

## Harry Bailey Aquatic Centre Funding Transfer

### ISSUE

Revised cost and scope estimates for the Harry Bailey Aquatic Center (HBAC) Accessibility Upgrade and 50m Pool Rehab (Capital Project P.10014) require adjustments to the originally approved capital project in order to complete the expanded scope of work and receive the awarded Green and Inclusive Community Building Program funding.

### RECOMMENDATION

1. That \$10.5 million be added to Capital Project P.10014 Harry Bailey Aquatic Centre Accessibility Upgrades & 50m Pool Rehabilitation to be funded through the Civic Building Comprehensive Maintenance Reserve as outlined in the funding plan in this report.

### BACKGROUND

At its Regular Business Meeting on [October 31, 2022](#), City Council resolved in part:

“1. That Capital Project P.10014 Harry Bailey Aquatic Centre Accessibility Upgrades & Pool Rehabilitation be increased by \$10,032,700 funded from Federal Government Funding;”

### DISCUSSION/ANALYSIS

The estimated project costs within the October 31, 2022, report was \$13.5 million for the HBAC which was approved to be funded by \$10.0 million from the Green and Inclusive Community Building Program (GICB) and \$3.5 million approved during the 2022 budget deliberations from the Civic Buildings Comprehensive Maintenance (CBCM) reserve. As the detailed design progressed with a third-party consultant, there have been increases to scope and cost estimates resulting in a revised cost estimate ranging from \$18 million to \$24 million. This requires additional funding of \$10.5 million in order to complete the GICB approved scope of work.

The overall increase in funding required for the project is due to several factors, mainly:

- The original project costs were developed with a Class D cost estimate (20-30% variance) during the federal funding application period in 2021 prior to detailed design. Since that time and throughout detailed design, there have been unprecedented escalations in the construction market, increasing all costs for labour, equipment, and materials. The project cost submitted during the application stage was unable to be revised after submission;
- Supply Chain instability has further compounded that risk, resulting in higher, more conservative cost estimates which are being seen in tenders across the corporation.

- Key Sustainability and Accessibility features that are mandatory requirements of the federal funding application have been added to the scope of the project, including new solar photovoltaic systems, expanded public viewing areas and exterior site improvements. The scope of work required to ensure eligibility for the federal funding was recently confirmed upon receipt of the Contribution Agreement; and
- A separately planned boiler replacement under the Energy Performance Contract (EPC) program was incorporated into the scope of the project to provide for improved construction coordination.

The CBCM Reserve has the capacity to fund the additional \$10.5 million scope of work over the construction period of 18 to 20 months, however allocating it all in 2023 would have significant implications to the 2023 CBCM program for the Facilities Asset Management Plan. To avoid these significant impacts and have CBCM monies sitting unused in the HBAC project in 2023, the Administration is recommending the following funding strategy be utilized to fund the \$24.0 million project:

- \$13.5 million allocation in 2023 from the previously approved \$10.0 million GICB Grant and \$3.5 million CBCM contribution;
- \$8.0 million allocation in 2024 from the CBCM Reserve; and;
- \$2.5 million allocation in 2025 from the CBCM Reserve.

This funding approach will allow for critical CBCM work to get completed as planned in 2023 and provide the funding to the HBAC project as it is required, as opposed to up front and having it sit unused for up to 20 months. With the increased cost estimate, several smaller projects will need to be deferred within the Facilities asset management portfolio. An updated forecast impact is being prepared and will be part of the 2023 Facilities Asset Management Plan update.

### **FINANCIAL IMPLICATIONS**

Due to the uncertainty around several items within the project, the upset limit of \$24 million is recommended at this time. A more definitive project cost will be known upon completion of the public procurement and the capital project will be adjusted, if necessary, during the 2024/2025 Business Plan and Budget deliberations. If approved the Capital Project P.10014 HBAC Accessibility Upgrades & 50m pool Rehab will be increased by \$10.5 million funded through the CBCM funding plan.

### **OTHER IMPLICATIONS**

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

### **NEXT STEPS**

Upon approval of the budget adjustment, Administration will proceed with the public procurement process with the plan to start work in April 2023.

**REPORT APPROVAL**

Written by: Kari Smith, Director of Finance  
Jeremy Meinema, Senior Financial Business Partner  
Amanda Moffat, Project Services Manager  
Troy Lafrenière, Director of Facilities Management

Reviewed by: Andrew Roberts, Director of Recreation and Community Development  
Lynne Lacroix, General Manager, Community Services

Approved by: Angela Gardiner, General Manager, Utilities and Environment  
Clae Hack, Chief Financial Officer

Admin Report - Harry Bailey Aquatic Centre Funding Transfer.docx