

2020 Capital Construction Program Strategy

ISSUE

This report provides details regarding the 2020 Capital Construction Program, which includes schedule modifications due to the ongoing COVID-19 pandemic.

BACKGROUND

In November of 2019, City Council considered and approved the City's 2020 capital program, which totalled approximately \$390 million. The impacts of the pandemic affect virtually every aspect of civic operations and as such, the Administration conducted a comprehensive review of the 2020 capital program. Capital projects are funded from a variety of sources depending on the nature of the project. Examples of funding sources include reserve contributions from general revenue, developer-funded levies, and utility revenues.

CURRENT STATUS

The Transportation & Construction Department has oversight of over 60 construction contracts which are either in progress or have been planned for construction in 2020. These projects include such areas as road and sidewalk construction and rehabilitation, land development construction, and water and sewer lineal systems renewal.

The Community Services Department has a total of 20 Capital projects identified for 2020, either in progress or in the planning stages. There are also five new park construction projects in new neighbourhoods planned for 2020 and in discussions with Developers, four are still planning to proceed. One project is a core neighbourhood park requiring public engagement with the community on the design, which has yet to take place, so the construction portion of the project may need to be delayed to 2021.

The capital program in the Utilities & Environment Department includes several projects related to upgrades and rehabilitation work at the Water and Wastewater Treatment Plants, and repairs and upgrades to civic buildings. Capital projects under the responsibility of the City's controlled corporations or commissions are not considered in this report.

DISCUSSION/ANALYSIS

The Administration established a team of key internal stakeholders to review the slate of capital projects planned for 2020, to review all projects and develop a go-forward strategy. The overarching assumption was that the 2020 capital program was still intended to be delivered.

The team considered each project from a number of perspectives as follows:

1. What is the minimum anticipated schedule required? (e.g. is it a smaller job that could be done in two months if the City procured the construction contractor later in the season)?

2. Will the project impact/interrupt normal water service? If so, are there risk mitigation measures that could be undertaken to provide workers and the public with appropriate social distancing and safe access to potable water?
3. Will the project impact/interrupt normal business activity in adjacent areas when restrictions are lifted from the pandemic?
4. Will the project impact/interrupt access to essential businesses/services during the pandemic (e.g. grocery stores, pharmacies, medical facilities)?
5. What is the expected extent of support required by operational divisions within the City to support any aspect of the work?
6. Are there significant risks if the project were deferred to 2021?
7. Are the materials/equipment required for the project locally/regionally available, or is a cross-border supply chain needed to provide the equipment/materials for the project?

In addition to the above considerations, the Administration considered the potential to execute projects that would typically cause appreciable impact to business activity and quality of life, but would have minimal impact during ongoing pandemic restrictions. These projects were considered for timeline acceleration.

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As a result of the analysis, Administration determined that the majority of construction projects can proceed as planned, with the exception of water rehabilitation projects that have a significant direct impact on residents. In most cases, these projects involve lead water service connection replacements. Water main replacements in Caswell Hill and phase two of Riversdale water main replacements are planned for deferral to later in 2020 or into the 2021 construction season.

The water rehabilitation locations planned to continue to proceed in 2020 include locations where the water main is in critical condition and likely to cause operational issues, locations critical to future project planning, and those where the locations have no lead connections. The City has a backlog of locations to repair, and as such in 2020 the City can focus on water and sewer rehabilitation at locations where impacts to residents is minimized.

While the number of lead connection replacements will be much lower in 2020, there will still be several dozen to be completed in conjunction with priority water main rehabilitation work in 2020. To defray the immediate financial burden of their portions of the costs of these lead service replacements, affected residents will be able to access the payment deferral program through Corporate Revenue that was approved by City Council in early 2020.

The approach outlined in this report is subject to change if provincial and/or federal orders or restrictions change.

The closure of some civic facilities has enabled capital work to continue with limited impact to normal operations and consideration is being made to advance projects

originally scheduled for later in the year to take advantage of the closures. Preventative maintenance and capital upgrades will also continue as planned on the electrical infrastructure as per Saskatoon Light & Power's capital program.

Other Options

The overall approach outlined in this report assumes that City Council intends to continue with the capital program approach outlined in the 2020 budget. The Administration is not recommending deviation at this time because our review has demonstrated that the majority of projects can continue as planned, with the exception of a change in the locations selected for water main renewal.

Significant reductions in capital investment for asset management is not recommended. Investments in renewal of civic assets is essential to sustainment of these assets, and deferring projects would only defer the financial liability to future years, and in some cases could increase that liability.

Communications

Prior to the COVID-19 pandemic, the Administration communicated the original construction projects to residents and businesses, including several information sessions for large-scale projects and construction notices to those affected.

With the changes to the 2020 construction program as outlined in the report, the Administration will undertake the following three-pronged approach to communicate the changes to all relevant stakeholders:

1. Resident and General Public:
 - Website and social media updates; and
 - Inclusion in the daily Public Service Announcement and a News Release announcing 2020 construction project status.
2. Directly Impacted Residents and Businesses:
 - Direct communication including bi-weekly project update emails, construction notices, and website updates.
3. Construction Industry:
 - Direct communication to the construction industry, including letters, emails, and conversations with stakeholder groups intended to re-iterate the City's intention to proceed with a similarly sized construction program.

Communications will provide general awareness on the status of construction projects, discuss the rationale on proceeding or deferring the projects, and identify precautions being taken to limit the spread of coronavirus. For those impacted, the City will ensure residents and businesses understand timelines and project impacts.

FINANCIAL IMPLICATIONS

All planned capital construction projects contemplated within the strategy outlined in the preceding are funded within existing approved budgets.

OTHER IMPLICATIONS

There are no privacy, legal, social, or environmental implications identified. These will be considered as required for each individual capital project.

NEXT STEPS

Should any issues arise that require input or approval from Committee and City Council, the Administration will bring forward a report as required.

Report Approval

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