

Adjustments to the Parks, Forestry and Recreation and Children's Services 2017 Capital Budgets and Future Year Commitments

Date: May 8, 2017

To: Budget Committee

From: General Manager, Parks, Forestry and Recreation; General Manager, Children's Services

Wards: Ward 20 – Trinity-Spadina, Ward 28 – Toronto Centre-Rosedale

SUMMARY

The purpose of this report is to obtain authority from City Council to amend the approved 2017 Parks, Forestry and Recreation (PF&R) and Children's Services (CS) Capital Budgets and future year commitments by adjusting project costs and cash flows included within the Budget for the Wellesley Community Centre Pool and Block 31. Block 31 is a co-located shared-use project that includes Canoe Landing Community Recreation Centre and Child Care Centre with the Toronto District School Board (TDSB) and Toronto Catholic District School Board (TCDSB). Both projects were tendered and the bids exceeded the available funding. Additional funds are required in order to award the contracts to the lowest bidders.

RECOMMENDATIONS

The General Manager, Parks, Forestry and Recreation and the General Manager, Children's Services recommend that:

1. City Council authorize an amendment to the Parks, Forestry and Recreation's approved 2017 Capital Budget for the Wellesley Community Centre Pool Construction sub-project in the Pool project, to increase the project cost by \$3.000 million from \$16.000 million to \$19.000 million, with the 2019 cash flow increasing from \$1.000 million to \$4.000 million, funded by \$1.900 million from PF&R Development Charges (XR2114) and \$1.100 million from the City-Wide Parkland Development Cash-in-lieu reserve fund (XR2211).

2. City Council authorize the following adjustments to the approved 2017 Capital Budget for the Canoe Landing Community Recreation Centre and Child Care Centre Construction projects that is co-located with the Toronto District School Board and Toronto Catholic District School Board:

- a. Amend the 2017 Parks, Forestry and Recreation Capital Budget for the Canoe Landing Community Recreation Centre sub-project in the Community Centre project, by increasing the project cost by \$4.876 million from \$28.692 million to \$33.568 million, with the 2019 cash flow increasing from \$3.863 million to \$8.739 million, funded by PF&R Development Charges (XR2114).
- b. Amend the Parks, Forestry and Recreation Capital Budget for the Canoe Landing TDSB and TCDSB Schools sub-project in the Community Centre project, by increasing the project cost by \$3.509 million from \$36.451 million to \$39.960 million, with the 2019 cash flow increasing from \$6.154 million to \$9.663 million, with funding from the Toronto District School Board and the Toronto Catholic District School Board.
- c. Amend the Children's Services Capital Budget for the Block 31 (Canoe Landing) Child Care Centre Construction project, by increasing the project cost by \$1.092 million from \$3.628 million to \$4.720 million with the 2019 cash flow increasing from \$0.426 million to \$1.518 million with funding of \$0.342 million from the Development Charges Reserve Fund - Child Care (XR2122) and \$0.750 million from the Child Care Capital Reserve Fund (XR1103).

FINANCIAL IMPACT

The Council approved Parks, Forestry and Recreation (PF&R) 2017 Capital Budget includes an \$81.143 million project cost for the following three projects: Wellesley Community Centre Pool Construction, Block 31 Canoe Landing Community Recreation Centre, and the Canoe Landing Toronto District School Board (TDSB) and Toronto Catholic District School Board (TCDSB) Schools. The Children's Services 2017 Capital Budget has a project cost of \$3.628 million for the Block 31 Canoe Landing Child Care Centre.

Approval of the recommendations of this report will have a financial impact to the approved 2017 Capital Budgets and future year commitments for Parks, Forestry and Recreation (PF&R) and Children's Services (CS). PF&R project costs will be amended to include an increase of \$11.385 million in 2019 funded by PF&R Development Charges, the City-Wide Parkland Development Cash-in-lieu Reserve Fund, and contributions from the TDSB and TCDSB. Children's Services project costs will increase by \$1.092 million in 2019, funded by development charges and the Child Care Capital Reserve Fund.

