

COMMUNICATION 131082

Received From: Diane Smithson, Chief Administrative Officer
Addressed To: Council
Date: June 30, 2020
Topic: 3 Francis Street Childcare Centre – Playground Area

SUMMARY

The tender for the addition to and renovation of the 3 Francis Street Child Care Centre closed on November 20, 2019. The project will see a 1,220.4 m² (13,136 ft²) addition to the south end of the 3 Francis Street Childcare Centre. This addition will provide an additional 88 new childcare spaces at the Centre and will add 15 new staffing positions.

As you may recall, the first time the Childcare project was tendered it came significantly over budget. We made some changes to the project and retendered it. One of the changes that was made was to reduce the playground area cash allowance by \$50,000 from \$300,000 to \$250,000. A playground plan was prepared by Lashley & Associates to complete renovations to the existing playground area to meet Ministry guidelines and add in new playground area for the additional children in the Centre. The playground plan was put out to tender to six (6) firms. Two (2) firms bid at tender closing with the lowest price being \$463,748.90 plus HST. As a result, while changes can be made to the scope of work to help reduce this amount, there is no way the project can be completed for \$250,000 and as a result, staff is asking for up to an additional \$150,000 to allow this component of the work to be completed.

BACKGROUND

In March of 2019, the Town received notification through the County of Lanark (the flow-through funding agency for the Province) that the Town would be receiving \$2,915,000 in funding from the Province towards an addition / renovation to the existing 3 Francis Childcare Centre. The Town tendered the project twice with the second tender being awarded last November. The entire project is required to be completed by December 31, 2020. The tender included a cash allowance in the amount of \$250,000 to complete a renovation to the existing playground area in order to meet Ministry regulations and install a new playground area to accommodate the spaces in the newly constructed addition.

The existing playground area is 11 years old. Over the years, there have been issues with the turf in the playground area resulting in water pooling, sink holes, etc. Other than basic maintenance to fix these and other issues, including with the splash pad, no major work of any nature has been undertaken to the playground area in the past 11 years. It should be noted that the original turf that was installed came from the football stadium at Lansdowne Park and was built to the standards at that time. As it does not drain properly, it causes ice build up in the winter which requires staff to use sand and salt on it and it impacts play time in the yard. Today's turf is greatly improved and is engineered to drain properly which will significantly improve the playground area.

COMMENTS

A playground plan was prepared by Lashley & Associates to complete renovations to the existing playground area to meet Ministry guidelines and add in new playground area for the additional children in the Centre due to the new Childcare space currently being constructed. The playground plan was put out to tender to six (6) firms. Two (2) firms bid at tender closing, as follows:

Thunderbolt Contracting Ltd.	\$463,748.90 plus HST
Strathmere	\$473,877.80 plus HST

Since the tender pricing was submitted, staff has been working with Lashley to try to cut the scope of work down. See attached breakdown of areas where savings can be made from the original scope of work. The original estimate by Lashley was \$328,023.17 plus HST with the lowest price in the tender being \$463,748.90 plus HST. The scope of work has been reduced and the new estimated price by Lashley is \$368,623.40 plus HST utilizing the unit rates, etc. that were received by the lowest bidder. One thing is clear and that is there is no way the project can be completed for \$250,000 and as a result, staff is asking for up to an additional \$150,000 to allow this component of the work to be completed. Staff will do its best to keep the amount as low as possible, but this would mean staff would not have to come back to Council again once we receive revised pricing from the contractor. Please note that it is not easy to quantify all items at this time which is why additional funding is being requested over an above the revised estimate amount.

It makes sense to complete the work now as there are less children in the Centre due to COVID restrictions and it will be easier to accommodate the lesser number of children and find alternate playground space to use. In addition, staff has confirmed with Ministry staff that the new childcare spaces cannot be filled without the playground space being constructed. The plan was not to fill the new childcare spaces until late 2020 or early 2021.

Argue Construction is required to oversee the playground construction. However, they are planning to be completed the addition and renovation by late August, early September. Given that the playground area has not been awarded yet, it is unlikely that it will be completed until October. The Town is in the process of hiring its Property and Project Manager and this person could oversee the playground work this fall without the Town having to pay extra to Argue Construction to manage this portion of the work.

FINANCIAL IMPLICATIONS

The current total of the project with construction and professional fees is \$3,366,650 plus HST. With the Town's net share of HST, this amount will increase to \$3,425,903.

The Town has received a grant from the Province of Ontario in the amount of \$2,915,000 towards the addition/renovation project at the 3 Francis Street Childcare

Centre. As the tender prices have come in over-budget, the balance of the project needs to be funded.

As this project will result in the creation of additional new childcare spaces in Town, and until such time as the Province's proposed changes to the Development Charges Act come into effect relating to "soft" services (Recreation, Childcare, Library), Council supported this project being included in the Town's Development Charges Background Study and that fees being collected to help pay for this project. If and when the changes to the Development Charges Act come into force (anticipated January 1, 2021) it is expected that soft services should be able to be converted to a Community Benefits Charge By-law and collected through that means.

By identifying this project as a growth-related project and including it in the Development Charges Background Study, the Town should be able to collect a good portion of the project amount over the grant from Development Charges/Community Benefits less the statutory 10% amount and the balance being pulled from Childcare reserves.

Any amounts remaining after grant funding and Development Charges can be paid for through Childcare reserves which currently stand at \$918,669 (\$183,730 of Francis Street capital reserves and \$734,939 of operating reserves). Staff believes that a portion of the additional up to \$150,000 being requested could be considered for Development Charges and if not, would be paid for through the Childcare reserves.

STAFF RECOMMENDATION

THAT Council authorize up to an additional \$150,000 towards the renovation and construction of playground area of the 3 Francis Street Childcare Centre to be funded by development charges and/or Childcare reserves.