

**Date:** 2022-01-14

**Subject:** **Balmoral Recreation Centre Revitalization - Budget Amendment**

**Contact:** **Mitsa Montaser, Project Manager, Building Design and Construction, Public Works & Engineering, 647-244-2256 Mitsa.Montaser@brampton.ca**

**Report Number:** Public Works & Engineering-2022-088

**Recommendations:**

1. That the report from Mitsa Montaser, Project Manager, Building Design & Construction, to the Committee of Council Meeting of February 2, 2022, re: **Balmoral Recreation Centre Revitalization - Budget Amendment**, be received; and
2. That a budget amendment be approved for project #185680-003 Balmoral Recreation Centre Addition and Renovation, to increase the project by the amount of \$4,180,000, with funding to be transferred from Reserve #134 - Recreation DC Development Charges of \$1,805,000 and from Reserve #91-Canada Community-Building Fund of \$2,375,000.

**Overview:**

- **Balmoral Recreation Centre is located at 225 Balmoral Drive. The project consists of partial demolition of the existing 53-year old building and reconstruction of a new facility with an area of approximately 34,720ft<sup>2</sup>.**
- **The Begin Procurement Report was authorized by Council for this project on February 17, 2021.**
- **The construction tender was released to prequalified General Contractors on October 29, 2021 and bids were received on December 22, 2021. The lowest bid exceeded the available funding, and a Budget Amendment is required in order to proceed with construction. The increased project cost is due to impacts of COVID-19 on the market conditions.**

- **To-date Council has approved a total budget of \$20,700,000 for this project. A budget amendment in the amount of \$4,180,000 is required in order to proceed with awarding the construction contract. This is an increase of approximately 20.2%, which is attributed to the current market conditions that have resulted in high inflation, a busy market, and supply chain issues that translate to increased risk to contractors.**
- **Staff have previously conducted two separate value engineering exercises to minimize the scope of work and costs where possible. As result of past value engineering there are no remaining substantial items that could be removed from the project without significantly impacting the facility design.**

### **Background:**

Balmoral Recreation Centre is located at 225 Balmoral Drive. The existing facility is a 53-year old building with an area of 17,000 ft<sup>2</sup>. Most of the existing facility will be demolished, with the exception of the 25m lap pool, which will remain to minimize costs. The new building is to have a new total area of approximately 34,720ft<sup>2</sup>.

In December 2019, Building Design and Construction staff retained CS&P Architects Inc. to provide design and contract administration services for this project through a competitive bid process.

To-date Council has approved a total budget of \$20,700,000 for the revitalization of the Balmoral facility of which 12.5% of this amount has already been committed. The previous budget amount was established based on the Consultant's cost estimates, which used the available resources and information on the market conditions at the time of estimating, 2020 and earlier. Staff conducted value engineering twice during the course of the design of this project in order to keep the cost within the cost estimate and the available budget.

In August 2021, a prequalification was conducted and of the 8 submissions received, 7 contractors were prequalified.

### **Current Situation:**

The construction drawings and specifications were finalized and released to the General Contractors on October 29, 2021. The Tender closed on December 22, 2021 with 4 bids received. The lowest bid exceeds the estimated hard cost of \$18,000,000. The revised project budget including contingency and soft costs is \$24,880,000.

The increase in project cost is attributed to current market conditions. These market conditions include construction cost escalation, a busy market and supply chain

disruptions that result in increased contractor risk. Based on Statistics Canada data, non-residential construction in the Toronto area experienced inflation at a rate of approximately 9% in just 6 months, from Q1 to Q3 2021. Supply chain issues have also contributed to cost increases, since contractors price-in additional risks associated with material and labour shortages and delays. The construction market has been busy, which results in contractors having to choose which projects to bid on.

A budget amendment of \$4,180,000 is required to proceed with this project. This represents an increase of approximately 20.2%, and is attributed to the current market conditions. If a budget amendment is not approved, the project cannot proceed with award of the construction contract.

**Corporate Implications:**

Purchasing Implications:

Sufficient budget must be available to finalize the award of this contract. See Legal implications

Financial Implications:

Subject to Council approval of recommendation # 2, a budget amendment is required to increase capital project #185680-003 – Balmoral Recreation Centre Addition and Renovation in the amount of \$4,180,000; with funding to be transferred from Reserve #134 - Recreation DC Development Charges of \$1,805,000 and from Reserve #91-Canada Community-Building Fund of \$2,375,000. The funding split for the budget amendment has been determined based on the expansion portion (approx. 43%) of the facility, which is eligible for Recreation DCs with the remainder being municipal funded and hence recommended to be funded from Reserve #91 to align with the existing project funding sources. The table below provides a summary of the project financials:

<b>Funding Source</b>	<b>Approved Funding</b>	<b>Budget Amendment</b>	<b>Total Funding</b>
Res #4-Asset R&R	773,000	-	773,000
Res#78-10% Dev Chg Contribution	477,000	-	477,000
Recreation (Dev Chg Reserves)	8,937,000	1,805,000	10,742,000
Res #91-Canada Community-Building Fund	10,513,000	2,375,000	12,888,000
Total	20,700,000	4,180,000	24,880,000

There is currently sufficient funding available in the recommended funded sources to approve this budget amendment.

The 2022 Budget included approval of a 3-year capital program and funding plan, which maximized the allocation of anticipated funding availability across planned projects. The approval of this amendment may require reprioritization of capital projects forecasted to

be funded against Canada Community-Building Fund and Recreation DC Development Charges.

#### Legal Implications:

From a legal perspective, the solution to address a competitive bid where all of the Bidders are over the proposed budget, would be to (i) terminate the Bid and re-scope the work to be done and re-issue a new bid or (ii) address the budget deficiency through an amendment. In this case, all four of the Bidders, out of seven who pre-qualified, have submitted bids that substantially exceed the initial budget. The increased potential cost is not unusual since 2020. The Legal Department would continue to support this project as necessary should the funding be increased.

Council is reminded that this Report is solely for the purposes of the budgetary amendment and not for any other purpose as this is an Active Procurement under the Purchasing By-Law.

#### **Term of Council Priorities:**

This report achieves the following Term of Council priorities:

Brampton is a Mosaic: as it will facilitate programs to engage the community and cultural activities.

Brampton is a Green City: all work will seek opportunities to minimize the impact on the environment and maximize sustainability.

Brampton is a Safe & Healthy City: this facility will provide a venue to deliver programming geared to community safety, improving mental health support and encourage active healthy lifestyles.

Brampton is a Safe & Healthy City: this project supports healthy citizens enjoying physical and mental wellness through fitness and physical activities.

#### **Conclusion:**

This report seeks Council approval of a \$4,180,000 budget amendment to proceed with the award of the construction contract for the Balmoral Recreation Centre Revitalization.

Authored by:

Reviewed by:

---

Mitsa Montaser, BDC Project Manager,  
Public Works and Engineering

Recommended by:

---

David Bottoni, BDC Director,  
Public Works and Engineering

Approved by:

---

Mike Parks, Commissioner (Acting)  
Public Works and Engineering

Submitted by:

---

David Barrick,  
Chief Administrative Officer, City of  
Brampton

---

Sean Cressman, BDC Manager,  
Public Works and Engineering

Recommended by:

---

Anand Patel, Recreation Director (Acting)  
Community Services

Approved by:

---

Marion Nader, Commissioner,  
Community Services