Minute No. 561
Report of the Standing Policy Committee on Infrastructure Renewal and Public Works dated September 26, 2007

Item No. 2 **First Call on the 2008 Capital Budget – Redevelopment of the Cindy Klassen Recreation Complex and Relocation of the West End Library (Daniel McIntyre Ward)**
File PR-2(32)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructural Renewal and Public Works and submits the following to Council:

1. That an additional expenditure of $1,300,000.00 be approved prior to the adoption of the 2008 Capital Budget as a first call against the following capital accounts in order to allow the immediate award of the project contract for the redevelopment of the Cindy Klassen Recreation Complex and relocation of the West End Library:

   A. Indoor Aquatic Facilities - $1.1 million
   B. Renovate and Refurbish Various Library Branches - $.2 million.

2. That net sale proceeds from the disposition of the current site of the West End Library, with a 2003 assessed value of $295,000, be used to reimburse the first call against the Renovate and Refurbish Various Library Branches capital account. (This recommendation is in keeping with the "Reinvestment Strategy" contained in the Recreation, Leisure and Libraries Facilities Policy adopted by Council on May 18, 2005.)

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Clement,

That the recommendation of the Standing Policy Committee on Infrastructural Renewal and Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On September 26, 2007, the Standing Policy Committee on Infrastructural Renewal and Public Works be concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

RE: FIRST CALL ON THE 2008 ADOPTED CAPITAL BUDGET – FOR REDEVELOPMENT OF THE CINDY KLASSEN RECREATION CENTRE AND RELOCATION OF THE WEST END LIBRARY

FOR SUBMISSION TO: The Standing Policy Committee on Infrastructure Renewal and Public Works

ORIGINAL REPORT SIGNED BY: Director of Public Works
Director of Community Services Department

REPORT DATE: September 17, 2007

RECOMMENDATION:

1. That Council approve of an additional expenditure of $1,300,000 prior to the adoption of the 2008 Capital Budget as a first call against the following capital accounts in order to allow the immediate award of the project contract for the redevelopment of the Cindy Klassen Recreation Complex and relocation of the West End Library:
   Indoor Aquatic Facilities - $1.1 million
   Renovate and Refurbish Various Library Branches - $.2 million

2. That net sale proceeds from the disposition of the current site of the West End Library, with a 2003 assessed value of $295,000, be used to reimburse the first call against the Renovate and Refurbish Various Library Branches capital account. (This recommendation is in keeping with the "Reinvestment Strategy" contained in the Recreation, Leisure and Libraries Facilities Policy adopted by Council on May 18, 2005.)

Report Summary

Key Issues:

- Based on the recent tender closing for the redevelopment of the Cindy Klasen Recreation Complex and relocation of the West End Library, there is a forecast project budget shortfall of $1.3 million.
- Council has the authority to approve, as a first call, an additional expenditure of $1,300,000 for the redevelopment of the Cindy Klassen Recreation Complex and relocation of the West End Library before the 2008 Capital Budget is adopted.
- The amount of the award of the Contract for this project is within the delegated authority of the CAO. Although the lapse dates for the award of the Contract is December 5, 2007, a September award is required in order to ensure that construction commences in October.
- Realignment of $1,300,000 is required in order to remedy the funding shortfall. Funding of $1,100,000 is proposed to be reallocated from the 2008 Forecast Capital Budget of the Indoor Aquatic Facilities. This funding was intended to perform systems replacements in the Indoor Aquatic Facility portfolio. Measures will be

taken to extend the life of these systems for another year. Funding of $200,000 is proposed to be reallocated from the 2008 Forecast Capital Budget of the Renovate and Refurbish Various Library Branches capital account, which will leave $1,050,000 for the program in 2008. In order to accommodate this realignment of funds deferral of work in other branches that will not impact customer service will occur.

