



The Corporation of the Town of Tecumseh

Chief Administrative Officer

To: Mayor and Members of Council

From: Margaret Misek-Evans, Chief Administrative Officer

Date to Council: December 13, 2022

Report Number: CAO-2022-10

Subject: Exercise of Delegated Authority during the Lame Duck Period

Recommendations

It is recommended:

That Report CAO-2022-10, "Exercise of Delegated Authority during the Lame Duck Period" **be received;**

And that the authorization of additional capital funding in the amount of \$2.4M for watermain and sanitary sewer infrastructure within the Town of Tecumseh associated with the County of Essex road improvement project for County Road 42 and County Road 43, **be endorsed;**

And further that reserve allocations for the Town's total project commitment of \$6,476,000 **be endorsed**, as follows:

- Watermain Reserve Fund, \$3,359,000
- Wastewater Sewer Reserve Fund, \$3,117,000.

Background

Through Report [LCS-2022-09](#), Council delegated authority to the Chief Administrative Officer (CAO) with respect to actions set out in the Municipal Act, 2001, Section 275(3) during the period which Council may be restricted from certain acts, as prescribed by that section of the Act. Section 275 of the Act is commonly referred to as the Lame Duck provision. A Council is considered lame duck if the new Council will include less

than three quarters of the members of the outgoing Council. Tecumseh Council was in lame duck status as of nomination day (August 19, 2022). Should the CAO need to exercise the delegated authority during the lame duck period, a report informing Council is required shortly thereafter.

The restricted acts of Council under Section 275(3) include, among other matters, making an expenditure or incurring a liability which exceeds \$50,000 and was not already approved in the annual budget (S. 275(3)(d)). This is the authority the CAO exercised during the lame duck period and is the subject of this report.

Comments

As Council is aware the County of Essex is proceeding with improvements to County Road 42 (CR42) from the City of Windsor to County Road 19 (Manning Road/CR19) and County Road 43 (CR43) just south of CR42 extending north to CP Rail. Over the past few years, the County has undertaken the detailed design, acquired the required property and advanced utility relocations along CR42.

Based on these improvements, Tecumseh Administration identified required improvements to the Town's existing and planned municipal services (watermains and sanitary sewers) in the vicinity of the County's project. In 2018, Council approved recommendations in Report [PWES-2018-08](#) to prepare the detailed design for the Town's services as part of the County's project.

At the January 25, 2022, regular Council meeting through Report [PWES-2022-03](#), Council authorized Administration to proceed with identified 2022 capital works projects including the construction of watermains and sanitary sewers as part of the CR42 and CR43 County improvement project. The County's tender for Phase 1 construction was advertised in April/May 2022 and resulted in no bids, due to a hardship claim from one of the potential bidders. The County proceeded with a limited tender and found one contractor that would be able to undertake the works. The estimate from the potential contractor for Phase 1 was \$29M, which aligned with recently estimated construction values (\$25-30M) reflective of current market conditions, although far exceeded the original construction estimate of \$18.5M.

Based on this outcome, the County supported the decision to exercise the CAO's delegated authority under S. 275(3)(d) to proceed with the limited tender for Phase 1 of the CR42 and CR43 project. This decision had financial implications for the Town's portion of the project relating to watermain and sanitary sewers.

Consultations

Financial Services
Public Works & Engineering Services

Financial Implications

Based on the distribution of costs within the County’s limited tender result, the table below illustrates the impact to the Town’s portion of the project and the required adjustments to reserve funding:

Funding Source	Construction	Engineering	Contingency	Total	Current Allocation	Current Request
Watermain Reserve Fund	\$2,895,000	\$264,000	\$200,000	\$3,359,000	\$2,130,700	\$1,228,300
Wastewater Sewer Reserve Fund	\$2,671,000	\$246,000	\$200,000	\$3,117,000	\$1,936,600	\$1,180,400
Totals	\$5,566,000	\$510,000	\$400,000	\$6,476,000	\$4,067,300	\$2,408,700

As indicated above, the Town’s share of the project has increased from \$4.07M to \$6.48M. Additional funds are allocated from the Watermain Reserve Fund and the Wastewater Sewer Reserve Fund.

This increase in cost will not necessarily jeopardize other capital projects within the current Council-approved five-year capital plans but may reduce projected reserve fund balances with a corollary effect on future budgets and capital plans. Significant construction cost impacts are being experienced across all projects and this one is no exception. Administration will consider infrastructure construction cost impacts in conjunction with estimated funding needs of the Town’s Asset Management Plan going forward to advise Council on funding mechanisms. The Water/Wastewater Rate Study update is planned for completion in time for the 2023 budget process where user rate increases for the 2023-2025 timeframe will be proposed.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh’s current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh’s plans and priorities.
<input type="checkbox"/>	Steward the Town’s “continuous improvement” approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town’s leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable

Website

Social Media

News Release

Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Reviewed by:

Phil Bartnik, P.Eng.
Director Public Works & Engineering Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
None	None