

## LEWIS FARMS COMMUNITY RECREATION CENTRE AND LIBRARY

### Capital Project Update

#### Recommendation

1. That adjustments to capital profile 15-21-5785 - Lewis Farms Community Recreation Centre and Library, as set out in Attachment 4 of the March 17, 2026, Integrated Infrastructure Services report IIS03354, be approved.
2. That Attachment 4 of the March 17, 2026, Integrated Infrastructure Services report IIS03354 remain private pursuant to sections 29 (advice from officials) and 30 (disclosure harmful to economic and other interests of a public body) of the *Access to Information Act*.

<b>Requested Action</b>	Council decision required
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Healthy City</b>
<b>City Plan Values</b>	LIVE
<b>Corporate Business Plan</b>	Serving Edmontonians
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• Lewis Farms Recreation Centre, Library, and District Park</li> <li>• Bylaw 18980 - To amend Bylaw 18008, as amended by Bylaw 18481, to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project - Lewis Farms Community Recreation Centre and Library</li> </ul>
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• April 21, 2017, Integrated Infrastructure Services report CR_3377, Lewis Farms Recreation Centre Schematic Design and Funding Strategy</li> <li>• October 23, 2018, Financial and Corporate Services report CR_6388, Proposed 2019 - 2022 Capital Budget</li> <li>• June 10, 2019, Integrated Infrastructure Services report CR_6773, Lewis Farms Community Recreation Centre and Library Project</li> <li>• December 11, 2019, Financial and Corporate Services report CR_7485rev Fall 2019 Supplemental Capital Budget Adjustment</li> <li>• February 8, 2021, Citizen Services report CR_8024, Innovative Funding Strategies to Build, Operate and Maintain Recreation Centres</li> </ul>

- November 22, 2021, Financial and Corporate Services report FCS00818, Fall 2021 Supplemental Capital Budget Adjustment

### Executive Summary

- City Council approved funding through Capital Profile 15-21-5785 - Lewis Farms Community Recreation Centre and Library to advance the construction phase of the project for a total project budget at \$309.3 million, after an 18-month deferral period and with a build to budget mandate to reduce the project from an estimated \$427 million at the time.
- Administration has engaged in systematic cost-saving and value engineering efforts since early 2022 to reduce the forecasted costs to align with a Build to Budget approach to delivering the project.
- While significant savings have been found, the project has continued to face sustained inflationary pressures and the project is forecasted to exceed the current budget.
- A budget adjustment to Capital Profile 15-21-5785 - Lewis Farms Community Recreation Centre and Library is recommended to preserve the current scope of the project and ensure the facility can operate as anticipated by the community.

## REPORT

### Background

In the 2021 Fall Supplemental Capital Budget Adjustment, City Council approved funding to advance the construction of the Lewis Farms Community Recreation Centre and Library. This approval reactivated the project after an 18-month deferral period during which the project was put on hold.

Upon reactivation of the project in 2022, updated market analysis indicated that construction costs had escalated significantly during the pause. To manage this risk, the project team transitioned to a Construction Management contract model to fast-track site works and early works to mitigate further inflationary pressures. The contract model allowed for design iterations to advance in parallel with construction activity without the requirement of delaying construction. Attachment 1 provides a detailed timeline of key milestones and Council touchpoints for the project since 2014.

Since 2022, the project team, including both internal and external partners, has utilized an iterative process to balance cost, schedule, facility performance and program to remain within the approved budget as our target. The team employed a tiered approach to reduction, prioritizing process efficiencies and scope control over the removal of public-facing program elements. This process resulted in approximately \$90 million in direct savings through scope deferrals and program adjustments, while preserving the overall financial integrity and preserving the viability of the facility over its lifecycle of operations. For example, deferring the outdoor skatepark and the outdoor rink lowered the up front capital cost, while still allowing for these program elements to be added in the future, where possible. Other examples include simplifying the facility architecture, allowing for structural and exterior cost reductions, and

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modifying the aquatic program to provide optimal programming flexibility with both an adjustable floor and bulkhead.

Attachment 2 provides a comparison of the 2021 Planned Program and the 2025 Build to Budget Program, detailing the strategic compromises made to meet the approved \$309.3 million capital budget. The current design is visually represented in the renderings in Attachment 3.

