

# Staff Report



Financial Services Department

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**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** December 12, 2022

**SUBMITTED BY:** Ryan Scott, Chief Procurement Officer, 519-741-2200 ext. 7214

**PREPARED BY:** Ryan Scott, Chief Procurement Officer, 519-741-2200 ext. 7214  
Ryan Hagey, Director of Financial Planning & Reporting, 519-741-2200 ext. 7353

**WARD(S) INVOLVED:** All Wards

**DATE OF REPORT:** November 24, 2022

**REPORT NO.:** FIN-2022-496

**SUBJECT:** Preapproval of 2023 Capital Projects

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## RECOMMENDATION:

**That Council pre-approve the capital projects listed in Appendix A to report FIN-2022-496 for procurement prior to passing the 2023 budget.**

## REPORT HIGHLIGHTS:

- The purpose of this report is to obtain pre-approval from Council to procure a small number of capital projects prior to the 2023 budget being approved.
- The projects proposed for pre-approval are standard budget items.
- Preapproval is being sought to secure more favourable pricing than waiting until early spring when Kitchener will have to compete with other local municipalities for bids.
- This report supports the delivery of core services.

## BACKGROUND:

Kitchener's 2022 budget process concluded in December of 2021, meaning the City had an approved budget before the end of the year. This allowed the City to procure many of its capital projects in December/January and receive multiple bids from interested contractors. Due to 2022 being an election year, the final approval of the 2023 budget cannot take place until the new year (Final Budget Day is scheduled for February 2<sup>nd</sup>). If the City of Kitchener waits until February to start procurement, it will face increased competition from other local municipalities which will likely mean fewer bids and higher prices.

## REPORT:

Given the delayed passing of the 2023 budget, staff are recommending Council pre-approve a small number of high-priority capital projects. This will allow the City of Kitchener to go to market early, which will create the conditions to encourage more bids, better pricing, and aligns with trends from the past. The City's experience has been to see the greatest number of bids early in the year when contractors are planning their work compared to far fewer bids (and higher prices) received for procurements later in the year.

\*\*\* This information is available in accessible formats upon request. \*\*\*  
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

With the pre-approval of the projects listed in Appendix A of this report, procurement staff will have the ability to award the projects in accordance with the procurement by-law. In addition to getting more favourable pricing, this should ensure work on these projects proceeds early in 2023 instead of taking place later in the year. This is an important factor as work on some of the projects is extremely time sensitive.

**STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

**FINANCIAL IMPLICATIONS:**

The budgets for each of the projects shown in Appendix A are from the 2023 budget and are included in the proposed rate increases Council will consider as part of the budget process. There have been relatively few capital budget reductions made by Council during the last several budget processes, so the risk of impacting the 2023 budget discussions is extremely low.

**COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

**PREVIOUS REPORTS/AUTHORITIES:**

There are no previous reports/authorities related to this matter.

**APPROVED BY:** Jonathan Lautenbach, Chief Financial Officer, Financial Services.

**ATTACHMENTS:**

Appendix A – List of Projects for Pre-Approval

## Appendix A – List of Projects for Pre-Approval

Division	Project Name	Project Number	2023 Budget
<b>Engineering</b>	Delaware Avenue/Highland Road Reconstruction	901003036	\$5,493,000
<b>Engineering</b>	Bruce Street – Fife to Heather Reconstruction	901004029	\$2,764,000
<b>Engineering</b>	Westwood Crescent Reconstruction	901004021	\$2,405,000
<b>Engineering</b>	McKenzie Avenue – Ottawa to Sheldon Reconstruction	901004020	\$2,390,000
<b>Engineering</b>	Second Avenue – Kingsway to Connaught Reconstruction	901003028	\$1,568,000
<b>Engineering</b>	Patricia Avenue – Queen to Highland Reconstruction	701205078	\$872,000
<b>Engineering</b>	Resurfacing City Streets	800405000	\$2,765,000
<b>Engineering</b>	Downtown Cycling Infrastructure	801101001	\$1,978,000
<b>Engineering</b>	Strasburg Road South & Watermain Detailed Design	901007008	\$849,000
<b>Facilities Management</b>	Salt Dome Replacement	900401052	\$1,859,000
<b>Fleet</b>	One (1) Plow Truck	300801001	\$375,000