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**MEETING TYPE:** Regular Council Meeting  
**MEETING DATE:** January 3, 2023  
**AUTHOR:** Trevor James, CFO, Director of Finance & Administration  
**DEPARTMENT:** Finance & Administration  
**ITEM TITLE:** 2023 Early Approval of Capital Requests  
**DESCRIPTION:** Capital requests for Council's early consideration

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### **QUESTION**

The District is requesting that Council provide approval to expend funds for specific capital projects prior to the adoption of the 2023-2027 Financial Plan. Does advancing projects prior to the adoption of the plan provide benefit to the organization and the community?

### **OPTIONS**

- A. THAT the following Capital Projects be given early approval to allow expenditure prior to adoption of the 2023-2027 Financial Plan:
- a. Robinson Road Construction
  - b. Woodsdale Corridor Construction
  - c. 6<sup>th</sup> Street East Road and Drainage Renewal
  - d. Woodsdale Indigenous Cultural Centre & Nature Park Construction
  - e. Fire Apparatus iPads
  - f. Infrared Sauna
  - g. LockBox Upgrade
  - h. Personal Protective Equipment
  - i. Safe Work Procedures
  - j. Irvine Booster Station
  - k. Okanagan Centre Watermain Replacement
  - l. Okanagan Lake Pump House Motor Repair
  - m. Robinson Road Corridor Water Upgrades
  - n. City of Kelowna Effluent Connection
- B. THAT an amended list of capital projects be given early approval to allow expenditure prior to adoption of the 2023-2027 Financial Plan.
- C. THAT no expenditures for Capital Projects be approved prior to adoption of the 2023-2027 Financial Plan.

### **EXECUTIVE SUMMARY**

There are financial, operational and community benefits to starting certain projects prior to the anticipated March 2023 adoption of the 2023-2027 Financial Plan.

### **KEY INFORMATION**

Some projects require early approval to achieve competitive pricing, meet operational needs or align with other projects.

All items with reasoning as to why early approval is requested is contained in Schedule A. All Capital Request Forms are attached as appendices for additional details.

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**DESIRED BENEFIT**

To maintain and improve operational efficiency and ensure the best value for taxpayer money is achieved.

**STRATEGIC RELEVANCE AND COMMUNITY SUSTAINABILITY**

The community can achieve better value for money if some items are purchased or tendered earlier in the fiscal year.

**REQUISITES**

All items will be included in the financial plan to receive first reading in January 2023, second & third reading in February 2023 and adoption in March 2023.

**UNINTENDED OUTCOMES**

No unintended outcomes.

**BACKGROUND/HISTORY**

Each year as the list of capital projects is considered, the timing of those projects is also considered. Some projects require early tendering to maximize the number of potential submissions and most competitive bids. Some purchases require extensive lead time to receive the items such as fire equipment and apparatus. These lead times have significantly grown in recent years due to growing supply chain issues.

**DISCUSSION/ANALYSIS**

In any given year the District delivers anywhere from \$10m - \$30m in capital projects with a relatively small team. The March adoption of the financial plan each year is not conducive to effectively delivering a year's worth of projects in an 8-month time frame. Early approval of certain projects helps disperse the workload over the course of the year. Given that all other BC municipalities have similar timelines and we are typically drawing from similar pools of contractors, suppliers, builders etc. if we tender our projects later in the year we run into scenarios where certain contractors, suppliers, builders etc. are already committed for the year to other municipalities or companies and are not able to bid on our projects which limits the competitiveness and likelihood of good value for money for our tenders.

**APPLICABLE LEGISLATION AND POLICIES**

Under section 173 of the *Community Charter*, a municipality can only make expenditures that are included in its financial plan. Annually, requests are made to Council to ask to expend certain capital items prior to the adoption of the financial plan. Existing operations may continue without approval as those expenditures were approved with the prior 5-year financial plan in 2022.

**IMPACT ON INFRASTRUCTURE OR MUNICIPAL SERVICES**

Early approval of some capital allows for opportunities for better pricing or timing to align with other projects.

**IMPACT ON STAFF CAPACITY AND FINANCIAL RESOURCES**

All projects have an impact on staff capacity and by approving some projects early, the workload can be better spread over the year.

All projects being requested for early approval are funded from existing District reserves, developer contributions, grant funds or development cost charges being held for the purposes of funding future capital. District reserve funds are funds that have been set aside for specific purposes. As all funds are existing in reserves or from other sources outside the District, there is no impact on the 2023 taxation requirements that will be considered at budget deliberations later in January.

