

Lewis Farms Community Recreation Centre and Library Project

Recommendation

That Executive Committee recommend to City Council:

That the June 10, 2019, Integrated Infrastructure Services report CR_6773, be received for information.

Clerk's note: Once City Council has received the above report for information, funds held pursuant to the amendment CP 22, passed at the November 28, 2018, City Council budget meeting, may be released.

Previous Council/Committee Action

At the April 16, 2019, City Council meeting, the following motion was passed:

That the April 9, 2019, Integrated Infrastructure Services CR_6773, be rerouted to the June 10, 2019, Executive Committee meeting.

At the November 28, 2018, City Council Budget meeting, the following motion was passed:

That Capital Profile #15-21-5785, be increased by \$292,871,000 to fund the Lewis Farms Community Recreation Centre and Library project delivery, with funds from debt financing, to be held in debt room (abeyance) until a report returns to Council through Committee back in November 2019.

This report is to include a value engineering exercise with our existing construction manager, options to use off-site levies, pursue opportunities for regional cost sharing on recreation infrastructure through the Intermunicipal Collaboration Framework process, and exploration of new cost allocation models available in new Municipal Government Act and City Charter, and any other relevant information.

Executive Summary

Since the onset of the Lewis Farms Community Recreation Centre and Library Project, Administration has undertaken Value Engineering to ensure that the project has been designed and will be delivered in the most cost-effective manner. Most recently, Administration has retained PCL as a construction manager to extend these efforts into the detailed design and pre-tender steps. Efforts to date have confirmed that the project can be delivered within the estimate and associated level of accuracy presented to City Council in December of 2018. Value Engineering will continue to take place until the fourth quarter of 2020 when the project is expected to be tendered.

Substantial cost savings could be achieved through significant scope and program reductions and phasing; however, this would result in facility programming that is less than what is available at other recreation centres and would not meet the expectations set through engagement sessions with the public.

Eliminating the high dive platforms and reducing the pool size from 50 metres to 25 metres could achieve some cost savings without significant impact on core programming; however, the cost reductions would not be significant in relation to the overall project costs and the program changes would be inconsistent with stakeholder expectations.

Report

Base Cost Estimate Update

The budget approved in December 2018 was based on the November 2018 cost estimate from the project design consultant team. The degree of accuracy for the \$321.3 million value was +/-30 percent and was comprised of the following components:

Component	Budget
Building Construction	\$171.6 million
Planning, Design, Engineering, Construction Management	\$55.1 million
Site Servicing (roads, water, storm/sanitary)	\$11.2 million
Park Site (includes fields, plaza)	\$10.0 million

Furniture/Fixtures/Equipment	\$8.6 million
Land	\$7.0 million
Percent For Art	\$2.7 million
Risk Contingency	\$55.1 million
Total (+/-30%)	\$321.3 million

PCL Construction Management Inc. (PCL) has been retained as the Construction Manager for this project. PCL provides a key role in evaluating the design from a constructability perspective and considering potential opportunities to refine the design without compromising functionality. PCL will continue to explore Value Engineering opportunities up to the time the project is tendered in the fourth quarter of 2020. Administration will provide a pre-tender cost estimate and an updated project profile for the Fall 2020 Supplementary Capital Budget Adjustment.

Comparison to Other Recent City Recreational Centres

During the budget deliberations, Council raised questions in regard to the comparison of programming elements and costs associated with the Lewis Farms Community Recreation Centre and Library to other recreation centres that have been completed over the past 10 years, namely Terwillegar, Clareview and The Meadows. While the programming at each of these centres is similar, they differ considerably from Lewis Farms Community Recreation Centre and Library in some key aspects such as land assembly, site servicing, and program elements that were already in existence (i.e. District Park development). For example, all other sites had full land assembly and site servicing, Terwillegar did not include a library, the Clareview site already had a twin arena complex, and The Meadows has more modest aquatic programming. In addition, the *Alberta Building Code* also underwent substantial revisions in 2018, resulting in a variety of impacts to construction costs as did the City’s Sustainable Building Policy (C532).

Value Engineering Exercise

Value Engineering has and will continue to be an integral part of this and other major capital projects. For this project, the Value Engineering done to date has confirmed that the project can be delivered within the estimate and associated level of accuracy presented to City Council in December of 2018.

Potential Scope Reductions or Deferrals

There are a number of potential savings which involve scope reductions and would result in some change in functionality. The potential scope reductions are as follows:

Element	Potential Capital Savings
Cost for potential road and sewer upgrades	\$6.0 Million
Reduce 54 metre pool to 27 metres	\$4.5 million
Remove 5 and 7 metre diving platforms	\$0.2 million
Remove outdoor skating loop	\$0.5 Million
Park operations yard and maintenance building*	\$4.0 Million
Total	\$15.2 Million

*The operating impacts of the removal of the Parks Maintenance facility have not been quantified and should be undertaken prior to any decision to eliminate this element.

To realize more substantive cost savings, reductions to the scope and programming would be required. There is also a potential to phase-in elements at a later date. This potential phased approach would result in a reduction of the initial budget requirement and assumes the core building would be designed in such a way to ensure the overall architectural intent was achieved and common areas such as the plaza and atrium were fully accessible. This approach would compromise the facility’s core programming and would be inconsistent with stakeholder expectations.

