

Capital Construction Budget Increases for Bendale Acres Child Care Centre and TCHC Lawrence Orton Child Care Centre

Date: June 29, 2018

To: Executive Committee

From: Acting General Manager, Children's Services

Wards: All

SUMMARY

The purpose of this report is to request authority from City Council to amend the Approved 2018-2027 Capital Budget and Plan for Children's Services by increasing project costs for two projects by \$1.878 million with the additional funding from the Child Care Capital Reserve Fund (XR1103).

This amendment is required in order to proceed with the construction of two child care centres, as preliminary quotations received through the design and tendering process indicate the need to increase the approved project cost for the TCHC Lawrence Orton Site (3947 Lawrence Avenue East in Ward 43), and the Bendale Child Care Centre (2920 Lawrence Avenue East in Ward 38).

RECOMMENDATIONS

The Acting General Manager, Children's Services recommends that:

1. City Council amend the 2018 - 2027 Capital Budget and Plan for Children's Services by increasing the project cost of the TCHC Lawrence Avenue Site (CCS-032) by \$1.453 million, funded through the Child Care Capital Reserve Fund (XR1103); and
2. City Council amend the 2018 Capital Budget and Plan for Children's Services by increasing the project cost of the Bendale Child Care Centre (CCS-044) by \$0.425 million, funded through the Child Care Capital Reserve Fund (XR1103).

FINANCIAL IMPACT

The preliminary quotations received through the design and tendering process have identified that construction costs will exceed the approved project costs for the TCHC Lawrence Avenue Site and the Bendale Child Care Centre.

The revised project cost of the TCHC Lawrence Avenue Site is estimated to be \$5.353 million, \$1.453 million higher than the approved project cost of \$3.900 million. An increase of \$1.453 million net of HST recoveries is required to deliver this project. This amendment will increase the 2019 commitment for the TCH Lawrence Avenue Site to \$1.453 million.

The revised project cost of the Bendale Child Care Centre is estimated to be \$3.425 million, \$0.425 million higher than the approved project cost of \$3.000 million. An increase of \$0.425 million net of HST recoveries is required to deliver this project. This amendment will increase the 2019 commitment for the Bendale Child Care Centre to \$0.425 million.

The total increase to the Approved Capital Plan required for both projects is \$1.878 million. The recommended increase in this report will be fully funded from the Child Care Capital Reserve (XR1103). The Child Care Capital Reserve Fund has an uncommitted balance of \$51.835 million.

The Interim Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On May 3, 2016, City Council approved a Child Care Capital Expansion Update, which added 10 new child care capital projects to the 2016 - 2025 Council-approved Capital Plan for Children's Services.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.CD11.3>

On July 4, 5, 6 and 7, 2017, City Council amended the Approved 2017 Operating Budget for Children's Services, which included adding expansion funding provided through the Canada-Ontario Early Learning and Child Care Agreement to increase access to affordable child care for children aged 0 to 12, including supporting additional fee subsidies, access and affordability measures and capital expansion.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.30>

COMMENTS

The TCHC Lawrence site is located at 3947 Lawrence Avenue East in Ward 43. The capital project will add a 54-space child care centre as an addition to the ground floor of an existing TCHC building. The original project budget of \$3.9 million was approved in

Capital budget for Bendale CCC & Lawrence Orton CCC

the 2016 report titled "Child Care Capital Expansion Update". This project was tendered through a Toronto Community Housing Corporation competitive procurement process, which closed in March 2018. The design and construction costing process resulted in a total project cost of \$5.353 million, net of HST recoveries. As a result, an additional \$1.453 million is required to complete this project.

The Bendale Child Care Centre, located in the Bendale Long Term Care facility at 2920 Lawrence Ave East in Ward 38, will add 49 licensed child care spaces at this location. It was selected as a construction project eligible to be funded under the Canada-Ontario Early Learning and Child Care Agreement which provided capital funds enveloped for the purpose of expanding child care spaces. An amount of \$3.000 million was initially budgeted for this project. This project was tendered through a competitive procurement process that closed in June 2018 and resulted in a new total project cost of \$3.425 million, net of HST recoveries. As a result, an additional \$0.425 million is required to complete this project.

The updated budget requirements are the direct result of the tendered design and construction costing processes for each project. The changes can be attributed to construction cost increases in recent years, which have exceeded the rate of inflation and put pressure on capital budgets. Noticeable increase with structural, electrical, mechanical and site work have been the largest contributing factors. This trend has been noted in the post-tender consultant's report for the Lawrence Orton project.

These two projects will support the Council-approved Child Care Growth Strategy. Ward 38 is a high priority and Ward 43 is a medium priority for child care capital investment. Priority areas are determined by comparing the population in the ward to the current number of licensed child care spaces.

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SIGNATURE

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