

COMMUNICATION 131105

Received From: Diane Smithson, Chief Administrative Officer
Addressed To: Council
Date: September 8, 2020
Topic: 3 Francis Street Childcare Centre – Change Orders

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. The main changes included reducing the playground area cash allowance by \$50,000 from \$300,000 to \$250,000 and eliminating a retaining wall along the entire length of the east side of the building and replacing it with a grassed sloped area.

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 through the Community -Based Early Years and Child Care Capital Program 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. At the time the tender was awarded, Council provided staff up to \$100,000 to deal with any change orders that may arise during construction.

While the entire project is required to be completed by December 31, 2020, it will in fact be completed by the end of September / mid October except for playground area works which were delayed and site works such as final lift of asphalt which may need to wait until the spring due to delay in works on the interior courtyard playground area which would damage the asphalt if it was completed at this time.

In June, I brought a report to Council regarding issues with the playground area and the need for additional funding to add to the cash allowance amount included in the tender 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. Council approved an additional amount of up to \$150,000 to complete the playground works.

COMMENTS

Since work on the project commenced, there have been Change Orders (not including the change order for the playground area) in the amount of approximately \$95,000 plus HST. Not all of the change orders have resulted in extra dollars or were approved as they were deemed not essential. There have been some change orders resulting in

savings identified by the contractor Argue Construction as well. The main areas for change orders have resulted from:

- details missed in coordinating some architectural, mechanical/electrical components;
- unclear construction details in some instances;
- increased costs in the purchase of kitchen equipment due to a higher US dollar;
- additional fill materials due to onsite conditions;
- increased electrical costs to accommodate the high demand kitchen equipment;
- a heat pump to flow hot water through the addition from the hot water tanks to the washroom facilities to ensure hot/warm water for washing hands (this issue came to light as a result of increased hand washing procedures due to COVID)
- installation of the Rationale oven to meet Building Code requirements

It should be noted that if these details had been included in the original tender, the original tender price would also have been higher at that time.

Pending change orders / purchases to be finalized include:

- exterior landscaping i.e. grading, topsoil, grass seed (note: all landscaping was originally intended to be included in the \$250,000 cash allowance but was all used for playground equipment in the inner courtyard);
- completing a base course asphalt this fall (to accommodate delays in the playground areas and winter snow removal operations, with a final lift of asphalt occurring in spring 2021). There will be additional costs to do separate base course and final lifts of asphalt when all asphalt works as part of the tender were to be completed at one time;
- Replacing existing and installing new eavestrough on Childcare Centre
- Other miscellaneous items that may arise

FINANCIAL IMPLICATIONS

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

To date, approximately \$95,000 in general change orders and about \$145,000 in playground change orders have been approved for the project and there are still items that need to be completed. At this time, an exact number for further extras is not known but if Council could approve up to an additional \$100,000 it should more than cover what's required to be completed.

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 this project will result in the creation of an additional 88 new childcare spaces in Town to accommodate growth in our community, Council supported this project being included in the Town's Development Charges Background Study and fees being

collected to help pay for this project. As a result, the construction of the Centre and equipment/furnishings, etc. have been included in the recent draft of the Development Charges Background Study showing 100% of the cost of these components, net of grant proceeds being collected, through Development Charges.

In the past, reports have identified to Council that the Town should be able to collect a good portion of the project amount over the grant received from the Province from Development Charges less the statutory 10% amount and the balance being pulled from Childcare reserves. Given progress on the Development Charges Background Study and recent proposed changes to Development Charges legislation to eliminate the 10% statutory deduction, 100% of project costs over and above the grant amount can be collected through Development Charges if the by-law is adopted by Council. If not, the Town has Childcare reserves which currently stand at \$1,293,242 (\$359,000 of capital reserves and \$937,242 of operating reserves) and the additional costs to address change orders can be taken from reserves.

STAFF RECOMMENDATION

THAT Council authorize up to an additional \$100,000 funding towards the 3 Francis Street Childcare Centre addition / renovation to finalize the project with the cost to be funded by development charges and/or Childcare reserves.