As noted in table 1, these adjustments will have an impact on the Council approved project costs for four projects. The project costs for PF&R will increase by \$11.385 million from \$81.143 million to \$92.528 million, including the additional \$3.5 million from the TDSB and TCDSB. Children's Services will increase by \$1.092 million from \$3.628 million to \$4.720 million.

Table 1: Adjustments to the Council Approved Project Cost

Project Name	Council Approved Project Cost	Adjustments to Project Cost	Revised Project Cost
Wellesley Community Centre Pool Construction	\$16,000,000	\$3,000,000	\$19,000,000

Project Name	Council Approved Project Cost	Adjustments to Project Cost	Revised Project Cost
Block 31: Canoe Landing Community Recreation Centre	\$28,692,000	\$4,876,011	\$33,568,011
Block 31: TDSB and TCDSB Schools	\$36,451,000	\$3,508,741	\$39,959,741
Block 31: Canoe Landing Child Care Centre	\$3,628,000	\$1,092,297	\$4,720,297
Total Block 31 Costs	\$68,771,000	\$9,477,049	\$78,248,049

Operating impacts for the Wellesley Community Centre Pool and Canoe Landing Community Recreation Centre projects are included in the Parks Forestry and Recreation 2017 Operating Budget and will be further refined through the 2018 and 2019 Operating Budgets.

The School Boards are responsible for operating their facilities. The TDSB and TCDSB, PF&R and Children's Services are developing a Shared Use Agreement which will specify the responsibility for the operating costs of shared spaces within the new building.

There will be no service delivery costs arising from the completed construction of the Block 31 Canoe Landing Child Care Centre included in the 10-Year approved Capital Plan, as Program resources will be reallocated to deliver services in this centre.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council, at its meeting of December 8, 2009, approved the Parks, Forestry and Recreation 2010 Capital Budget through item EX38.1 (26.a.i.). The Canoe Landing Community Recreation Centre (former Railway Lands/Block 31 New Community Centre Construction) sub-project was approved with a total project cost of \$13.700 million and funding from the Capital Financing Reserve, Development Levies, and Debt.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX38.1>

At its meeting on February 23 and 24, 2011, City Council adopted the 2011 PF&R Capital Budget through item EX3.3 (29.a.i.). \$0.600 million was added to the Canoe Landing Community Recreation Centre (CRC) sub-project to replenish debt funding that was not expended within the allotted two years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX3.3>

City Council, at its meeting of January 15 and 16, 2013 approved the 2013 Parks, Forestry and Recreation Capital Budget, item EX27.1 (38.a.i.), which included \$1.000 million for the design of Wellesley Community Centre (CC) Pool; and \$1.655 million for the Canoe Landing CRC sub-project to replenish debt funding that expired.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX27.1>

On February 19, 2014, City Council adopted report EX38.3, "Block 31 in the Railway Lands - Development Agreement, Update and Next Steps", authorizing the Deputy City Manager, Cluster A to negotiate and execute on behalf of the City, a development agreement for Block 31 between the City, the Toronto District School Board and the Toronto Catholic District School Board. The TDSB and TCDSB Schools sub-project was added to the PF&R Capital Budget, with a project cost of \$36.451 million, fully funded by the school boards. A project for the Child Care Centre on Block 31 was also added to the Children's Services Capital Budget, in the amount of \$3.628 million, funded from Section 37 and development charges.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX38.3>

At its meeting on February 17, 2016, City Council approved PF&R's 2016 Capital Budget through item EX12.2 (28.a.i.). \$16.000 million was added to the Capital Budget for the construction of Wellesley CC Pool; and \$0.367 million was included for the Canoe Landing Community Space Design sub-project with funding from Section 37.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

City Council, at its meeting on February 15 and 16, 2017, adopted the Parks, Forestry and Recreation 2017 Capital Budget through item EX22.2 (22a.i. and 22a.ii.). The following sub-projects were approved for the Canoe Landing Community Recreation Centre: \$4.525 million for the Active Roof, Public Art, and Furniture, Fixtures & Equipment funded from development charges (\$4.074 million) and South Parkland Development Cash-in-lieu Reserve Funds (\$0.451 million); \$4.000 million for the Community Space construction, funded from Section 37; and \$1.000 million for the Playground funded from Section 37.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

ISSUE BACKGROUND

1) Wellesley Community Centre Pool (Ward 28)

City Council approved the design for the Wellesley Community Centre (CC) Pool sub-project, in the Pool project, through the 2013 Parks, Forestry and Recreation Capital Budget, with a total project cost of \$1.000 million, funded by \$0.500 million from Section 37 and \$0.500 million from Section 45.

