

## **Big G in Conversation Capital investments: August 10, 2021**

Wendy King

Welcome to Big G in conversation, the podcast from inside Guelph City Hall. Hi I'm Wendy King. And on today's show we're talking with the staff from engineering and transportation services, facilities and energy management and finance about how we plan and pay for capital infrastructure projects. Let's get started.

Wendy King

Welcome to my guest today. Greg Clark, the manager of financial strategy and long-term planning. Ken Vanderwal, manager of technical services with engineering and transportation services and Antti Vilkkko, general manager, facilities and energy management. Hi there,

Greg Clark

Good afternoon, Wendy.

Antti Vilkkp

Hi Wendy.

Wendy King

Hi. So Greg let me just start with you when I hear capital infrastructure which is our topic today, I kind of j,ust think big money jobs is that basically it.

Greg Clark

Uhm, no. I mean when we talk infrastructure at the city overtime both capital projects were talking everything that is basically a fixed asset or a physical item that we manage and replace. So everything from park benches to the wastewater treatment plant and everything in between is covered within our capital budget and our infrastructure planning.

Wendy King

And so how do you go about funding all of that?

Greg Clark

So we have a number of sources at the city that we used to fund our capital program, taxes and rates are one of the main ones, as well as grants, development charges for growth related items as well as partners that may contribute to or partner with project on it. For us, each project is reviewed to determine the best source of funding, who had benefits the most, who should be paying for it, what type of project it is so that we can align those funding and and each project is unique in a lot of ways in terms of who it benefits and who should be paying for it. So there's a bit of work that goes into it to balancing it all, but like I said, we have a number of different sources and we look for those primary drivers and help us make that decision about where, who should ultimately bear the cost of those assets.

Wendy King

So I know we've talked about it before, but the city has a new four-year budget process, right? So how do you? How does that all work? How do you plan or do you plan differently?

Greg Clark

So we've been doing 10-year capital plans at the city for at least 10 years now. What's changed with our new four-year multi-year budget cycle. Is that the operating budget is also moving to a multi-year, so that's where the four years comes in and the way that we've worked to connect the capital is trying to do better alignment of timing and planning of the short-term aspect of our 10 year plan, so making sure that those next four years align with the operating plans that departments are considering both operational needs as well as long term capital and we're getting those better in sync so that the interdependencies and the and the operational impacts of completing a capital project. Are reflected in the plans that are being put forward on the operating budget and we have a better four-year forecast for a business plan that's able to be put in front of Council.

Wendy King

So does the the new like long term financial framework help with all of that planning?

Greg Clark

For sure. So developing that framework has made my job a fair bit easier and a lot of our jobs easier and that we're able to look out for long term horizons. And so we're looking at what kind of asset replacement we had planned for the next 25 years. What level of funding is that going to require? Where might we get funding from? And if we have gaps, how can we close those gaps and it gives us more time to react and respond to develop plans, uh, it also helps change the mentality and process behind the scenes in terms of budget planning because now everybody in the city is getting into that longer-term vision and doing those further out planning exercises which makes it much easier to align across departments, across divisions and get a united corporate culture that looks at a much more robust method of financial management. It is going to take time to see the completed full benefits of all of this but it's a great path that we've started down and we're really excited about it.

Wendy King

Very cohesive, it sounds cohesive, you know.

Greg Clark

Ya, for sure

Wendy King

So Ken, Ken, just to bring you into it why would you say capital infrastructure is so important and how does it really impact that average Guelph resident?

Ken Vanderwal

So, the capital infrastructure for the City of Guelph is extremely impactful for all the Guelph residents. Whether we talk about the investments in our facilities which is Antti's group of facilities, design and construction or the engineering and transportation services portfolio. Ah, in the engineering and transportation area we focus on aspects such as road, sanitary sewers, utility coordination and how these tie into the environment around us. So, for example, we've recent success with rebuilding some of our linear infrastructure, our roads while improving the interaction with these roads with existing wetlands and natural areas. Ah, these would be roads like Eastview road where we were able to rebuild the road while adding wildlife crossings and wildlife funnel fencing to reduce wildlife mortality on that stretch of road. We were also able to provide stormwater quality control devices prior to the discharge to Hadati Creek.

Another example of this approach was to Niska road where we built on what we did on Eastview Road and again added wildlife crossings and funnel fencing all while recreating the critical infrastructure for transportation conveyance, sewage, stormwater and coordination with our third-party utilities like Bell, Rogers and Enbridge and Alectra. This, we feel, is in keeping with our Strategic Plan pillar of protecting the green infrastructure provided by woodlands, wetlands and water corridors and other elements of Guelph natural heritage system while also improving and replacing our critical infrastructure throughout the city.

Wendy King

Rights, so you know, everybody in every city is thinking about aging roads, sidewalks, bridges, sewers, um, all the fun stuff, um, how, how do you, what is the city's plan for all of that?

