

Date: 2023-07-26

Subject: **Budget Amendment Request – Chris Gibson Recreation Centre Addition and Renovation – Ward 1**

Contact: Mitsa Montaser, Manager, Building Design and Construction

Report Number: Public Works & Engineering-2023-653

Recommendations:

1. That the report from Mitsa Montaser, Manager, Building Design and Construction, to the Council Meeting on July 31, 2023, re: **Budget Amendment Request – Chris Gibson Addition and Renovation – Ward 1**, be received; and
2. That a budget amendment be approved for project #185670-003 - Chris Gibson Recreation Centre Addition and Renovation, to increase the project budget by the amount of \$9,942,000, with the funding to be transferred from Reserve #4 Asset Repair and Replacement of \$994,000 and from Reserve #134 - Recreation DC Development Charges of \$8,948,000.

Overview:

- **Chris Gibson Recreation Centre is located at 125 McLaughlin Road. The project consists of a renovation area of 39,000 square feet and a new addition area of 69,000 square feet.**
- **In November 2021, Council passed a resolution that the Purchasing Agent be authorized to begin procurement to hire a General Contractor. The begin procurement report was for a two-phased procurement process consisting of a pre-qualification of General Contractors followed by construction tender.**
- **In March 2022, Council passed a resolution to amend the procurement process to hire a General Contractor through a two-step Request for Proposal (RFP). In April 2022, a public Request for Proposal (RFP) was issued and eight (8) proposals were received. All Proposals exceeded the available funds and, as a result, the RFP was cancelled.**

- **In April 2023, a public negotiable RFP was issued and eight (8) proposals were received. All proposals exceeded the available funds. Through the negotiated RFP process staff engaged with the low bidder to determine a construction value for the project.**
- **This report seeks approval of a budget amendment of \$9,942,000 in additional funding to cover the total project cost and allow for the award of the Construction Contract.**
- **Upon approval of the report, the anticipated construction start date is September 2023 with a duration of 24-months. This facility has been closed since January 2022 and has only been open for vaccine clinics, trainings, rentals and camps, when required. Chris Gibson Recreation Centre will continue to be closed for the duration of construction.**

Background:

The renovation and expansion of Chris Gibson Recreation Centre is part of a larger strategic plan that includes the future transformation and revitalization of other older recreation centres in Brampton. The Strategic Renewal Plan involves seven recreation centres, including Howden, Ellen Mitchell, Balmoral, Victoria Park, Terry Miller, Greenbriar, and Chris Gibson.

This project consists of a renovation area of 39,000 square feet and a new addition area of 69,000 square feet. The addition includes a second ice rink arena and a gymnasium that will more than double the current facility size to an overall 116,000 square feet. This expansion will allow for increased programming opportunities in this high-density urban area and complement the outdoor amenities at this location. The expansion creates a larger destination facility that can be operated more efficiently, while increasing programming use.

Throughout the design phase, cost estimates were prepared to track the construction costs and market conditions. The project has gone through extensive value engineering throughout the design process and has taken advantage of all opportunities to lower the cost. Any further exercise to reduce the cost would impact the project's programming vision.

In May 2021, the City received communication from the Ontario Ministry of Infrastructure to confirm that this project was approved for funding in the amount of \$18,794,000 under the Strategic Priorities Infrastructure Fund – Priority Local Infrastructure stream (SPIF-PLI). The City has entered into a Transfer Payment Agreement (TPA), with the Province, for this funding. Provincial funding remains conditional upon the City meeting the conditions therein, including the project being substantially completed by March 31st, 2027. The TPA commits the City to the remaining project costs of the project.

In November 2021, Council passed a resolution that the Purchasing Agent be authorized to begin procurement to hire a General Contractor. The begin procurement report was for a two-phased procurement process consisting of a pre-qualification of General Contractors followed by construction tender.

In March 2022, Council passed a resolution to amend the procurement process to hire a General Contractor through a two-step Request for Proposal (RFP). In April 2022, the project was tendered to the public in the form of a two-step Request for Proposal (RFP) process, using a Council approved budget of \$38,000,000. The RFP closed on June 30th, 2022. Eight (8) proposals were received, and all proposals exceeded the available funds; therefore, the RFP was cancelled.

In December 2022, staff presented a report to Council recommending strategies to address unspent capital backlog of projects. The proposed strategies and solutions apply to the existing projects as well as capital projects approved in 2023. One of the strategies was to explore various procurement approaches to facilitate efficiencies in project delivery and address budgetary constraints.

A negotiable Request for Proposal was identified as a competitive flexible procurement process, which would allow the City to negotiate with one or more proponents to improve pricing, and performance terms for the deliverables prior to entering into an agreement. The City retained The Procurement Office to facilitate the negotiable Request for Proposal process for this project.

