

Chair and Members  
Community & Protective Services Committee

June 6, 2013  
(Award Contract)

**RE: Addition and Interior Alterations to the South London Community Centre**  
**Capital Project RC2751 - OW Decentralization - South London Community Centre (Sub-ledger FG130015)**  
**Capital Project RC2201-11 - 2011 Recreation Facilities**  
**Cornerstone Architecture - \$22,250.00 (excluding H.S.T.)**  
**Norlon Builders Limited - \$6,000,000.00 (excluding H.S.T.)**

**FINANCE REPORT ON THE SOURCES OF FINANCING:**

Finance confirms that the cost of this project can not be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the Managing Director, Neighbourhood, Children & Fire Services, the detailed source of financing for this project is:

	<u>Approved Budget</u>	<u>Additional Financing</u>	<u>Revised Budget</u>	<u>Committed to Date</u>	<u>This Submission</u>
<b><u>ESTIMATED EXPENDITURES</u></b>					
<b><u>RC2751-OW Decentralization-South London CC</u></b>					
Engineering	442,148		442,148	419,506	22,642
Construction	5,917,852	51,955	5,969,807	24,207	5,945,600
Other City Related	140,000		140,000		
	5) 6,500,000	51,955	6,551,955	443,713	5,968,242
<b><u>RC2201-11-Recreation Facilities</u></b>					
Engineering	300,000		300,000	264,443	
Construction (Roof repairs)	732,800		732,800	595,953	160,000
City Related Expenses	200		200	133	
	1,033,000	0	1,033,000	860,529	160,000
<b>NET ESTIMATED EXPENDITURES</b>	<b>\$7,533,000</b>	<b>\$51,955</b>	<b>\$7,584,955</b>	<b>\$1,304,242</b>	<b>\$6,128,242</b>
<b><u>SOURCE OF FINANCING:</u></b>					
<b><u>RC2751-OW Decentralization-South London CC</u></b>					
Drawdown from City Facilities Reserve Fund	2) 6,500,000		6,500,000	436,913	5,923,087
Other Contributions		6,800	6,800	6,800	
Debenture Quota-Tsf from RC2072-Facility Mtce. & Planning		45,155	45,155		45,155
	6,500,000	51,955	6,551,955	443,713	5,968,242
<b><u>RC2201-11-Recreation Facilities</u></b>					
Debenture By-Law No. W.-5305-216			165,000		152,529
Drawdown from City Facilities Reserve Fund	868,000		868,000	860,529	7,471
	1,033,000	0	1,033,000	860,529	160,000
<b>TOTAL FINANCING</b>	<b>\$7,533,000</b>	<b>\$51,955</b>	<b>\$7,584,955</b>	<b>\$1,304,242</b>	<b>\$6,128,242</b>

	<u>RC2751 Engineering</u>	<u>RC2751 Construction</u>	<u>RC2201-11 Construction</u>	<u>Total</u>
1) <b><u>Financial Note</u></b>				
Contract Price	\$22,250	\$5,842,767	\$157,233	\$6,022,250
Add: HST @13%	2,893	759,560	20,440	782,893
Total Contract Price Including Taxes	25,143	6,602,327	177,673	6,805,143
Less: HST Rebate	2,501	656,727	17,673	676,901
Net Contract Price	<u>\$22,642</u>	<u>\$5,945,600</u>	<u>\$160,000</u>	<u>\$6,128,242</u>

2) The Ontario Works Decentralization Strategy called for a budget of \$6.5 million for the expansion of the South London Community Centre. \$4.2 million had been set aside in the City Facilities Reserve Fund from previous year end surpluses. On April 15, 2014 Council approved a \$2.3 million one-time contribution from 2013 year end surplus be contributed to the City Facilities Reserve Fund in order to fund the Ontario Works Decentralization Strategy.

The uncommitted balance in the City Facilities Reserve Fund will be approximately \$14.6 million with the approval of this project.

3) A one time contribution of \$6,800 was received from the South London Neighbourhood.

4) The additional funding required in the amount of \$45,155 is available as a transfer from RC2072 - Facility Maintenance and Planning.

5) Other one time capital costs totalling \$140,000 are being requested for furniture and other fees.

6) The estimated additional annual operating cost associated with the award of this contract is approximately \$197,000. There will also be one time transitional costs for Ontario Works leased spaced in the net City amount of \$100,000 per year until the Market Tower lease expires in March 2017. The City will recover costs of approximately \$210,000 per year by leasing space to Ontario Works and Settlement Services. These estimates will be further refined and included in 2015 and future years operating budgets noting that after March 2017 there should be a net savings.