- Net sale proceeds from the disposition of the current site of the West End Library, with a 2003 assessed value of $295,000, will be used to reimburse the first call against the 2008 Library Services capital. This is in keeping with the "Reinvestment Strategy" contained in the Recreation, Leisure and Libraries Facilities Policy adopted by Council on May 18, 2005.) Normally proceeds from the disposition of properties would be directed to the Land Operating Reserve account in the Planning, Property and Development Department.
- Approval of the expenditure of funds from the 2008 Forecast Capital Budget, prior to adoption, is urgently needed so that the award of the Contract for this project can be made prior to the pool being closed to the public for 3 months to facilitate construction. The winter programming session for the Cindy Klassen recreation complex has been cancelled and all user groups are being offered alternative sites.
- The Canada Manitoba Infrastructure Program (CMIP) funding of $1,900,000 associated with the redevelopment of the Cindy Klassen Recreation Centre component of this project has a March 31, 2008 deadline by which time the City is to have expended and claimed for the CMIP funding.
- An alternative is to cancel the project as currently designed and reduce the project scope. This would require re-design and re-tendering with an anticipated spring 2008 construction date and:
    - Result in an estimated $0.7 million increase due to inflation.
    - Result in the loss of $1.266 million Federal and Provincial portions of CMIP funding for the project.
    - Require complex and confusing re-scheduling of Cindy Klassen winter programs that are being moved (for 3 months)to alternate sites beginning the end of September to coincide with current anticipated construction start.
    - Require new rounds of public consultation and associated negative public perception.

Implications of the Recommendation(s):

General Implications

(x) None

( ) For the organization overall and/or for other departments

( ) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):

Policy Implications

(x) No

( ) Yes

Comment(s): Historically proceeds from the disposition of properties are directed to the Land Operating Reserve account in the Planning, Property and Development Department.

Regulatory Implications

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(x) No

( ) Yes

Comment(s):

Human Resources Implications

(x) No

( ) Yes

Comment(s):

Financial Implications

( ) Within approved current and/or capital budget

(x) Current and/or capital budget adjustment required

Comment(s):
A first call of $1,300,000 against the 2008 Adopted Capital Budget is required in order to award the contract for the redevelopment of the Cindy Klassen Recreation Complex and relocation of the West End Library. Additionally in order to accommodate the funding issue a realignment of $1,300,000 is required from the 2008 Forecast Capital Budget – Indoor Aquatic Facilities and Library Redevelopment and Refurbishment capital programs.

Report

REASON FOR THE REPORT:

Council approval is required for the reallocation of capital funds and for expenditure of capital funds prior to the adoption of the 2008 Capital Budget.

HISTORY:

Funds in the total amount of $7.081 million for the Cindy Klassen Recreation Centre Enhancement Project are included in the 2004 to 2007 Adopted Capital Estimates of the Public Works and the Community Services Departments. The total funding for the project includes funds from the Canada Manitoba Infrastructure Program (CMIP) and the Recreation, Leisure and Library Facilities Program (RLALF).

The project for the construction of Cindy Klassen Recreation Centre facility enhancements was recently tendered**.** Based on the lowest bid submission, the total cost related to the above contract award, including contract works, consulting, contingencies, and administration and finance is estimated to be $8.381 million representing an anticipated budgetary shortfall of $1,300,000.00 or 18.3%.

DISCUSSION:

The works to be undertaken at the Cindy Klassen Recreation Complex under this contract are comprised of the construction of a recreation and library addition, renovations to the existing building, site work including parking lot and landscaping, and miscellaneous related works.

The Cindy Klassen Recreation Complex is scheduled to be closed to the public and programs transferred to other indoor pools for a three month period in order to accommodate the renovations portion of the contract. The Bid Opportunity stipulates that construction may commence on October 3, 2007. Cindy Klassen Recreation Complex is scheduled to be closed to the public on September 29th and is to be re-opened December 31, 2007.

It should also be noted that the CMIP funding of $1.9M associated with the redevelopment of the Cindy Klassen Recreation Complex project component, has a March 31, 2008 deadline, by which time the City is to have expended and claimed for the CMIP funding. As such, the contract award is required in September, 2007. Federal and Provincial CMIP representatives have indicated that a further extension of this funding will not be supported.