Current Situation:

In April 2023, a public negotiable RFP was issued, and eight (8) proposals were received. All Proposals exceeded the available funds. The City entered into contract negotiations with the top-ranked proponent to improve pricing and finalize an agreement. This report seeks approval of a budget amendment of \$9,942,000, in additional funding to allow for the award of the Construction Contract. This amendment amount is an increase of approximately 26% to the overall project budget. The increase is primarily due to 13% scope change requested by residents and client department, 5% underestimation of the budget and 8% market conditions.

The scope change, noted above, represents a proportionate increase in building size, facility programming, site works, contingencies and cash allowances.

Underestimation of the total project cost is the result of the 2019 project budget being submitted before the functional programming report was completed and prior to receipt of a Class D estimate from the consultant.

The construction cost escalations resulted from significant and steady cost increases since the beginning of the COVID-19 Pandemic. The increase costs can be attributed to:

- Material and labour shortages due to market pressures as a result of a large volume of projects proceeding, which were previously deferred due to the COVID-19 Pandemic. This is further compounded by infrastructure stimulus spending by all levels of government.
- Increased risks due to the unavailability of materials and supply chain disruptions. The associated cost of these risks has resulted in higher general contractor bids.
- The construction market continues to be flooded with projects therefore, overhead and profit margins have increased as demand in the public sector increased.
- A high rate of inflation in labour and material costs, particularly structural steel, metals, conduit, wire and steel studs.

Upon approval of this report, the anticipated construction start date is September 2023 with a construction period of 24 months. This facility has been closed since January 2022 and has only been open for vaccine clinics, trainings, rentals and camps, when required. Chris Gibson Recreation Centre will continue to be closed for the duration of construction.

Staff is continually monitoring the growth requirements for Recreation infrastructure and balancing those needs with available funding. Since approval of the 2022 budget, significant pressures on Recreation growth funding have materialized, which will likely impact the City's longer-term ability to invest in related growth infrastructure. Staff is currently undertaking a Parks and Recreation Master Plan, Long-Term Financial Master Plan and will soon be updating the Development Charge Study. These plans and study will continue to enhance and inform staff and Council on the long-term expectations for Recreation infrastructure growth in the City.

Failing the approval of this budget amendment request will result in the cancellation of the procurement and the construction of this project will not take place. Furthermore, it may jeopardize the ability to meet the grant timeline requirements.

Corporate Implications:

Legal Implications:

Aside from making a decision on whether to cancel this project or approve a budget amendment based on the current project requirements and market pricing, as outlined in this Staff Report, because this is an active procurement section 3.1 of the Purchasing By-law otherwise applies and provides that Council shall have no involvement in specific procurements until a contract has been entered into.

Purchasing Comments:

See Legal Implications.

Financial Implications:

Subject to Council approval of Recommendation #2, a budget amendment is required to increase capital project # 185670-003 - Chris Gibson Recreation Centre Addition and Renovation, in the amount of \$9,942,000 with the funding to be transferred from Reserve #4 Asset Repair and Replacement of \$994,000, and from Reserve #134 - Recreation DC Development Charges of \$8,948,000.

Funding Source: Project 185670	Approved Funding	Budget Amendment	Total Funding
Account # 601084-Res #4	\$200,000	\$994,000	\$1,194,000
Account # 601386-Res #78	\$1,800,000	\$0	\$1,800,000
Account # 645134-Contribution from Reserve 134	\$17,206,000	\$8,948,000	\$26,154,000
Account # 601024-Provincial Grants	\$18,794,000	\$0	\$18,794,000
Total	\$38,000,000	\$9,942,000	\$47,942,000

The 2023 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 will require re-prioritization of capital projects forecasted to be funded against Reserve #4 Asset R&R and Reserve #134 Recreation DC Development Charges.

Strategic Focus Area:

Health & Well-being: Focusing on citizens' belonging, health, wellness, and safety. The renovation and expansion of Chris Gibson Recreation Centre will provide a venue to deliver programming geared to community safety, improving mental health support and encourage active healthy lifestyles.

Growing Urban Centres & Neighbourhoods: Focusing on an economy that thrives with communities that are strong and connected. Recreation centres are key components of a complete and balanced neighbourhood. The renovation and expansion of Chris Gibson Recreation Centre will provide services and programs to the neighborhood.

Environmental Resilience & Sustainability: Focusing on nurturing and protecting our environment for a sustainable future. All work will seek opportunities to minimize the impact on the environment and maximize sustainability. Chris Gibson Recreation Centre is designed to achieve LEED Silver.

Conclusion:

This report seeks Council approval for a budget amendment of \$9,942,000, to award the construction contract for the Chris Gibson Recreation Centre Addition and Renovation project.

Authored by:

Mitsa Montaser
Manager, Building Design &
Construction
Public Works and Engineering

Submitted by:

Marlon Kallideen
Interim Commissioner
Public Works and Engineering

Reviewed by:

Lucius Maitre
Director, Building Design & Construction
Public Works and Engineering

Approved by:

Marlon Kallideen
Chief Administrative Officer
Office of the CAO