

**STAFF REPORT: PLANNING & BUILDING SERVICES**



**REPORT TO:** Finance & Administration  
**MEETING DATE:** April 19, 2011  
**REPORT NO.:** PL.11.39  
**SUBJECT:** New Town Hall Construction  
Budget Update  
**PREPARED BY:** David Finbow, Director, Planning &  
Building Services

**A. Recommendations**

That Council receive Staff Report PL.11.39, "New Town Hall Construction Budget Update".

**B. Background**

The purpose of this report is to provide Council with an update on the construction budget of the New Town Hall Facility.

**Budget Approval**

Council at its meeting of January 25, 2010 authorized the construction of the New Town Hall with a project budget of \$8.448 million. The \$8.448 million was inclusive of specific land acquisition costs (former gas station & retail store buildings and ORC Lands (\$850,000)); projected costs related to demolition, site remedial work, consultant/design services, construction, furniture, equipment, moving, etc. (\$7.43 million); and, a contingency allowance of \$168,000 (approximately 2.26% of the overall construction budget).

**Funding/Financing**

With respect to funding, the Town has received an Infrastructure Stimulus Funding Grant of \$4.6 million; confirmation of a Federation of Canadian Municipalities (FCM) Loan of \$3.3 million @ 2% over 10 years with a maximum grant in the amount of \$330,000 (10% of the actual loan amount); and, a High Performance Energy Grant of approximately \$10,000.

The projected funding/financing is a combination of debt, Working Capital Reserve, Development Charges, Taxation and User Fees (Water and Wastewater, Harbour and Building Permit Fees).

**Incurred Costs to March 31, 2011**

Incurred costs through to March 31, 2011 are:

Land Acquisition Costs (former gas station & retail store building & ORC lands)	\$ 815,492
Construction and Professional Fees	\$6,487,279
<b>Total</b>	<b>\$7,302,771</b>

The attached spreadsheet, prepared by the Financial & Information Services Department, depicts these expenses and the related funding/financing. Council will note that the land acquisition costs associated with the "Esso Land Purchase (parking lot)" totalling \$142,997, the land acquisition costs associated with the Trail Head Parking Lot on the east side of Mill Street totalling \$78,451 and the approximate \$70,000 related to the design and construction of the Trail Head Parking Lot have not been included in the Land Acquisition Costs and Construction and Professional Fees respectively. The land acquisition and design and construction of the Trail Head Parking Lot will be further reviewed in terms of budgetary assignment and funding/financing with Staff reporting back at a later date.

### **Grants/Loan Status**

With regard to Grants and Loans, the Town has submitted "eligible" claims to ISF totalling \$5.894 million with same representing cash flowing back to the Town of \$3.929 million. The final two claims, Claim #'s 6 & 7, will be submitted shortly and "top-off" the maximum eligible amount payable to the Town of \$4.6 million. The FCM loan and grant become available upon substantial completion of construction – projected to be May 2, 2011.

### **Projected Costs to Complete the New Town Hall**

The projected costs to complete the New Town Hall are:

Payout of invoices dated March 31, 2011	\$508,650
Outstanding Invoices/Contracts & Projected Construction	\$340,000
Projected Move Expenses	\$ 20,000
Holdbacks to be paid out	\$448,538
Outstanding Consultant Fees (Design, Construction, LEED)	\$ 85,000
Total	\$1,402,188

### **Incurred and Projected Costs for the New Town Hall**

The incurred and projected costs for the New Town Hall are:

Incurred Expenditures	\$7,302,771
Projected Costs	\$1,402,188
Incurred & Projected Costs for the New Town Hall	\$8,704,959

### **Budget Projection**

Original Budget	\$8,448,000
Incurred & Projected Costs for the New Town Hall	\$8,704,959
Under/(Over) Budget	(\$256,959)

As Council will note, the January 25, 2010 Budget Projection of \$8.448 million is projected to be exceeded by approximately \$257,000 (3.0%). This overage is attributable to a number of things, including, but not limited to, the following:

Site Conditions/Works	\$ 75,000
Revised Geothermal (enlarged field and related excavation)	\$ 65,000
Elimination of Wireless Network (additional data and wiring)	\$ 28,000
Additional Professional Services (LEED Commissioning, Park Building Design, Landscaping Design, etc.)	\$ 85,000
Storm Water Management Works (Extras)	\$ 32,000
Parking Lot Works (Extras)	\$ 26,000
Client Driven Changes (partial finishing bsmnt, atrium revisions, etc.)	\$ 80,000
Extended Construction Management & Labour (Apr 15 – May 15)	\$ 25,000
Unbudgeted Government Approvals (MOE Soils & Generator)	\$ 20,000
Misc. (door hardware, additional provision for security, etc.)	\$ 30,000
Total	+/- \$466,000

The above exceeds the projected project overage of \$257,000 but it is noted that savings were had in other areas so as to mitigate the overage.

It should be noted that the original budget included a directed and intended understated contingency of 2.26% (\$168,000) versus the staff and industry recommended minimum contingency for new construction of 5% (\$371,500).

Financial & Information Services have advised that any over expenditure will be debt financed via the FCM Loan.

### **C. The Blue Mountains' Strategic Plan**

*"Providing a strong, well managed municipal government."*

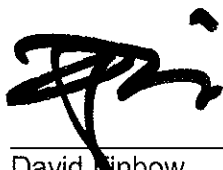
### **D. Financial Impact**

The projected over expenditure of approximately \$257,000 for this project will be included in the debt to be financed via the secured FCM Loan of a maximum of \$3,300,000 @ 2% over 10 years.

### **E. Addendums**

A. Incurred Costs to March 31, 2011 - Spreadsheet

Respectfully submitted,



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David Ninbow  
Director, Planning & Building Services

A.

	Expenses	Taxation/ User Fees	Reserves	DC's	Grants	Debt
<b>2006</b>						
* Esso Land Purchase (parking lot) *	\$ 142,997	\$ 41,750	\$ 101,247			
Professional Fees	\$ 59,315	\$ 59,315				
<b>2007</b>						
Esso Land Purchase (buidling)	\$ 458,476		\$ 458,476			
Professional Fees	\$ 20,023		\$ 20,023			
<b>2008</b>						
Diane's Attic Land Purchase	\$ 273,212		\$ 273,212			
Professional Fees	\$ 73,587		\$ 73,587			
<b>2009</b>						
Professional Fees/Contract Services	\$ 820,470		\$ 23,310	\$ 292,051	\$ 502,109	
<b>2010</b>						
* Pipers parking lot Land Purchase *	\$ 78,451	\$ 78,451				
Professional Fees/Contract Services	\$ 5,201,948	\$ 39,149			\$ 3,166,508	\$ 1,996,291
<b>2011 (To March 31)</b>						
Town Hall Land Purchase	\$ 83,804					\$ 83,804
Professional Fees	\$ 381,936				\$ 381,936	
<b>TOTAL</b>	\$ 7,594,219	\$ 218,665	\$ 949,855	\$ 292,051	\$ 4,050,553	\$ 2,080,095

\* not wawused in T.H. Budget/Projection of costs.