

## Fire Station No. 5 Replacement - Capital Budget Adjustment

### ISSUE

The updated project cost estimate for Capital Project #2508 – Fire Station No. 5 Replacement has increased from the approved budget of \$9,289,000 to \$10,889,000. This report includes an approval request to increase the budget by \$1,600,000 along with an associated funding strategy.

### RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

That Capital Project #2508 - Fire Station No. 5 Replacement be increased by \$1,600,000, to be funded from the Civic Facilities Funding Plan for \$1,600,000, or, if external funding is approved, to be funded from the Civic Facilities Funding Plan for \$850,000 and \$750,000 from the Canada Community Revitalization Fund.

### BACKGROUND

City Council approved a total budget of \$9,289,000 in 2017 and 2018 for Capital Project #2508 – Fire Station No. 5 Replacement funded entirely through the Civic Facilities Funding Plan (CFFP). Current project estimates show that the project may be over the \$9,289,000 approved budget by \$1,600,000 due to various cost items that were unknown at the project initiation and not included during the budget approval process:

- The extended duration of land negotiations over the past several years has resulted in added inflationary costs;
- Current unprecedented/unpredictable construction material escalation due to the COVID-19 pandemic; and
- Leadership in Energy and Environmental Design (LEED), some energy efficiency targets beyond LEED, and National Energy Code requirements.

The project team recently received the project construction cost estimate submitted by the prime design consultant, aodbt architecture + interior design, followed by further analysis of the other project components' estimated cost at completion compared to the approved budget. As a result, the project team estimates that the overall cost may increase to \$10,889,000.

An application for up to \$750,000 for this project was recently sent into the Canada Community Revitalization Fund (CCRF). The CCRF is administered by Canada's regional development agencies, which for Saskatchewan is Western Economic Diversification Canada (WD). WD will work with communities to identify and provide funding to selected local projects to help rebound from the effects of the COVID-19 pandemic. It is expected that the results on this application will be received by the end of September.

**DISCUSSION/ANALYSIS**

The project progressed in October/November 2020 upon signing the Fire Station No. 5 site lease agreement with the University of Saskatchewan (USask). The following considerations have increased the estimated project cost:

- The best project site location from operational perspectives is located on the east side of Preston Avenue North within USask’s agriculture land. This site is an un-serviced lot with water main and electrical high-tension feeders diagonally crossing the site which required relocation along with greenhouse buildings on the site requiring relocation. The site also requires pre-grading for stormwater management;
- The COVID-19 pandemic and subsequent unpredictable construction material supply has resulted in price escalation and volatility. As well, the extended duration of the lease agreement negotiation period has resulted in additional inflation rate impacts; and
- Additional soft and hard construction costs associated with the building design for LEED, some energy efficiency targets beyond LEED, and National Energy Code requirements. Although this causes some initial extra cost, it leads to reduced life-cycle cost that is considered a priority to the Saskatoon Fire Department.

The following table summarizes the current expected cost overrun:

Item	Item Description	Original Approved Budget – 2017/2018 (\$)	Actual/ Estimated Cost as of August 2021 (\$)	Expected Cost Variance (\$)	Variance Justification
1	Site Servicing, Pre-grading, Building Permit Fees and Land Related Costs	655,000	1,082,000	(427,000)	Site is un-serviced. Site includes water main and electrical high-tension feeders requiring relocation. Site requires pre-grading and relocation of greenhouses.
2	City Project Administration, Lead Prime Consultant and other Design and Contract Admin. Consultation Services	973,000	1,035,000	(62,000)	Site servicing design and contract administration.
3	General Contractor - Main Contract Works	6,568,000	6,663,000	(95,000)	Decontamination (post-call) shower and laundry facilities cost.
4	Further Escalation Allowance on Main Contract Works - New Cost Item - Estimated	-	700,000	(700,000)	Estimated to be 10% of the original construction budget.

## Fire Station No. 5 Replacement - Capital Budget Adjustment

5	Additional Costs Related to High Performance Building Design	-	497,000	(497,000)	Additional estimated costs in relation to LEED, some energy efficiency targets beyond LEED, and National Energy Code requirements.
6	Furniture, Fit-up, and Equipment	249,000	249,000	-	
7	General Contingency	844,000	663,000	181,000	Reduced from 10% of the approved budget to about 10% out of Item 3 main contract work.
Overall Approved Budget Versus Expected Cost at Completion		9,289,000	10,889,000	(1,600,000)	17.22% Overall further fund out of the approved budget required.

Currently, the consultant construction documents are over 90% complete and the tentative project timeline update is as follows:

- Request for Pre-Qualification Issued – August 23, 2021
- Construction Tender Documents Ready – September 16, 2021
- Selection of Qualified Respondents – September 24, 2021
- Tender Issued – September 30, 2021
- Bids Submission – October 21, 2021
- Tender Award and Signing the Construction Contract – November 1, 2021
- Construction Completion – December 30, 2022
- Commencement of the Project Operation – first quarter of 2023

### FINANCIAL IMPLICATIONS

If the application for funding from the CCRF is successful, the project will require \$850,000 in funding through the Civic Facilities Funding Plan to make up the full amount required. The CFFP is the current source of funds for the project, and it provides flexibility to the Administration and City Council to group similar projects that can then leverage a variety of sources of funding. Including the additional required funds in the CFFP will allow the project to use an existing source of funding and possibly limit the need to borrow or allocate from reserves that could be utilized for other projects.

If the application is not successful, the CFFP will be used to fund the full amount of the project. The CFFP is updated as additional information on timing and amounts for projects are known. The CFFP will have sufficient funding through operating contributions and reallocated funding for this amount. An updated CFFP will be provided to City Council during the 2022 and 2023 Preliminary Corporate Business Plan and Budget meeting.

### OTHER IMPLICATIONS

There are no privacy, legal, social, or environmental implications identified.

### NEXT STEPS

Progress forward with main construction contract work.

## Fire Station No. 5 Replacement - Capital Budget Adjustment

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### Report Approval

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