### **Current Status**

While a majority of the project scope has been tendered, awarded and construction is progressing, the project continues to face financial pressures. The project has managed to navigate a variety of factors outside of the City's control or influence since the project was restarted in 2022. These include post COVID-19 market impacts, supply chain disruptions, impacts of international trade risks and various associated tariffs. All of these factors have culminated in an aggregate inflation value of 47.9 per cent, which is above the original forecast inflation of 23.3 per cent (over a 48-month construction schedule). Although significant cost reductions have been achieved during the initial stages of construction, the project is now currently at a pivotal stage where there are diminishing returns to continuing value engineering efforts as the project continues to chase inflationary pressures. In this state, based on cost and risk projections, the facility, as designed, will exceed the approved budget.

To avoid a capital budget adjustment at this stage, the project would be required to make significant concessions on the facility's functional goals where major components would need to be deferred or left unfinished, preventing future programming. As it stands, any further deferrals or scope reductions would directly impact key facility components and the long-term financial viability by placing forecasted operational revenue targets of the facility at risk.

To preserve the current scope and ensure that the facility can open to the public in fall 2028 (construction completion end of 2027) as intended, Administration recommends an increase to the capital budget.

### **Budget/Financial Implications**

Capital Profile 15-21-5785 Lewis Farms Community Recreation Centre and Library was approved in November 2021 at a total cost of \$311.1 million. The value has subsequently been adjusted to reallocate the funding for the public art policy. The current approved total is \$309.3 million.

The recommended adjustment to Capital Profile 15-21-5785 - Lewis Farms Community Recreation Centre and Library is found in Private Attachment 4.

### **Legal Implications**

The existing contracts in place for the construction manager and the design consultant allow for changes to the scope of work, which could include revisions to how certain spaces are finished. Changes to the contracts may result in cost impacts, which would further reduce potential savings from reduced/uncompleted program areas.

### Community Insight

Through the course of the design process, there were four phases of public and stakeholder engagement, each including an open house, online survey, stakeholder meetings and internal staff engagement activities. This engagement directly informed the design, and participants were made aware of how their involvement shaped the evolution of the design. As the design is complete, no further engagement is planned.

Throughout the revalidation and value engineering exercises, the prior engagement served as a touch stone against which decisions were guided.

### GBA+

As part of the stakeholder engagement, the Lewis Farms Facility and Park Project team created an accessibility sub-committee to better understand barriers to equity in both the design process and the design itself. This sub-committee directly informed the engagement and the design, as participants were consulted to enact changes to support equity of outcomes in the final design. The operational model for the recreation centre and district park also aligns with the City Plan, which supports economic equity to patrons to ensure Edmontonians will have access to safe, welcoming places to socialize, be creative, play, be active and participate in desired recreation activity.

### Environment and Climate Review

As a strategic capital project that supports growth, the project needs to align with the City Plan's goal of climate resilience and that of pathway two of Edmonton's Community Energy Transition Strategy<sup>1</sup>, which requires buildings to incorporate ways to reduce operational greenhouse gas (GHG) emissions associated with their energy usage.

The project was designed prior to 2021 (when Policy C627 was adopted). As such, it met the previous Policy C532 requirements for buildings to be designed at 40 per cent lower emissions than the energy code from 2011. The infrastructure investments related to solar photovoltaics and energy storage for the project would be retained through the current budget increase request. Without additional funding, the scope reduction may result in the removal of components. Maintaining investments will contribute to actions needed to achieve the corporate GHG emissions reduction target of becoming an emission-neutral corporation by 2040.<sup>2</sup> Such actions to reduce GHG emissions from the buildings' energy use can result in GHG management outcomes that are demonstrated through the Carbon Budget to support a medium range of GHG reduction.<sup>2</sup> These actions are significant given that the 2024 community and corporate emissions reporting indicated that building emissions (residential, commercial and institutional) contributed 18 per cent of the total 15.2 million tCO<sub>2</sub>e of Edmonton's Community GHG emissions.<sup>2</sup>

## ATTACHMENTS

### 1. Key Milestones and Council Touchpoints

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<sup>1</sup>City of Edmonton. (2021). [The Community Energy Transition Strategy](#). City of Edmonton.

<sup>2</sup>City of Edmonton. (December 1, 2025). Council Report - FCS03160: Fall 2025 Carbon Budget Fall 2025 Update.

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2. Program Comparison: 2021 Planned vs. 2025 Build to Budget
3. Project Renderings
4. PRIVATE - Capital Profile Adjustment