



**STAFF REPORT
ACTION REQUIRED**

Toronto Zoo – Wildlife Health Centre Capital Budget Adjustment

Date:	December 4, 2014
To:	City Council
From:	Deputy City Manager & Chief Financial Officer
Wards:	All
Reference Number:	P:\2014\Internal Services\Fp\Cc14027Fp

SUMMARY

This report recommends an increase to the project cost of the Toronto Zoo's Animal Health Centre capital project, applying \$2.535 million of funds held in trust for the Toronto Zoo by the Community Foundation (formerly Toronto Community Foundation). This additional funding is urgently required to proceed with the tender for construction of the Centre, approved by the Board of Management of the Toronto Zoo on November 27, 2014. No additional City debt funding is required.

RECOMMENDATION

The Deputy City Manager & Chief Financial Officer recommends that:

1. The project cost of the Toronto Zoo's Animal Health Centre capital project be increased by \$2.535 million to \$18.035 million, financed by trust funds held for the Toronto Zoo by the Community Foundation, with cash flow allocations of \$1.690 million in 2015 and \$0.845 million in 2016.

Financial Impact

The Council Approved 2014 Capital Budget for the Toronto Zoo included a total of \$15.500 million of debt funding, for the construction of a new Wildlife Health Centre, cash flowed over 2014 – 2017. The planning and design for this project was completed in 2012, with a separate budget of \$1.634 million. Over the past few years donations and a recent bequest have been received and deposited with the Community Foundation, which the Board of Management has approved to be applied to this project. This report

recommends an increase to the bring project cost for the construction of this facility to \$18.035 million. The application of \$2.535 million of donated funds will allow the facility to be built to meet accreditation standards while not increasing City debt funding.

The following summarizes the project cost and cash flow changes.

Animal Health Centre Construction Capital Project	Cash flow (\$ millions)				Totals
	2014	2015	2016	2017	
City debt	4.150	4.750	4.100	2.500	15.500
Donations		1.690	0.845		2.535
total	4.150	6.440	4.945	2.500	18.035

DECISION HISTORY

At its meeting on November 27, 2014, the Board of Management of the Toronto Zoo approved the staff recommendation to award the tender for the Wildlife Health Centre to the lowest qualified bidder, subject to approval by Council of the increase in the Capital Works Project amount to \$18.035 million. The report to the Board of Management (November 20, 2014) and Appendix 1 and 2 from the Chief Operating Officer, Toronto Zoo, on the Wildlife Health Centre including tender results may be referenced as follows: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ZB36.2>

ISSUE BACKGROUND

The Wildlife Health Centre Project is a comprehensive construction project that will rehabilitate an aging facility and replace an older out of date animal hospital. The existing animal hospital has evolved within the original Zoo animal holding building. It does not meet current hospital standards as detailed by various inspecting groups (Association of Zoos and Aquariums (AZA), Canadian Council of Animal Care (CCAC)) and all recent inspections identified cited the facility as an item of “major concern”, requiring refurbishment to meet accreditation standards in the future. The project is scheduled for construction starting at the end of 2014. The majority of the work will be completed in 2015 with a final completion date in early 2017.

An amount of \$15.500 million for this project was approved by City Council in the Toronto Zoo 2014 - 2023 Capital Budget and Plan. The comprehensive tendering process included pre-qualification of interested General, Electrical and Mechanical Contractors resulting in 7 contractors that were approved by the Board as pre-qualifying for the Wildlife Health Centre project. The Request for Tender was issued on September 30, 2014, and of the 6 submitted bids received, all initial lump sum bids were significantly higher than the approved budget amount, requiring staff to resort to several planned project scope deletions that were costed separately by all bidders in the tendering

process. These deletions, which lowered the funding requirements by \$1.657 million, will not adversely impact the medical and surgical functionality of the structure, and will have no impact on meeting accreditation requirements.

The higher than budget bids from all contractors may be attributable to the escalation in construction costs, and related fluctuations in the market, since this project was first estimated three to four years ago. The nature of this project, in designing and building a very sophisticated technical animal health facility that will be one-of-a-kind in Canada, would certainly impact the cost estimates as well.

As a result, the Board has awarded the project to Gillam Group Inc. as they were the lowest bidder after the planned project scope deletions. The total project cost, after deletions, is \$18.035 million, which includes the contractor cost as well as a cash allowance for inspection, testing, building permits, temporary hospital facilities, owner's contingency and HST, as applicable.

COMMENTS

Approval of the recommendation to increase the capital project budget for the construction of the Wildlife Health Centre in 2015 and 2016 will result in a highly modernized, state-of-the-art animal hospital, requiring no additional debt funding from the City. This facility has been specifically designed provide maximum efficiency for medical and surgical care of zoo species, ensuring their comfort, and safety in handling and care of animal patients, in a professional and hygienic setting.

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SIGNATURE

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