The construction phase, in the amount of \$16.000 million, was approved through the 2016 Capital Budget, is cash flowed over four years and funded as follows: \$8.000 million from development charges, \$5.206 million from Section 37, \$2.271 million in Section 42 Alternate Rate Cash-in-lieu, and \$0.523 million from Section 45.

The scope of work for the project, located at 495 Sherbourne Street, includes construction of a 25,338 square foot (sq. ft.) facility, with a 25 m pool, leisure pool, multipurpose space, and a green roof. The project was tendered and two bids from pre-qualified general contractors were received on February 28, 2017, both of which exceeded the pre-tender estimate. The low-bid exceeded the overall project budget resulting in a project funding gap. After value engineering the funding gap was reduced to \$3.000 million.

Authority from City Council is being requested to amend the approved Capital Budget project cost for the construction of Wellesley CC Pool by \$3.000 million from \$16.000 million to \$19.000 million, in order to award the contract to the low bidder. The \$3.000 million increase includes \$1.900 million from PF&R Development Charges (XR2114) and \$1.100 million from City-Wide Parkland Development Cash-in-lieu Reserve Fund (XR2211).

2) Block 31: Canoe Landing Community Recreation Centre, and Child Care Centre co-located with two schools (Ward 20)

Block 31 is a City-owned site in the Railway Lands located west of Spadina, south of Fort York Boulevard, north of the Gardiner Expressway and adjacent to Canoe Landing Park. In 1994, the City entered into agreements with the Canadian National Railways (CN, succeeded by Concord Adex and Wittington Developments), the Toronto District School Board (TDSB) and the Toronto Catholic District School Board (TCDSB) for the purpose of collecting development levies to fund the construction of a shared-use facility

with a community centre, a child care centre and an elementary school for each the TDSB and the TCDSB.

The TDSB holds the development levy funds in an interest-bearing trust account for both itself and the TCDSB. The Boards will pay their portion of the construction costs by flowing their funding through the PF&R capital project.

The City portion of the project is funded by the development levies, development charges, Section 37 funds, and City-wide Parkland Development Cash-in-Lieu and Child Care Capital reserve funds.

The Development Levy Trust Agreement, which requires the levies be expended on the construction of the shared-use facility also established the timeframe for which the funds must be spent. This timeframe has been estimated to be June 2021. In order to meet the timeframe, construction must begin this year.

The Block 31 shared-use project was tendered and three bids from pre-qualified general contractors were received, all exceeded the pre-tender estimate. The low-bidder exceeded the available Council approved funding resulting in a budget shortfall.

Authority from City Council is being requested to amend the approved 2017 Capital Budget for the Block 31 shared-use facility including Canoe Landing Community Recreation Centre and Child Care Center and two elementary schools by adding \$9.477 million with the City portion of \$5.968 million and the School Boards portion of \$3.509 million. Staff have reviewed the bid in detail and value engineered components to ensure a fair price. The size and scope of the shared-use facility cannot be reduced as it is designed to meet the needs of this growing community. Re-tendering the project is not a realistic option, as construction prices continue to rise, and delays will jeopardize the development levy funding.

COMMENTS

Approval is being sought to amend the Council approved 2017 Capital Budgets and future year commitments for Parks, Forestry and Recreation and Children's Services for the Wellesley Community Centre Pool and the Block 31 shared-use facility including Canoe Landing Community Recreation Centre and Child Care Center and two Schools. Additional funds are being requested in order to award the contracts to the lowest bidders, to avoid a significant reduction in the program scope as well as the delays and potentially higher costs associated with re-tendering the projects.

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