Ken Vanderwal

So, the city uses our asset management process combined with constant communication with our water, wastewater and public works departments to identify our infrastructure in need of repair and replacement. Presently we have a five-year capital program established and while this gets tweaked based on new information, it is an accurate representation of the work program for the next number of years. We're also working on our 25-year capital program which admittedly is more uncertain as we anticipate there will be many changes in the next 25 years, either with legislation that we need to follow, technology and techniques, or the information that we continue to gather on our aging infrastructure may reprioritize some infrastructure over other areas.

Likewise with our roads we have condition assessments made for the roads that help us determine which roads are in the biggest need of resurfacing and we discuss with public works who maintain the roads to put together the list for upcoming years. Unfortunately, with many of these items our wants for repairs exceed our ability to address them but we are making progress in reducing our existing infrastructure deficit.

Wendy King

And then what happens Ken when you're determining what to do with your downtown infrastructure renewal work. Why would that be considered so essential?

Ken Vanderwal

So, the city are working through our master plans to help identify the requirements for the downtown areas including evaluating based on condition and growth. So, this is of greater impact for the City in both terms of economic as well as the life of the city, so we are working diligently to ensure that we are providing enough capacity and enough evaluation before we start the works downtown.

Wendy King

so, Antti, just to bring you into the conversation, I've always been intrigued by what you all call the central operations campus. Why is the city investing in that and how does that benefit Guelph?

Antti Vilkkko

Yeah, no great question Wendy. The Central Operations campus will be a singular or centralized location that will include the city's operational and maintenance departments, including transit, fleet maintenance, solid waste operations, and public works. And so the existing facilities were. These departments are currently or currently operating out of our aging and beyond capacity, so the sites no longer meet the needs of the city and really being able to provide these services to the city. So investing in this new campus concept will allow us to continue to provide services to the Community and also recognize some efficiencies from having all these departments that are very much related in one location and so gaining that operational efficiency, and also allowing it to be built for future growth of the community. So as you know, the city is going to be growing to 170,000 over the next 10 years I believe is the forecast, so just having those operational facilities that can meet the demands of a growing city?

Wendy King

Yeah, that's crazy. I imagine you kind of feel you're always doing catch up because the city is just exploding. It's I mean, it's great, but it's it takes a lot of planning. I assume

Antti Vilkkko

For sure.

Wendy King

And I understand that Antti there are plans for a South end Community Center and then a new main branch library downtown, so, could you give us a bit of a vision into what's included in those?

Antti Vilkkko

Yeah for sure. So the um the new library and the south end community centre are two major projects for the city and really, they're they're based on needs. So the city conducts needs assessments and also conducts master plans. So for the South

End Community Center there is a recreation master plan that really identified what are the needs for the the South end of the city where, uh, which is a significant area of growth and it identifies what what, what is the makeup of that facility really look like for the library as well. The the needs of a future library are are established with needs assessments as well as inputs from the individual departments and service areas, as well as through public engagement and community input. As far as what's included at that so thank committee center, there will be a twin basketball courts, twin ice pads, a swimming pool, a modern facility that I think the the residents of Guelph will really enjoy for years to come.

Wendy King

Sounds good and the library similar kind of thing.

Antti Vilkkko

Yeah, so the library is so. Expect to be 3. Three stories are located at the South end of the Baker District property, which is currently a surface parking lot and it's estimated to be about 88,000 square feet. It will have all modern amenities. All the library program needs will be met in. It'll there also be a parking underneath the library that will be used for public use for both library patrons as well as visitors to the downtown.

Wendy King

Right, so when you set goals like carbon neutral by 2050 and 100% renewable energy, how does that impact capital investments in these projects going forward?

Antti Vilkkko

Well, certainly there's a there is a capital impact to investing in renewable energy infrastructure. The regardless of the financial impact, it's aligned with our strategic plan and it's the right thing to do for our community and for for the planet. So we're looking to maximize our investment in sustainable and energy efficiency and energy conservation measures and really looking to leverage new and emerging technologies to really capitalize on the on the investments that we we want to make in that area.

Wendy King

I'm I'm not sure who this is for but it just came to my mind that in the past we've discussed how COVID has just, you know, basically thrown a monkey wrench into a lot of things, so I'm sure that that is also the case with planning. So in other words, you found out that probably more people are going to take public transit in the future. You know, things don't go quite back to old normal. You know your people are using your trails more often. That kind of thing, so I know you can't know for sure how everything is going to change but how do you implement? I guess you know things you can't do. Who knew we were gonna be 2 years into this, right? So I'm just curious how that works with planning for all of this.

Antti Vilkkko

Well, I think one of the first things that we we jumped on fairly early on in in with

Covid was making changes in in the design documents to really facilitate some of the lessons learned through the process of opening up sort of following that first wave and and really making it as compatible with the information that we know now. So things like all the service desks have have screens already built in and so our existing facilities. For example, we have to do some renovations to make them safe for for being open to the public. Here we've incorporated those design features right into the into the original design, so that's that's how we want to move forward and and really keep up to date with the public health guidelines.

Wendy King

Yeah, great. Greg, did you have anything to add to that?