To allow the award of the Contract for this project, Council approval is required for expenditures of $1,300,000.00 before the 2008 Capital Budget is adopted, as a first call on the 2008 Capital Budget.

Funding of $1,100,000 is proposed to be reallocated from the 2008 Forecast Capital Budget for Indoor Aquatic Facilities program which will leave $1,350,000 for the program in 2008. This funding was intended to perform systems replacements in the Indoor Aquatic Facility portfolio. Measures will be taken to extend the life of these systems for another year.

Funding of $200,000 is proposed to be reallocated from the 2008 Forecast Capital Budget of the Library Redevelopment and Refurbishment program which will leave $1,050,000 for the program in 2008. In order to accommodate this realignment of funds deferral of work in other branches that will not impact customer service will occur.

Net sale proceeds from the disposition of the current site of the West End Library, with a 2003 assessed value of $295,000, will be used to reimburse the first call against the 2008 Library Services capital. This is in keeping with the "Reinvestment Strategy" contained in the Recreation, Leisure and Libraries Facilities Policy adopted by Council on May 18, 2005.) Normally proceeds from the disposition of properties would be directed to the Land Operating Reserve account in the Planning, Property and Development Department.

The amount of the award of the contract for this project is within the delegated authority of the CAO. Although the lapse dates for the award of the Contract is December 5, 2007, a September award is required in order to ensure that construction commences in October so that CMIP funding does not lapse.

Alternative:

Alternately, Council could direct the Public Service to not make the award for the renovation of the Cindy Klassen Recreation Centre and the relocation of the West End Library, cancel the RFP, and reduce the scope of the project to stay within budget, with re-design required and re-tendering the project for a spring 2008 construction start.

Delays related to redefining project scope will have significant financial implications. A spring, 2008 construction date which represents a delay of approximately six months from the anticipated October construction date, in combination with anticipated inflation of 20% annually, would result in further funding requirements of approximately $0.7M.

The Canada Manitoba Infrastructure Program (CMIP) funding of $1,900,000 associated with the redevelopment of the Cindy Klassen Recreation Centre component of this project has a March 31, 2008 deadline by which time the City is to have expended and claimed for the CMIP funding. Not making the award cancellation of the RFP, and reducing the scope of the project will result in the lapse of the aforementioned funding (Federal and Provincial share is $1.266M). Federal and Provincial CMIP representatives have indicated that a further extension of this funding will not be supported.

Public Consultation as related to the proposed site redevelopment has occurred and will need to be repeated if there is a significant scope reduction. This may result in negative public perception.

The Cindy Klassen Recreation Complex is scheduled for closure to the public, for three months, at the end of September to facilitate construction. The winter programming session for the Cindy Klassen recreation complex has been cancelled and all user groups are being offered alternative sites. Redefining the project scope and the related delay in start of construction to spring 2008 would require complex and confusing re-scheduling of programming back to Cindy Klassen.

Financial Impact Statement

Date: September 17, 2007

First Year of Program: 2008

Project Name:Redevelopemnt of the Cindy Klassen Recreatio Complex and relocation of the West End Library

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ 8,381,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	7,081,000	-	-	-	-
Additional Capital Budget Required	$ 1,300,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal (First Call - 2008 Adopted Capital)	$ 1,300,000	$ -	$ -	$ -	$ -
Debt - External		-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
First Call - 2008 Adoptd Capital Budget			-	-	-
Other - Enter Description Here		-	-	-	-
Total Funding	$ 1,300,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 1,300,000				
Total Additional Debt Required	$ 1,300,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The additional funding requirement of $1,300,000 will be provided from: (1) a realignment of $1,100,000 from the 2008 Forecast Indoor Aquatic Facilities Budget and (2) a realignment of $200,000 from the 2008 Forecast Library Redevelopment and Refurbishment Budget.

original signed by

Clive Wightman, Director Community Services Department

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Community Services Department
Planning, Property and Development Department
Corporate Services Department (Legal Services Division)
Corporate Finance Department

External Consultation With:

THIS REPORT SUBMITTED BY:

Department Public Works
Division Building Services
Prepared by: B. C. Evenson, P. Eng.,Manager
File No.