

STAFF REPORT

DEPARTMENT

Report of the Acting Director of Public Works

DESCRIPTION

Re: Hillside Drive North Capital Roads Budget

RECOMMENDATION

THAT the report from the Acting Director of Public Works be received;

AND THAT staff be directed to delay issuing tender documents for the Hillside Drive North capital project until the fall of 2023;

AND THAT staff return to the committee with alternative approaches that seek to address the repair of municipal infrastructure in fiscally sustainable way

BACKGROUND

On September 27, 2021, Council directed staff to proceed with the Hillside Drive North Capital Roads Project. Since that time, preparation and design work has been ongoing. Through the summer of 2022, Tulloch Engineering conducted soils testing and camera work on the sewer and water pipes located on Hillside Dr. N from Hwy 108 through to Hutchison Ave.

On July 25th, 2022 Council resolved that staff be directed to prepare a cost analysis report with recommendation of doing the Hillside Dr. N project in-house versus contracting the work out and to bring the report to Council.

ANALYSIS

Engineering reporting from the summer 2022 data collection for the project continues to become available for this project. In December of 2022 Tulloch Engineering met with City staff to discuss preliminary findings of their investigations.

During this discussion, it became evident that much if not all of the storm sewer infrastructure beneath this section of road requires immediate replacement. Water main and sanitary sewer infrastructure are in varying condition along the route, and in some areas are located adjacent to the road itself. In addition, some pipes that feed the sanitary sewer from adjacent streets require attention.

In general, the infrastructure beneath the road from Beech Rd. through to Hutchison Ave. is in good repair and does not require immediate replacement. As such, staff recommended to Tulloch Engineering that this portion of the project be removed from consideration for the time being in order to lessen expense. This decreased the project size from approximately 1.2km of retrofit to 900m.

Comprehensive discussion of the various issues that needed to be addressed in the section of road from Highway 108 through the Beech Rd. revealed that there was not any other effective way to divide the project up into phases, meaning that it would most practical to conduct repairs on this section of road as a single project.

Staff instructed Tulloch Engineering to prepare both detailed specifications for the project in anticipation of releasing a tender document to the market, as well as budget pricing for the somewhat smaller project.

A copy of Tulloch Engineering correspondence subsequent to that December 2022 meeting is attached to this report for the Committee's review.

FINANCIAL IMPACT

Tulloch Engineering has recommended a budget price of approximately \$8 million to complete a retrofit of the roadway and the underlying and associated infrastructure as described above.

This report is not intended to be a detailed report on the state of City reserves. A report such as that is much better provided by the treasury department after the reconciliation of the 2022 year-end, or during the budget process. However, Staff believes that it is appropriate to give the Public Services Standing Committee some context regarding the state of City reserve funds so that it can provide staff with appropriate direction as it relates to this project.

The treasury department has advised that there is approximately \$10 million currently in reserve available to draw upon that could be allocated to this project. This figure represents money residing in several separate reserve funds.

In general terms, that same \$10 million represents funds available to make repairs to the linear and road infrastructure in the whole of the City, as well as the transit infrastructure (ie excluding fleet) and the remainder of water and wastewater infrastructure other than pipes (ie the water treatment plant and wastewater treatment plant etc).

A portion of these funds are also required for matching contributions for existing and future grant programs. Existing approvals are also dependant upon this money, including road construction for the pending Spine Rd development and repair of the water supply pipe that extends to the North Industrial Area.

These reserve funds collectively replenish annually at a combined rate of approximately \$3.3M from various sources including the Federal and Provincial Governments as well as the City according to its reserve policies.

It is safe to say that the rate at which these reserve funds grow is substantially less than the rate at which we can expect to spend money on retrofit projects such as this in the near-to-mid term. The Hillside North project represents approximately 900m of required repair, which is a small fraction of the total infrastructure originally put in place during the initial construction of the City. All of that infrastructure has aged at more or less the same rate, and much of it will require similar refurbishment in the near-to-mid term.

Should Council have the desire to put this project out to tender immediately, there is a strong possibility that there would be a limited number of received bids, and that the bids that would be received would be at above market pricing. In general, given the scale and a limited number of vendors able to provide these services, it is best to put projects such as this one out to tender in the early fall. That being said, It is difficult to say how much of a factor this would be in procurement overall without approaching the market for pricing.

Given the above situation, staff recommends that the Public Services Standing Committee direct staff to prepare a report that details alternative strategies to address repairing City infrastructure that recognizes the need for an ongoing process rather than a project by project approach.

Staff's initial thought is that it may be appropriate to do water main, sanitary sewer and storm sewer, as well as subsurface granular fill replacement in house with an expanded City workforce in order to lessen the ongoing project costs. Determining the human resources impact of this approach as well as the increased capital expense for required equipment will take a considerable amount of analysis to determine if it is viable.

This is subtly different to Council's prior direction to investigate doing the single Hillside Drive N Project in-house. Analysis has not been thoroughly conducted on the viability of the single project being done by City workforces, but Staff's initial thoughts are that existing capacity in terms of personnel and equipment will not be sufficient to do the project. Investigating the viability of investing in staff and equipment to do the most appropriate portions of infrastructure repair on an ongoing basis is what Staff is recommending in this report.

Staff also recommends that the City delay going to tender with the project until the late summer/fall of 2023.

LINKS TO STRATEGIC PLAN

This project directly relates to the following key section of the strategic plan:

- Continued investment into infrastructure
- Strong financial foundation for the municipality

SUMMARY

Staff recommends that although the Hillside Drive N. Capital Roads Project is a priority for the City, the Public Services Standing Committee direct staff to delay issuing tender documents for the project, and that staff return to the committee with alternative approaches that seek to address the repair of City infrastructure in fiscally sustainable way.