**COMMENTS FROM EXTERNAL AGENCIES, COMMITTEES AND STAKEHOLDERS**

N/A

**CONSULTATION AND COMMUNICATION**

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N/A

**ANALYSIS OF OPTIONS FOR CONSIDERATION**

Option A allows the District to start the procurement process on a number of projects and increases the likelihood of getting more bidders thus increasing the chance of a more successful project and more competitive pricing. It also allows District staff to start certain projects earlier rather than deliver the entire capital budget in the 8 month window between financial plan adoption and the end of the fiscal year. Considering the long lead times due to supply chain issues it also gets a number of orders in the queue earlier than leaving approvals until full financial plan adoption in March 2023.

Option B, depending on the amendments, offers similar benefits to option A.

Option C means that all capital projects will need to be delayed until March 2023 at the earliest and could hinder the number and competitiveness of the bids we receive.

Respectfully Submitted,  
Trevor James, CFO, Director of Finance & Administration

## Schedule A – Capital Projects for Early Approval

PROJECT	DEPARTMENT	CATEGORY	FUNDING	2023 Requested Amount	REASON
Robinson Road Construction	Transportation	Engineering Structures	Developer Contributions Roads DCC Capital Works Reserve Road Reserve	\$1,415,000 \$518,344 \$226,105 <u>\$369,551</u> \$2,529,000	Tendering early allows for more competitive costing and helps with timing of the project.
Woodsdale Corridor Construction	Transportation	Engineering Structures	Roads DCC Community Works Gas Tax Reserve Capital Works Reserve	\$1,326,105 \$1,250,000 <u>\$273,895</u> \$2,850,000	Tendering early allows for more competitive costing and helps with timing of the project.
6 <sup>th</sup> Street East Road and Drainage Renewal	Transportation	Engineering Structures	Drainage DCC Community Works Gas Tax Reserve	\$85,000 <u>\$90,000</u> \$175,000	Tendering early allows for more competitive costing and helps with timing of the project.
Woodsdale Indigenous Cultural Centre & Nature Park Construction	Parks, Recreation & Culture	Building	Grant Funded Capital Works Reserve Parks Dev DCC	\$1,866,520 \$776,120 <u>\$184,000</u> \$2,826,640	Grant funding is contingent on District budget approval also would like to continue momentum from design phase into construction phase
Fire Apparatus iPads	Fire	Equipment	Fire Facilities and Equipment Reserve	\$10,000	Global supply chain delays for consumer electronics, looking to equip vehicles quickly
Infrared Sauna	Fire	Building	Fire Facilities and Equipment Reserve	\$5,000	In addition to current delays in supply chain, looking to realize safety and wellness benefits as soon as possible.
LockBox Upgrade	Fire	Equipment	Fire Facilities and Equipment Reserve	\$40,000	In addition to current delays in supply chain, looking to realize risk mitigation as soon as possible
Personal Protective Equipment	Fire	Equipment	Fire Facilities and Equipment Reserve	\$150,000	In addition to current delays in supply chain, looking to realize safety

					benefits as soon as possible.
Safe Work Procedures	Fire	Operations	Financial Stabilization Reserve	\$17,500	Project is expected to take 6 months, looking to realize safety benefits as soon as possible.
Irvine Booster Station	Water Infrastructure	Water System	Water Capital Reserve	\$400,000	Project is adding to 2022 amount being carried forward, would like to tender early 2023 to allow for more competitive costing.
Okanagan Centre Watermain Replacement	Water Infrastructure	Water System	Water Capital Reserve	\$1,500,000	Tendering early allows for more competitive costing and more control of the timing of the project. Also the earlier this project is completed the earlier modern fire protection standards will be realized.
Okanagan Lake Pump House Motor Repair	Water Infrastructure	Water System	Water Capital Reserve	\$50,000	Pump #2 is in need of servicing, would like to refurbish quickly to ensure continued smooth operation of pumphouse.
Robinson Road Corridor Water Upgrades (Artela Drive to 11474 Petrie Road)	Water Infrastructure	Water System	Developer Contributions	\$130,000	Tendering early allows for more competitive costing and helps with timing of the project.
City of Kelowna Effluent Connection	Wastewater Infrastructure	Wastewater System	Climate Action Reserve  Community Works Gas Tax Reserve	\$250,000  <u>\$250,000</u> \$500,000	Looking to begin project in Spring 2023 in order to be completed by Summer 2023. As this project mitigates risk when it comes to the environment and public health looking to complete as soon as possible.

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**Report Approval Details**

Document Title:	RFCD Early Approvals 2023.docx
Attachments:	- Early Approval Capital Request Forms.pdf
Final Approval Date:	Dec 20, 2022

This report and all of its attachments were approved and signed as outlined below:

**Tanya Garost, Chief Administrative Officer - Dec 20, 2022 - 8:36 PM**