

Date: 2021-08-23

Subject: Fire Station 201 - Budget Amendment

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Report Number: Public Works & Engineering-2021-934

Recommendations:

1. THAT the report titled “**Fire Station 201 - Budget Amendment**” dated 2021-09-08, to the Sept 08, 2021 Meeting of Council be received,
2. That a budget amendment be approved for project #192555-003 – Fire Station 201 to include a top-up of \$2,600,000 with funding to be transferred from Reserve #91- Federal Gas tax

Overview:

- **February 2021 - Council passed a resolution that the Purchasing Agent be authorized to begin procurement of a General Contractor to construct Fire Station 201.**
- **July 2021 - A call for Request for Proposal was issued to the public to pre-qualify General Contractors, following a public Request for Proposal by the Purchasing Agent; three (3) bidders were pre-qualified.**
- **August 2021 – During the design process, the estimated construction cost was estimated to be higher than the budgeted cost.**
- **The design and construction industry is experiencing significant and unprecedented cost escalation and price and schedule volatility. Current market conditions and project scope improvements have impacted the Project budget.**
- **This report seeks a budget amendment of \$2,600,000 to proceed with the construction of the new Fire Station 201.**

Background:

Fire Station 201 serves a growing and developing City.

The existing Fire Station 201, located at 8 Rutherford Road South, was not originally designed as a fire station and is deficient in a number of ways from current fire station functional standards. It is functionally obsolete and located too close to the Queen / Rutherford intersection, with traffic negatively impacting BFES service levels. The rezoning and disposition of the existing fire station lands for its highest and best use, aligns with the City of Brampton's Planning Vision and Urban Centre policies of the Corporate Strategy, and will offset construction costs of a new, better located, state-of-the-art Fire Station 201, at 27 Rutherford Road South.

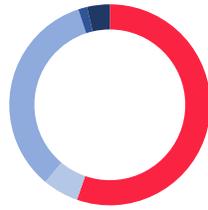
The Council approved Capital Budget for the design and construction of the facility is \$8,850,000. This budget accounts for the costs of construction and all other project costs including but not limited to consulting services, furniture, permits and staff recoveries. The estimated hard construction cost included in the project budget estimate is \$6,635,000.

Throughout the design Phase, cost estimates were prepared to track the construction cost and market conditions. The latest cost estimate suggests that the hard construction cost may amount to \$8,800,000 including contingencies and excluding taxes. Contingencies include both post-construction and COVID-19-related considerations. Similar to the trend seen in the market on similar projects, the latest construction estimate is higher than the approved hard construction cost budget.

Budget amendment is requested prior to issuing the tender to the pre-qualified bidders in order to avoid schedule slippage and cost overruns by the prime consultant. This budget amendment request proactively considers the current market conditions, latest Building construction price indexes released by Statistics Canada, and bids received for a similar projects up to July 2021.

The increase in the required budget can be attributed mostly to market conditions and some project scope improvements, which are detailed as follows:

Contribution of Factors to Additional Funding Requirement



- Market Conditions - 55%
- Unforeseen Site Conditions - 6%
- Costs identified through design refinement - 34%
- Compliance with Site Plan Approval Requirements- 1%
- Client Requests - 4%

Market Conditions:

The cost of construction has experienced a significant and steady increase since the beginning of the COVID-19 Pandemic. This increase in costs can be attributed to:

- Material and labor shortages due to market pressures as a result of a large volume of projects previously deferred due to the COVID-19 Pandemic proceeding and infrastructure stimulus spending by all levels of government.
- Increased risks to availability of materials and supply chain disruptions. The cost of these risks are reflected in higher general contractor bids.
- The cost of compliance with COVID-19 related regulations including reduced productivity due to the implementation of COVID-19 prevention measures on construction sites and direct costs including the cost of Personal Protective Equipment (PPE) needed for COVID-19 prevention.
- The construction market continues to be busy with current work, therefore, the overhead levels and profit margins are increased in response to the increased demand in the public sector.

The impact of market conditions in the additional budget required is \$1,400,000.

Project Scope Improvements:

The project scope has increased due to unforeseen site conditions, additional urban design requirements mandated during the Site Plan Approval process, and required changes identified during the design refinement process. These contributing factors are further described as follows:

- Unforeseen Site Conditions

- Geotechnical investigations identified poor soil conditions that required ground improvement measures to be part of the project's design and construction.
- **Costs Identified Through Design Refinement**
 - Electrical and data utility connection costs are projected to be higher than budgeted due to distance to tie-in locations.
 - Increase in floor area of the facility due to wider overhead apparatus bay doors; general increases in room and circulation space areas following detailed design analysis and increase in sizes of mechanical, electrical and I.T. rooms due to restriction posed from equipment selection. As a result, the gross floor area of the facility has increased by approximately 131 sq. m or 1411 sq. ft. compared to the area used to establish the original project budget.
 - Additional changes to the existing traffic signaling operations to allow for a better traffic management.
- **Compliance with Site Plan Approval Requirements**
 - Archeological Study and Catch Basin Investigation had to be conducted to satisfy the Site Plan Approval requirements, which resulted in increased costs.
 - Additional decorative fencing requested by Planning / Urban Design had to be incorporated in the design to satisfy the Site Plan Approval requirements, which resulted in increased costs.
- **Client Requests**
 - The Client requested that concrete driveways are provided along the travel path of firetrucks to avoid premature failure of asphalt paving.

The impact of scope improvements in the additional budget required is \$1,200,000.

In total, the increased project costs associated with the factors described above will require \$2,600,000 in additional project funding.

Corporate Implications:

Legal Implications:

There are no Legal considerations associated with this report.

Purchasing Comments:

There are no purchasing considerations associated with this report.

Financial Implications:

Subject to Council approval of recommendation # 2, a budget amendment is required to increase capital project #192555-003 – Fire Station 201 in the amount of \$2,600,000; with funding to be transferred from Reserve #91 - Federal Gas Tax.

The 2021 Budget included approval of a 3-year capital program and funding plan, which maximized the allocation of anticipated funding availability across planned projects. With respect to Reserve 91 – Federal Gas Tax, the Federal Government announced a one-time doubling of the annual allocation to Brampton in 2021, which is estimated to result in an additional \$34 million above the amount expected at the time of developing the 2021 budget.

Given this increase in funding, there is sufficient funding in Reserve 91-Federal Gas Tax to proceed with this initiative without impacting the 2021 forecasted capital program

Term of Council Priorities:

This report supports the Term of Council Priorities and the 2040 Vision.

Brampton is a Green City: Fire Station 201 is designed to achieve a low overall total energy density index that will contribute to the City of Brampton's increasing family of sustainable infrastructure projects, helping to realize the sustainability goals of The Brampton 2040 Vision.

Brampton is a Safe & Healthy City: Fire Station 201 will provide emergency response services to the central west sector of Brampton, positively impacting emergency response times and thereby improving the safety of the City's residents.

Brampton is a Mosaic: This project will allow for the implementation of elements of universal design strategies in tandem with the City's Accessibility Technical Standards to serve visitors of the Fire Station.

Conclusion:

This report is seeking a budget amendment of \$2,600,000.00 to address identified cost shortfalls, and to prevent potential risks associated with the procurement of General Contracting services. It is recommended that Council approve this Budget Amendment, failing which, the construction of Fire Station 201 will be delayed.

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