Greg Clark

Yeah, definitely. From a you know, a budgeting perspective that has been a challenge in terms of you know what are the cost drivers behind these things. And and like Antti said, we've, we've spent some time putting our mind to you, know which services are going to be impacted, which services are going to have capital investment or operating investment and and trying to you know, highlight it's not worse case scenario, but most likely scenarios that we might have to implement in terms of, uh, go forward because we know some things are going to get better and and we're not gonna have to carry out those measures, but what things become the new normal? I think is the big thing that that we've had to do. And you know, we're looking for opportunities to incorporate those into the budget as we're going through the planning so it has put a little bit of a wrinkle into our 10 year planning this year for sure.

Wendy King

And I guess, 'cause we're we're obviously we're doing this all remotely, so nobody is really back at City Hall. I mean, not of certain departments, I guess you're still working from home.

Greg Clark

Yeah, most of us at City Hall, I know in the finance department were still a lot of us are working remotely and a lot of other areas as well.

Antti Vilkkko

And certainly at, I think.

Wendy King

Sorry

Antti Vilkkko

Just do that, Wendy, yeah, there's several departments in the city that practically operational areas have been working through COVID coming to work all day every day to do there to do their job, and and provide that service to the community. So there is a some certain areas and departments that um are, have that innate flexibility to work remotely and and others just don't because the the nature of the work and the nature of the service they provide.

Wendy King

Right understandable. Yeah and yeah, I know you have, you know your plans and your surveys that in in in, in the way the gauge conditions of facilities etc. But I'm also thinking you probably listen to residents' opinions and do town halls and that kind of thing. Would I be accurate there?

Greg Clark

Yeah, definitely further budget this year we've got a couple of opportunities for people to get involved and and I direct anybody is interested to go to the [guelph.ca](http://guelph.ca) website and dates for the budget uhm, information engagement opportunities to be up there, but we're looking at a couple of opportunities to have some staff and citizen engagement around different subjects in September as well as town hall opportunity where the executive team and and some senior finance people will be available as well as a Council session to do some some budget workshopping and discuss some of the bigger issues facing us in terms of long term budget planning so you know, looked like I say go to [guelph.ca](http://guelph.ca). Look for those dates will be posted shortly and then you can find out how to get engaged on the budget.

Wendy King

Perfect. So usually at the end, gentlemen, we do a little rapid fire. A couple questions at the end just briefly. So this might be for for Greg and Antti, but whoever wants to jump in.

What impact of all the things that we've discussed would impact on the city budget?

Greg Clark

So when we're talking about capital like I tried about earlier, we have numerous sources of funding we're looking out over a long term, so things like the operations campus or South End, Rec Center and library. Those are big budget items. However, we're looking at them holistically in our 10-year capital plans, though there's no new taxes being proposed, there's no spikes in taxes due to these projects. They are part of our long-term planning. There part of our infrastructure renewal in some cases, like the campus and the library or growth planning like the the South End Rec Center and and what we've done is worked with council to implement the infrastructure renewal strategy over the last five years, and that's allowed us to have funds to to begin to catch up on the infrastructure deficit that Ken mentioned, as well as working to ensure the development charges and those types of things are covering the cost of growth. So we're we're planning ahead, so these projects are well within our 10 year plan and and we've been, you know, planning for them for a number of years. So we're we're excited that they're starting to move forward and going to be implemented shortly.

Wendy King

And what impact do you think or not impact, but how do they benefit the average citizen?

Antti Vilkkko

Well, I think the the benefit, just it really facilitates the library and the South End Community Center, I think they'll really benefit from that experience.

Ah, of uh, utilizing those those new facilities and and the services within, I think for the operational campus, I think that will be maybe less obvious for the public in the sense that it allows our operational vehicles to be maintained efficiently and effectively and really provide those operational services that happened in behind the scenes that that I think the public sometimes doesn't always recognize all the things that do happen in in in the background to make the city function.

Wendy King

For sure and one word to describe why the city wants to move ahead with these jobs.

Antti Vilkkko

Or maybe two words, future ready, I think is is the key just as part of our strategic plan and and being being ready for that growth and and the future of of our our great city.

Wendy King

And Ken?

Ken Vanderwal

The I guess from my perspective where it comes back to us looking at how we interact with our environment and how we can improve things going forward. So we try to make things safe. We realize some things that are at the end of their life and we want to make things better as we go along. So and engineering, that's pretty much what we tried to do.

Wendy King

Perfect and Greg?

Greg Clark

At the end of the day, we're trying to make it, you know, sustainable and affordable. And I think long term planning and this allowed us to to manage the cost of these projects and the planning of these projects at a at an affordable and appropriate tax levy point. And it's it's exciting to to get this renewal going.

Wendy King

Sounds good, exciting and busy time ahead for all of you. So bye thanks to our expert panel, Greg, Ken and Antti for filling us in on all of this.

I'm Wendy King with the City of Guelph, Big G in conversation podcasts. Thanks for joining me. If you have ideas for a show or comments you can email [biggpodcasts@blog.ca](mailto:biggpodcasts@blog.ca) until next time, take care and let's keep the conversation going.