacement and asset life*

Community Energy and Emissions Plan

Not Applicable

Housing Action Plan and Needs Assessment

Not Applicable

Kitimat Age-Friendly Assessment Report and Action Plan

Not Applicable

Kitimat Cycle Network Plan

Not Applicable

Kitimat Poverty Reduction Strategy

Not Applicable

Leisure Services Master Plan

Not Applicable

Minette Bay West Concept Plan

Not Applicable

Official Community Plan (and Downtown Design Guidelines)

Not Applicable

Solid Waste Action Plan

Not Applicable

Water Conservation Plan

Not Applicable

BC Transit Future Services Plan

Not Applicable

"Alex Ramos-Espinoza"

Submitted by

Alex Ramos-Espinoza, P.Eng
Director of Engineering Services

"Warren Waycheshen"

Approved for Submission

Warren Waycheshen, CAO

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