Program Removal/Phasing	Potential Capital Savings
Twin Arenas	\$32.0 Million
Library	\$12.0 Million
Outdoor Skateboard Park	\$1.0 Million
Outdoor Sports Fields	\$0.5 Million
Total	\$45.5 Million

Schedule Impact

The estimated schedule to complete design and be ready for tender is first quarter 2020 with construction starting in the third quarter of 2020.

With no adjustments to the design beyond those that have already been implemented as a result of the value engineering exercise, the project is now estimated to be ready for tender in the fourth quarter of 2020, with construction starting in the first quarter of 2021. If any of scope reductions or deferrals were pursued, the target for completion of design would extend to first quarter 2021 with construction starting in the third quarter of 2021.

Regional Cost Sharing - Intermunicipal Collaboration Framework

Administration has begun work on a regional recreation intermunicipal collaboration framework with eight neighbouring municipalities. This will provide a governance framework to determine how long-term recreation planning can integrate regional and intermunicipal needs. Opportunities for joint funding for facilities that benefit more than one municipality may be identified through this process. However, framework development has only recently started and is not due for submission to the provincial government until April 2020. Future shared funding discussions would be considered at the beginning of major capital projects.

Given that the Lewis Farms Community Recreation Centre and Library project is past the planning stage and will be commencing final detailed design, it is difficult to meaningfully engage neighbouring municipalities as community consultation regarding location, design, amenities, and usage is complete.

Budget/Financial Implications

Council has approved a budget of \$321.3 million for Lewis Farms Community Recreation Centre and Library under profile 15-21-5785. This includes \$296.6 million of tax-supported debt, \$21.1 million of partnership funding, and \$3.5 million Pay-As-You-Go. Project expenditure as of the end of April 2019 is \$6.7 million.

Based on current borrowing rates, the estimated average annual increase in tax levy revenue required to fund debt servicing costs spread out over the next eight years (2020 - 2027) is 0.11 percent per year or 0.91 percent in total. Annual net operating and maintenance costs for the recreation centre components are estimated to be

\$5.86 million per year or 0.3% tax levy impact commencing in 2027. The maintenance portion is based on 2% of the building construction cost.

The estimated tax levy revenue required for debt servicing costs will vary depending on changes to the scope and design of the facility. Based on the range of potential cost savings identified in this report, the annual tax levy increase required to fund debt servicing costs could be reduced between an amount less than 0.01 percent (\$0.5 million in project savings) and 0.15 percent (\$45.5 million in project savings). A summary of the proposed changes to the project estimate and the corresponding impact on the tax levy increase is provided in Attachment 1.

Community and Stakeholder Input

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. Attendance during each engagement ranged between 500 and 1000 people.

Feedback during each phase of engagement directly informed the design, and participants were made aware of how their involvement shaped the evolution of the design. Communication during the engagement highlighted the decisions made through the process as well as the rationale for those decisions.

The engagement outcomes were instrumental in informing the program elements and ultimately the design of the facility and park. During the engagement in 2016, participants were asked about their satisfaction with the schematic design and if they felt it met the needs of the community. Ninety-three percent of open house and 83 percent of online respondents indicated they were Somewhat or Very Satisfied with the schematic design. Ninety percent of open house and 82 percent of online respondents indicated they Somewhat or Strongly Agree that the design meets community need.

Participants were asked to provide feedback on their experience in the engagement for the project. Overall, there was positive feedback and appreciation for the many opportunities and avenues (in person and online) to provide input and ultimately seeing the results of feedback reflected in the design.

Next Steps and Schedule

Unless directed otherwise by Committee, Administration will continue with the design as per the current approved program. Administration will return to City Council at the fall 2020 Supplemental Capital Budget Adjustment with a pre-tender construction estimate, an amended Project Profile, schedule and cash flow. The following is a rough timeline for the upcoming project milestones:

- Q2 2020: Site preparation and pre-grading (subject to final land acquisition)
- Q3 2020: Completion of detailed design
- Q4 2020: Fall Supplemental Capital Budget Adjustment and update to Capital Profile 15-21-5785
- Q4 2020: Project Tender
- Q1 2021: Contractor mobilization
- 2021- 2024: Construction
- 2025: Fit-up and open for public use
- 2026: Seasonal and final warranty work

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton is attractive and compact.			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Edmonton is attractive and compact.	Edmontonians' Assessment: Well-Designed Attractive City (percent of survey respondents who agree/strongly agree).	53% (2017)	55% (2018)

Corporate Outcome(s): Edmontonians use facilities and services that promote healthy living.			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Edmontonians use facilities and services that promote healthy living.	Health and Wellness (percent of survey respondents who report increased health and wellness).	90% (2017)	90% (2018)
	Recreational Facility and Library Attendance (number of visits per capita).	11.8 (2017)	>= 12 (2018)

Attachments

1. Impacts on Tax Levy Revenue Required for Debt Servicing Costs (\$ Millions)

Others Reviewing this Report

- R. Kits, Acting Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- R. Smyth, Deputy City Manager, Citizen Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- B. Andriachuk, City Solicitor