

<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON MONDAY JUNE 20, 2017.</b>
<b>FROM:</b>	<b>WILLIAM C. COXHEAD, MANAGING DIRECTOR PARKS AND RECREATION and LYNNE LIVINGSTONE, MANAGING DIRECTOR NEIGHBOURHOOD, CHILDREN AND FIRE SERVICES</b>
<b>SUBJECT:</b>	<b>UPDATE ON EAST COMMUNITY CENTRE PROJECT PROJECT #RC2756</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Directors of Parks and Recreation and Neighbourhood, Children and Fire Services, the following report **BE RECEIVED** for information.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- Architect to Act as Prime Consultant for the East Community Centre (CPSC - Dec. 2015)
- Parks and Recreation Strategic Master Plan – Interim Update (CPSC - Jan. 2017)
- Update on East Community Centre Build Project (CPSC - Dec. 2015)
- Parks and Recreation Strategic Master Plan Update (CPSC - Nov. 2009)

<b>BACKGROUND</b>
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The City is embarking on an exciting community centre project to serve the East and Southeast areas of the city which will see the development of an indoor pool, gymnasium, and multi-purpose community space slated to open in 2019. This community centre construction project is unique in that it builds on all four of Council’s Strategic Areas of Focus:

1. Strengthens Our Community – this centre will serve as a community hub for the local neighbourhood of Argyle and for the larger district including Huron Heights, East London, Hamilton Road, Glen Cairn, Westminster, and Jackson. *“Building amazing arts, culture and recreation experiences.”*
2. Building a Sustainable City – this new infrastructure project will create a *“beautiful place and space”* within the community
3. Lead in Public Service – a range of city services will now be available and allow the city to provide *“excellent service delivery”* to a previously underserved area
4. Grow Our Economy - this project, located within an existing neighbourhood, allows the City to contribute to *“urban regeneration”* of a key community space

**PURPOSE**

The purpose of this report is provide an update on the East Community Centre project design and pre-tender cost estimates that may result in a project budget shortfall. Civic administration proposes a strategy to deal with this shortfall should it occur.

## **SUMMARY**

The East Community Centre project was launched in 2015 with the establishment of a Steering Committee led by the Facilities Division with members from Parks and Recreation, Neighbourhood, Children and Fire Services, and Environmental and Parks Planning. An Architectural Consultant, MJMA, began work to design the community centre in January 2016. Two community Open Houses were held, the first on March 3, 2016 to launch the project in the community and to gather input on needs and desires. A second Open House on June 22, 2016 gathered feedback on a conceptual design and launched the development of a Parks Master Plan for the rest of East Lions Park. The integration of a larger park redevelopment on the site and coordination with surrounding road projects will significantly revitalize this area of the city.

The final design of the building is near completion. This is a design that the community is excited about and is in keeping with an appropriate scale and scope for this type of project. We have completed a number of estimates of the cost to construct this building from different sources with varying results, which is raising a concern. Despite finding savings in finishes and materials as well as some square footage adjustments, we are concerned that the construction budget may not be able to support the design that we believe will best serve this community for decades to come. A redesign for a smaller facility is not in the best interest of the community.

### **Construction Budget and Cost Estimates**

The original construction budget for this project (\$16.6 million) was established using industry standard cost guides (Altus Group Canadian Cost Guide and RS Means) and confirmed against recent similar projects across the Province, and was in line with the cost per square foot plus inflation to construct Stoney Creek Community Centre, YMCA and Library.

A number of cost estimates have been completed at various design milestones by the consultant team. Early cost estimates resulted in various value engineering and scope reductions to align with the construction budget without impacting the original desired features within the building. Further costs estimates have continued to be higher than anticipated and seem out of line with current projects within London (the South West Community Centre, YMCA and Library) and other similar projects that have been recently tendered by the consultant team.

The only way to find out the actual cost of construction is to proceed with tendering the project. Civic administration is optimistic that the competitive bidding process will result in construction costs coming in closer to the budget amount. Should the lowest qualified tender exceed the construction budget, Council can consider the following alternatives:

1. Defer the project and retender at a later date; or
2. Use an alternative source of funding from an anticipated surplus in the Southwest Community Centre Project.

Civic administration would recommend transferring the appropriate amount to the East project only if required and to do so at the time of the tender award. Civic administration is not providing details regarding the financing or altered construction budgets or estimates in order to preserve the integrity of the tendering process.

### **Tender Schedule**

Construction tenders are tentatively scheduled to be issued on June 29, 2017. A 40-day tender period is required to meet the terms of the Canada-European Union Comprehensive Trade Agreement (CETA). Upon tender close on August 8, 2017 a recommendation report will be submitted to the Community and Protective Services Committee on August 28 and subsequently to Council on September 5.

Construction is tentatively scheduled to start in late September 2017 with completion planned for the spring 2019.

## **CONCLUSION**

Civic administration is seeking Council's support in proceeding with this strategy prior to tendering. It is our belief that this strategy will maintain the desired competitive tendering process and we anticipate that a more reasonable construction budget can be realized. If the budget needs to be adjusted, Civic administration has identified a source of funding from savings at another community centre project currently under construction.

## ACKNOWLEDGEMENTS

This report was prepared by John Devito, Facilities Design & Construction and Donna Baxter Neighbourhood, Children & Fire Services with input from Kyle Murray and Steve Whitmore, Financial and Business Services.

<b>SUBMITTED BY:</b>	<b>CONCURRED BY:</b>
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